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Grain Marketing Performance through Multi-Purpose Cooperatives of Assosa Woreda, Ethiopia

By

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In

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Declaration

This is to certify that this thesis entitled “Grain marketing performance through multi-purpose cooperative societies of Assosa woreda, Ethiopia” submitted in partial fulfillment of the requirements for the award of the Degree of M. Sc., in cooperative marketing to the school of graduate studies, Mekelle University, through the department of cooperatives done by Mr. Zelalem Duguma, Id. No. FDA/PR0025/99 is an authentic work carried out by him under my guidance. The matter embodied in this project work has not been submitted earlier for award of any Degree or Diploma to the best of my knowledge and belief.

Name of the student_____signature & date_____

Name Dr. G. B. Pillai (Professor) _____signature & date_____

Table of contents

Title Page

Declaration……..……I

Abstruct……...……..…V

Acknowledgement……..……..VIII

Acronyms……..……...…IX

List of tables……...……..…….……X

List of figures……..……...…XIII

Chapter 1: Introduction…….……1

1.1. Back Ground…….1

1.2. Statement of the problem……..6

1.3. Purpose of the study……..7

1.4. Research Questions……...8

1.5. Objectives of the study……..8

1.6. Hypothesis…….9

1.7. Scope and Limitations of the study……...9

1.8. Organization of the thesis……...10

Chapter. 2 Literature Review…….11

2.1. Basic Concepts and Definitions…….…….11

2.1.1. Cooperative Principles ……12

2.2. The need for Cooperation……...15

2.3. Farmers' Attitude on Performance of the Cooperative……...16

2.4. Historical Development of Agricultural Cooperatives in Ethiopia…….17

2.4.1. Feudal regime..... 17

2.4.2. Derg regime 19

2.4.3. Post 1991 period 20

2.5. Elements of the Development of Cooperatives in Ethiopia……22

2.6. Marketing concepts and Definitions……...24

2.6.1. Marketing Offers- Products, Services, andexperiences……...……26

2.6.2. Value and Satisfaction…….27
2.6.3. Exchange, Transactions, and Relationships…….28
2.7. The Role of Marketing in the Economy…….31
2.7.1. Agricultural Marketin…….33
2.7.1.1. Role (importance) of Agricultural Marketing……...34
2.7.1.2. Characteristics of Agricultural Marketing……36
2.7.1.3. Special Characteristics of Agricultural products…….37
2.8. Empirical Studies on Cooperatives in Ethiopia……..41
Chapter3: Materials and Methods……...……..46
3.1. Description of the study area……..46
3.1.1.Location……..……..46
3.1.2. Climate…….47
3.1.3. Population……47
3.1.4. Settlement structure…….49
3.1.5. Economic Activity…….……..49
3.1.6. Water…….……...50
3.1.7. Rural road…….51
3.1.8. Education…….51
3.1.9. Crop production……...51
3.2. Sampling procedure……55
3.2.1. Selection of the study area……...55
3.2.2. Sampling Design…….….55
3.3. Data collection and Sources……56
3.4. Method of Data Analysis……57
3.5. Operationalisation of Variables……..57
Chapter. 4. Results and Discussions……...…...….....……61
4.1. Descriptive Analysis of Data……..61
4.1.1. Social and Economic Background of Respondents…….61
4.1.2. Market Infrastructure……...69
4.1.3. Marketing Services……..73
4.1.4. Major production and Marketing Constraints…….83

4.1.5. Major Constraints of grain marketing performance in the study area According to responses from key communicators……..85
4.1.6. Past grain marketing performance of the sample cooperative...…..86
4.1.7. Farmers' Perception of grain marketing performance…….……94
Chapter. 5. Conclusion and Recommendations…….……102
5.1.Summary……...….102
5.2. Conclusion……102
5.3. Recommendations…….104
5.4. Implications for Future Research……..105
References.....…...106
Appendix.1. Primary Cooperative Societies in Benshangul-Gumuz Region……112
Appendix.2. Interview Schedule for members……..……119
Appendix.3. Interview Schedule (Amharic Version).....…...128
Appendix.4. Semi-structured Questions for officials.....…...136

Abstract

Ethiopia is predominantly an agricultural country with the vast majority of its population directly involved in the production of crops and livestock. It contributes for about 46.7% of the GDP and provides employment for 85% of the population (CSA, 2006). It also accounts for highest proportion of the export revenue and contributes significant amount in supply of raw materials requirements of the country's industries. However, for various reasons Ethiopia's agriculture is characterized by its subsistent nature.

When the issue of economic growth and development of the country is raised, one has to take into account the performance of the smallholder farmers. Reducing the challenges they are facing and utilizing their potentials can help to accelerate the agricultural sector and economic development of the country as a whole. Agricultural cooperatives are an ideal means for self-reliance, higher productivity level and promotion of agricultural development.

In Ethiopia many cooperative unions are being established to strengthen the existing primary level cooperatives by pooling their scarce resources and increasing their bargaining power.

However, the union's management lacks the required knowledge and training in managing their resources. Therefore, skill development training is also required in resource management, use of funds and conditions which will enable those unions to stand by themselves as competent entities.

The development of an efficient and equitable grain marketing system is a critical component for improving food security in Ethiopia, increasing both food availability and food access. Well functioning grain markets benefit both producers and consumers by reducing marketing margins and the transaction costs.

This research is conducted to assess grain marketing performance through Assosa woreda primary multi-purpose cooperative societies. Assosa woreda is selected for the study due to its greatest potential among other woredas of the region.

Data were collected from two sources known as primary sources and secondary sources. Primary data were gathered through interviews using structured interview schedules and check lists. Secondary data were gathered to support the information collected from primary sources. These were from reports and records of the cooperative societies, regional and woreda agriculture and rural development bureaus, regional finance and economic development bureau, the statistics authority regional office etc. Tools used for collection of primary data were structured interview schedules. In addition, group discussions were conducted with the key communicators of the woreda. JMP5 software was employed for analysis of primary data collected through interview schedules.

According to the multivariate correlation test, education level and access to market information are positively correlated indicating that the higher the education level, the better would be the knowledge of the farmer to acquire news and education about the benefits of the cooperatives. This education level is also found to have a positive relationship with the farmer's level of participation in his/her society.

Multivariate Correlation test of farm size and marketed surplus has shown also a positive relationship. The positive relationship can indicate that an increase in one of the two could be an evidence for increase in the other.

Size of family is found to have negative influence on marketed surplus. Through simple linear regression, it is found that an increase in family member by 1 brings a decrease in

marketed surplus by 2.11 quintals. Availability of market infrastructures, access to inputs and access to credit services are analyzed using rating scales and checklists.

Grain varieties marketed through the cooperatives were Maize, Sorghum and Niger seed. The past three successive years' sales data was taken from the sample societies' records and analyzed to assess the year-to-year increase/decrease in annual gross sales and gross profit. Constraints of grain marketing performance were found to have two aspects. These are production constraints and marketing constraints. Under production constraints are farmland scarcity, soil degradation, weed and pests, lack of input supply, poor extension services and weather shocks etc. Marketing constraints include lack of capital, lack of timely and accurate market information, lack of storage facilities, poor roads & high transport costs, poor marketing management and lack of trainings on marketing and related business issues.

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Acronyms

ACDI- Agricultural cooperatives Development International

ACM- Agricultural Marketing Corporation

ATVET – Agricultural Technical & Vocational Education and Training

BoFED- Bureau of Finance and Economic Development

CSA - Central Statistics Authority

FAO - Food and Agriculture Organization

FTC – Farmers' Training Center

GDP- Gross Domestic Production

ICA- International Cooperatives Alliance

IFPRI- International Food Policy Research Institute

Kms- Kilometers

Masl. – Meters above sea level

NGOs- Non Governmental Organizations

USD- United State's Dollar

VOCA- Volunteers in Overseas Cooperative Assistance

W.B- World Bank

WFP- World Food Program

List of tables

Tables Page

Table: 1. Ethiopia's cereals and pulses production, comparison of 1999/2000 to 2004/05 Meher season…….…….2

Table: 2. Quick reference to basic market structures……41

Table.3: Ethnic distribution of the region…….……48

Table: 4. Religion distribution of the region…….……49

Table: 5. Amount and types of crops produced in Assosa Woreda for the years 1995 to 1999 EC…….…….52

Table: 6. Selected cooperative societies & the sample size……...……56

Table: 7. Distribution of respondents by society and sex.....….....61

Table: 8. Distribution of respondents by age group.....…...62

Table: 9. Distribution of respondents by level of education.....…...63

Table: 10. Distribution of respondents by family size……..64

Table: 11. Distribution of respondents by size of land holding…….…...65

Table: 12. Distribution of respondents by oxen ownership…….……....66

Table: 13. Area cultivated in hectares & yield in quintals in years 2004/05 to 2006/07 for Benshangul-Gumuz Region…….……....67

Table.14. Distribution of respondents by their access and utilization of market infrastructures…….…….……..69

Table 15-Distribution of respondents by access to all weather roads…….…….……..70

Table 16-Distribution of respondents by access to storage facility……..…..……72

Table.17. Monthly average prices of some selected crops in Assosa market per kilogram in Birr for the year 2006/07……..……74

Table.18. Respondents' degree of exposure to market information……..…….76

Table 19-Distribution of respondents by access to marketing advice and business training services…….78

Table.20. Distribution of respondents by time of selling……..…….79

Table.21. Distribution of respondents by their access to credit services……...……81

Table.22. Distribution of respondents by their access to improved agricultural inputs……..82

Table.23. Distribution of respondents by their degree of utilization of improved agricultural inputs…….83

Table: 24. Major problems of crop production in the study area…….……..84

Table.25: Comparison of volume of purchase, gross sales and gross profit of grain marketed through Tigil Firie primary multi-purpose cooperative society for years 1997 to 1999 E.C…..…..…….87

Table.26: Comparison of volume of purchase, gross sales and gross profit of grain marketed through Yesira Wutiet primary multi-purpose cooperative society for years 1997 to 1999 E.C……...…….88

Table.27: Comparison of volume of purchase, gross sales and gross profit of grain marketed through Tebabro Edget primary multi-purpose cooperative society for years 1997 to 1999 E.….....90

Table.28: Comparison of volume of purchase, gross sales and gross profit of grain marketed through Addis Chora primary multi-purpose cooperative society for years 1997 to 1999 E.C……..…91

Table.29: Comparison of volume of purchase, gross sales and gross profit of grain marketed through Edget Behibret primary multi-purpose cooperative society for years 1997 to 1999 E.C……..……93

Table: 30. Perception of grain marketing performance…….……95

Table: 31. Multivariate Correlations of education level and access to market information……..99

Table: 32. Multivariate Correlations of education level and level of Participation…….100

Table: 33. Multivariate Correlation test of farm size and marketed surplus……...…101

List of Figures

Figures Page

Figure: 1. Core Marketing Concepts…….……...…….…….25

Figure: 2. Elements of a modern marketing system.....…...29

Figure: 3. Conceptual Framework…….……44

Figure: 4. Administrative map of Federal Democratic Republic of Ethiopia……..…..…53

Figure: 4.1. Administrative map of Benshangul-Gumuz Regional State….…….54

Figure: 5. Area cultivated and yield for the region in years 2004//05 to 2006/07…….68

Figure: 6. A farmer transporting grain to market by donkey…….71

Figure: 7. Farmers storing their grain packing in sacks…….73

Figure: 8. Monthly average prices of some crops in Assosa market per kilogram in Birr for the year 2006/07……...……..75

Figure: 9. Grain marketing chain of the study area…….……..98

Figure: 10. Bivariate fit of marketed surplus by family size……...……100

Chapter 1: Introduction

1.1. Back Ground

Ethiopia is located at the heart of the horn of Africa, extending from latitudes 33^{o}E to 48^{o}E and longitudes from 3^{o} N to 14.5^{o}N. It is bordered by Sudan, Eritrea, Djibouti, Somalia and Kenya to the west, north, east, southern east and south, respectively. Ethiopia has a vast agro ecological diversity ranging from 160m below sea level to over 4600m above sea level. It covers an area of 1000000km^2 (W.B, 2005).

Ethiopia's economy is small farmers dominated agrarian economy. The total population of the country is estimated to be about 72,971,800. GDP per capita in 2003 was USD 96.96 and this places Ethiopia as one of the poorest countries in the world. Around 45% of the total rural population is poor living below the national poverty line (W. B, 2005).

As stated above, Ethiopia is predominantly an agricultural country with the vast majority of its population directly involved in the production of crops and livestock. It contributes for about 46.7% of the GDP and provides employment for 85% of the population (CSA, 2006). It also accounts for highest proportion of the export revenue and contributes significant amount in supply of raw materials requirements of the country's industries. However, for various reasons Ethiopia's agriculture is characterized by its subsistent nature.

Table 1: Ethiopia's cereals and pulses production, comparison of 1999/2000 to 2004/05 Meher season

Year	Cereals		Pulses		Cereals and pulses	
	Area (000ha.)	Production (000 tones)	Area (000ha.)	Production (000 tones)	Area (000ha.)	Production (000 tones)
2000/01	9814	11781	1504	1019	11319	12799
2001/02	9845	10960	1502	1005	11347	11964
2002/03	9502	8157	1515	767	11018	8923
2003/04	9036	10699	1268	794	10304	11493
2004/05	9231	13007	1408	1261	10640	14268

Source: FAO/WFP, Food Supply Assessment, 2005.

The subsistent nature of production is due to non adoption of improved farm implements, inadequacy in use of inputs and lack of effective extension services, lack of adaptive research, inadequacy of agricultural credit and working capital supply, etc. Moreover, the low level of technological development and poor financial and human resource management are the principal barriers to the effective utilization of the county's natural resources.

Heavy investment cannot be made by the farmers' internal source of funds. Thus, here comes the importance and significance of support from government and other development agents in providing the required credit services for the agricultural sector. For instance, in the year 2006 of the total investment Birr 9,295,462,000 reported by the Commercial Bank of Ethiopia (cited in CSA, 2006), the agriculture sector accounted for 17.1% and the agricultural cooperatives share was 15.6%.

In Ethiopia many cooperative unions are being established to strengthen the existing primary level cooperatives by pooling their scarce resources and increasing their bargaining power.

However, the union's management lacks the required knowledge and training in managing their resources. Therefore, skill development training is also required in resource management, use of funds and conditions which will enable those unions to stand by themselves as competent entities.

The country in general and the rural area in particular has the lowest market infrastructure network coverage, even in Sub-Saharan standards. According to the Ministry of Finance and Economic Development of the Federal Democratic Republic of Ethiopia (2006) road density is 33.6km/1000km^2, telephone distribution is 5 lines/1000 persons (83% of the rural population is living very far away from the nearest public call center), and access to electric power in the rural area is almost non-existent. As a result, though the country has amole potential for production of crops such as Teff, Sorghum, Millet, Maize, Sesame, fruits and vegetables etc. small farmers' production is mainly confined to the production of subsistence crops due to lack of market information, infrastructure, credit, and modern agricultural inputs etc.

Benshangul-Gumuz regional state is one of the nine regional states in the country. The region is located in the north western part of the country sharing borders with Amhara, Oromiya, and Gambella regions in north, east and south respectively and with Sudan Republic in the west. Administratively, the region consists of 3 Zonal Administrations, 20 woredas out of which the two (Mao-Komo & Pawi) are special woredas and 415 kebeles. According to the Population and Housing Census of Ethiopia (1994), the total

population of the region was estimated to be 460,459. The total land area of the region is about 51,000Km^2 and therefore, the region has a population density of about 9 persons per km^2. The population of the region is growing rapidly. The total population of the region in the year 2008 is estimated to reach about 693,782 with 351,053(50.6%) males and 342,729(49.4%) females (calculated from CSA, 1994). The rural-urban population distribution is 92.2% and 7.8% respectively.

Despite the availability of huge natural resource potentials and opportunities, the region is one of the poor and food insecure regions in the country by all standards. This is due to marginalization and isolation by all development endeavors in the past. The development efforts in the region during past regimes had also greatly marginalized the indigenous people of the region. Moreover, different guerilla wars that took place in the area particularly during the Derg regime and the civil wars in the Sudan (which have used border woredas as base during Derg regime) have destroyed socio-economic infrastructures in the region. However, no rehabilitation programs have been so far conducted.

The study conducted by ministry of finance and economic development shows that the incidence of poverty in the region is 54% (MoFED, 2004), which is the highest among the regions in the country.

The people in the region derive their livelihood from agriculture (cultivation of crops and rearing of livestock), hunting and gathering wild foods. Agriculture generally accounts for about 93.2% of the people's livelihood.

Despite the big potential in terms of land availability, amount and duration of rainfall, water resources, etc crop production and productivity is at very low status. Irrigation

practice is almost negligible. Some of the key bottlenecks that impede production and productivity of crops are:

- Use of labor-intensive rudimentary farming tools (shifting hoe cultivation practiced by indigenous people).
- High prevalence of crop diseases, pests (especially termite) and weeds (especially striga), poor storage facilities resulting in high post harvest losses.
- Poor working culture of the indigenous communities and high work load on women.
- High prevalence of human disease (particularly malaria, which is endemic to the region and draws about 40% of the labor force away from production in a given season).
- Degradation of natural resources including soil fertility depletion fueling deterioration of already meager production.
- Poor rural infrastructures (especially roads and markets).
- Lack of market infrastructure and credit facilities.
- Erratic nature of rainfall and sometimes weather shocks.
- Poor extension services.
- Subsistence nature of production.

The region is characterized by very poor infrastructure. Most roads in the region are dry-weather roads and hence access is difficult during rainy seasons. Moreover, the road network connecting the region with zones and woredas is poor. For example, Metekel zone is reached from the capital of the region by driving through Oromiya and Amhara regions, which is more than 700kms away. Kebeles are in most cases not connected with

woredas. Market network is almost negligible. Income generation activity is constrained primarily by poor rural infrastructure. Most rural villages are not connected either with woreda markets or other villages due to very poor road network and scattered pattern of population settlement. The available market integration and market information for products is lacking. The capacity of existing cooperative societies in market promotion is highly limited. Therefore, the producers are forced to sell their produce at cheap price which discourages them to improve and expand their production.

1.2. Statement of the problem

For agriculture to continue serving as an engine for economic growth through the domestic economy and international trade, there has to be progress in terms of commercialization, with more intensive farming, increasing proportion of marketable out put and correspondingly decreasing the ratio of production for own consumption. There should be also greater market interaction on the part of the farmer. Extension of credit to the small farmers should gain importance with commercialization of agriculture and give impetus to the establishment of rural banks. Cooperatives play important roles in facilitating input and output marketing as well as in promoting the provision of rural finance.

The government of Ethiopia has given prior efforts for diversified and increased agricultural production and bringing about sustainable livelihoods to the rural poor. This can be largely achieved by pulling the human and material resources of these millions of poor farmers together through establishing cooperatives.

However, our rural farmers are facing different problems in their agricultural production and marketing activities. There is lack of credit services, poor access to timely and

accurate market information (that helps them to decide what crops to plant, how much and when to sell their produce), and poor infrastructural facilities etc. There is practically no efficient market extension service in the present system that guides farmers in their production, storage and marketing decisions. The functioning of grain markets is impeded by high price uncertainty.

Reducing uncertainty in grain marketing through the dissemination of timely and accurate information to farmers improves their awareness of prices in various markets throughout the country & promotes grain market efficiency by:

(a) Encouraging grain flows from relatively surplus to relatively deficit areas, thus helping stabilize prices spatially;

(b) Improving farmers' decisions and confidence regarding what to plant, how much to invest, and where and when to market their produce at a better price; and

(c) Promoting a more competitive marketing system, that benefits both producers and consumers. In particular, small farmers will benefit from improved access to market information by improving their bargaining position, and increasing their marketing options.

Access to timely and accurate grain market information is also crucial for policy makers and implementers to allow them to understand and effectively address food insecurity problems in Ethiopia.

1.3. Purpose of the study

As to the researcher's understanding, there has been no in-depth research conducted so far in the woreda to examine the problems of cooperatives in agricultural production and

marketing. So, there is lack of information for decision makers to understand their marketing problems and take some corrective measures.

Therefore, this research is expected to contribute much for policy makers and implementers to understand the gaps and take actions to correct. It is expected to help the concerned bodies to understand issues related to marketing of grain through cooperatives and the challenges they are facing.

1.4. Research Questions

The following research questions are put forward to direct the research process:-

(a) What market infrastructures are available and how much are they accessible to the farmers in the area?

(b) What marketing services are available and how much are they effective in supporting grain production and marketing by member farmers in the study area?

(c) What are the major problems facing the member farmers in production and marketing of the grains?

1.5. Objectives of the study

The general objective of this study is to assess grain marketing performance and challenges faced by the primary multipurpose cooperative societies in Assosa woreda and their future prospects.

Specific objectives:-

1. To study the availability and accessibility of marketing infrastructure and its influence on performance of grain production and marketing through the cooperatives in Assoa woreda.

2. To study the availability of and access to marketing services by member farmers and their influence on production and marketing of agricultural out puts.
3. To assess major constraints that hamper grain-marketing performance of the cooperative societies in the woreda.
4. To suggest suitable strategies for improved performance in grain marketing.

1.6. Hypothesis

- Marketing infrastructure has no significant effect on grain marketing performance through the cooperatives.
- The presence and accessibility of marketing services does not have significant influence on decision of production, storage and marketing of agricultural inputs.

1.7. Scope and Limitations of the study

Farmers in the study area produce a variety of crops ranging from annual to perennial food and cash crops. Cereals, among food grains, are the dominant ones. Therefore, this study focuses on marketing of Maize & Sorghum which are major food grins in the study area and cash crop namely Niger seed. The selection of the above three varieties is based on the sales data from the sample cooperative societies. These are crops marketed by the societies.

Since it is difficult to cover all woredas of the region with the resources available at hand, Assosa woreda is the only focus area of this research. It is selected because of its wide coverage of majority of cooperatives in the region. It constitutes more number of cooperatives with better experience and business transaction as compared to the rest societies in the region. Therefore, sample number of members of selected primary

multipurpose cooperatives will be addressed to collect the required data. In addition to this, different individuals will be interviewed from members of management, employees, key communicators of the woreda, and officials from regional cooperative promotion bureau, and other concerned organizations.

The study has certain limitations. Among these limitations, lack of properly recorded and organized reports from the cooperative societies as well as the regional cooperative promotion bureau is the major one. Secondly, infrastructural problem has impeded the movement through rural villages during data collection. Thirdly, the remoteness of the region (the study area) has also greatly constrained the regular communication between the researcher and his advisor. Lastly, budget and time constraints are also unforgettable limitations of this research.

1.8. Organization of the thesis

This paper has five chapters. Chapter one provides the introduction part of the paper, which includes general information about the country's agronomic condition, statement of the problem, purpose of the study, research questions, objectives and scope & limitations of the study. Chapter two deals with the literature review part, which consists of results of similar previous studies. Chapter three describes the study area, materials and methods used for sample selection, data collection and analysis section. Chapter four presents results and discussion of findings. The last chapter (Chapter five) provides conclusions and recommendations.

Chapter 2: Literature Review

The objective of this literature review is to present different research documents that are relevant for this specific topic under study. It is to review previous empirical studies, workshop discussion papers, journals, books and so on in the area and to see how different factors are associated and affecting the performance of grain production and marketing. It is also to identify the areas where similar researches are carried out and the research gap. The methodology of review was through using internet, different research documents, published and unpublished materials, magazines, bulletins and journals etc.

2.1. Basic Concepts and definitions

Cooperatives are ideal vehicles for democratization and economic empowerment in developing countries: they instill basic democratic values and methods; foster self-reliance through collective action; and shape relationships between institutions and civil society that encourage participation and conflict resolution. The resulting framework provides the foundation for a more secure society and for economic growth.

According to the International Cooperative Alliance, a cooperative is “an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of cooperative founders, members of cooperatives believe in the ethical values of honesty, openness, social responsibility and caring for others.’’

Cooperatives put their values in to practice through seven commonly accepted principles, the second of which is democratic member control. Cooperative members jointly set policies and make decisions. Men and women serving as elected representatives are accountable to the membership. Members have equal voting rights (one member, one vote).

Cooperative members own their business. They provide share capital, elect a board of directors and receive the benefits of ownership through patronage refunds based on extent of their transactions with the cooperative. Cooperatives teach people how to resolve problems democratically, and many who learn democracy in cooperative "laboratories'' go on to become political leaders in their nations. In emerging democracies, cooperative members learn entrepreneurship and market principles. Cooperatives enable people with limited resources to pool them so as to competitively participate in the mainstream of a nation's economic and political life.

2.1.1. Cooperative Principles (ICA, 1995)

1. Voluntary and Open Membership
2. Democratic Member control
3. Member Economic Participation
4. Autonomy and Independence
5. Education, Training and Information
6. Cooperation among Cooperatives
7. Concern for Community

Cooperation is an age-old tradition that runs through the fabric of Ethiopian society. It, as a way of life, has been and continues to a tradition in finding the solution to the socio-

economic problems of the people in Ethiopia. The traditional cooperation among the rural community (Equb, Eddir, Wonfel or Jigie, Senbetie) was a ground to the flourishing of modern cooperation in early 1960s. For centuries, the spirit of self-help has been an integral part of farming communities. However, despite the existence of 4,052 agricultural cooperatives in Ethiopia, with a membership of 4.5million, smallholder farmers continue to be under-served, exploited and marginalized (ACDI/VOCA, 2000). Since the coming to power of the present government in 1991, Ethiopia has been undergoing major political and economic changes. The authoritarian, centrally planned and controlled economy of the previous two decades, is being replaced by more democratic, decentralized and free-market economic development, with food security and self-sufficiency amongst the highest government priorities.

The first cooperative organizations were created in Ethiopia at the beginning of the 1950s. Unfortunately, as they were subjected to State control, they did not achieve significant results in terms of democratic management and autonomous development. In the 1960s, two cooperative acts were passed but mainly because of government control they were not such useful tools for the democratic and autonomous development of the cooperatives.

Different types of cooperatives, mainly agricultural, financial and consumer cooperatives were created and registered during the socialist government period, from 1974 to 1991. The proclamation of 1978 greatly contributed to the creation of thousands of different types of cooperatives through out the country. However, these cooperatives were managed in accordance with the Soviet and East European style, and the majority of the multipurpose agricultural cooperatives survived without being profitable as their

existence was maintained through government subsidies. All the cooperative principles adopted by the International Cooperative Alliance were violated. The combined effect of these problems accelerated the dissolution of agricultural cooperatives after the declaration of the mixed economy policy in 1989. However, the enactment of the Agricultural Cooperative Society Proclamation in 1994 and the cooperative society proclamation in 1998 created a fertile ground for restructuring and strengthening all types of cooperatives previously established as well as creating new cooperatives (Agricultural Cooperatives Development International/ Volunteers in Overseas Cooperative Assistance-ACDI/VOCA, 2000).

Today, Ethiopia's cooperatives are operating with varying degrees of efficiency. Their ability to maximize member profits is limited by their small size and lack of purchasing and marketing clout. They typically do not possess the management skills and organizational structures necessary to realize their full potential, nor do they enjoy the purchasing and marketing advantages or economies of scale that could be realized through the integration of small-scale cooperatives in to larger business partnerships.

The development of an efficient and equitable grain marketing system is a critical component for improving food security in Ethiopia, increasing both food availability and food access. Well functioning grain markets benefit both producers and consumers by reducing marketing margins and the transaction costs involved, thereby potentially lowering food prices to consumers while simultaneously raising price incentives to producers. Many factors constrain the performance of the Ethiopian grain marketing system. These include: barriers to entry in to the market (e.g., rules on trader, "residency," licensing requirement, importing restriction); lack of competitiveness and

fair trade practices in local markets; lack of access to credit; poorly developed physical infrastructure and information systems; and grain market checkpoints and taxes (Gebremeskel, D.T.S.Jane, and J.D.Shaffer, 1998).

Information which would be useful to guide policies and interventions to alleviate such constraints and to improve grain market performance in Ethiopia is currently lacking.

Definition of terms:-

Agricultural Multi-Purpose Cooperative Societies: multipurpose cooperatives unlike single purpose cooperatives undertake diversified activities. Multipurpose cooperatives, function on the basis of a fully integrated framework of activities, planned according to member's requirements identified at the grass root level, taking the socio-economic life of the farmer members in its totality.

Marketing: Even though there is no universally accepted definition, most frequently there is no problem in defining marketing which is assumed to include all activities involved in the production, and flow of goods and services from point of production to consumers.

Agricultural out put: agricultural out put is any agricultural product or commodity, raw or processed, that is marketed for human consumption or animal feed.

Agricultural Marketing: Agricultural marketing is the flow of agricultural products and services from the point of initial agricultural production until they are in the hands of consumers.

2.2. The need for Cooperation

The theory of cooperative organization provides several reasons why farmers join the cooperatives. According to Schroeder (1992), cooperatives provide quality supplies and

services to the farmers at the reasonable cost. By purchasing supplies as a group, the farmers offset the market power advantage of other private firms providing those supplies. The farmer can gain access to volume discounts and negotiate from a position of greater strength for better delivery terms, credit terms, and other arrangements. Suppliers will also be more willing to discuss customizing products and services to meet farmers' specifications if the cooperative provides them sufficient volume to justify the extra time and expense.

Increased farmers' bargaining power in the market places is the other advantage of the cooperative (Douglas and McConnen, 1999). Marketing on a cooperative basis permits farmers to combine their strength and gain more income. The farmers can lower distribution costs, conduct joint product promotion, and develop the ability to deliver their products in the amounts and types that will attract better offers from purchasers.

According to Parliament (1990) a cooperative gives farmers a means to organize for effective political action. Farmers can meet to develop priorities and strategies. They can send representatives to meet with legislators and regulators. These persons will have more influence because they will be speaking for many, not just for themselves.

According to Folsom (2002) having a businesses owned and controlled on a cooperative basis helps farmers' entire community. Cooperatives generate jobs and business earnings for local residents. They pay taxes that help finance schools, hospitals, and other community services.

2.3. Farmers' Attitude on Performance of the Cooperative

The cooperative is usually one alternative form of business organization that can offer goods/services to the farmers. If the other business organizations are regarded as

dishonest, inefficient or exploitive; farmers will be predisposed to use the cooperative (Chukwu, 1990). On the other hand if the other business organizations are offering goods/services efficiently, honestly and at fair price; the farmers are more likely to be less interested in the cooperative.

According to Klein (1997), the performance of the cooperative will also affect the possibilities of having more farmers as members. If the cooperative is seen as inefficient, its functionaries corrupt and not prepared to listen its members, the prospective members (farmers) will not have a good attitude towards the cooperative.

Cooperatives cannot be free of risks as they undertake speculative business activities (Chukwu, 1990), for example, in our country agricultural cooperatives purchase different varieties farm produces from the farmers in the harvesting season speculating that the price rises in the latter seasons. These risks are usually high for the average cooperative farmers who in most cases belong to the lower economic class of the society. Furthermore, decision making in the agricultural cooperative is known to be traditionally relatively low, whereas speculative business activities require flexible and speedy action. If there is repeated loss in the cooperative, farmers will be disappointed with performance and be less interested in the cooperative.

2.4. Historical Development of Agricultural Cooperatives in Ethiopia

In Ethiopia, though the formation of similar cultural and traditional associations (example ‘Edir ’, ‘Ekub ’, ‘Wonfel”, “Senbetie”, etc) was dated many years ago; it was after 1960s that those modern cooperatives came to birth (MoARD, 2002).

2.4.1. Feudal regime (1960- 1975*):* The Feudal regime proposed cooperatives as instruments for the mobilization of rural resources in Ethiopia for the first time. Decree

44/1960 and proclamation 241/1966 provided the legal ground for the development of cooperatives in Ethiopia in that period (Alemayehu, 1984).

The decree was necessitated by the creation of proper framework for the establishment of cooperatives enterprises which contribute measurably towards the acceleration of development of agriculture sector. The cooperatives that were anticipated to be organized in accordance with the provision of the decree were in general to have, as their principal purpose and objective, the promotion of the economic interest of the country and of their members.

The decree also had various provisions on rights, duties, privileges and responsibilities of members. Membership in general was to entitle every man to a proportionate share in the net profit of the cooperative, to attend the general meeting, to elect administrative bodies and to vote on all questions.

Societies that were organized under this proclamation were to have as their principal purpose and objective the promotion of better living, better business and methods of production.

According to Alemayehu (1984), five types of cooperatives were established through proclamation 241/66. Multi-purpose, thrift and credit, consumers ', artisans 'and farm workers 'cooperative societies were established and 700 peoples enrolled as a member of these societies and contributed about birr 25,000 towards purchase of share. When we overview the regime, it was in this period that modern cooperatives came into birth. Though there was little or no awareness in the people, the regime laid down the legal ground for the development of the cooperatives taking into account their significance to mobilize the resources the country had.

2.4.2. Derg regime (1975-1991): The legal ground for the establishment and development of agricultural cooperatives was first provided by the proclamation 71/1975 (Wegenie, 1989). The Derg regime established an extensive network of socialist agricultural cooperatives through out Ethiopia to organize the peasants, control agricultural prices, levy taxes, and extend government control to the local level. Farmers came to view the cooperative with mandatory membership, quotas for grain to be delivered to the government, and boards of directors and managers appointed by the ruling party as a synonym for government oppression (ACDI/VOCA, 2002). The development of cooperatives was anticipated to proceed in four stages:

1. Service cooperatives (credit and marketing)
2. First stage producers' cooperatives
3. Advanced producers' cooperatives
4. Commune

Later on in 1978 the regime necessitated the establishment of different cooperative societies for combating exploitation of workers and peasants by enabling theme secure services, to safeguard the economic, political and social rights of peasants by securing goods and services and ensuring the participation of the broad mass (Wegenie, 1989). The objectives of the cooperative societies at that time were the following:

- to develop self reliance and promote the interest of the members
- to put the means of production under the control of the cooperative
- to increase production
- to expand industries

- to conduct political agitation
- to eliminate reactionary culture and customs.

With the above objectives, producers', thrift and credit, service and housing cooperative societies were established. When we overview the regime, there was the understanding of the significance of the cooperatives for the development of the country but there were problems in implementing them. As indicated by Tesfaye (1995), ACDI/VOCA (2002) and Subramani (2005), the regime violated some of the internationally recognized basic principles and values of cooperatives and it made cooperatives a platform for conducting political agitation rather ignoring their political neutrality. It also violated the very basic principles of cooperatives (open and voluntary membership). In some places farmers were forced to be the member of the cooperative through external pressure especially in the farmers' producers' cooperatives.

Cooperatives were administered by the government cadres and untrained man power. There were corruptive practices in the cooperatives. In general, the regime misused cooperatives for its political ends violating the underlying principles of cooperatives.

2.4.3. Post 1991 period: Subramani (2005) indicated that emphasis that deserve for cooperatives was not given in the transition period. Some of the above problems of the Derg regime repeated in this period.

Cooperatives were administered by untrained manpower. There were corruptive practices due to poor record keeping system. There were also other unhealthy practices in the area of the cooperatives. The bad track record of the cooperatives couldn't get rid of the mind of the people in these years.

It was after the proclamation 147/1998 (Federal Negarit Gazeta, 1998) that people centered cooperatives came into existence. This proclamation paved conducive environment for the development of cooperatives. To speed up the cooperative movement in the country, the government established the Federal Cooperative Commission by the proclamation 274/2002 (Federal Negarit Gazeta, 2002). According to FCC (2005), the commission is established to undertake the following responsibilities:

- to formulate policies and prepare draft laws suitable for the activities and development of cooperative societies and follow up their implementation
- to direct and supervise cooperatives' training institute to be set up at federal level.
- to make the values, principles, organization and benefits of the cooperatives be further known by the society and educational establishments.
- to promote the product of the cooperative societies so that they made find market, and facilitate conditions in order to bring consumers and producers in to direct communication in the home market.
- to provide professional and technical support to process agricultural products of the cooperative societies to industrial products so that they will have better added-values
- to facilitate means to provide support for the societies in collaboration with regions by studying and preparing projects suitable for the development of the cooperative societies and
- to provide technical and professional assistance for regional bureaus in setting up cooperative societies.

The government has also given more emphasis to agricultural cooperatives as they are a means to implement agricultural development policies directed specifically towards small holders. The number of primary cooperatives increased from 7,740 in 2003 (FCC, 2004) to 14,423 in 2005 (FCC, 2005). This increment can be evidence to the attention given to the development of cooperatives. Efforts are also being made to keep the basic principles and ideas of cooperation while organizing the cooperatives.

2.5. Elements of the Development of Cooperatives in Ethiopia

Wegenie (1989) and Abebe (2000) indicated that rural institutions such as agricultural cooperatives should form the basis of future development endeavors in the country as they are best instruments for the mobilization of rural resources. However, Abebe (2000), emphasized that they should take into account local perceptions and realities, as well as built on the spirit of self and mutual help.

Subramani (2005) pointed out certain elements, which deserve attention in an integrated development of cooperatives in Ethiopia. The first element that he proposed was the choice of sectors where cooperatives operate in. Nowadays the agricultural sector of the country needs much attention as it is the backbone of the country and the majority of the population engaged in it. This is also true from the point of view of the policy (agricultural development-led industrialization) the country adopted.

Defining the rights and responsibilities of the cooperative at a macro level is the second element in the development of cooperatives in Ethiopia. It has a key place as it constitutes a prime factor in determining the overall role to be played by the cooperative movement in the national planning and development programs. The existing government of Ethiopia has already legislated the cooperative society act by the proclamation No.147/1998

(Federal Negarit Gazeta, 1998) and rules to define the rights and responsibilities of the cooperative.

The third element that is proposed in the development of cooperatives is the choice of the organizational pattern. In Ethiopian case the development of primary cooperatives should deserve prior attention. After organizing and strengthening primary cooperatives, efforts should be made to link these vertically and horizontally. These linkages help to improve their competency and operational efficiency.

Education, capital, management skills and training facilities are the fourth element to be given attention in the development of cooperatives. These inputs are important to get effective output from the cooperatives. The government of Ethiopia has given emphasis for these inputs. It has been launching different training programs across the country. According to FCC (2004) four universities already launched cooperative training program at the level of bachelor degree. Ardaita ATVET College, the former Yekatit 25 cooperative institute, is also giving middle level (diploma level) training program in the fields of cooperative. In order to avoid the capital shortage of the cooperatives, the government is establishing cooperative banks (e.g. the Oromiya Cooperative Bank) and other rural financial institutions (micro-finance institutions) in the country.

He finally concluded that if the four elements of cooperative development are properly handled, with no doubt they would serve as four pillars to firmly hold the entire structure of the national cooperative movement for the better accomplishment of the desired national expectations.

2.6. Marketing concepts and Definitions

What is marketing? Marketing, more than any other business function, deals with customers. Building customer relationships based on customer value and satisfaction is at the very heart of modern marketing. Although we will soon explore more detailed definitions of marketing, perhaps the simplest definition is: marketing is managing profitable customer relationships (Philip Kotler & Gary Armstrong, 2004). The twofold goal of marketing is to attract new customers by promising superior value and to keep and grow current customers by delivering satisfaction.

Many people think of marketing only as selling and advertising. However, selling and advertising are only the tip of the marketing iceberg. Although they are important, they are only two of many marketing functions & are often not the most important ones (Philip Kotler & Gary Armstrong, 2004).

Today, marketing must be understood not in the old sense of making a sale- "telling and selling"- but in the new sense of satisfying customer needs. If the marketer does a good job of understanding consumer needs, develops products that provide superior value, and prices, distributes, and promotes them effectively, these products will sell very easily. Thus, selling and advertising are only part of a larger "marketing mix"- a set of marketing tools that work together to affect the market place.

We define marketing as a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others (Philip Kotler & Gary Armstrong, 2004). To explain this definition, we will examine the following important core marketing concepts: needs, wants, and demands; marketing offers (products, services, and experiences); value and satisfaction; exchanges,

transactions, and relationships; and markets. The following figure shows that these core-marketing concepts are linked, with each concept building on the one before it.

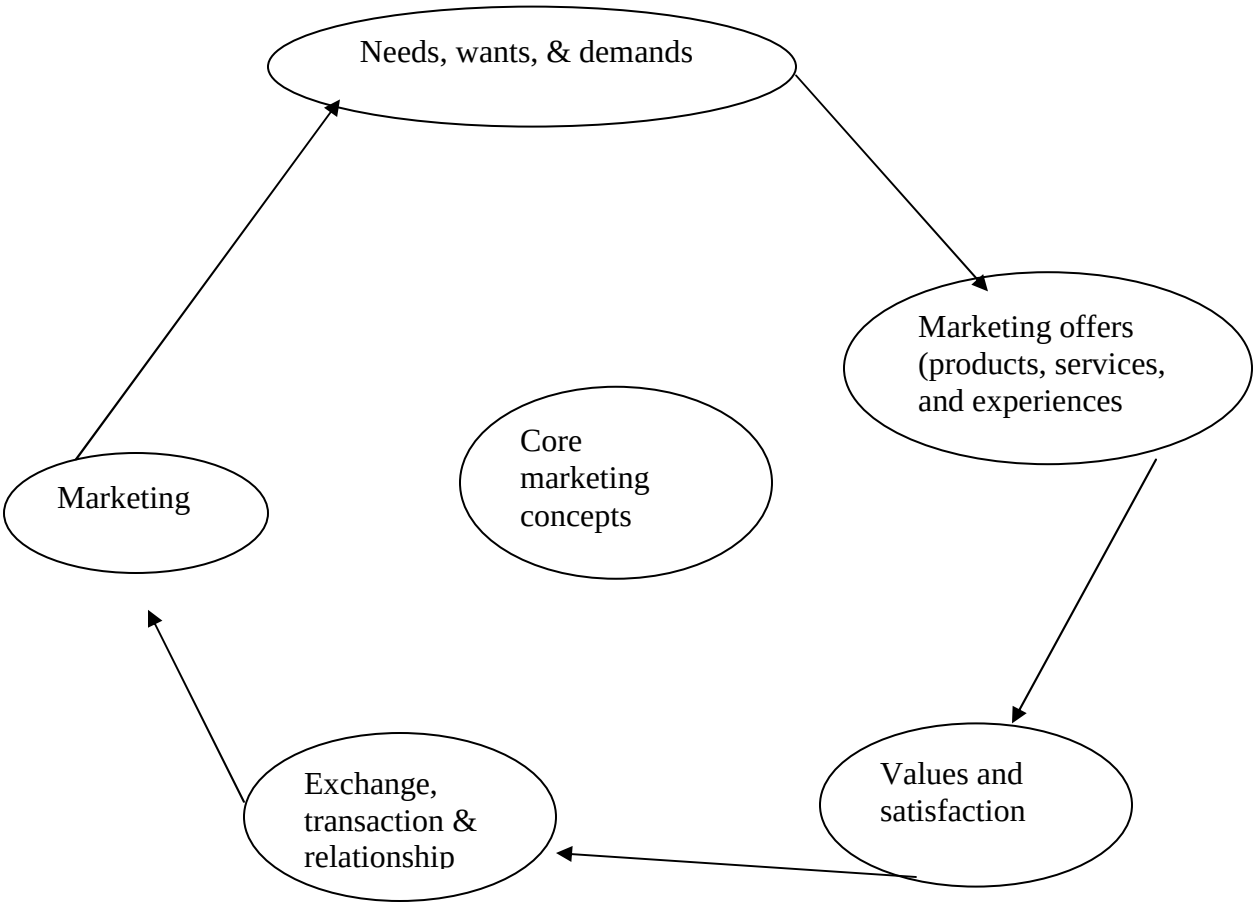


Figure: 1. Core marketing concepts

Needs, Wants, and Demands

Needs: The most basic concept underlying marketing is that of human needs. Human needs are states of felt deprivation. They include basic physical needs for food, clothing, warmth, and safety; social needs for belonging and affection; and individual needs for knowledge and self-expression. These needs were not created by marketers; they are a basic part of the human makeup.

Wants: wants are the form human needs take as they are shaped by culture and individual personality. Wants are shaped by one's society and are described in terms of objects that will satisfy needs. When backed by buying power, wants become demands. Given their wants and resources, people demand products with benefits that add up to the most value and satisfaction.

Demands: Human needs that are backed by buying power.

2.6.1. Marketing Offers- Products, Services, and experiences

Companies address needs by putting forth a value proposition, a set of benefits that they promise to consumers to satisfy their needs. The value proposition is fulfilled through a marketing offer- some combination of products, services, information, or experiences offered to a market to satisfy a need or want. Marketing offers are not limited to physical products. In addition to tangible products, marketing offers include services, activities or benefits offered for sale that are essentially intangible and do not result in the ownership of anything. Examples include banking, airline, hotel, tax preparation, and home repair

services. More broadly, marketing offers also include other entities, such as persons, places, organizations, information, and ideas.

Many sellers make the mistake of paying more attention to the specific products they offer than to the benefits and experiences produced by these products. They see themselves as selling a product rather than providing a solution to a need. Example, a manufacturer of quarter-inch drill bits may think that the customer needs a drill bit. But what the customer really needs is a quarter-inch hole. These sellers may suffer from "marketing myopia". They are so taken with their products that they focus only on existing wants and lose sight of underlying customer needs. They forget that a product is only a tool to solve a consumer problem. These sellers will have trouble if a new product comes along that serves the customer's need better or less expensively. The customer with the same need will want the new product.

Thus, smart marketers look beyond the attributes of the products and services they sell. They create brand meaning and brand experiences for consumers.

2.6.2. Value and Satisfaction

Consumers usually face a broad array of products and services that might satisfy a given need. How do they choose among these many marketing offers? They make choices based on their perceptions of the value and satisfaction that various products and services deliver.

Customer value: **-** is the difference between the values the customer gains from owning and using a product and the costs of obtaining the product. Customers form expectations about the value of various marketing offers and buy accordingly. How do buyers form

their expectations? Customer expectations are based on past buying experiences, the opinions of friends, and marketer and competitor information and promises.

Customer Satisfaction: **-** with a purchase depends on how well the product's performance lives up to the customer's expectations. Customer satisfaction is a key influence on future buying behavior. Satisfied customers buy again and tell others about their good experiences. Dissatisfied customers often switch to competitors and disparage the product to others.

Marketers must be careful to set the right level of expectations. If they set expectations too low, they may satisfy those who buy but fail to attract enough buyers. If they raise expectations too high, buyers will be disappointed. Customer value and customer satisfaction are key building blocks for developing and managing customer relationships.

2.6.3. Exchange, Transactions, and Relationships

Marketing occurs when people decide to satisfy needs and wants through exchange. Exchange is the act of obtaining a desired object from some one by offering something in return. Whereas exchange is the core concept of marketing, a transaction, in turn, is marketing's unit of measurement. A transaction consists of a trade of values between two parties.

In the broadest sense, the marketer tries to bring about a response to some marketing offers. The response may be more than simply buying or trading products and services.

Marketing consists of actions taken to build and maintain desirable exchange relationships with target audiences involving a product, services, idea, or object. Beyond simply attracting new customers and creating transactions, the goal is to retain customers

and grow their business with the company. Marketers want to build strong economic and social connections by promising and consistently delivering superior value.

Markets: - the concepts of exchange and relationships lead to the concept of a market. A market is the set of actual and potential buyers of a product. These buyers share a particular need or want that can be satisfied through exchange relationships. The size of a market depends on the number of people who exhibit the need, have resources to engage in exchange, and are willing to exchange these resources for what they want.

Originally the term market stood for the place where buyers and sellers gathered to exchange their goods, such as a village square.

Marketing: - the concept of markets finally brings us full circle to the concept of marketing. Marketing means managing markets to bring about profitable exchange relationships by creating value and satisfying needs and wants. Thus, we return to our definition of marketing as a process by which individuals and groups obtain what they need and want by creating and exchanging products and value with others.

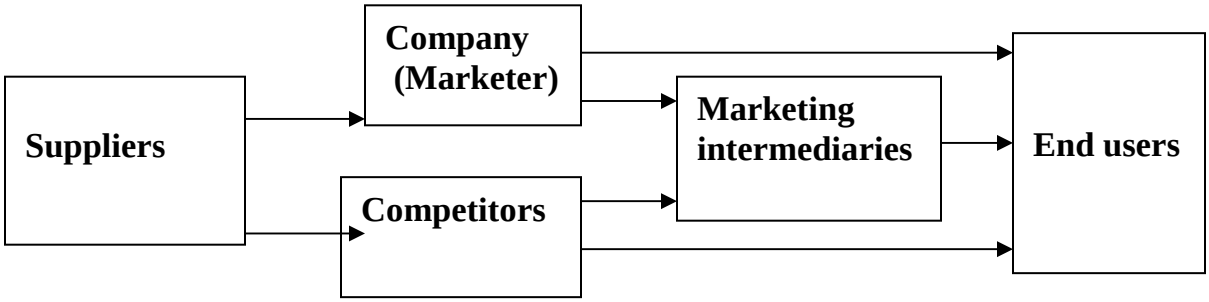


Figure: 2. Elements of a modern marketing system

Figure 2 shows the main elements in a modern marketing system. All of the actors in the system are affected by major environmental forces (demographic, economic, physical, technological, political/legal, and social/cultural).

Each party in the system adds value for the next level. Thus a company's success depends not only on its own actions but also on how well the entire system serves the needs of final consumers.

According to Kotler, 2004, there are five alternative concepts under which organizations conduct their marketing activities: the production, product, selling, marketing, and the social marketing concepts.

Production concept: - the idea that consumers will favor products that are available and highly affordable.

Product concept: - the idea that consumers will favor products that offer the most quality, performance, and features and that the organization should therefore devote its energy to making continuous product improvements.

Selling concept: - the idea that consumers will not buy enough of the organization's products unless the organization undertakes a large-scale selling and promotion efforts.

Marketing concept: - the marketing management philosophy that holds that achieving organizational goals depends on determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors do.

Social marketing concept: - the idea that the organization should determine the needs, wants, and interests of target markets and deliver the desired satisfactions more effectively and efficiently than do competitors in a way that maintains or improves the consumer's and society's well-being.

2.7. The Role of Marketing in the Economy

In any economic system there are always barriers that prevent products from efficiently satisfying consumers' needs. These barriers include separation of: space, time, information, value and ownership.

The role of marketing systems is to bridge this gap between products and consumers' needs and increase the efficiency of the market system. Therefore, the marketing system must successfully overcome the separation of space, time, information, value and ownership.

The nine marketing functions and the barriers to consumer satisfaction they help to overcome

A. The exchange functions

1. Buying – ownership separation
2. Selling – ownership separation

B. The physical functions:

3. Storage – time separation
4. Transportation – space separation
5. Processing – value separation

C. The facilitating functions:

6. Grades and standards – information separation
7. Financing – value separation
8. Risk taking – time separation

9. Market information – information separation

How we overcome the separations

⇒ Overcoming separation of ownership by transferring legal title of the product from the seller to the buyer.

⇒ The storage function overcomes the separation of time by maintaining the product in a good condition between production and final sale.

⇒ The processing function involves the transformation of a commodity to a form that has greater value to the consumer.

⇒ The transportation function overcomes the separation of space by moving the product from where it is produced to where the consumer is willing to purchase it.

⇒ The grades and standards function involves the development of uniform descriptions of commodities and products.

⇒ The financing function involves providing the funds necessary to pay for the production and marketing of a product before the money is received from its sale.

⇒ The marketing information function involves the development of any means to disseminate this type of information.

These nine marketing functions are normally performed by middlemen in the free market economy.

Company and Marketing Strategies: - Each company/Organization must find the game plan that makes the most sense given its specific situation, opportunities, objectives, and resources. This is the focus of strategic planning – the process of

developing and maintaining a strategic fit between the organization's goals and capabilities and its changing marketing opportunities.

Strategic planning sets the stage for the rest of the planning in the firm. Companies usually prepare annual plans, long-range plans, and strategic plans. The annual and the long-range plans deal with the company's current business and how to keep them going. In contrast, the strategic plan involves adapting the firm to take advantage of opportunities in its constantly changing environment.

Strategic planning involves defining a clear company mission, setting supporting objectives, designing a sound business portfolio, and coordinating functional strategies.

2.7.1. Agricultural Marketing

The marketing of agricultural products begins at the farm when the farmer plans his production to meet specific demands and market prospects. Marketing enables the agricultural producer to step out of a subsistence straight jacket and grow produce for sale. Correspondingly, it permits a large proportion of a country's population to live in cities and buy their food nearby.

Agricultural marketing provides incentive to farmers to grow produce for export. In this way, it gives the farmers more income and it earns foreign exchange to pay for imports. Agricultural marketing is complicated by the following points:

- Diverse nature of the products to be handled and their perish ability.
- The scattered nature of agricultural production, and
- The very large number of separate production units.

For these reasons, agricultural marketing calls for considerable initiative, decision making and skill. Marketing of agricultural products is a complex process involving

many types of agribusiness. Harvesting, marketing, transporting, milling, storing, packing, etc. are involved.

Agricultural marketing may mean differently to consumers, farmers and middlemen.

1. *Consumers:* to them agricultural marketing may mean a shopping trip to the supermarket.

2. *Farmers:* farmers may associate agricultural marketing with the loading of hogs on to pick ups in to the market.

3. *Middlemen, to retailers and processors:* it is a process for gaining competitive advantage over rivals, improving sales and profits.

Agricultural marketing is the performance of all business activities involved in the flow of food products and services from the point of initial agricultural production until they are in the hands of consumers.

2.7.1.1. Role (importance) of Agricultural Marketing: Agricultural marketing is of critical importance to a country under all conditions and all stages of its economic development. Today, most nations, regardless of their degree of economic development or their political philosophy, are recognizing the role or importance of agricultural marketing. Why? Because,

1. It provides adequate incentives for increased production, hence promotes economic growth.
2. Efficient marketing system provides adequate food items and other commodities at reasonably lower prices. This is important for people living away from farms (factories) and dependent on the marketing system for their food and other

commodities. Here, marketing functions such as assembling, transportation, storage, processing, distribution and grading share two characteristics:-

I. they add value to the product, i.e. add utilities and increase consumers' satisfaction and

II. they require a variety of inputs to perform and so involve costs.

3. Efficient marketing helps a country to increase the foreign exchange resources that are needed for the importation of essential goods. In a country where agricultural exports are the main source of foreign exchange needs for the purchase of essential imports, there is much to gain through efficient or modern marketing. Modern marketing practices include:

- Speedy adaptation to changes in demand
- Improved grading and appropriate sales and promotional strategies and advertising.
- The use of efficient packaging, transport and preservation methods and pricing and other marketing activities.

4. agricultural marketing provides wide employment opportunities. The importance of marketing in the business world might be more easily understood in quantitative terms. It creates a great deal of job opportunities. As a result 100's, 1000's and millions of people find employment in marketing or marketing business both as individual dealers and employees of private and/or government marketing agencies.

5. marketing is also critically important to the success of a business firm. Here, marketing is one of the basic components of a business enterprise, marketing finance, production, personnel and research & development. Many or all organizational sections

(departments) in a firm are essential to its growth, but marketing is still the sole-revenue producing one as it directly contributes to sales volume and profit.

Marketing is the principal reason for business firms' existence. So many small companies and even some larger ones in longer exist because of marketing mistakes. No matter what the economic climate is, marketing considerations are (or must be) the most critical factors in planning and decision making in a business firm.

2.7.1.2. Characteristics of Agricultural Marketing: There are some important characteristics of agricultural production which affect agricultural marketing in this country. These characteristics have a direct influence on the working of the marketing middlemen.

I. Small scale, subsistence farming with small surplus dispersed (scattered) producers over a large area and geographical concentration affect marketing functions.

II. Annual variability in production: there are years of increasing, decreasing and stable farm out put. These are caused by farmer's response to prices and other uncontrollable factors such as weather and diseases. In fact aggregate agricultural output could be relatively stable or increasing from year to year. However, marketing agencies do not handle all agricultural products but a few group(s) of individual commodities.

III. Seasonal production: in addition to the annual production variability, much of agricultural production is highly seasonal. Unlike industrial products, almost all farm products are produced seasonally. Opposed to the periodic supply, demand for farm products as food or individual raw materials or export items has stable

character. The basic foods and raw materials are needed in relatively equal amounts through out a year in stable demand for them.

IV. Quality variation: unlike industrial production, there is lack of control over agricultural production both quantitatively and qualitatively. Agricultural production is beyond the control of an agriculturalist (small farmers) and the entire production is based on natural condition such as climate (temperature and rain fall), soil, and topography. These have enforced the localization of the production of a given product at certain places. Marketing facilities and costs are affected by the variability and geographic concentration of agricultural production.

2.7.1.3. Special Characteristics of Agricultural Products: Basically, there are a number of characteristic features that differentiate agricultural products from industrial products. Some of them are:

1. Agricultural products are raw materials: - the output of agricultural production is largely raw materials which will be used for further simple or complex processing. The original forms of agricultural products must be changed to suit the requirements of consumers are for convenient handling, and for conservation of quality.
2. Perishable: - perish ability can be measured only in relation to other products. All products ultimately deteriorate with the exception of few products. Farm products are perishable or highly perishable. Their market value is from sun rise to sun set. They cannot stay long on the way to the final consumer without suffering deterioration in quality (fresh fruits and vegetables, fresh meat, milk, etc). This perish ability feature means that they require (highly) specialized storage and transportation facilities.

3. Bulky and heavy for their value:- agricultural commodities are bulky in relation to their value. The value of a carload of drugs is greater than a carload of grains (vegetables).
4. Quality variation in Agricultural products: - there is lack of control over the quality of agricultural products. Such variations in the quality of products make it very hard to supply uniform standards or grades from year to year. These changes or variations in quality may also change marketing patterns. This has effect on the facilities necessary to market them grading facilities- huge amount of investment. All these characteristics impose special demand on the marketing system for processing plant, specialized transportation, storage, grading facilities, which may not be used to their full capacity during some time of a year. This means that the cost of marketing agricultural products is very high as compared to other products. In a nutshell, the defects or manifold problems associated with agricultural products and their production are directly reflected in agricultural marketing.

Different Types of Markets: Types of markets can be defined taking in to consideration different aspects like magnitude of selling, products and trade, purchasing and consumption, geographical coverage, and time period.

1. <u>Markets based on the magnitude of selling</u>

I. ***Wholesale markets: -*** can be described as places where retailers and businesses buy their supplies. Delivers to wholesale markets can be made by the farmers themselves or by trader who have either bought from farmers or perhaps from other small traders. Wholesale markets play important role, because:

1) farmers and traders can deliver their produce to one location rather than having to visit many retailers.
2) retailers can buy a wide range of produce at one place.
3) the trade of large quantities of produce in one place makes possible the development of market prices which reflects supply and demand. If individual traders were selling to individual retailers, this would not be possible and prices would vary significantly all over a town or city.

II. ***Retail markets***: - are markets where consumers buy their supplies. The word consumer includes families and individuals as well as small businesses such as restaurants and street food traders.

2. <u>Markets based on Products and Trade</u>

I. ***Basic goods market:*** - is a type of market that includes goods such as steel, cement, chemicals.

II***. Intermediary goods market:*** **-** is a type of market that includes goods such as machine tools, equipments, components and spare parts.

III. ***Consumer goods market:*** **-** this is also a type of market that includes goods such as tooth paste.

3. <u>Markets based on geographic coverage</u>

We can define markets as local, regional, national, and international which is closely linked with categorization of markets as local, transit, and central/terminal markets.

4. <u>Markets based on purchasing and consumption</u>

1) ***Consumer markets: -*** is a market type that includes both the durable and non durable goods.
2) ***Industrial market: -*** is a market type that includes raw materials, machines, tools, and equipments.

Market structure: In economics, market structure (also known as market form) describes the state of a market with respect to competition. According to Philip kotler and Gary Armstrong, 2004, the major market forms are:

- ❖ Perfect competition – in which the market consists of a very large number of firms producing a homogeneous product.
- ❖ Monopolistic competition – also called competitive market, where there are a large number of independent firms which have a very small proportion of the market share.
- ❖ Oligopoly – in which a market is dominated by a small number of firms which own more than 40% of the market share.
- ❖ Oligopsony – a market dominated by many sellers and a few buyers.
- ❖ Monopoly – where there is only provider of a product or service.
- ❖ Monopsony – when there is only one buyer in a market.

The imperfectly competitive structure is quite identical to the realistic market conditions where some monopolistic competitors, monopolists, oligopolists, and duopolists exist and dominate the market conditions. These somewhat abstract concerns tend to determine some but not all details of *a specific concrete market system* where buyers and sellers actually meet and commit to trade.

Table: 2. Quick reference to basic market structures

Market structure	Seller entry barriers	Seller number	Buyer entry barriers	Buyer number
Perfect competition	No	Many	No	Many
Monopolistic	No	Many	No	Many
Oligopoly	Yes	Few	No	Many
Oligopsony	No	Many	Yes	Few
Monopoly	Yes	One	No	Many
Monopsony	No	Many	Yes	One

The sequence of the market structure from most to least competitive is; perfect competition, imperfect competition, oligopoly, and pure monopoly.

2.8. Empirical Studies on Cooperatives in Ethiopia

A study conducted by Alemayehu (1984) in Kembata and Hadiya on service cooperatives revealed that most of the service cooperatives safeguarded the peasants against price exploitation by private traders. However, he noted that cooperatives' attempt to serve their members have been hampered by the cooperatives' poor spatial organization which necessitated the reorganization of some of the cooperatives based on physical geographic factors and on the size of the peasant association membership.

Getenesh (1988) used some performance measures such as liquidity ratio, net capital ratio, debt ratio etc. in her comparison of farmers' producer cooperatives in the highlands of Hararge. The result showed that size in terms of members and area didn't contribute significantly to explain the performance differences in most cases, in contrast to wide spread assumption of this to be so.

Asmare (1989) investigated the efficiency of resource use in producers' cooperatives in Harar Zuria awraja giving special attention to size effects. Using the marginal productivity and partial productivity methods, he displayed inefficient use of resources in both small and large sized producers' cooperatives groups. However, relatively the larger sized producers' cooperatives group allocated its resources more efficiently. Inefficiency includes under utilization of labor, fertilizer and capital expenses and partly over utilization of land.

Wegenie (1989) evaluated the performance of cooperatives both at micro and macro level and the problems of development of cooperatives. Macro level study indicated that the performance of cooperatives was poor when compared to the individual and state farms in terms of yield. The performance evaluation of the cooperatives at the micro level was specifically directed at looking their allocation efficiency using the linear programming model. Comparison of the actual with the optimal pattern indicated sub-optimality in their cropping pattern. In all cases his result suggested a reallocation of land away from the two basic products of the region i.e. wheat and barely to other crops. Land, in his optimal solution was found to be the limiting factor in all the cooperatives and he suggested that for an appropriate land holding and land allocation policy for each of the cooperatives which take resource availability of the cooperative into account. His study also indicated input output pricing system, declining income of members, forced membership and absence of democracy in decision making process as problems in development of cooperatives.

A study conducted by Fassil (1990) showed that in spite of the several tasks best wed up on peasant service cooperative, they were mainly engaged in the supply of consumer

goods to members followed by grain purchase and sale activities. Even in the activities they engaged, they have lower share compared to those of state and other bodies. The problems of the cooperatives were manifested in the sphere of marketing and management, which includes the problems in the supply of both consumer goods and agricultural inputs, participation in purchase and sale of agricultural products, shortage of skilled man power and financial management.

Tesfaye (1995) in his study of producers' cooperatives found that these organizations failed in the past not because of failure inherent in collective management but because of forced membership with out the interest of the farmers and formation of the cooperatives in hurry with out any sufficient preparation and feasibility study. The problem of intervention of the Derg regime in the affairs of these organizations i.e. using them for its political ends and the largeness and complexity of the organizations for the managerial capacity of the farmers were also a reason for the failures of the cooperatives.

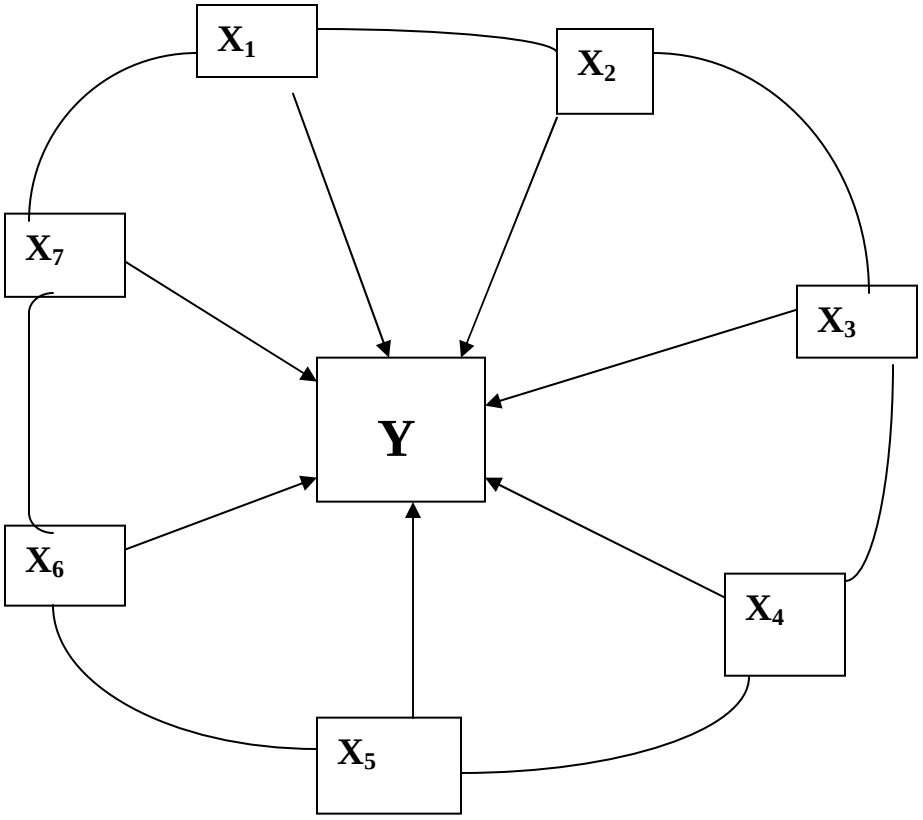


Figure: 3. Conceptual framework

The above figure shows the dependent variable “Grain marketing performance through Assosa woreda primary multi-purpose cooperative societies” and the independent variables; education level, family size, farm size, access to market information, availability of market infrastructure, access to improved agricultural inputs & access to credit and how the independent variables are exerting their influence on the dependent variable.

Y = Grain marketing performance through Assosa woreda primary multi-purpose cooperative societies.

$\mathbf{X_1}$ = Education level

$\mathbf{X_2}$ = Family size

$\mathbf{X_3}$ = Farm size

$\mathbf{X_4}$ = Access to market information

$\mathbf{X_5}$ = Availability of market infrastructure

$\mathbf{X_6}$ = Access to improved agricultural inputs

$\mathbf{X_7}$ = Access to credit

Chapter 3: Materials and Methods

The methodology used in the study is explained in this chapter.

3.1 Description of the Study Area

The following information is obtained from the regional bureau of finance and economic development annual report (BoFED, 2006).

3.1.1. Location

Benshangul-Gumuz regional state is one of the nine regional states in the country. The region is located in the north western part of the country sharing borders with Amhara, Oromiya, and Gambella regions in north, east and south respectively and with Sudan Republic in the west. Administratively, the region consists of 3 Zonal Administrations, 20 woredas out of which the two (Mao-Komo & Pawi) are special woredas and 415 kebeles. The total land area of the region is about 51,000km^2.

The region is located in the western part of the country. It stretches along the Sudanese border between 09.17^0 and 12.06^{0}N. The western and eastern limits are given by the longitudes 34.10^{0}and 37.04^{0}E respectively. The altitude ranges from 580 to 2731 masl. Three agro-ecological divisions of the region are low land (75%), midland (24%) and highland (1%).

Assosa woreda is one of the 20 woredas of Benshangul–Gumuz region which is found in Assosa zone and consists of 83 kebeles. It covers a land area of 2,317km$^{2.}$ Out of this 1,637km^2 is cultivable land. Currently, 431km^2 of land is used for cultivation of different crops mainly for Maize, Sorghum, Finger Millet, Teff, Sesame, Niger seed and Groundnut.

3.1.2 Climate

The region is characterized by a monomodal rainfall. According to the classification of rainfall regimes given by National Meteorological Service Agency, Benishangul-Gumuz region is characterized by a wet season from April to October. Assosa Woreda, with an altitude of 1,550 masl has an average annual precipitation of 1275mm. Temperature reaches a daily maximum of 35^0c in the dry season. The hottest period is from February to April. The minimum temperature ranges from 12^0c to 20^0c depending on season and altitude.

3.1.3 Population

According to the Population and Housing Census of Ethiopia (1994), the total population of the region was estimated to be 460,459. The total area of the region is about 51,000Km^2 and therefore, the region has a population density of about 9 persons per km^2. The population of the region is growing rapidly. The total population of the region in the year 2008 is estimated to reach about 693,782 with 351,053(50.6%) males and 342,729(49.4%) females (calculated from CSA, 1994). The rural-urban population distribution is 92.2% and 7.8% respectively.

Benishangul-Gumuz region consists of different ethnic groups and their composition is listed as below

Table.3: Ethnic distribution of the region.

Ethnic group	percentage
Berta	26.7
Gumuz	23.4
Amhara	22.2
Oromo	12.8
Shinasha	7
Mao	0.6
Komo	0.2
Others	7.1
Total	100

Source: BoFED (2006)

The different ethnic groups are not evenly distributed in the region. Berta and Amhara are the main ethnic groups in Assosa zone. In Metekel zone Gumuz, Amhara, Shinasha and Agew dominate where as in the Kemashi zone Gumuz lives dominantly. Oromos are represented in all zones with percentages of 11 to 17.5%.

Religion distribution of the people in the region is indicated in the following table. As it is indicated in Table.3, majority of the population are Muslims (about 44%). Next to Muslims are Orthodox Christians accounting for about 35 percent.

Table .4: Religion distribution of the region

Religion	percentage
Muslim	44.1
Orthodox Christian	34.8
Traditional religions	13.1
Protestant Christian	5.8
Catholic Christian	0.5
Others	1.5
Total	100

Source: BoFED (2006)

3.1.4 Settlement structure

Based on the 1994 Population and Housing Census, 92.2% of the population lives in rural areas where as the urban population accounts about 7.8%. The majority of the population lives in remote and inaccessible areas. Moreover, the settlement pattern (except Pawi special woreda and Assosa woreda) is still much scattered. These conditions make it very difficult or impossible to supply people with social and economic services like clinics, schools, potable water, rural roads, power, telephone, etc.

3.1.5. Economic activity

The total economically active population during the 1994 Population and Housing Census was estimated to be 262,200 (56.9%). Despite its backwardness, about 93.2% of the economically active population is engaged in agriculture. The total cultivable land is about 911876.7 ha. but out of which only 26.1% is covered by crops. Maize, Sorghum,

Teff, Finger millet, Sesame, Niger seed, Ground nut, etc. are most common crops in the region.

Major problems of the sector are low production and productivity of agriculture due to land scarcity and degradation, inadequate supply of agricultural inputs, lack of credit services, poor infrastructural development, poor marketing networks, low level of community participation especially in natural resources conservation activities, absence of surveys and studies, high pest infestation, high prevalence of human and animal diseases etc.

In order to improve the backward agricultural practice in the region different efforts have been done like the establishment of 195 farmers' training centers (FTCs), 15 animal health posts, establishment of Agricultural Technical Vocational Education and Training College etc.

3.1.6. Water

The region has potentially rich surface and sub-surface water resources. However, little has been done to utilize these resources. In 1997 it was only 19% of the population that gets potable water while it was about 34.11% and 39.21% in 2005 and 2006 respectively. Irrigation is not well practiced in the region despite high availability of potentially irrigable land and rivers.

Major problems of the sector are absence of better qualified manpower leading to lack of feasibility studies on the utilization of surface and sub-surface water resources, shortage of budget and necessary equipments and absence of water sector development program.

3.1.7. Rural road

Road network is not well developed and majority of the existing roads are not even functional in rainy seasons. Due to this problem movement throughout the rural areas of the region is restricted and the development effort is hampered. Until the year 2005 there were a total of 1784 km of roads in the region out of which 546 km were RR50 and 1238 km were RR10 standard roads. The regional government allocates about 50% of its annual capital budget for the Regional Rural Road Authority for road construction each year.

Major problems of the sector are lack of budget, lack of competent contractors, inability to equip the Rural Road Authority with manpower and material and absence of community participation in rural road construction (community roads).

3.1.8. Education

According to the 1994 Population and Housing Census, the literacy rate was 17.9%. In 1996 and 1997 E.C. the overall participation rate was improved to 38% and 42.8% respectively. Surprisingly, it has reached 81% in the year 1999 E.C. This improvement generally indicates better achievements particularly in the sector and in the region as a whole and better opportunity for the people in exposure to adequate and timely information exchange among themselves.

3.1.9. Crop production

Crops such as sorghum and maize are major cereals grown and they occupy the largest proportion of the annual yield. Oil crops such as Groundnut and Niger seed are grown mainly as cash crops. There was variability in the production trend of major crops due to erratic nature of rain fall, shortage of input supply and utilization, land scarcity and

degradation of soil fertility, weeds and pest infestation. These ups and downs in production have a direct impact on grain supplied to the market every year.

The following table shows amount of major crops produced in quintals for years 1995 to 1999 .E.C in Assosa Woreda.

Table: 5. Amount and types of crops produced in Assosa Woreda for the years 1995 to 1999 EC.

Crop type	Amount of crops produced in quintals				
	1995	1996	1997	1998	1999
Maize	24320	26397	28352	43650	49152
Sorghum	58290	61020	68380	53364	68000
Finger millet	3252	3900	4200	2560	6000
Teff	6837	7205	8500	11490	6450
Sesame	489	577	1700	890	8840
Ground nut	1092	1150	2020	9750	12000
Niger seed	5182	5740	15550	13993	9000
Total	**99462**	**105989**	**128702**	**135697**	**159442**

Source: Assosa Woreda agriculture and rural development office annual report, 2007.

As it can be seen from the above table, Sorghum is the dominating crop followed by Maize. Careful observation of the table shows that production of each variety of crops has been going increasingly. However there is a decline in production of most of the crops in 1998EC. According to information from some experts, this happened due to shortage of rain and pest infestation occurred in the year.

Figure.4. Administrative Map of Federal Democratic Republic of Ethiopia

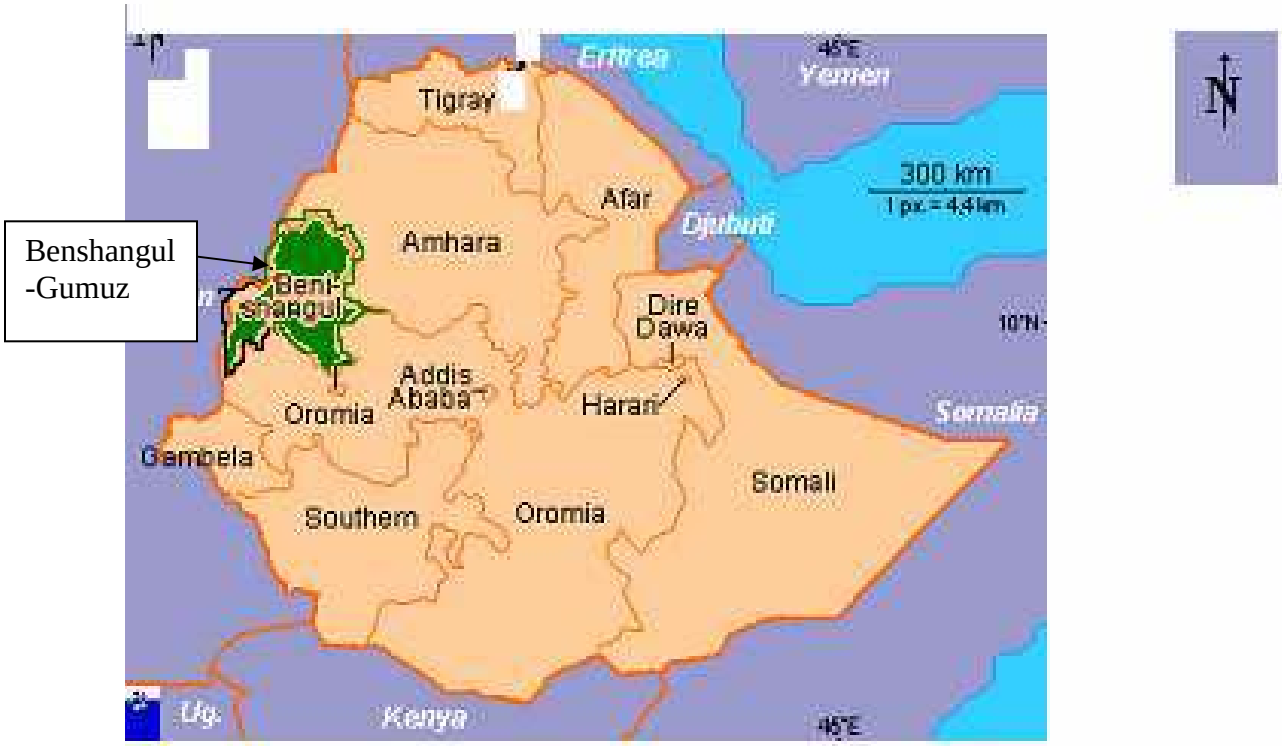
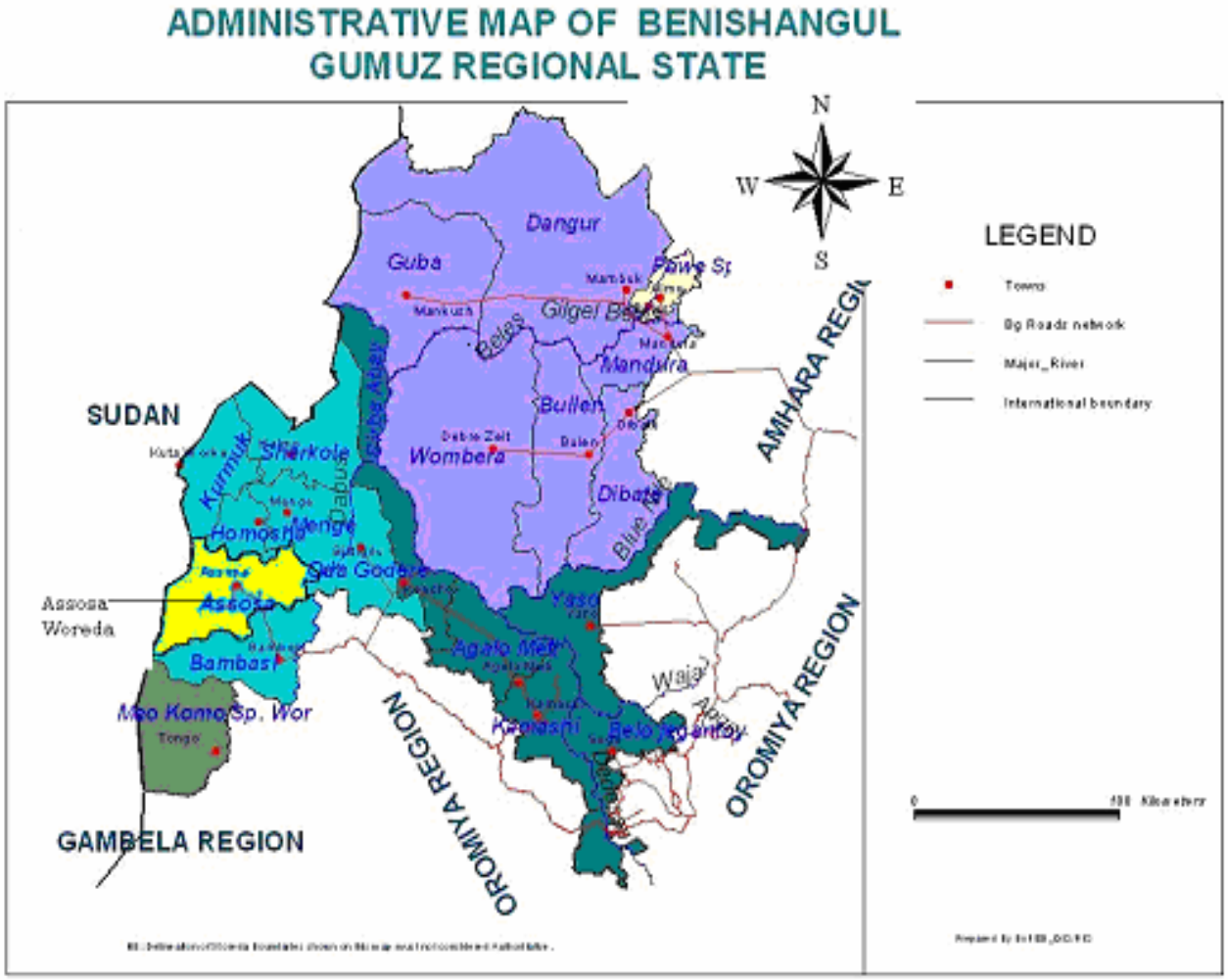


Figure: 4.1.


ADMINISTRATIVE MAP OF BENISHANGUL
GUMUZ REGIONAL STATE
N
W
E
S
LEGEND
Towns
Major_River
International boundary
SUDAN
Dangur
Guba
Mandura
Bullen
Wombera
Dibate
Kurmuk
Sherkole
Homosha
Menge
Asosa
Bambasi
Agalo Meti
Kamashi
Belo Jegonfoy
Assosa
Woreda
Mao Komo Sp. Wor
GAMBELA REGION
OROMIYA REGION
AMHARA REGION
OROMIYA REGION

3.2. Sampling procedures

3.2.1. Selection of the study area: Assosa woreda is selected for the study due to its greatest potential among other woredas of the region. Out of the total 63 certified primary cooperative societies in the region, 30(47.6%) are found in this woreda. Therefore, better cooperative movement with better potential and records are available for the research. There are 30 primary cooperative societies in the woreda with 3273 members (2897 males & 376 females) and 1,234,714.63 Birr capital (Including plant/fixed assets). Out of these cooperative societies, 21 are multipurpose, 5 are saving and credit cooperatives, 3 engaged in construction and 1 housing cooperative.

Unlike the rest, as their name indicates, the 21 multi-purpose cooperatives are those who are engaged in various business activities. However, except 8 primary multipurpose cooperatives, the rest do not have an age exceeding two years since their establishment. Therefore, for the purpose of this research, the above eight early certified primary multipurpose cooperative societies are selected purposely.

3.2.2. Sampling Design: Out of the 8 multi-purpose cooperatives, 5 were selected at random. From the total 1491 members, 149 were chosen at random as member respondents for interviewing by taking 10% from each sample cooperative societies. In addition to these, 40 individual respondents from officials who are management members, employees, and different office bearers from regional cooperative promotion bureau, and other concerned organizations were interviewed using a semi-structured interview schedules.

Table.6. Selected cooperative societies & the sample size

No.	Woreda	Name of the cooperative	No. of Members			Sample size (10%)
			Male	Female	Total	
1	Assosa	Tigle Firie	413	3	416	40
2	»	Yesira Wutiet	280	1	281	28
3	»	Addis Chora	312	-	312	32
4	»	Tebabro Edget	255	2	257	26
5	»	Edget Behibret	223	2	225	23
Total			**1483**	**8**	**1491**	**149**

3.3. Data collection and Sources

For the achievement of the specific objectives of this research, data were collected from two sources known as primary sources and secondary sources. Primary data were gathered through interviews using structured interview schedules and check lists. Secondary data were gathered to support the information collected from primary sources. These were from reports and records of the cooperative societies, regional and woreda agriculture and rural development bureaus, regional finance and economic development bureau, the statistics authority regional office etc.

Tools used for collection of primary data were structured interview schedules. In addition, group discussions were conducted with the key communicators of the woreda to collect additional information on the performance of grain marketing and the constraints.

3.4. Method of Data Analysis

Data collected through interview using structured interview schedules were tabulated and coded. To address the first and the second objectives, checklists and rating scale methods are used. This is to identify the available market infrastructures & marketing services and their accessibility by the farmers. Correlation analysis was also employed to identify the association of some independent variables with the dependent variable.

Descriptive statistical analysis, with different supporting graphs, tables and percentages was used to discuss findings of the study.

3.5. Operationalization of Variables

Grain Marketing Performance through Cooperatives is the dependent variable in the study. In the course of identifying factors influencing the dependent variable (grain marketing performance through cooperatives), the main task is to identify which factors influence the usage of the cooperative by the farmers as marketing agent for their grain. Therefore, potential variables, which are supposed to influence grain-marketing performance through the cooperatives, will be explained as follows:

The independent variables: the independent variables expected to have association with grain marketing performance were selected based on available literature. The variables are explained as follows:

I. **Education level:** This refers to the level of schooling the farmer attended. The higher the education level, the better would be the knowledge of the farmer towards the cooperative and acquire news and education about the benefits of the cooperative easily (Kraenzle, 1989; Klien, 1997). Hence, those farmers with

higher formal education are in a better position to know the benefits of cooperative and are more likely to market their grain through the cooperatives. So, this variable is expected to influence the marketing of grain through the cooperatives positively.

II. **Family size:** This variable is a continuous explanatory variable and refers to the total number of family members the household has. It is assumed that household with larger family size consumes more of what is produced in the house and little will remain to be marketed. Therefore, the variable is expected to have a negative influence on grain marketing performance of the cooperatives.

III. **Farm size:** This variable is a continuous variable and it refers to the total area of farmland that a farmer owns in hectares. The usage of the cooperative as marketing agent requires substantial economic resources of which land is the principal one (Wadswrth, 1991; Klein, 1997). It is assumed that the larger the total area of the farmland the farmer owns, the higher would be the output. Therefore, it is expected that this variable would have positive influence on the marketing of grain through the cooperatives.

IV. **Access to market Information**: At the producer level, farmers have very little information on prices prevailing even in nearby markets. It was indicated that, their primary source of market information is the marketplace itself, as well as conversations with neighbors and traders (Grain Market Research Project, 1996). Information on supply, demand, and prices is crucial for farmers to decide what to produce, how much to produce, when and where to sell their products so that to earn more cash from sales of their grain. Therefore, this variable is expected to

have positive correlation with grain marketing performance of farmers as well as their society.

V. **Availability of market infrastructures:** Market infrastructure plays a greater role in storage, transportation and communication activities. Weak storage infrastructure leads to potentially high storage losses, with crop vulnerability to damage from weevils, termites, rodents, birds, and moisture. The development of a physical distribution system that can efficiently and effectively move products to the consumer is also another important factor in agricultural marketing. Telecommunication service is again another factor that helps farmers in frequent communication with concerned individuals and institutions to share up to date and adequate information regarding current market prices. Farmers with a better access to such infrastructural facilities are expected to have more advantage in tapping the benefits of market than those who have poor access. Therefore, infrastructure is assumed to have a direct influence on grain marketing performance through the cooperatives.

VI. **Access to improved agricultural inputs:** Intensification of agricultural production through use of modern inputs is an important option for increasing agricultural productivity in Ethiopia. Some evidences suggest that grain yields can be substantially increased by appropriate use of technological inputs. However, there are major problems regarding input delivery, acquisition and use by farmers; input use is low and many inputs are not widely available. Identifying and alleviating these problems should be given high priority. Access to improved

agricultural inputs is supposed to have a direct relationship with grain marketing performance through cooperatives.

VII. **Access to credit:** This is a dummy variable which takes a value 1 if the farmer obtained credit from the cooperative or other micro finance institutions operating in the area, 0 otherwise. Credit helps the farmer in paying the prepayment to the cooperative in order to get the sufficient amount of fertilizer. It also helps in renting land and purchasing other inputs that increase production. In general, it plays an important role in using fertilizer (Techane, 2002; Teferi, 2003) and other inputs that increase productivity. This in turn leads to an increase in the amount to be marketed. Therefore, it is expected that this variable would have positive influence on the marketing of grain through the cooperatives.

Chapter 4: Results and Discussions

The results of the study and the discussions on the results are presented in this chapter.

4.1. Descriptive Analysis of data.

4.1.1. Social and Economic Background of the respondents

People from different cross-sections are consulted in giving the required information for the research. For the sample purpose, 149 member farmers are contacted. In addition to these 40 individuals are consulted through group discussions and individual basis. These include individuals from the societies' management members, employees, and experts and office bearers from regional cooperative promotion bureau and other concerned organizations.

Table.7. Distribution of respondents by society and sex (N = 149).

Society	Number of respondents		
	Male	Female	Total
Tigle Firie	37	3	40
Yesira Wutiet	27	1	28
Addis Chora	32	_	32
Tebabro Edget	24	2	26
Edget Behibret	21	2	23
Total	141	8	149

Source: Survey, 2008

As it can be observed from the above table, the proportion of male/female respondents is by far unequal. Female respondents constitute for about 5.4 percent of the total sample

respondents whereas males constitute 94.6 percent. This is because; the number of females in the membership is very much limited. It has been tried during the research to address proportional number of both sexes in the membership and the above 8 are the only available female members. Here, it is easy to observe the unequal participation of both sexes in the membership. According to the discussion with key communicators, once the household head (the father) joins the membership of the society, there is no any trend for the rest of family members to join the cooperative society; rather, they get the benefits of the society (if any) through the household head (the father).

Distribution of respondents by age in completed years: For the purpose of this research**,** respondents are classified in to three age groups. These are young (respondents with age of below 25 years old), middle, (respondents between 25 and 45 years old), and old (those who are above 45 years old).

Table.8. Distribution of respondents by age group (N = 149)

Age category	Number of respondents	percentage
Young	11	7.4
Middle	103	69.1
Old	29	19.5
No response	6	4
Total	149	100

Source: Survey, 2008

According to the above table, majority of the respondents (69.1 percent) fall under the middle age group i.e. 25 to 45 years old. This age group is mostly assumed to be mature and productive power. The old group constitute for about 19.5 percent of the respondents.

They Young account for about 7.4 percent and there are also respondents constituting about 4 percent of the respondents who are unable to tell their actual age.

Distribution of respondents by level of education: Education plays an important role today. It exerts influence on individuals, society and the nation at large. To a farmer, the level of education determines the level of awareness, knowledge, understanding, perception and attitude on his/her own self and towards the subject around him/her. Farmers' decision making on production and marketing depends on their level of education. Educational level also determines farmers' adoption of improved agricultural technologies and inputs and their managerial efficiency and effectiveness in their cooperative societies.

Table.9. Distribution of respondents by level of education (N = 149)

Education level	Number of respondents	Percentage
Illiterate	4	2.7
Able to read and write	107	71.8
Elementary school level	32	21.5
Junior school level	6	4
Total	149	100

Source: Survey, 2008

The above table shows that 107(71.8 percent) of the respondents belong to the category of people who are able to read and write. These people acquired the skill without joining to formal schooling. They learned it through religious institutions as well as adult education program launched since the Derg regime. There are about 4(2.7 percent) respondents who are unable to read and write. This is however, a good proportion when we compare it with 41.5 percent of the national literacy level (W.B, 2005). Respondents

who attended elementary and junior school level account for about 21.5% and 4% respectively.

Distribution of respondents by family size: Here, respondents are classified in to three categories; small, medium and big. Those who have up to 4 family members are grouped in to small, 5 to 6 are grouped in to medium and those having above 6 family members are grouped in to big.

Table.10. Distribution of respondents by family size (N = 149)

Category	Number of respondents	percentage
Small(up to 4)	32	21.5
Medium(5 to 6)	96	64.4
Big (above 6)	21	14.1
Total	149	100

Source: Survey, 2008

The above table reveals that about 64.4 percent of the respondents have family members whose number is 5 to 6. Households with number of family members exceeding 6 account for about 14.1 percent. The rest 21.5 percent of respondents are those with family members up to 4 in number. Average family size is estimated to be 5.4 i.e. about 5 family members per household.

Distribution of respondents by size of land holding: Under this, respondents are grouped in to three categories. These are; farmers who own farmland up to 1 hectare, 1.1 to 2 hectares, and those who own above 2 hectares of farmland.

Table.11. Distribution of respondents by size of land holding (N = 149)

Extent of land holding(range)	Number of respondents	percentage
Up to 1 hectare	63	42.3
1.1 to 2 hectares	75	50.3
Above 2 hectares	7	4.7
No response	4	2.7
Total	149	100

Source: Survey, 2008

According to the above table, respondents who own farm land 1 hectare or less constitute for about 42.3 percent. Those who possess 1.1 to 2 hectares and above 2 hectares account for 50.3 percent and 4.7 percent respectively. The rest 2.7 percent (4 in number) are those who are unable to tell (guess) their farmland area in hectares. The mean/average size of landholding is estimated to be 1.2 hectares per household.

Here, there are two opposite things that are observed during the survey. According to the survey, average family size per house hold is estimated to be 5.4 whereas average farmland size per household is 1.2 hectares. The problem is how these people could be able to feed this much number of family members through out a year by production of crops on such a limited farmland. The respondents are claiming that it is too difficult for them to produce varieties of crops with sufficient amount on such limited farmland. Land degradation, pests and weed together with land scarcity and more number of family members are the overlapping problems that put a greater pressure on the farmers and hampered their production and productivity.

To rationalize the resource use, the regional government has embarked upon resettlement as part of its food security program. The program is purely on voluntary basis and each

settler household is guaranteed assistance of packages that include provision of up to 2 hectares of fertile land, seed, oxen, hand tools, and utensils for the first year. The settlers are also to be provided with access to essential social infrastructures (clean water, health posts, feeder roads), and logistics support. However, the regional government and particularly bureau of food security and population settlement are not pushing the program forward as per the plan.

Distribution of respondents by oxen ownership: Oxen are critical factors of crop production in the study area. Pair of oxen makes a team for plowing a farm. So, households with a pair or more number of oxen take the advantages of early sowing. Those who own a single ox seek for other individuals to join together and make a plowing team i.e. they depend on each other. Therefore, farmers with pair or more number of oxen are advantageous in exploiting early rain, preparing their farmland in a good manner and early sowing.

Table.12. Distribution of respondents by oxen ownership (N = 149)

Household Category	Number of respondents	Percentage
Households with no ox	4	2.7
Households with one ox	62	41.6
Households with two or more oxen	83	55.7
Total	149	100.00

Source: Survey, 2008

According to the above table, households with no ox account for about 2.7.percent of the total respondents. Those with single ox and two or more oxen constitute for 41.6 and 55.7 percent of the respondents respectively.

Over many years, a large portion of the woreda's population has been forced to depend on food aid for survival. These are people who have lost the capacity to be productive mainly due to land degradation, weather shocks, pests, animal and human diseases and high population pressure. On the other hand the region has a considerable amount of land currently under-utilized, but still suitable for farm activities. Major crops produced in the region are; maize, sorghum, Teff, Finger Millet, Sesame, Niger seed, Ground nut, etc.

Table: 13. Area cultivated in hectares & yield in quintals in years 2004/05 to 2006/07 for Benshangul-Gumuz Region.

Crop type	2004/05		2005/06		2006/07	
	Area cultivated (ha.)	Production (quintals)	Area cultivated (ha.)	Production (quintals)	Area cultivated (ha.)	Production (quintals)
Maize	41868.1	528852.65	43163.3	556687.8	85458	1025496
Sorghum	56606.4	573884.16	58965.7	597796.2	58396.4	633422.8
Teff	21418	98340.32	21922.3	101696	18750.5	103062
Millet	28232.7	295906.84	29166.2	306005.84	29531.2	301244.8
Sesame	29810.7	164164.59	30828	167686	16811.8	187189.8
Niger seed	18084.5	70018.58	18838.5	72483	19173.5	71826.3
Ground nut	8136	72708.37	8302	74268	8932.2	71964
Total	**204156.4**	**1803875.51**	**211186**	**1876622.8**	**237053.6**	**2394205.7**

Source: Benshangul-Gumuz Regional State Agriculture & Rural Development Bureau, Annual report, 2006/07.

As it can be observed from the above table, Sorghum is the dominating crop followed by Maize and Finger millet. There is a slight increase in yield of each crop varieties with some variations. As to the information from some farmers, the increase is due to support from extension agents. There is some attitudinal change by farmers in adoption of improved technological inputs. However, the degree of adoption is not still at its required

status. There are still problems of extension services and non adoption of the new technologies by farmers.

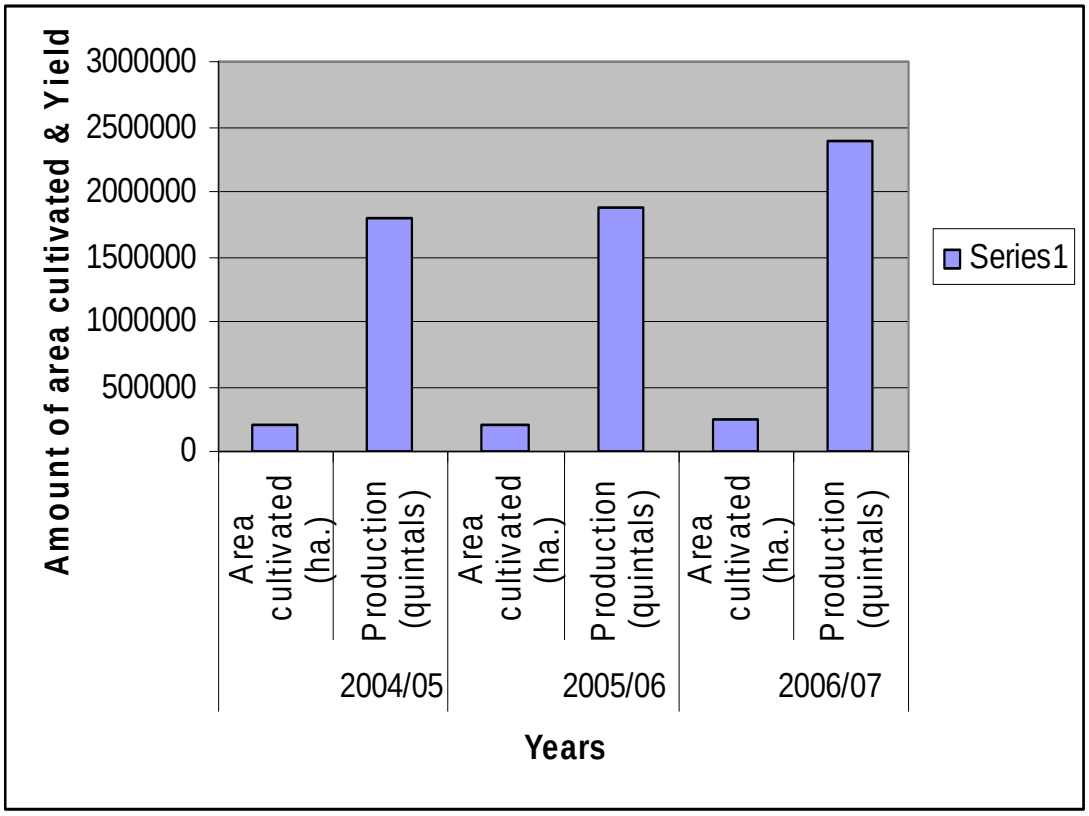


Figure: 5. Total area cultivated in hectares and total yield in quintals for the region in years 2004/05 to 2006/07.

4.1.2. Market Infrastructure

Infrastructure plays a greater role in storage, transportation and selling of agricultural products. According to the survey, infrastructural facilities found in most of the sample sites are cooperatives' warehouses which are not modern and adequate in capacity. Rural roads are also there connecting the kebeles with the woreda serving only during dry seasons. Distance from market is also a key factor in linking farmers with a market. According to the survey, farmers bring their marketable grain to main (woreda) market which is 5 to 20 km. away from their villages. According to the information from respondents, the average time required for a single trip walk by farmers is about 2 hours.

Table.14. Distribution of respondents by their access and utilization of market infrastructures (N=149).

Category	Number of respondents	Percentage
Poor access and less effective utilization	104	69.8
Medium access and effective utilization	26	17.4
Highly accessible & more effective utilization	2	1.3
Nil	17	11.5
Total	149	100

Source: Survey, 2008

As the above table shows that most farmers (69.8 percent of the respondents) do not have a good access to even the existing market infrastructures. There are also about 11.5% farmers with no access to market infrastructures. Those who are with a high access and more effective utilization of market infrastructure constitute for about 1.3% of the respondents and these may be farmers who have a geographic advantage i.e. living nearer to urban areas. Respondents with medium access and utilization of market infrastructures account for 17.4% of the respondents.

Access to all weather roads: Farmers who live near a market are in a better position to exploit the opportunity that the market provides them than those who live far away from the market.

Distance from market can be compensated by access to all weather roads. In fact it is this factor that can be easily modified by government intervention than distance from market.

Table.15. Distribution of respondents by access to all weather roads (N=149)

Access to all weather road	Number of respondents	%
Yes	8	5.40
No	141	94.60
Total	149	100.0

Source: Survey, 2008

The table shows that only 8 (5.40 percent) respondents have an access to all weather roads. Without undertaking further statistical investigation it is easily understood that the existence of all weather roads can help poor farmers to integrate them selves with the market. However, the mere existence of all weather roads does not necessarily mean that farmers are effectively and efficiently served by these infrastructures. The availability and efficiency of transportation service matters.

Mode of transportation: Farmers' access to efficient and cost effective transportation service is critical to their effort to integrate their economy to the market. If there is a competitive cost effective transportation service farmers can bring their produce to the market when they like to do so in a cost competitive manner.

According to the information from respondents, farmers use three types of transportation modes to take their agricultural produce to market; car, back animals and own labour. Among the total respondents, the majority (82.5%) use back animals and own shoulder.

About 7 (4.7%) of the respondents use their own labour only. It is only about 12.8% of the respondents who are using car as well as back animals to transport their agricultural produce. Back animals used in the area are only donkeys. Car transportation is not usual in the area due to two reasons: roads do not serve during wet seasons, and farmers' surplus to be marketed is limited in amount whereas cost of transportation is too high. Therefore, most of the time farmers prefer to use back animals as well as their own labour.

Figure 6 -A farmer transporting his grain to woreda (main) market by donkey.

Access to modern storage facilities: Access to adequate and modern storage facilities is a critical marketing infrastructure. It helps farmers to keep their produce in a secured place with out any damage by storage pests.

Table: 16. Distribution of respondents by access to storage facility (N=149)

Access to storage facility	Number of respondents	%
Yes	78	52.30
No	71	47.70
Total	149	100.00

Source: Survey, 2008

According to the above table, 78 (52.3%) of the respondents have access to storage facilities. However, most of them are complaining that the existing cooperatives' warehouses are limited in number as well as storage capacity. The warehouses are constructed with local materials (mud & wood) which are easily destroyed by wind and rain. The rest 71 (47.7%) respondents lack access to storage facilities and they are forced to store their agricultural produces at home in traditional stores locally made. Discussion with respondents revealed that farmers are not given trainings on post-harvest handling techniques. They sell part of what they produce immediately after harvest because rats, rodents, weevils, rain and high temperature could destroy their produce if stored at home for a longer time.

Packaging materials: All farmer respondents confirmed that there is no a standard packaging material to pack their agricultural produce. Every farmer stores his grain either in a sack (which they consider as modern packing material) or other locally made storing materials. The grain is transferred three times in to three packaging materials through out the

chain until it reaches the central (woreda) market. Loss during this transfer is estimated to be very high.

Figure 7-Farmers storing their grain packing in sacks

4.1.3. Marketing services

Availability of efficient marketing system raises farmers' income. It has considerable importance in improving the productivity of agriculture by providing incentives to farmers. It also enables the farmers to produce a particular crop or livestock species, which may provide the best advantage (market oriented agricultural production). It is

possible to say that if increased production is the door for development, marketing should be the key to open the door (Daniel, 2006).

Most rural households transport their agricultural produce to markets and milling places by donkeys and/or on their shoulders.

Table.17. Monthly average prices of some selected crops in Assosa market per kilogram in Birr for the year 2006/07.

Month	Teff	Maize	Sorghum	F. Millete	Niger seed
Apr-06	3.20	1.03	1.16	1.00	4.62
May-06	3.15	1.11	1.20	1.15	4.69
Jun-06	3.30	1.40	1.34	1.65	5.11
Jul-06	3.30	1.35	1.35	1.28	4.77
Aug-06	3.31	1.16	1.48	1.14	4.01
Sep-06	3.35	1.51	1.69	1.52	4.05
Oct-06	3.29	1.50	1.46	1.58	3.61
Nov-06	3.00	1.20	1.45	1.61	4.84
Dec-06	2.80	0.91	1.43	1.40	4.42
Jan-07	2.78	0.98	1.52	1.58	4.70
Feb-07	2.39	0.89	0.95	0.99	3.41
Mar-07	2.20	1.07	0.90	1.22	4.29
Average	3.01	1.17	1.33	1.34	4.37

Source: CSA, regional office, 2007.

The annual price information for some crops of Assosa market for the year 2006/07 is depicted in the above table. As it is indicated in the table, price is relatively high from July to October. Therefore, for poor households, it is reasonable to expect seasonal food shortage during these months. On the other hand for those who are food self sufficient and do not have urgent cash problems, this is the time for selling their agricultural produces.

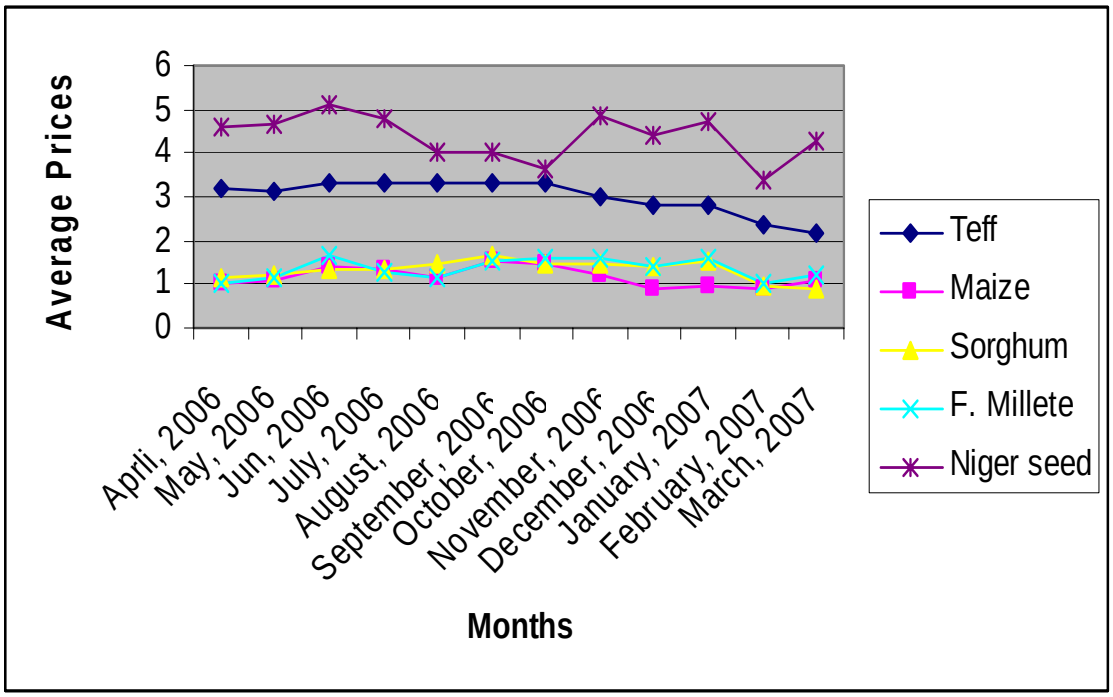


Figure: 8. Monthly average prices of some crops in Assosa market per kilogram in Birr for the year 2006/07.

There are three market places located in open rural villages. These markets are traditional in nature and are characterized by inadequate marketing facilities and services.

Agricultural product market in the study area is less developed and there is a seasonal price fluctuation. Farmers some times sell their agricultural produces in areas where the sample cooperatives are studied, i.e. when their cooperative society is not ready to purchase their produce particularly due to lack of finance or unwillingness to purchase the specific variety the farmer supplies, farmers sell their produce at local or main(woreda) market.

In some areas there are assemblers especially in harvesting seasons. They purchase different varieties of grain from the farmers. In most cases, when farmers want to sell some of their farm produces they have to travel long distances(up to 20 or more kms.) to main market place using either their pack animals or their own labour.

Marketing information service: Well organized all rounded and timely marketing information flows help farmers to make reasonable and optimum decision. Farmers who left without an access to such information cannot make optimal decisions. Usually the one who has an access to such information is considered as the one who possess the powerhouse of the market.

Distribution of respondents by their degree of exposure (access) to market information

Accurate and timely market information is crucial for farmers up on which to base their production and marketing decisions. Access to high-quality market information helps farmers in guiding them in their production, storage and marketing decisions. In the study area, there is practically lack of market extension service. The following table shows the respondents' degree of exposure to market information.

Table.18. Respondents' degree of exposure to market information (N = 149)

Access to market information	Number of respondents	%
High	6	4
Medium	68	45.6
Low	46	30.9
Nil	29	19.5
Total	149	100

Source: Survey, 2008

According to the above table, 19.5 percent of respondents do not have access to organized marketing information service. About 46(30.9 percent) of the respondents replied that they have less exposure to market information. Farmers fill the gap by conversations with neighbor farmers. They share marketing information from each other through personal contacts. There is also sometimes market information dissemination through their cooperative societies. During discussion respondents make it clear that their major sources of market information are their fellow farmers and the market from which they look for information is the local market itself (the place where they take and sell their produce). Farmers do not search for information prior their production. They usually sell their produce at the currently available price. During the discussion farmers revealed that they seek price information from farmers who sell their produce and set benchmark price based on this information. Farmers want to know about price information after they harvest their produce i.e. they do not consider the demand side of the market.

This shows that farmers do not decide in advance what and how much to produce and where and when to sell. The information they get is mostly about local market. No government body is assigned in the wereda to deliver marketing information to farmers.

Marketing advice and business training: Marketing advice and business training service is an important factor to market development which supports farmers in

production and marketing. The following table shows distribution of respondents by their access to production and marketing advices (trainings).

Table: 19.Distribution of respondents by access to marketing advice and business training services (N=149)

Marketing advice and business training service	Number of respondents	percentage
Yes	91	61.10
No	58	38.90
Total	149	100.0

Source: Survey, 2008

The table shows that most of (61.1 per cent) the respondents receive marketing advice and business training services. However, discussion with respondents and woreda officials disclosed that the marketing advice and business training given to the farmers is not sufficient as well as time bounded. First the advisors and the trainers are not themselves trained in the field of marketing and business development. Agricultural extension workers deliver these services who themselves do not have sufficient skill in marketing and business development. Second training and advice is not given permanently and the need of trainees is not properly assessed and analyzed before advice and training is given. Third most of the training focuses only on agronomic practices; rather than the mix of the two (how to produce and how to market it) that helps farmers to solve their problem and to exploit opportunities of the market.

***Time of sales*:** According to discussions with some officials and experts, farmers' sales of grain were moderately concentrated between January and May. However, grain prices peak in July/August of each year before falling as the new Meher season crop comes on to the

market. Maize is the first crop to reach the market; from mid October onwards. Farmers supply small amount of grain to the market from each varieties of crops. Even though they do not have surplus production, since they face cash problem during the above seasons, they sell some portion of their annual produce to recover their cash requirements. According to the survey, majority of respondents (about 72%) sell less or equal to half of their annual grain produce.

Since farmers do not have sufficient farmland and also some of them even do not have ox to plow with, they suffer from food shortage. About 7 percent of the respondents replied that they face food deficit for at least 1 to 2 months in a year. During this period (July/August), they sell their goats or sheep to purchase food items.

The following table shows the respondents' trend on time of agricultural out put selling. About 79.2 percent of farmers interviewed responded that their annual grain sales occur immediately after the harvest when they need cash to purchase consumer goods, cover wedding expenses, repay outstanding loans and land use taxes. According to discussion with the respondents, about 52.3 and 20.7 percent of households in the study area sell their grain for paying loans and taxes respectively. Government and credit institutions (particularly the regional micro finance institute) require farmers to pay their loans and taxes immediately after harvest.

Table.20. Distribution of respondents by time of selling (N = 149).

Time of selling	Number of respondents	percentage
Immediately after harvest	118	79.2
After storing for sometime	31	20.8
Total	149	100

Source: Survey, 2008

As the above table shows most (79.2 percent) of respondents sell their grain immediately after harvest. Discussion with the respondents discloses that farmers sell their agricultural produces immediately after harvest due to a number of reasons. Some of these are:

First, absence of modern storage facilities and lack of proper seed protection from rats, rodents, weevils and other sucker insects pushes farmers to sell their produce immediately after harvest. According to discussion with experts and farmers there is a high population of storage pests and insects in the area.

Second, lack of cash during the harvest season pushes farmers to sell part of what they produced immediately after they harvest and pay their loans and purchase some consumer goods. The absence of credit and appropriate warehouses aggravated the problem.

Third, though later prices seem better, there is fear of uncertainty. Farmers feel that there might be price fall in the future so that they become reluctant to store their grain and tend to sell it later.

Access to credit services: related social conditions inhibiting expansion of agricultural production and food security include lack of access to inputs and farm credit (World Resource Institute, 1992). Credit is an important source of investment.

Those households who acquired the credit they wanted had better possibilities to invest. They could purchase agricultural inputs and livestock. The possible explanation is that those households who were willing to participate in credit scheme and have a better access to credit sources became capable of improving their income positions by performing different activities.

Table.21. Distribution of respondents by their access to credit services (N = 149).

Category	Number of respondents	Percentage
Poor access	61	40.9
Good access	43	28.9
Very good access	26	17.4
No access	19	12.8
Total	149	100

Source: Survey, 2008

According to the above table, about 40.9 percent of the respondents have poor access to credit sources. There are also 12.8 percent of respondents who do not have any access to credit services. About 28.9 and 17.4 percent of the respondents replied that they have good and a very good access to credit services respectively.

As to the respondents who have access to credit services, their major sources of credit are their cooperative societies. There is also regional micro-finance institute that extends credit services to the farmers. Some farmers (18.8 percent of the respondents) use this institute. However, they are complaining that its bureaucratic working nature and its high interest rate is a discouraging factor. It requires group collateral to take the credit and its interest rate is 12.5%, which is greater than the cooperatives' interest rate by 5%. But their cooperatives are not capable of affording credit to all of their members at the same time due to capital shortage.

Access to improved agricultural inputs: Intensification of agriculture through use of improved agricultural inputs is crucial for increased production and productivity of the sector. Farmers could be able to produce sufficient amount if they are supported by improved technological inputs. Though there is land scarcity problem, it is possible for

the farmers to increase their volume of production to some extent using improved inputs. However, availability, access and utilization are the three major problems observed during the survey. Availability of the inputs may not be necessarily to mean they are easily accessible to all farmers. It is meaningless for farmers if the have no access to the inputs whatever available they are. According to the survey, about 22.8 percent of respondents have poor access to improved inputs whereas 2.7 percent of the respondents do not have any access to the inputs. About 65.8 and 8.7 percent responded that they have good and very good access to improved agricultural inputs. These are mostly farmers living around and nearer to the woreda center who are expected to have better access to inputs.

Table.22. Distribution of respondents by their access to improved agricultural inputs

(N = 149).

Category	Number of respondents	Percentage
Poor access	34	22.8
Good access	98	65.8
Very good access	13	8.7
Nil	4	2.7
Total	149	100

Source: Survey, 2008

Accessibility by itself does not mean effective and efficient utilization. Discussion with farmers disclosed that even if inputs are available and accessible, they are not easily afforded due to lack of cash for prepayments. Farmers' willingness and capacity to purchase determines the degree of input utilization. Having access to the inputs, there are some farmers who are unwilling to use inputs. Rather they prefer to use local treatment techniques as it is discussed so far in previous topics. According to information from the

farmers, there are some reasons for non use of inputs. These are lack of cash for prepayment, absence of government collateral, lack of credit services, lack of interest by some farmers, etc. almost all of the respondent farmers are claiming that the regional government is not supporting them especially in agricultural input credit provisions or taking the collateral responsibility. Since there is lack of trend by the regional government to take such responsibilities, the farmers are not in a position to utilize the inputs.

Table.23. Distribution of respondents by their degree of utilization of improved agricultural inputs (N = 149).

Category	Number of respondents	Percentage
Rarely	31	20.8
Moderately	54	36.2
Frequently	23	15.5
Nil	41	27.5
Total	149	100

Source: Survey, 2008

As the above table reveals, 27.5 percent of respondents replied that they do not totally use improved agricultural inputs. According to the survey, it is about 15.5 percent of the respondents who use improved inputs regularly. Respondents who use inputs rarely and moderately account for about 20.8 and 36.2 percent respectively.

4.1.4. Major Production and Marketing Constraints

Production constraints: - All of the sample farmers responded that they faced many production constraints. It is worth noting that there are multitude of problems related to weeds, pests, and diseases; and problems related to factors such as land scarcity and degradation of soil. Sample respondents were asked to list out the most severe crop

production problems in their locality. Depending on the number of total responses, the major problems affecting crop production in the study area were ranked to be disease and pest (53 %), farm land scarcity and low fertility status of the soil due to nutrients depletion (28.9 %) and high weed infestation (6%) in the area.

About 85 per cent of the sample farmers replied to have used other methods of maintaining the fertility status of the soil such as green manure, farmyard manure, and crop rotation. Of these respondents, 12 per cent used green manure, 17 per cent used farmyard manure, and 71 per cent used crop rotation.

Table.24. Major Problems of crop production in the study area (N=149)

Problems of crop production	Number of respondents	percentage
Diseases & pests	79	53
Scarcity of land & Low fertility status of soil	43	28.9
High weed infestation	9	6
Others	18	12.1
Total	149	100

Source: Survey, 2008

Marketing Constraints: - As to the respondents, farmers are facing also greater challenges/constraints in marketing of their agricultural produces. They raised issues like shortage of capital, poor marketing information system, poor/lack of safe and adequate storage facilities, poor marketing management, lack of farmland etc. that are hampering their agricultural produces marketing. Except the matter of sequential ordering, almost all of the respondents said that the above constraints are major bottlenecks of their agricultural marketing. Generally, according to the above discussions, it is clear that the constraints are categorized in to two broad divisions. These are crop production

problems/constraints and problems related to marketing activities. Poor extension services and lack of trainings are also among the constraints raised by some respondents.

4.1.5. Major Constraints of grain marketing performance in the study area According to responses from key communicators

In attempting the third objective of this research, key communicators from kebeles were selected purposely to give information on major constraints of grain marketing performance through the cooperative societies. According to their suggestions, they divided the constraints in to two broad categories. These are production constraints and marketing constraints. After a hot debate, they came to consensus on the order of the constraints according to their severity. These are;

Production problems:

A. Land scarcity
B. Land degradation
C. High weed and pest infestation
D. Weather shocks
E. Lack of input supply
F. Poor extension services
G. Animal and human diseases

Marketing problems:

1. Lack of capital/credit services
2. Lack of market information
3. Lack of storage facilities
4. Lack of road/transportation
5. Lack of trainings on marketing and related business issues.

6. Poor marketing management
7. High transport cost

Generally, it is possible to conclude that agricultural production and marketing is constrained by dozens of problems among which are the above listed ones. In both cases (sample respondents & non-sample respondents) the constraints raised are similar except their sequential orders.

4.1.6. Past grain marketing performance of the sample cooperatives

According to the past three successive years' grain marketing experience of the sample cooperatives; three crop varieties are mainly marketed by the cooperatives namely Maize, Sorghum and Niger seed. These are also crops dominantly produced in the woreda. The sample cooperative societies' past performance in marketing of the above crop varieties for the past successive three years is presented as follows.

1. **Tigil Firie**: This primary multi-purpose cooperative society is established in the year 1991 E.C. by 416 members (413 males and 3 females) with a capital of about 18401.42(eighteen thousand four hundred one birr and forty two cents). Since its establishment, the society has been carrying out different business activities. However, due to resource constraints (financial as well as human resources), it is not competitive enough in the market. According to discussions with the management members, the cooperative is not also getting regular audit service which created difficulty to know the actual financial position of the society. The following table gives the cooperative's grain sales information for the past three consecutive years.

Table.25: Comparison of volume of purchase, gross sales and gross profit of grain marketed through Tigil Firie primary multi-purpose cooperative society for years 1997 to 1999 E.C.

Crop year	**Type of grain sold**	**Amount sold in quintals (1)**	**Purchasing price/quintal in Birr (2)**	**Selling price/quintal in Birr(3)**	**Gross sales in Birr (4) =(1x3)**	**Gross profit in Birr (5) = 4-[1x2]**
1997 E.C	Maize	201.5	91	130	26195	7858.50
	Sorghum	173.26	110	165	28587.90	9529.30
	Niger seed	167.06	235	285	47612.10	8353.00
	Total	**541.82**			**102395.00**	**25740.80**
1998 E.C	Maize	246.72	112	186	45889.92	18257.28
	Sorghum	191	120	188	35908.00	12988.00
	Niger seed	196	320	335	65660.00	2940.00
	Total	**633.72**			**147457.92**	**34185.28**
1999 E.C	Maize	215	140	210	45150.00	15050.00
	Sorghum	256	195	290	74240.00	24320.00
	Niger seed	113.11	385	435	49202.85	5655.50
	Total	**584.11**			**168592.85**	**45025.00**

Source: The cooperative society's report, 1999 E.C.

According to the above table, the cooperative's volume of purchase has increased by 17 percent from 1997 to 1998 E.C. and declined by 7.8 percent from 1998 to 1999 E.C. However, when we come to its gross profit, it shows an increment by 32.8 percent in 1998 and 1.7 percent in 1999E.C. Gross sales increased by 44 percent in 1998 and by 14.3 percent in 1999 E.C. So, it is possible to say that it is encouraging business transaction since the society didn't face any loss/bankruptcy i.e. even if it is not getting regular audit services, discussion with some management members disclosed that the society is earning good profits from sales of grain. However, it is difficult to tell the actual net profit without auditing.

2. **Yesira Wutiet:** This primary multipurpose cooperative society is established in 1990 E.C. by 281 members (280 males and 1 female) and capital of 4100 birr (four thousand and one hundred birr). This society is a primary multipurpose cooperative society, which is engaged in performing different business activities to satisfy its members' social and economic needs. The following table shows the society's three successive years' grain marketing performance.

Table.26: Comparison of volume of purchase, gross sales and gross profit of grain marketed through Yesira Wutiet primary multi-purpose cooperative society for years 1997 to 1999 E.C.

Crop year	**Type of grain sold**	**Amount sold in quintals (1)**	**Purchasing price/quintal in Birr (2)**	**Selling price/quintal in Birr (3)**	**Gross sales in Birr (4) = 1x3**	**Gross profit in Birr (5) = 4-[1x2]**
1997 E.C	Maize	208.68	130	164	34223.52	7095.12
	Sorghum	133.52	80	140	18692.80	8011.20
	Niger seed	142	246	270	38340.00	3408.00
	Total	**484.20**			**91256.32**	**18514.32**
1998 E.C	Maize	141	162	205	28905.00	6063.00
	Sorghum	163.47	185	220	35963.40	5721.45
	Niger seed	120.89	320	340	41102.60	2417.80
	Total	**425.36**			**105971.00**	**14202.25**
1999 E.C	Maize	212.28	146	250	53070.00	22077.12
	Sorghum	172.62	210	291	50232.42	13982.22
	Niger seed	191.16	395	435	83154.60	7646.40
	Total	**576.06**			**186457.02**	**43705.74**

Source: The cooperative society's report, 1999 E.C.

As the above table reveals, the volume of grain purchased by the society declined from 1997 to 1998 E.C. by 12.2% and from 1998 to 1999 E.C. it has increased by 35.4%.

When we see the gross sales, it has increased by 16 and 76 percent from 1997 to 1998 E.C. and 1998 to 1999 E.C. Regarding gross profit, it declined by 23.3 percent from 1997 to 1998 E.C. and shoot up by 2.7 fold (i.e. by 207%) from 1998 to 1999 E.C. According to information from management bodies the reason for the ups and downs is that the cooperative society lacks finance during the right time of grain purchase to collect grain from members as well as non member farmers in a larger volumes and fair prices. Similar to the previous case, auditing problem was also observed here. Generally, the performances are some how encouraging except lack of capital to purchase in larger volumes and to benefit from economies of scale.

3. **Tebabro Edget:** This is a primary multi-purpose cooperative society established in 1993 E.C. by 257 members (255 males and 2 females) with a capital of 9575.54 (nine thousand five hundred seventy five birr and fifty four cents). This is also a society engaged in various business activities. The following table presents past grain marketing performances of Tebabro Edget primary multi-purpose cooperative society for 1997 to 1999 E.C.

Table.27: Comparison of volume of purchase, gross sales and gross profit of grain marketed through Tebabro Edget primary multi-purpose cooperative society for years 1997 to 1999 E.C.

Crop year	**Type of grain sold**	**Amount sold in quintals (1)**	**Purchasing price/quintal in Birr (2)**	**Selling price/quintal in Birr (3)**	**Gross sales in Birr (4) = 1x3**	**Gross profit in Birr (5) = 4-[1x2]**
1997 E.C	Maize	116.40	182	266	30962.40	9777.60
	Sorghum	107.58	112	289	31090.62	19041.66
	Niger seed	134.81	270	282	38016.42	28617.72
	Total	**358.79**			**100069.90**	**57436.98**
1998 E.C	Maize	205	170	240	49200.00	14350.00
	Sorghum	96.76	220	260	25157.60	3870.40
	Niger seed	167	310	325	54275.00	2505.00
	Total	**468.76**			**128632.60**	**20725.40**
1999 E.C	Maize	121.67	160	220	26767.40	7300.20
	Sorghum	119.43	225	290	34634.70	7762.95
	Niger seed	142.28	420	435	61891.80	2134.20
	Total	**383.38**			**123293.90**	**17197.35**

Source: The cooperative society's report, 1999 E.C.

As to the sales information from the above table, volume of grain purchased by the society increased by 30.6 percent from 1997 to 1998 E.C. and declined by 18.2 percent in 1999 E.C. In a similar manner gross sales increased by 28.5 percent from 1997 to 1998 E.C. and declined by 4.2 percent in 1999 E.C. The case in gross profit is different from the above two. It has gone declining through out the years. It decreased by 63.9 and 17 percent in 1998 and 1999 E.C. respectively. Special support is required here for the society's future sustainability. Because its marketing situation is going deteriorating leading to ceasing up of its life. The regional cooperative promotion bureau should work

together with the society for the continuation of the society. It should arrange trainings for management bodies particularly on marketing management and related business issues. There is a need to revise the cooperative's business plan and cooperative promoters from the bureau should extend their technical support to the fullest.

4. **Addis Chora**: This is one of sample primary multi-purpose cooperative societies. It was established in 1993 E.C. by 312 members (all members are males) with a capital of 4475 birr (four thousand four hundred seventy five birr). The table below shows the cooperative's past grain marketing performances for three successive years (1997 to 1999E.C).

Table.28: Comparison of volume of purchase, gross sales and gross profit of grain marketed through Addis Chora primary multi-purpose cooperative society for years 1997 to 1999 E.C.

Crop year	**Type of grain sold**	**Amount sold in quintals (1)**	**Purchasing price/quintal in Birr (2)**	**Selling price/quintal in Birr (3)**	**Gross sales in Birr (4) = 1x3**	**Gross profit in Birr (5) = 4-[1x2]**
1997 E.C	Maize	152	160	218	33136.00	8816.00
	Sorghum	121.32	135	255	30936.60	14558.40
	Niger seed	96.85	245	290	28086.50	4358.25
	Total	**370.17**			**92159.10**	**27732.65**
1998 E.C	Maize	104.58	146	298	31164.84	15896.16
	Sorghum	142	215	285	40470	9940.00
	Niger seed	88.63	225	345	30577.35	10635.60
	Total	**335.21**			**102212.19**	**36471.76**
1999 E.C	Maize	136.78	142	215	29407.70	9984.94
	Sorghum	101.20	178	265	26818	8804.40
	Niger seed	109.60	385	435	47676	5480.00
	Total	**347.58**			**103901.70**	**24269.34**

Source: The cooperative society's report, 1999 E.C.

Careful observation of the above table shows that there is 9.4% decrease from 1997 to 1998 E.C. and an increase by 3.7% from 1998 to 1999 E.C. in volume of grain purchased. Gross sales increased by 10.9 and 1.7 percent in 1998 and 1999 E.C. respectively. However, it is not to mean that this shows profitability of the cooperative; rather there could be also a possibility of loss as gross sales still continues increasingly. This means, an increase in gross sales could not be a good indicator of profit or loss. It shows us only the volume of business turnover. It helps us to know the degree of participation of cooperatives in the market. According to observations there are some cooperative societies sitting idle without performing any business transactions for about two or more years. According to the above table, sales volume has gone increasingly for the two years whereas gross profit increased by 31.5% in1998 E.C. and decreased by 33.5% in 1999 E.C. Generally, an increase in sales volume is not necessarily to mean increase in profit.

5. Edget Behibret: This is also a primary multi-purpose cooperative society established in 1990 E.C. by 225 members (223 males and 2 females) with a capital of 8748.55 birr (eight thousand seven hundred forty eight birr and fifty fife cents). According to information from the management bodies and some members, this society has earned net profit 18579.54 birr in 1998 E.C. and distributed 70% of its profit to members as dividend. The maximum and minimum dividend payment per member was 251 birr and 32.70 birr respectively. The profit was actually from different business activities like supply of consumer goods and agricultural inputs (seed and fertilizer) in addition to sales of grain. As to the information this was the first time for the society to extend dividends for its members since its establishment. This is because due to lack of working capital,

the general assembly decided previous profits to be reinvested. The following table shows the grain-marketing situation of the cooperative for previous three successive years.

Table.29: Comparison of volume of purchase, gross sales and gross profit of grain marketed through Edget Behibret primary multi-purpose cooperative society for years 1997 to 1999 E.C.

Crop year	**Type of grain sold**	**Amount sold in quintals (1)**	**Purchasing price/quintal in Birr (2)**	**Selling price/quintal in Birr (3)**	**Gross sales in Birr (4) = 1x3**	**Gross profit in Birr (5) = 4-[1x2]**
1997 E.C	Maize	103.41	140	215	22233.15	7755.75
	Sorghum	84.30	162	235	19810.50	6153.90
	Niger seed	82.10	260	275	22577.50	1231.50
	Total	**269.81**			**64621.15**	**15141.15**
1998 E.C	Maize	98.52	170	270	26600.40	9852.00
	Sorghum	106.13	195	240	25471.20	4775.85
	Niger seed	110.83	280	350	38790.50	7758.10
	Total	**315.48**			**90862.10**	**22385.95**
1999 E.C	Maize	56.61	155	245	13869.45	5094.90
	Sorghum	82	178	290	23780.00	9184.00
	Niger seed	156.16	372	435	67929.60	9838.08
	Total	**294.77**			**105579.05**	**24116.98**

Source: The cooperative society's report, 1999 E.C.

Observation of the above table shows that there is a healthier business transaction than the previous ones. Volume of purchase increased by 16.9% in 1998 and declined by 6.5% in 1999 E.C. However, when we observe gross sales and gross profit, they increased through out the years. Sales increased by 40.6 and 16.2 percent in 1998 and 1999 E.C. respectively. Gross profit also increased by 47.8 and 7.7 percent in 1998 and 1999 E.C

respectively. Generally, it is a healthy and encouraging business transaction that is observed in this cooperative society's case than the rest sample cooperatives.

4.1.7. Farmers' Perception of grain marketing performance

According to Klein (1997), the performance of the cooperative will affect the possibilities of having more farmers as members. If the cooperative is seen as inefficient, its functionaries corrupt and not prepared to listen to its members, the prospective members (farmers) will not have a good attitude towards the cooperative. Their attitude towards their society's performance determines also their stay in the society.

Respondents from the sample cooperatives were asked to express their perception about the level of their societies' performance in grain marketing. Different individuals replied their different perceptions during the interview. The following table shows the indicators of performance raised to the respondents and their perception about the performance level of their societies in grain marketing. The number of respondents for each of performance indicators under discussion was summed up and given rank according to the weighted average for each.

Table: 30. Perception of grain marketing performance:

S/No.	Indicators	Very effective (3)	Effective (2)	Less effective (1)	Weighted average
1.	The promotional efforts in grain marketing through multi-purpose cooperatives are:	0	17	132	1.11 (7^{th})
2.	Management of multi-purpose cooperative societies in grain marketing is:	5	39	105	1.33 (6^{th})
3.	Organization & management of multi-purpose cooperative societies for grain marketing is:	3	53	93	1.40 (4^{th})
4.	Size & composition of committee of multi-purpose cooperative societies for grain marketing is:	34	89	26	2.10 (3^{rd})
5.	Awareness about the advantages of grain marketing through multi-purpose cooperative societies is:	97	41	11	2.58 (1^{st})
6.	Collaboration among cooperatives & other concerned organizations for improved grain marketing performance through cooperative societies is:	21	16	112	1.38 (5^{th})
7	Members' awareness about mission of cooperation:	86	31	32	2.36 (2^{nd})

According to the above table, awareness of members about the advantages of grain marketing through the cooperatives is thought by the respondents to be more effective followed by members' awareness about mission of cooperation and the least among the lists is the promotional efforts in grain marketing through the cooperatives. However, member respondents as well as key communicators generally agree that due to constraints of grain marketing performance discussed so far, the societies' performance in general is minimal.

Indicators of performance are listed in sequential order as follows based on calculated weights from more effective to less effective:

1. Awareness about the advantages of grain marketing through multi-purpose cooperative societies.
2. Members' awareness about mission of cooperation.
3. Size & composition of committee of multi-purpose cooperative societies for grain marketing.
4. Organization & management of multi-purpose cooperative societies for improved performance in grain marketing.
5. Collaboration among cooperatives & other concerned organizations for improved grain marketing performance through cooperative societies.
6. Management of multi-purpose cooperative societies in grain marketing.
7. The promotional efforts in grain marketing through multi-purpose cooperatives.

During the survey, farmers were also asked to put their own specific opinions/suggestions for improved performance in grain marketing through multi-purpose cooperatives. According to the discussion, they forwarded the following major points:

1. Establishing suitable strategies of credit services.
2. Encouraging population resettlement programs.
3. Provision of farmers' trainings on natural resource conservation (especially soil & water).
4. Increased government intervention in infrastructural development(rural roads & warehouses construction)
5. Provision of adequate trainings for cooperative management bodies.
6. Annual auditing service for cooperative societies. They were claiming particularly that due to lack of auditing services, some societies are unable to know their financial status. The presence of lack of auditing service was also confirmed by experts from the cooperative promotion bureau through discussions. They said, this happened due to lack of experts in the specific field.

Suggestions given by member respondents and key communicators for improved performance in grain marketing through multi-purpose cooperatives are more or less similar. In addition to the above lists, the key communicators added establishment of primary cooperative societies and unions as a remedy for the poor performance of grain marketing by farmers in general and through the cooperatives in particular.

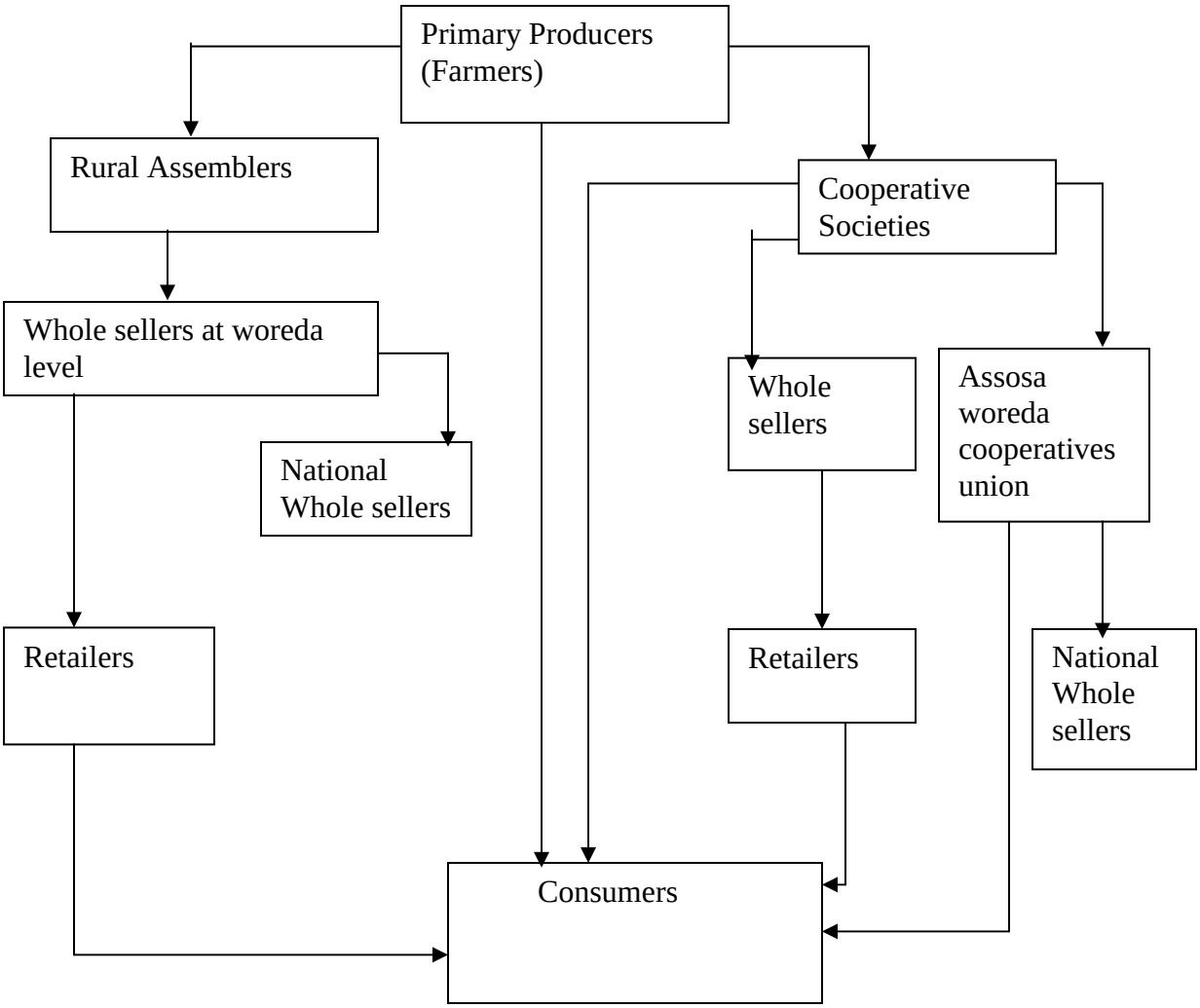


Figure: 9. Grain Marketing Chain of the study area

As it can be observed from the above figure, farmers have three major options to sell their grain. They sell directly to local consumers, to the cooperative society or to rural assemblers. On the other hand, the primary cooperative societies collect grain from the farmers (member or non members) and sell it to whole sellers, the Assosa farmers' multi-purpose cooperative union which is established in 2006 and started its business transactions properly in 2007 or they sell directly to consumers during food deficit seasons especially during July and August.

Multivariate correlation tests on selected variables: Variables such as availability of market infrastructures, access to agricultural inputs and access to credit are discussed broadly through descriptive analysis

Education: According to the multivariate test level of education and access to market information are directly/positively correlated. The correlation analysis has shown a significant relationship (farmer's degree of exposure to market information bases 71.8% on his educational level). This shows that the higher the education level, the better would be the knowledge of the farmer to acquire news and education about the benefits of the cooperatives. Hence, those farmers with higher formal education are in a better position to adopt new technologies and are to be more productive which leads to more likely to market their grain through the cooperatives. The following table shows the correlation result.

Table: 31. Multivariate Correlations of education level and access to market information

	Education level	Access to market information
Education level	1.0000	0.7181
Access to market information	0.7181	1.0000

Source: Computed from the survey data

The test also shows a positive relationship between level of education and farmers' level of participation in their society. As to the result from multivariate analysis, it shows a positive relationship between the two i.e., their level of participation is 66.1% influenced by their level of education. There is a strong/significant relationship between the two.

Table: 32. Multivariate Correlations of education level and level of participation

	Education level	Level of participation
Education level	1.0000	0.6610
Level of participation	0.6610	1.0000

Source: Computed from the survey data

Family size: This variable is a continuous explanatory variable and refers to the total number of family members the household has. As to the linear test, it negatively affected the amount supplied to market. The following figure shows the negative influence of family size on amount of grain marketed.

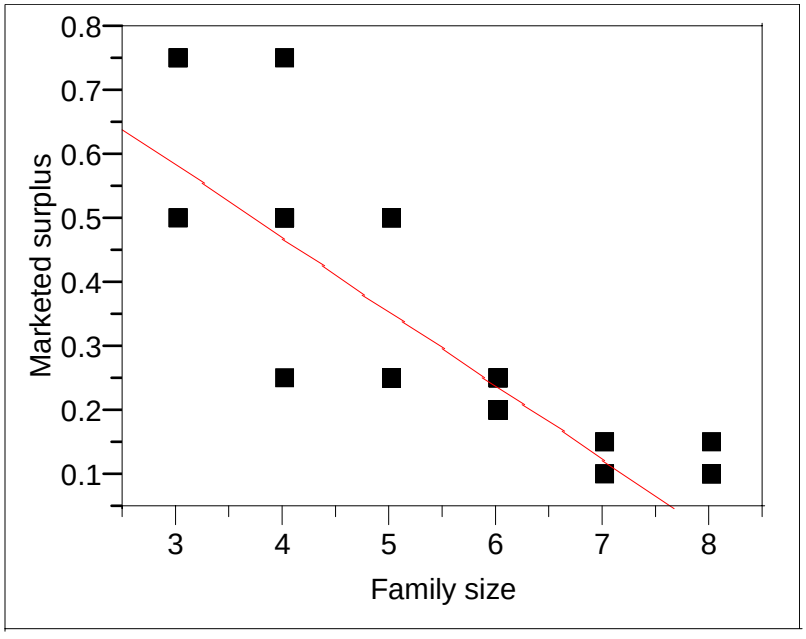


Figure: 10. Bivariate Fit of Marketed surplus By Family size

Marketed surplus = 0.9276302 - 2.11 Family size

Summary of Fit

RSquare	0.693161
RSquare Adj	0.691074
Root Mean Square Error	0.097316
Mean of Response	0.301678
Observations (or Sum Wgts)	149

The above figure shows that households with larger family size consume more of their annual produces in the house and little remains to be marketed. It shows that an increase in the family member by 1 decreases surplus to be marketed by 2.11 quintals.

Farm Size: Land is a critical economic resource for increased production and productivity of farmers. Farmers with sufficient farmland produce more than those with limited land. The amount that they supply to market depends on their volume of annual produce. According to the test result, farm size and marketed surplus are positively related. It shows that there is strong relationship between land size and marketable surplus; and as farm size increases, the out put increases and there will be more surplus from consumption to be marketed.

Table: 33. Multivariate Correlation test of farm size and marketed surplus

	Farm size	Marketed surplus
Farm size	1.0000	0.8949
Marketed surplus	0.8949	1.0000

Source: Computed from the survey data

Chapter 5: Conclusion and Recommendations

5.1. Summary

Multi-purpose agricultural cooperatives operate in the agricultural sector of the national economy and they are supposed to increase efficiency of the marketing system and promote agricultural development in the rural area. They are also organized to render economic benefits such as economies of scale, market power, risk pooling, coordination of demand and supply and guaranteed access to input and output markets to the smallholders.

5.2. Conclusion

In this study, availability of market infrastructures, availability of marketing services, their influence on grain marketing performance of primary multi-purpose cooperative societies and major constraints of grain marketing performance are analyzed in Assosa woreda of Benshangul-Gumuz region.

The study was based on primary data collected through structured interview schedules and secondary data from the cooperative societies' records and reports and other relevant organizations. In addition to these, discussions were also conducted with key communicators of the woreda, officials and experts to support the primary data collected through the interview schedules.

The primary data collected was analyzed through descriptive analysis and JMP5 software was also employed to analyze the association of selected independent variables with the dependent variable/"grain marketing performance". The independent variables were

education level, farm size, access to market information, availability of market infrastructure, access to inputs, access to credit and family size. According to the multivariate correlation test, education level and access to market information are positively correlated indicating that the higher the education level, the better would be the knowledge of the farmer to acquire news and education about the benefits of the cooperatives. This education level is also found to have a positive relationship with the farmer's level of participation in his/her society.

Multivariate Correlation test of farm size and marketed surplus has shown also a positive relationship. The positive relation ship can indicate that an increase in one of the two could be an evidence for increase in the other.

Size of family is found to have negative influence on marketed surplus. Through simple linear regression, it is found that an increase in family member by 1 brings a decrease in marketed surplus by 2.11quintals. Availability of market infrastructures, access to inputs and access to credit services are analyzed using rating scales and checklists.

Grain varieties marketed through the cooperatives were Maize, Sorghum and Niger seed. The past three successive years' sales data was taken from the sample societies' records and analyzed to assess the year to year increase/decrease in annual gross sales and gross profit. Constraints of grain marketing performance were found to have two aspects. These are production constraints and marketing constraints. Under production constraints are farmland scarcity, soil degradation, weed and pests, lack of input supply, poor extension services and weather shocks etc. Marketing constraints include lack of capital, lack of timely and accurate market information, lack of storage facilities, poor roads & high

transport costs, poor marketing management and lack of trainings on marketing and related business issues.

5.3. Recommendations

The following recommendations are put forward for achieving high production and full productivity capacity by removing production and productivity constraints and ensuring farmers get reasonable benefits by minimizing market and marketing constraints.

1. Enable farmers to achieve vertical integration in the sector and strengthen the sector linkage with other sectors.
2. Significant number of the farmers is illiterate. This can adversely affect the decision behavior of farmers. Thus expand the adult education program in the area and use it as a channel to transmit knowledge related to agricultural production and marketing.
3. Expand the current credit service to cover credit to farmers for agricultural input purchase and related businesses.
4. Improve farmers' agronomic practices and water and soil conservation techniques through research and extension services.
5. Improve the supply of improved agricultural inputs based on research and extension.
6. The government should arrange suitable strategies of credit services for farmers so that farmers could be saved from risks of price falls especially during harvest times i.e. if farmers get credit for their urgent cash requirements, they could wait for prices to raise up for their agricultural produces so that to sell later. Especially

the regional government should take the responsibility of collateral for agricultural inputs.

7. The resettlement program should be pushed forward so that farmers will be able to acquire sufficient farmland for their agricultural production and productivity to be increased.
8. Increased government interventions are required for improvement of rural infrastructures like connecting kebeles and woredas in the region with each other through establishing all weather roads, telecommunications, electricity and other infrastructures like building of adequate and modern ware houses etc. so that farmers will be able to safely store, transport and sell their agricultural produces.
9. Adequate capacity building trainings should be provided for cooperative members and management bodies especially on production, marketing, and use of funds and conditions that will enable the societies to stand by themselves as competent entities.
10. Develop improved pre-harvest and post-harvest handling technology and disseminate them to farmers through efficient extension system.
11. Help the cooperatives to organize themselves and link them directly with exporters and processors so as to avoid unnecessary price exploitations by local traders and provide marketing and business development trainings to their members.
12. Provide farmers/cooperatives with timely and accurate market information.

5.4. Implications for future research:

The study was conducted in Assosa woreda only. Similar research studies may be conducted in selected woredas of other regional states also.

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Appendix: 1. Primary cooperative societies in Benshangul-Gumuz region

I. Saving and credit cooperatives:

S/N	Name of the cooperative	Year of establishment	Number of members			Capital	
			male	female	total	Birr	Cents
1	Birhan	1995	25	17	42	20683	72
2	Edget fana	1995	15	19	34	9108	00
3	Muday	1995	15	-	15	6000	00
4	Chagnina Awraj	1997	33	-	33	27000	00
5	Sisay ber	1997	63	9	72	8856	00
6	Fetan	1997	56	4	60	2880	00
7	Hadiya	1997	38	22	60	6170	00
8	Addis alem	1997	24	5	29	5715	00
9	Tesfa genet	1997	36	1	37	6139	00
10	Besifat	1998	55	5	60	8788	00
11	Enkaz	1999	46	5	51	1836	00
12	Dejen	1999	37	3	40	1800	00
13	Maereg	1999	51	2	53	587	00
14	Edget behidet	1997	34	7	41	7384	00
15	Hiywot	1997	55	4	59	5375	00
16	Edget behibret	1998	55	32	87	1431	00
17	Muday bambasi	1998	48	14	62	1147	00
18	Edget chora	1998	-	15	15	959	00
19	Wahid	1998	-	20	20	1150	00
20	Tenkir	1998	-	39	39	1714	00

21	Andinet	1998	-	47	47	3504	00
22	Mutsa dabus	1998	-	15	15	1425	00
23	Shulaagahewe	1998	71	32	103	5760	00
24	Fatseko birhan	1997	65	15	80	880	00
25	Birhan oda	1999	22	1	23	632	50
26	Alwahid	1998	22	36	58	3915	00
27	Horanaemo	1998	74	76	150	8100	00
28	Gurie	1998	19	2	21	1512	00
29	Hiktu	1998	-	17	17	34852	00
30	Garatuki	1998	-	18	18	36142	00
31	Yea	1998	26	-	26	1664	00
32	Tullu	1998	20	-	20	1080	00
33	Jejeba	1999	19	6	25	308	00
34	Lelisa	1998	81	55	136	559	50
35	Minditsim almeta	1998	19	3	22	308	00
36	Lelisa jiruma	1999	19	6	25	559	50
37	Gudina	1998	17	11	28	1640	00
38	Solie	1998	24	7	31	9800	00
39	Mulluwork	1998	36	12	48	2226	00
40	Legabuna	1998	26	-	26	1672	00
41	Biruh tesfa	1998	24	4	28	2883	00
42	Angtok	1998	20	5	25	2128	00
43	Ersha mirimir	1989	25	6	31	89812	00
44	Andnet pawe	1997	41	9	50	5066	00
45	Hiywot fana	1998	28	11	39	2450	00
46	Alemaya	1998	39	3	42	857	50
47	Endelibie	1998	36	3	39	963	00
48	Biruh tesfa	1998	25	5	30	6453	00
49	Fana andnet	1997	49	11	60	5482	00
50	Beles	1998	23	3	26	2980	00

51	Gublak	1998	16	4	20	463	50
52	Andnet minch	1997	26	9	35	5000	00
53	Kersa sogie	1998	17	2	19	752	00
54	Lelisa didiga	1999	15	1	16	522	00
55	Edget beandinet	1997	37	3	40	42557	00
56	Bulen M/serategn	1996	26	4	30	2675	80
57	Andinet bulen	1998	28	-	28	4500	00
58	Sira lefirie	1998	13	3	16	2200	00
59	Maragacha mieta	1998	8	16	24	889	00
60	Ajima	1998	25	32	57	2324	00
61	Daguro	1998	19	5	24	4275	00

II. Multi-Purpose Cooperative societies

S/N	Name of the cooperative	Year of establishment	Number of members			Capital	
			male	female	total	Birr	Cents
1	Tigil Firie	1991	416	-	416	118116	33
2	Yesira wutiet	1990	281	-	281	144315	19
3	Yesira work	1993	315	37	352	46602	10
4	Meserete edget	1992	265	10	275	95755	54
5	Edget Behibret	1990	225	-	225	63500	00
6	Addis Chora	1993	309	3	312	44750	00
7	Tebabro edget	1993	257	-	257	134846	99
8	Birhan edget firie	1994	175	8	181	32500	00
9	Atieto edget	1998	-	14	14	34292	00
10	Nur albuda	1998	-	16	16	34475	00
11	Atieto berta	1998	-	15	15	34503	00
12	Afafir	1998	-	14	14	33650	00

13	Serten enideg	1998	-	13	13	33589	00
14	Edget chora	1998	-	14	14	37214	00
15	Hagere selam	1998	-	12	12	34040	00
16	Tadagiwoch	1998	-	10	10	34459	64
17	Migib nek	1998	-	15	15	32300	25
18	Hibret wotatoch	1998	-	10	10	34045	30
19	Agusha ekudo	1998	-	15	15	34020	00
20	Nurjedid	1997	290	40	230	2000	00
21	Hora alien	1998	141	73	214	45500	00
22	Haya selam	1997	21	3	24	100000	00
23	Edget ber	1995	180	3	183	9000	00
24	Mahibere tsehay	1994	65	-	65	90000	00
25	Edget begara	1998	-	11	11	34568	75
26	Kamp sefer	1998	-	10	10	34000	00
27	Berchi	1998	-	10	10	35289	00
28	Mirtun lewogenie	1998	-	10	10	35775	00
29	Mutsa dabus	1998	-	15	15	34150	00
30	Sonka	1998	-	20	20	33915	00
31	Keshmando edget	1998	-	12	12	34000	00
32	Chereka	1998	-	10	10	36430	00
33	Gudetu tokuma	1998	-	21	21	34000	00
34	Gudetu tongo	1998	-	15	15	33738	00
35	Gara tokie	1998	-	15	15	33848	00
36	Hitu	1998	-	17	17	34292	00
37	Mateba	1992	15	-	15	10337	00
38	Genete mariyam	1992	165	5	170	8748	55
39	Debre work	1991	31	-	31	18401	42
40	Sasbadi	1991	50	2	52	9642	42
41	Addis alem	1998	89	15	104	9775	16
42	Hagere woin	1991	60	5	65	9117	43

43	Woin abeba chan	1991	22	3	25	4889	00
44	Yeshi wonz	1994	75	6	81	13361	82
45	Manbukna akeba	1993	42	-	42	31795	00
46	Tila sir	1994	18	-	18	4100	00
47	Sogie edget	1993	65	-	65	4500	00
48	Merertu legebuna	1995	17	17	34	31353	45
49	Klelu gidum	1997	18	-	18	76432	00
50	Abamoti	1998	86	66	152	1900	00
51	Medatsa almejig	1998	72	45	117	5280	00
52	Burka meti	1998	58	56	114	1925	00

III. Marketing Cooperatives

S/N	Name of the cooperative	Year of establishment	Number of members			Capital	
			male	female	total	Birr	Cents
1	Dul hodie	1996	83	-	83	20970	00
2	Berber	1995	26	-	26	3000	00
3	Dobi	1997	37	-	37	12506	00

IV. Consumers Cooperatives

S/N	Name of the cooperative	Year of establishment	Number of members			Capital	
			male	female	total	Birr	Cents
1	Andinet	1997	59	24	83	44326	00

V. Housing Cooperatives

S/N	Name of the cooperative	Year of establishment	Number of members			Capital	
			male	female	total	Birr	Cents
1	Edget Birhan	1994	24	2	26	22216	57

VI. Construction Cooperatives

S/N	Name of the cooperative	Year of establishment	Number of members			Capital	
			male	female	total	Birr	Cents
1	Hiywot yeij pamp	1992	13	-	13	20970	00
2	Tesfa	1996	13	-	13	3000	00
3	Hoha	1997	12	10	22	12506	00

VII. Rural electrification Cooperatives

S/N	Name of the cooperative	Year of establishment	Number of members			Capital	
			male	female	total	Birr	Cents
1	Nurahzab	1997	187	-	187	468526	38

VIII. Mining Cooperatives

S/N	Name of the cooperative	Year of establishment	Number of members			Capital	
			male	female	total	Birr	Cents
1	Banishegol	1997	73	-	73	7300	00

N.B. In all cases year of establishment is in Ethiopia calendar.

S/No._____

Date_____

Appendix: 2. Interview Schedule for members

I. Interviewee's Social and Economic Background

1. Name of the woreda_____
2. Name of the cooperative_____
3. Interviewee's:

    3.1 Name_____

    3.2. Age (in completed years) _____

    3.3. Sex: Male ☐ Female ☐

    3.4. Martial Status: 1. Married. 2. Single. 3. Divorced. 4. Widowed

    3.5. Educational background:

    a) Illiterate
    b) Able to read and write
    c) Elementary level school complete
    d) Junior level school complete
    e) Above junior school

4. Household farm size in hectares_____
5. Number of family members_____
6. Number of oxen_____

II. Grain production and marketing.

1. What major varieties of crops do you produce?

    a) _____
    b) _____
    c) _____
    d) _____
    e) _____
    f) _____
    g) _____

2. Among your produce, what are major crops that you supply to the market?

a) _____

b) _____

c) _____

d) _____

3. How much total quintals of your grain did you sell in the year 1999 E.C. (sum of total quintals of each variety sold)? _____quintals.

4. Do you suffer from food deficit?

Yes ☐ No☐

5. When do you sell your grain?

A. Immediately after harvest

B. After storing for some times

6. Do you use promotional strategies for selling your agricultural produce?

Yes ☐ No☐

7. Is there frequent price fluctuation?

Yes ☐ No ☐

8. If your answer is yes, how does it affect the return from your sales?

_____.

9. Which of the following do you think are important attributes of cooperative Purchasing?

a. Genuineness (no cheating in weighting)

b. Better price

c. Proximity (nearness)

d. It has patronage refund

e. Others/ specify_____

10. To whom do you sell your produce?

a. To consumers at local market

b. To local traders

c. To your cooperative society

d. To the central (woreda) market

11. How do you see the level of your participation in your cooperative society?

a. Low b. Medium c. High d. Nil

12. If you sold your grain to other marketing agents than your cooperative society, where could (did) you get them?

a. at the farm level

b. at local market

c. at woreda (main) market

d. Others/specify_____

13. Why you sold to other marketing agents?

a. The cooperative was not ready to purchase

b. Proximity (there are nearer local markets)

c. Price difference/the cooperative didn't pay competitive price

d. Others/ specify_____

14. Do you have access to improved agricultural inputs?

Yes ☐ No☐

15. If your answer is yes, how far do you use them?

a. Rarely b. Moderately c. Frequently d. Nil

16. Who supplies you these inputs?

A. Government

B. Cooperative societies

C. Micro-finance institutions

D. Private traders

E. Others(specify)

17. Did you get trainings on production and marketing issues?

Yes ☐ No ☐

18. If your answer is yes, from whom do you get it?

a. From extension agents

b. From NGOs

c. From private traders

d. From other bodies(specify)

19. Do you use modern packaging materials for your produce?

Yes ☐ No ☐

20. Do you have an understanding about advantages of value-addition?

Yes ☐ No ☐

21. Do you process your agricultural products before selling?

Yes☐ No ☐

III. Market Infrastructure.

1. What market infrastructures are available in your area?

a. Road
b. Telephone service
c. Electric power
d. Warehouses
e. None

2. How much are they accessible and effective in supporting your grain production and marketing?

a) Poor access & less effective
b) Medium & effective
c) Higher access & more effective
d) None

3. Do you have an access to all-weather roads?

Yes ☐ No ☐

4. Which transportation modes do you use to take your grain to market?

a) Truck
b) Back animals
c) Carrying by own shoulder
d) Others(specify)

5. How long does it take to the nearest market (single trip walk hours on foot)?

a) $\leq$ 2 hours b) $\leq$ 3 hours c) $>$ 3 hours

6. How do you see your mode of transportation in terms of availability, accessibility and cost?_____

_____

7. Are there adequate storage facilities in your area to store your grain until you take it to the market? Yes ☐ No ☐

8. If your answer is No, where and how do you store your grain?

_____

9. Is there telephone service in your area for frequent communication to share market information with concerned individuals and institutions? Yes ☐ No ☐

10. Is there electric power in your area? Yes ☐ No☐

11. Do you have access to computerized way of information exchange?

Yes ☐ No☐

IV. Marketing Services.

1. How do you see your access to timely and accurate market information?

a. Low b. Medium c. High d. Nil

2. What is/are your sources of market information?

a) Extension agents
b) Cooperatives
c) Private traders
d) Neighbor farmers
e) Others(specify)

3. Through which media do you receive the information?

A. Through Personal contact
B. Through Radio
C. Through TV
D. Through News paper
E. Through internet
F. Through other medias(specify)

4. About which level of market do you receive the information?

A. About local market

B. About regional market

C. About national market

D. About international market

5. How well do you have access to credit services?

a. Poor b. Good c. Very good d. None

6. If you have access to credit service, where do you get it?

a. From private traders

b. From cooperative societies

c. From micro-finance institutions

d. From NGOs

e. From commercial bank of Ethiopia

f. From others(specify)

7. Are there credit institutions other than cooperatives that extend credit in your area?

Yes ☐ No ☐

8. If yes to 7, did you take credit from this/ these sources?

Yes ☐ No ☐

9. If yes to 7, how much was the interest rate? _____%.

10. If Yes to 7, what kind of collateral did you provide to obtain the loan?

1. Personal guarantee.

2. Government takes the collateral

3. Group collateral

4. Live stock and other fixed assets collateral

5. Others/ specify_____

11. If No to 7, why you didn't take credit from these credit institutions?

1. Shortage of supply

2. High interest rate.

3. Shortage of collateral

4. Others/ (specify) _____

12. Did your cooperative obtain surplus from business transactions last year?

Yes ☐ No ☐ None ☐

13. If yes to 12, did you get dividend as patronage refund from the cooperative?

Yes ☐ No ☐

14. If yes to 13, how much was it? _____ Birr

15. If No to 13, do you know the possible reasons?

1. I didn't sell my products to the coop.
2. The general meeting decided to be reinvested within the Cooperative.
3. Others/ specify_____

16. Which of the following are the major constraints in grain marketing through cooperative societies (according to their order of severity)?

1. Lack of road/transport.
2. Lack of storage facilities.
3. Lack of capital.
4. Poor marketing management.
5. High transport cost.
6. Lack of market information.
7. Scarcity of farm land
8. Land degradation
9. Others (specify) _____

17. Do you believe that establishing cooperatives could solve the above and other related problems of farmers?

Yes ☐ No ☐

18. Do you know as your cooperative is a member of Assosa Woreda Farmers Multi-purpose Cooperative Union?

Yes ☐ No ☐

19. What are the services that the union provides to you and your cooperative?

A. Distributing agricultural inputs.
B. Purchasing your grains at a better price.
C. providing credit
D. Transportation services
E. Storage services
F. Consumer goods supply

G. Others/ specify_____

20. Perception of grain marketing performance:

S/No.	Indicators	Very effective (3)	Effective (2)	Less effective (1)
1.	The promotional efforts in grain marketing through multi-purpose cooperatives are:			
2.	Management of multi-purpose cooperative societies in grain marketing is:			
3.	Organization & management of multi-purpose cooperative societies for grain marketing is:			
4.	Size & composition of committee of multi-purpose cooperative societies for grain marketing is:			
5.	Awareness about the advantages of grain marketing through multi-purpose cooperative societies is:			
6.	Collaboration among cooperatives & other concerned organizations for improved grain marketing performance through cooperative societies is:			

21. What are your specific suggestions for improved performance in grain marketing through multi-purpose cooperatives?

S/No.	Suggestions	Very important (3)	Important (2)	Less important (1)
1.	Establishing suitable strategies of credit services:			
2.	Encouraging population resettlement programs:			
3.	Provision of farmers' trainings on natural resource conservation(especially soil & water):			
4.	Increased government intervention in infrastructural development(rural roads & warehouses construction):			
5.	Provision of adequate trainings for cooperative management bodies:			
6.	Annual auditing service for cooperative societies:			

Appendix: 3. Interview Schedule (Amharic Version)

ለማህበራቱ አባላት የተዘጋጀ መጠይቅ

I. የተጠያቂው ማህበራዊና ኢኮኖሚያዊ ሁኔታ

1.የወረዳው ሥም_____

2.የማህበሩ ሥም_____

3.የተጠያቂው#

3.1. ሥም_____

3.2. ዕድሜ_____

3.3. ፆታ# ወንድ_____ ሴት_____

3.4. የጋብቻ ሁኔታ# 1. ያገባ 2. ያላገባ 3. የፈታ 4. የሞተበት

3.5. የትምህርት ሁኔታ#

- ማንበብና መፃፍ የማይችል
- ማንበብና መፃፍ የሚችል
- የ1ኛ ደረጃ ትምህርት የተማረ
- የመ/2ኛ ደረጃ ትምህርት የተማረ
- ከመ/2ኛ ደረጃ ትምህርት በላይ

4 የእርሻ መሬት መጠን_____

5 የቤተሠብ ብዛት_____

6 የበሬ ብዛት_____

II. የሠብል ምርትና ግብይት ሁኔታ

1. ምን ምን የሠብል ዝርያዎችን በዋናነት ያመርታሉ?

ሀ._____

ለ._____

ሐ._____

መ._____

ሠ._____

ረ._____

ሰ._____

2. ከሚያመርቱዋቸው ምርቶች ለገበያ የሚያቀርቡዋቸው ምን ምን ናቸው≅

ሀ._____

ለ._____

ሐ._____

መ._____

3. ባለፈው ዓመት የሸጡት የሠብል መጠን ድምር ምን ያክል ኩንታል ይሆናል≅_____

4. የምግብ ሠብል እጥረት አጋጥሞዎት ያውቃሉን ≅

አዎ_____ የለም_____

5. ምርትዎን የሚሸጡት መቼ ነው≅

- ወዲያው እንደተወቃ
- ለተወሰነ ጊዜ በማቆየት

6. ምርትዎን የማስተዋወቅ ሥራ ይሠራሉን≅ አዎ_____ የለም_____

7. የሠብል ዋጋ በየጊዜው ይለዋወጣልን≅ አዎ_____ የለም_____

8. መልሥዎ አዎ ከሆነ ከምርት ሽያጭ በሚያገኙት ገቢ ልይ ያለውን ተፅዕኖ እንዴት ይገልፀውታል≅ _____

9. ከህብረት ሥራ ግብይት ቅሞች ውስጥ የትኞቹ ትጠቀሳለ≅

ሀ. ግልፅነት

ለ.የተሻለ ዋጋ

ሐ. ቀረቤታ

መ. ትርፍ ክፍፍል

ሠ. ሌሎች

10. ምርትዎን የሚሸጡት ለማን ነው≅

ሀ. ለአከባቢው ሸማቾች

ለ. ለአከባቢው ነጋዴዎች

ሐ. ለህብረት ሥራ ማህበርዎ

መ. ወደገበያ በመውሰድ ለትላልቅ ነጋዴዎች

11. በማህበርዎ ውስጥ ያለዎትን ተሳትፎ እንዴት ያዩታል፧

ሀ. ዝቅተኛ ነው ለ. መካከለኛ ነው ሐ. ከፍተኛ ነው መ. የለም

12. ምርትዎን ከማህበርዎ ይልቅ ለሌላ የሚሐጡ ከሆነ ሌሎቹን የት ያገኙዋቸዋል፧

ሀ. በእርሻ ቦታ ላይ ለ. በአከባቢው ገበያ ላይ ሐ. ከወረዳው ገበያ ላይ መ. ከሌላ

13. ለሌላ አካል የሸጡት ለምንድን ነው፧

ሀ. ማህበሩ በወቅቱ ለመግዛት ዝግጁ አልነበረም

ለ. ሌሎቹ በቅርብ ስለሚገኙ

ሐ. የተሻለ ዋጋ ስላገኘሁ

መ. ሌላ ምክንያት ካለ ይጥቀሱ

14. ለተሻሻሉ የምርት ግብዓቶች ቀረቤታ አለዎት፧ አዎ_____ የለዐም_____

15. መልስዎ አዎ ከሆነ ምን ያክል ይጠቀማለ፧

ሀ. አልፎ አልፎ ለ. በመጠኑ ሐ. በብዛት መ. ምንም አልጠቀምም

16. ግብዓቶቹን የሚያቀርብልዎት ማን ነው፧

ሀ. መንግስት ለ. ማህበራት ሐ. የብድር ተቁዋማት መ. የግል ነጋዴዎች

ሠ. ሌሎች ካሉ ይጠቀሱ

17. በአመራረትና ግብይት ዙሪያ ሥልጠና አግዐተው የውቃሉ፧ አዎ_____ የለም____

18. መልስዎ አዎ ከሆነ ሥልጠናውን የሚሠጥዎት ማን ነው፧

ሀ. የኤክስቴንሽን ባለሙያዎች

ለ. መንግስታዊ ያልሆኑ ድርጅቶች

ሐ. የግል ነጋዴዎች

መ. ሌሎች አካላት

19.ምርትዎን በዘመናዊ መንገድ የማሸግ ልምድ አለዎት፧ አዎ____ የለዐም_____

20. የምርት ዕሴት ስለመጨመር ጥቅም ያውቃሉ፧ አዎ_____ አላውቅም___

III. የመሠረተ ልማት ሁኔታ

1. በአከባቢዎ ያሉት የገበያ መሠረተ ልማቶች ምን ምን ናቸው፧

ሀ. መንገድ ለ. ስልክ ሐ. መብራት መ. መጋዘኖች

ሠ. ምንም የለም

2. ምን ያክል ቀረቤታና ግልጋሎት አላቸው≅

ሀ. በጣም ዝቅተኛ ለ. መካከለኛ ሐ. ከፍተኛ. መ. ምንም የለም

3. ክረምት ከበጋ የሚያገለግል የመኪና መንገድ በአከባቢዎ አለ≅ ሀ. አዎ ለ. የለም

4. ምርትዎን ወደገበያ የሚወስዱበት የማ∧∧ⷮ ዓይነት የትኛው ነው≅

ሀ. መኪና ለ.የጋማ ከብት ሐ. በሰው ሽክም መ. በሌላ መንገድ

5. በአቅራቢያዎ ወደሚገO ገበያ ለመድረስ ምን ያክል ጊዜ ይወስድብዎታል≅

ሀ. እስከ 2 ሠዓት ለ. እስከ 3 ሠዓት ሐ. ከ 3 ሠዓት በላይ

6. የማ∧∧ⷮ ሁኔታውን ከአቅርቦቱና ከጠቀሜታው አንጻር እንዴት ያዩታል≅

_____

7. በአከባቢዎ በቂ የምርት መጋዘኖች አሉ≅ አዎ_____ የሉም_____

8. መልስዎ አዎ ከሆነ የትና እንዴት ነው ምርትዎን የሚያቆዩት≅

_____

9. በአከባቢዎ የስልክ አገልግሎት አለ≅ አዎ_____ የለም_____

10 የመብራት አገልግሎት በአከባቢዎ ይገኛል≅ አዎ_____ የለም_____

11. በኮምፒዩተር የታገዘ የመረጃ ልውውጥ ዘዴ ተጠቃሚ ነዎት≅

አዎ_____ አይደለሁም_____

IV. <u>የገበያ አገልግሎቶች ሁኔታ</u>

1. ወቅታዊና ትክክለኛ የገበያ መረጃ አቅርቦትን እንዴት ያዩታል≅

ሀ. ዝቅተኛ ነው ለ. መካከለኛ ነው ሐ. ከፍተኛ ነው መ. ጭራሽ የለም

2. የገበያ መረጃ ምንጮችዎ ምን ምን ናቸው≅

ሀ. <u>የኤክስቴንሽን</u> ባለሙያዎች

ለ. ማህበራት

ሐ. የግል ነጋዴዎች

መ. ጎረቤት ነጋዴዎች

ሠ. <u>ሌሎች</u>

3. መረጃዎቹን የሚያገኙት በየትኛው የመገናኛ ዘዴ ነው≅

ሀ. በአካል በመገናኘት

ለ. በሬዲዮ

ሐ. በቴሌቪEን

መ. በጋዜጣ

ሠ. በኢንተርኔት

ረ. በሌሎች

4. መረጃዎቹ የሚናገሩት ስለየትኛው የገበያ ሁኔታ ነው≅

ሀ. ስለአከባቢው

ለ. ስለክልላዊ

ሐ. ስለአገር አቀፍ

መ. ስለዓለም አቀፍ

5. የብድር አገልግሎት ሁኔታን እንዴት ያዩታል≅

ሀ. ዝቅተኛ ነው ለ. ጥሩ ነው ሐ. በጣም ጥሩ ነው መ. ምንም የለም

6. የብድር ተጠቃሚ ከሆኑ ብድሩን የሚያገኙት ከማን ነው≅

ሀ. ከግል ነጋዴዎች

ለ. ከማህበራት

ሐ. ከብድር ተቁዋማት

መ. መንግስታዊ ካልሆኑ ድርጅቶች

ሠ. ከኢትዮ}ያ ንግድ ባንክ

ረ. ከሌሎች አካላት

7. ከማህበራት ውጭ ብድር የሚሰጡ ተቁዋማት በአከባቢዎ አሉ≅

አዎ_____ የሉም_____

8. መልስዎ አዎ ከሆነ ብድር ወስደው ያውቃሉ≅

አዎ_____ የለም_____

9. መልስዎ አዎ ከሆነ ወለዱ ምን ያክል ነው≅_____%

10. መልስዎ አዎ ከሆነ ምን ዓይነት ወስትና አቀረቡ≅

ሀ. ግለሰብ

ለ. መንግስት

ሐ. በቡድን

መ. ቁዋሚ ንብረት በማስያዝ

ሠ. ሌሎች

11. መልስዎ አልወሰድኩም ከሆነ ለምን≅

ሀ. የአቅርቦት ማነስ

ለ. ከፍተኛ የወለድ መጠን ስላለው

ሐ. ዋስትና ስላጣሁ

መ. ሌሎች

12. ማህበርዎ ባለፈው ዓመት ትርፍ አግዐትዋል≅

አዎ_____ የለም_____

13. መልስዎ አዎ ከሆነ ትርፍ ክፍፍል አግዐተዋል≅

አዎ_____ የለም_____

14. መልስዎ አዎ ከሆነ ምን ያክል ነበር≅

15. መልስዎ የለም ከሆነ ምክንያቱ ምንድን ነው≅

ሀ. ምርቴን ለማህበሩ ስላልሸጥኩ

ለ. ጠቅላላ ጉባዔው ትርፉ እንዳይከፋፈል ስለወሰነ

ሐ. ሌሎች

16. ከሚከተሉት የትኞቹ ለህብረት ስራው ግብይት ዋና ዋና እንቅፋቶች ናቸው≅

ሀ. የትራንስፖርት ችግር

ለ. የመጋዘኖች እጥረት

ሐ. የካፒታል እጥረት

መ. ደካማ የገበያ አመራር

ሠ. ከፍተኛ የትራንስፖርት ወጪ

ረ. የገበያ መረጃ እጥረት

ሰ. የእርሻ መሬት ጥበት

ሸ. የመሬት ለምነት መቀነስ

ቀ. ሌሎች

17. በማህበር በመደራጀት እነዚህን ችግሮች መቅረፍ ይቻላል ብለው ያምናሉ≅

አዎ_____ የለም_____

18. ማህበርዎ የአሶሳ ገበሬዎች ህብረት ሥራ ዩኒዬን አባል መሆኑን ያውቃለ?

አዎ_____ የለም_____

19. ዩኒዬኑ ምን ምን አገልግሎቶችን ይሰጣል?

ሀ. የግብዓት አቅርቦት

ለ. ምርትዎን በተሻለ ዋጋ መግዛት

ሐ. የብድር አገልግሎት መስጠት

መ. የትራንስፖርት አገልግሎት

ሠ. የመጋዘን አገልግሎት

ረ. የፍጆታ ዕቃዎችን ማቅረብ

ሰ. ሌሎች

20. በማህበራት ግብይት የብቃት ደረጃን በተመለከተ#

ተ.ቁ	አመላካቾች	በጣም አጥጋቢ	አጥጋቢ	ዝቅተኛ
1	የማስተዋወቅ ሥራን በተመለከተ			
2	የህብረት ሥራ አመራርን በተመለከተ			
3	ማስተባበርና መምራትን በተመለከተ			
4	የኮሚቴ ስብጥርን በተመለከተ			
5	ስለህብረት ሥራ ዓላማ የለው ግንዛቤ			
6	ክአቻ ማህበራት ጋር ያለው ትብብር			

21. ለብቃት መሻሻል ያለዎት አስተያየት#

ተ.ቁ	አስተያየት	በጣም አስፈላጊ	እስፈላጊ	ብመጠኑ
1	የብድር ሁኔታን ማመቻቸት			
2	የሠፈራ ፕሮግራምን ማበረታታት			
3	የገበሬዎች ሥልጠናን ማመቻቸት			
4	በመሠረተ ልማት ግንባታ ላይ የመንግስት ተሣትፎ መጨመር			

5	ለህብረት ሥራ አመራሮች በቂ ሥልጥና መስጠት			
6	የአዲት አገልግሎት መስጠት			

Appendix: 4. Semi-structured Questions for officials

1. List down the major problems/constraints of grain marketing performance of the cooperative societies in the woreda.
    A. Lack of road/transportation
    B. Lack of storage facilities
    C. Lack of capital
    D. Poor marketing management
    E. High transport cost

F. Lack of market information

G. Land scarcity

H. Land degradation

I. Diseases and pests

J. Others(specify)_____

_____.

2. Are there institutions that provide credit to farmers or cooperatives in the woreda?
3. Is there a good market information flow in the woreda?
4. To whom do you sell the grain collected from member and non-member farmers?
5. What do you think is the reason for highly limited participation of women in the cooperatives' membership?
6. Is the regional cooperative promotion bureau giving a regular audit service to your society?
7. How do you see the regional government's support for growth and development of cooperatives in the region?
8. Do your cooperative management bodies get skill development trainings?
9. What are your suggestions for improving performance in grain marketing through multi-purpose cooperatives?

a) _____

b) _____

c) _____

d) _____

e) _____