ABSTRACT

The present study evaluates the livelihood and poverty impact of Cooperatives on rural households in Ethiopia. The study has adopted proportion to size probability sampling and simple random sampling techniques for the selection of sample households. Primary data have been gathered from 240 households using semi-structured interview schedule; while secondary data have been collected from published and unpublished materials. To analyze livelihood and poverty impact of Cooperatives, propensity score matching (PSM) method has been adopted. The impact of unobservable heterogeneity on the outcome variable has been tested through Rosenbaum and Mentel-haensz bounds sensitivity analysis. Results from PSM shows that Cooperatives have significant positive economic impact. Its impact on selected social livelihood is heterogeneous and promising, however, its impact on environment is not up to the mark and less promising. Results from logistic regression analysis shows that empowerment, quantity of house owned, household income and advocacy on afforestation are statistically significant (at $\alpha<5\%$) determining factors for household livelihood. Moreover, Cooperatives impact on household welfare, incidence, intensity and severity is statistically not significant. Despite the immense effort by the government of Ethiopia, Cooperatives failed to bring the intended result. Hence, the current policy and strategy has to ensure that the existing Cooperatives are not only economically viable but also environmentally friendly and socially desirable institutions in Ethiopia. To this end, the revitalization and restructuring of the existing Cooperatives and systems on one hand and the development of new cooperative models and structures suiting to the poor on the other hand is undoubtedly highly advocated to induce high level livelihood and poverty impact in Ethiopia.

Key words: Livelihood, Poverty, Impact, Comparative Analysis, Cooperatives, Rural Household