Chapter VI
Conclusions and Recommendations

6.1 Conclusions

1.1 Despite the methodological limitations, such as the possible biases due to unobservable factors, the study has confirmed that participation in Cooperatives has brought significant positive impact on household income. It has increased livestock holding and its market value through improved bargaining power. It has also brought positive and significant impact in terms improved house ownership condition, but failed to increase its market value. Similarly, it has increased households access to more lands through various schemes, and hence members’ capacity to allocate land for crop production has also increased with a significant increase in crop production. To conclude, participation in Cooperatives has a positive and statistically significant impact in terms of selected economic variables. Its impact on members’ income and enhancement of crop production is promising which are, of course, key components of livelihood, but its impact on household asset is less robust and mixed.

1.2 The study also indicates that participation in Cooperatives has a positive impact on selected social livelihood outcomes. Its role in building social cohesion amongst households and in empowering household is proved positive and statistically significant. Besides, it brought positive changes in developing sense of openness and household’s confidence. Its non-discriminatory role is also found to be positive and imperative. But Cooperatives failed to provide specialized extension services. Though the social impact of Cooperatives is
promising, it can be concluded that the social impact is less robust and heterogeneous.

1.3 On the basis of the empirical findings of this study, it can be concluded that the impact of participation in Cooperatives in supporting environmental activities, promotion of afforestation and provision of training on natural resources conservation and management is not significant and discouraging. Members awareness on natural environment is so less. Cooperatives’ effort in enhancing household livelihood through supporting environmental activities and programs is not meaningful and not up to the mark. Hence, the assumption that Cooperatives may contribute to the natural environment by promoting sustainable usage of natural resources has failed.

1.4 An effort has been made to identify factors influencing household livelihood. From the result, it can be deduced that quantity of house owned, advocacy on afforestation, empowerment and income are found to be the key determinants of household livelihood. Quantity of house owned and advocacy on afforestation have negatively influenced household livelihood; while empowerment and household income have positively influenced household livelihood. However, the influence of other covariates such as discrimination, quantity of land possessed and self-confidence are found to be statistically not significant.

1.5 A critical analysis has been made to observe the differences in terms of selected response variables between member and non-member households using an independent-samples t-test. Accordingly, it can be concluded that there exists statistically significant difference between the treated and control groups in terms of selected economic variables such as household income, number of
livestock owned (TLU), value of livestock, number of house owned, land size, crop land allocation and production on one hand and in terms of selected social variables such as self-confidence, empowerment, sense of openness and discrimination on the other hand. Similarly, the two groups significantly vary in terms of selected demographic characteristics such as age, family size and number of dependent family members in a household. However, the difference in means of the selected key environmental and social variables such as quantity of soil bund constructed and number of trees planted, and provision of specialized extension services is statistically not significant. This implies that participation in Cooperatives does not contribute much to conservation and safe use of natural environment. Moreover, the extension services provided to households by Cooperatives is considered to be poor, denoting that Cooperatives in the study area fail to provide specialized extension services.

1.6 Regarding the impact of Cooperatives on poverty the following conclusions can be made. In view of this, participation has no statistically significant positive average effect on the welfare of households’ receiving the treatment. Besides, the effect of participation on the incidence of poverty is negligible and statistically not significant. The incidence of poverty is more for those who did receive the treatment as compared to those who did not receive the treatment.

1.7 Similar analysis shows that poverty is deeper for the poor individuals within the treated group than the counterparts, and thus the average cost of eliminating poverty for individuals in the treatment group is higher as compared to the control group. Furthermore the result shows that, poverty is more severe for individuals within the treated group than the control group. Generally, it can
be concluded that though participation reduced the intensity and severity of poverty, the effect is not statistically significant.

1.8 Results from the focus group discussion has explicitly revealed that bad legacy of Cooperative movements of the past socialist regime; absence of participatory, independent and ratified cooperative policy coupled with poor awareness and blurred understanding of members on what is entailed in the exiting tailor made agricultural policies and strategies; existing Cooperative strategies focusing merely on economic aspects by disregarding environmental and social issues that are vital dimensions of rural livelihood and poverty; weak institutional capacity and regulatory enforcement; poor leadership and member commitment; excessive government interference coupled with deep-rooted corruption in the sector to be some of the major challenges for Cooperative movement in Ethiopia failing to have positive, significant and comprehensive impact on household livelihood and poverty reduction.

6.2 Recommendations

The government of Ethiopia has made a tremendous effort since the downfall of Derge regime to reorganize and transform Cooperatives so as to enable them contribute to sustainable development and enhance rural livelihood and reduce poverty. The Cooperative policy and strategy embedded in the agricultural policy and strategy theoretically seems to be relevant and valuable, however in due course of implementation of the policy measures, key practical limitations have been observed in view of bringing dependable social and environmental impacts on one hand and in bringing positive and significant impacts on household welfare on the other, apart from its impressive impact in selected economic measures and parameters.
Conclusions and Recommendations

In order to have vibrant Cooperatives in Ethiopia that are capable enough to have positive impact on household livelihood and poverty, the following specific and general policy implications has been suggested.

Integrating natural resource development and management programs into Cooperatives policy and strategy, proper community education system, technical and financial aid are imperative to ensure practical translation of environmental programs, improve household welfare and enhance rural livelihood and ultimately promote Ethiopian green economy.

To boost agricultural production, the role of Cooperatives should be beyond the distribution of inputs. Cooperatives should adapt holistic approach in integrating the provision of specialized extension services, technology generation and dissemination, collective land, natural and water resources utilization and management activities into their programs and businesses is an indispensable option and solution to help households promote sustainable agriculture that ultimately impacts poverty and household livelihood more positively.

Besides, to enhance household income, Cooperative programs should integrate and focus on diverse businesses and livelihood enhancement strategies and schemes that are socially desirable, eco-friendly and having greater economies of scale. Furthermore, the programs should insightfully take into account ways and means for building household asset to enhance rural livelihood, reduce poverty and vulnerability.

The current embedded policy and strategy has to ensure that the existing Cooperatives are not only economically viable but also environmentally friendly and socially desirable institutions that can practically impact household
livelhood and help reduce poverty in Ethiopia. Moreover, ensuring the presence of harmonized, participative and comprehensive Cooperative policy and strategy coupled with credible regulatory enforcement and vigilant membership base capable of safeguarding the Cooperative identity and fighting against corruption are also vital issues to be given due emphasis.

Furthermore, the government should be committed to recognize that Cooperatives should no longer be state instruments but demand-driven institutions owned, managed and controlled by members. Above all the government has to ensure enabling environment to protect and empower cooperatives either by controlling the influence of other parties or by enhancing the capacity of cooperatives to offset the influences. On top of these, the government has to ensure good governance and effective leadership grounded on democratic principles.

From the side of members too there is attitudinal problem. Most of the members of cooperatives lost their confidence and became free riders. If they free ride, cooperatives will get weaker and finally dissolve. So, members’ solidarity is very crucial element in maintaining group interest and ensuring institutional sustainability as well as in mobilizing resources to achieve group ends. Hence, to ensure better household livelihood and welfare; cooperatives programs and businesses should be fine-tuned in such manner that solidarity is maintained and discriminations are minimized.

By and large, concerted effort has to be made by all the stakeholders and development partners to enhance the capacity of households to understand, proactively participate, act and contribute to an effort to build sustainable and vibrant Cooperative institutions that are desirable by the society, and at the same
time can build social capital, establish strong networks and solidarity between people, facilitate collective action and decision making on the basis of trust and shared interest.

Generally, Cooperatives in Ethiopia are primarily designed to help smallholders and poor farmers to boost their production and productivity. The present study also shows that almost 96.6% of the members of Cooperatives in the study area are poor. In situations where farmers are pooling meager resources to establish Cooperatives, the sustainability and identity of such farmer institutions are very much questionable. Moreover, their capacity is proven to be poor that cannot withstand the pressure from global competitive environment. Though the vitality of Cooperatives in rural development is unquestionable, practically such Cooperatives are proven to be powerless and more susceptible and vulnerable to shocks, trends and seasonalities let alone to help the poor come out of poverty. Such Cooperatives are not necessarily appropriate structures for the poor in Ethiopian context. That is one of the reasons why most Cooperatives in Ethiopia are not successful.

To this end, identifying vibrant and proactive Cooperatives from the weak all over the country on the basis of nationally harmonized criteria is crucial in order to take best alternative policy measures for further strengthen Ethiopian Cooperatives. Moreover, revitalization, restructuring and reorientation of the existing Cooperatives and systems on one hand and the development of new Cooperative models exclusively by virtue of the core principles of ICA on the other hand are strongly advocated if Cooperatives have to bring a drastic change in livelihood enhancement and poverty reduction in Ethiopia.