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# Assessment of Women Savings and Credit Cooperative Services in Zuway Dugda District, South East Ethiopia

Mosisa Kejela<sup>1</sup> and Sebsib Belay<sup>2</sup>

## Abstract

*The purpose of the study was to assess contributions of Savings and Credit Cooperative services to improve rural poor women's living conditions and their socioeconomic and political empowerment in the Zuway Dugda District, South East Ethiopia. A mixed research design was employed through using quantitative and qualitative research methods and research instruments/tools, respectively, to generate pertinent primary and secondary data from the respective sources. Among 527 women as a target population in those rural villages of the District, a total of was 70 women in the Cooperatives was drawn as a sample. The study found out that poor women in the study area have shown an exemplary role in fighting poverty through organizing themselves and pooling their meagre resources in improving their lives and working conditions, as well as empowering them in making decisions on limited issues at household level, but not as such at community level. The study therefore revealed the importance of cooperatives' services for the well-being of the members, their families and their community in poverty reduction through economic and social development and employment creation; their contributions to the members of the Savings and Credit Cooperatives in improving household income, expenditure, shelter, household assets, food access, education and in accessing health care services; and to the improvement of decision making power of members at family level. However, further studies are necessary to determine the positive contributions of the Savings and Credit Cooperatives' services in various socio-cultural, economic and political contexts at different levels in the District.*

**Key words:** Savings, credit, cooperatives, services, Zuway Dugda, Ethiopia

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## **Introduction**

Poverty is one of the main factors that negatively affect women's resources, skills, knowledge and social connections as well as their social status in the study area. According to World Bank (2001, P.1), poverty is more than inadequate income or human development - it is also vulnerability and lack of voice, power and representation. To avert this situation, poor women in the research area require equal participation in resources sharing and power of decision making, better employment, housing, education, health care and other opportunities for social service opportunities through savings and credit cooperatives.

Savings and Credit Cooperative Society is a form of financial institution which is formal in nature, and owned, controlled, used and democratically governed by members themselves. Its purpose is to encourage savings among members and is using the pooled funds to make loans to its members at reasonable rates of interest and providing related financial services to enable members to improve their economic and social conditions.

Savings and Credit Cooperatives are those whose members are people having similar interest and live in the same community in the intervention villages. Its main purpose is to promote savings among members and provide loans for productive investment. It is a business that is used to increase income, asset, employment, empowerment and networking. It is a business owned and controlled equally by the members that is targeted to break the vicious cycle of poverty (Oromo Self Help Organization [OSHO] 2009, p.19).

Savings and Credit Cooperative is considered not only as a powerful governance and management tool, but also as a strategic development instrument to reduce women's poverty by availing opportunities and redressing equity. As well-known, poverty has a variety of manifestations which have been effected about lack of income and productive resources sufficient to ensure sustainable development; food insecurity and malnutrition; limited access to education and health care services; inadequate housing; unsafe environment and social discrimination and exclusion from participation in the decision – making process. It is the means of engaging women's ideal mind and passive hands into productive spears to change the ugly face of poverty that is limited their creativity, imagination and productivity in the society.

Social indicators for the human development and the quality of life all point to a grim picture. All available data indicate that women carry a disproportionate burden of coping with poverty and lack visibility, access to services, employment opportunities as well as for participation and decision making (Fischer & Qaim 2014; United Nations [UN] 1995, p.7). Women in Ethiopia in general and women in the Zuway Dugda District in particular are forced to lead miserable lives as the result of these prevailing interwoven conditions.

The vicious cycle of poverty, illiteracy, food insecurity, ill health and limited access to education persists unless new opportunities, values and innovative ideas are promoted. As most of the rural women have no access to savings and credit, they often have to depend on an informal rotating credit association for start – up capital. Some women may also depend on financial, material and labour assistance from their friends and families. Thus, poor rural women are in a great need for savings and credit services,

marketable business skills and other business management trainings to positively change their situations and to lead a dignified life.

In most cases, large numbers of rural women don't have much accessibility in contacting banks to access financial services, like credit in particular or any other bank services. The major reasons are that poor rural women have no collateral because they live in remote areas far away from where formal banks usually are available, and they lack special need provisions, such as training on business development knowledge and skills that are instrumental to savings and credit services to serve the best interest of the poor rural women.

The Poverty Reduction Strategy Programme of OSHO is focused in supporting the formation of Savings and Credit Cooperative Societies (SACCOs) within remote districts. This incorporates organizing provisions of technical assistance where they did not exist, including establishment of effective SACCO supervision and regulation, as well as facilitating access to start up revolving capital for credit provision. For authenticity, the researchers have preferred to carry out the study of women's savings and credit cooperatives in Zuway Dugda District of Oromia Regional State to other areas.

Thus, the study centred on the women savings and credit cooperatives. These cooperatives have already accessed start up capital, accumulated savings, realized credit services and equipped with business literacy skills based on the global self-help, self-governance and personal responsibility principles for the last five years.

## **Statement of the Problem**

Rural women in the Zuway Dugda District are poor; they constitute the most disadvantaged social group in the population of the study area. This is due to social, cultural, economic and political factors that have had damaging effects on women living and working situations.

Social factors which mainly focus on education and health care services have been considered in the study by taking into account the serial effects that these factors may have on poverty in general. In other words, low level of women's participation in education and health care services has undoubtedly lead to poor knowledge and skills, poor health and inadequate employment situations which have again contributed to significant abject poverty.

Cultural factors which include: marriage by abduction, early marriage and female genital cutting (FGC) that have negative effects on the lives of the women in the study area. The cultural factors have further been considered in relation to FGC. Female Genital Cutting (FGC) is a deep – rooted traditional practice that has had serious health consequence for girls and women. It involves alteration or cutting of the female genital without anaesthesia under unsanitary conditions by local practitioners that affect the physical and mental well-being of women. Marriage by abduction practice, including rape also has social, economic, health and psychological implications. Early marriage leads to early pregnancy, which in turn leads to poor health care and nutritional deficiency for mother and their children.

The economic factors, especially land is being the main income and typically owned and registered in the name of men. Any land under the



control of female heads is held in the name of a son or male relative. This has a negative impact for women's participation in suitable development.

The political factors considered indicate that women are highly marginalized and excluded from fully participating in power sharing and decision making process. They are also barred from empowering themselves by actively involving in development programmes, thereby failing to meaningfully contribute to their family and community members. The women in the study area are faced with strong cultural inhabitation and men's ascendancy to discuss their issues on the behalf of the women to look for alternative solutions in the public arena.

During the reconnaissance fieldwork, it was possible to observe that the Savings and Credit Cooperatives' services have targeted at one of the most vulnerable groups in the community, namely, women who are marginalized because they own little or no asset, lack decision making power, have limited access to education and health facilities. Therefore, the Savings and Credit Cooperatives' services were used as an intervention strategy to address the marginalized situations of the women with the hope that when they accessed savings and credit facilities, they would achieve economic, social and human capital development for themselves, their families and their communities.

The women's cooperatives selected for this study constitute the most disadvantaged social group. Prior to forming savings and credit cooperatives and accessing the services, these groups of women had anguished livelihoods in terms of suffering from practice of polygamy, abduction, early marriage, harmful traditional practice, and lack of family planning, low participation in family and community activities and decision making

process as well as livestock productivity, disease, erratic rainfall, recurrent drought and natural resources depletion which lead to food insecurity and lack of alternative means of income generation to cope with their economic and social challenges as a whole.

Consequently, poor health and nutrition as well as lack of education mainly affected the lives of these poor women and their families. They had little control over resources and a limited level of participation in household decision making, but they have a primordial role in domestic and productive activities.

This study is ordained to find out what improvement has the savings and credit services have brought to the members in terms of changing their lives. This is in terms of income generation, employment creation, increasing access to food, asset accumulation, basic education and skills development, health care and nutrition, sharing experiences, involving in decision making and social action, participating and managing family as well as community affairs.

### **Objectives of the Study**

The main objective of the study is to assess the contributions of Women's Savings and Credit Cooperatives Services delivered to rural poor women in Zuway Dugda District to change their status in terms of building financial, human and social capital assets, and socioeconomic empowerment of poor women of those Cooperative members.

### **Specific objectives of the study**

- To assess the role of savings and credit cooperative services in poverty reduction through income generation, social action and employment creation;
- To examine the contributions of the savings and credit cooperative services to improve poor rural women's income, expenditure, shelter, household assets, food access, access to education and health care services and other opportunities for the members, and other opportunities for the members; and
- To assess the improvement in decision making power of women Cooperative members at family and community levels.

### **Review of Literature**

The review of literature was conducted focusing on **Assessment of Women Savings and Credit Cooperatives Services**. The concept of poverty includes different dimensions of deprivation. It is the inability of people to meet economic, social and other standards of well-being (Organization for Economic Cooperation and Development [OECD] 2001, p.36). Poverty is a multi-dimensional phenomenon related to the inadequate or lack of social, economic, cultural, and political entitlements. Poverty is: hunger, lack of shelter, being sick and not being able to see a doctor, not being able to go to school and not knowing how to read, not having a job, fear for the future and living a day at a time, a child to illness brought about by unclean water, powerlessness, lack of representation and freedom (World Bank 2000). Thus, poverty has both income and non-income diminutions. It may be a lack of income, or resources, a lack of coping capacity, a lack of basic human capabilities or a lack of institutional defences or in extreme cases a

lack of all of these. Broadly, it may be a combination of economic, social and political deprivations (Latifee 2003, p. 4). These interwoven multi-dimensional problems of the poor have required to be tackled using different instruments such as savings and credit cooperatives, housing cooperatives, consumers' cooperatives, urban agriculture cooperatives, transport service cooperatives, and other appropriate cooperatives. This approach is not only useful for reducing low skilled rural poor, but also the most important instrument to create employment to semi skilled or skilled poor women who have no means of income generation or employment creation opportunities due to their debilitated poverty.

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 (UN 2009, p. 4). A savings and credit cooperative society is a form of financial institution and its purpose is to encourage savings among members and using the pooled funds to make loans to its members at a reasonable rate of interest, and providing related financial services to enable members improve their economic, social, and political conditions.

Cooperatives are based on the values of self – help, self – responsibility, democracy, equality and solidarity. Cooperative members must also be guided by honesty, openness, social responsibility and care for others. Cooperatives are self – help organizations, which are formed by people who have the same interest of work and economic activities. These associations are set up by those groups who wanted to act together and form it with one's own accord (Agriculture Support Programme [ASP] 2009, p.2).

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Women who have elected to hold the office as representatives of the cooperatives are accountable not only to safeguard their members' interests, but to ensure maximum benefits to their members as well.

Education and training are key instruments to cooperatives in general. These instruments equip cooperative members, designated representatives, managers and employees with knowledge and skills so that they can contribute effectively to the development of the cooperatives.

The members of savings and credit cooperatives (SACCOs) share a common vision, driven by a common need for savings and credit. The concerns of cooperative members focus on improving household income, food security, and access to education and health care as the starting point for its formation. These concerns also serve as the basis for delivering cost effective financial and non –financial services for the individual members, and ensuring various benefits through group security.

To reiterate poverty encompasses different dimensions that are related to human capabilities, including consumption and food security; health; education; rights; voice; security; dignity; and decent work (OECD 2001, p. 12). Thus, these situations necessitate sound and diversified poverty reduction approaches that are dedicated to empower the poor by strengthening their voice and fostering democratic accountability.

Effective poverty reduction entails calls for strategic thinking based on clear and consistent concepts and approaches. Different ways of understanding poverty lead to different ways of dealing with it. A common and clear understanding of poverty helps build a common agenda with

development partners (Ferdoushi et al. 2011; Ihenacho et al. 2012; OECD 2001; Yigzaw 2014).

The focus of savings and credit cooperatives is helping the poor to sustain a specified level of well-being. It is plausible through offering women a variety of financial and non – financial services tailored to their felt needs so that their assets and income security can be improved. Savings and credit cooperatives are providing financial and non-financial services to poor women, and combating poverty at individual and cooperative levels.

Savings and credit services have significant contributions to increase the income of the poorest of the poor, including women, financial services contributing to the smoothing out of peaks and troughs in income and expenditure thereby enabling the poor to cope with unpredictable shocks and emergencies. Through association of loan with an increase in assets, promotion of cooperative member borrowers to invest in low – risk income generating business activities, and supporting of poor women to save; the vulnerability of the poor women is reduced and their poverty situation improves.

Savings and credit cooperatives are the most vital instrument that is used to build economic, human, political, socio-cultural and protective capabilities. The built economic capabilities enable to earn an income, to consume and to have assets which are all keys to food security, material well – being and social status. Human capabilities are also used on access to health, education, nutrition, clean water and shelter. Political capabilities further include human rights, voice and some influence over public policies and political priorities. Social – cultural capabilities concern the ability to participate as a valued member of a community and protective capabilities

enable people to withstand economic and external shocks (Awojobi 2014; Brody et al. 2013; Christabell 2009; Graflund 2013; OECD 2001).

Accordingly, savings and credit cooperatives are an important access point for poor women for financial and non-financial services to escape from debilitate poverty. The engagement of women in cooperatives not only improves their economic status, but also increases the decision-making capabilities that led to overall empowerment.

### **Women economic empowerment through savings and credit cooperatives**

The UN has acknowledged important direct and indirect impacts on socioeconomic development in terms of promoting and supporting entrepreneurial development, creating productive employment, raising incomes and helping reduce poverty; while enhancing social inclusion, social protection, and community-building (Awojobi 2014; UN 2009). Various available studies have argued that cooperatives merely benefit directly their members and have sound effects for the rest of the community.

Economic empowerment of women includes women's access to savings and credit which gives them a greater economic role in decision making through their decision about savings and credit. When women control decisions' regarding credit and savings, they optimize their own and household welfare. Access to savings and credit facilities for women has enabled them to increase expenditure on the well-being of themselves and their children. This is the main concern in the poverty alleviation.

Therefore, savings and credit cooperative services have potential to lead women to economic empowerment in many ways, such as creating

socioeconomic opportunity, holding property rights, political representation, social equality, personal right, family development, market development, community development in the district, and the region and the nation development.

### **Women social empowerment through savings & credit cooperatives**

Social capital is the formal and informal social relationships or social resources from which various opportunities and benefits can be drawn by people in the pursuit of livelihoods. These are developed through networks and connectedness to increase people's trust and ability to work together and expand their access to wider institutions. Membership of more formalized groups which often entails adherence to mutually agreed or commonly adopted rules, norms and sanctions and relationships of trust, reciprocity and exchanges that facilitate cooperation to reduce transaction cost and may provide the basis for informal safety nets amongst the poor (Department for International Development [DFID] 2001; Graflund 2013; Okuryt et al. 2014).

Social capital or resource is the means of creating networks among cooperatives, agencies, individuals acquire knowledge, access information and equip them with better skills to be marketed that enhance members' competency in a competitive working condition. Women's savings and credit cooperatives require the skills to utilize social capital or resources that facilitate information, education and health care as well as empowerment. Social capital is thus the best tool for poor or marginalized women to express their voices and make their choices, thereby creating a difference in their lives, their families and communities.



Social networks, social mobility and involvement in collective action are some of the vital aspects of social capital. Therefore, social capital is vital to build mutual trust, to improve the efficiency of economic relations and increase incomes, to improve the management of common resources, and to facilitate social networks for innovation as well as development of fund of knowledge and sharing of that knowledge.

### **Women employment creation through savings and credit cooperatives**

The service of cooperatives has positive implications on employment and income-generation in various ways. First, they create employment opportunities by offering direct wage employment to people who work in them and by guaranteeing a decent self – employed income for their members. Second, the cooperatives increase income generation by creating opportunities for members and by negotiating for better prices to improve the members' profit making margins. Third, they make loans available to their members for a variety of uses, the most common of which has been the expansion of employment and income generation opportunities, fulfilling of consumption and other basic facilities to the members, their families and their community.

The employment and income generation opportunities for savings and credit cooperatives have adverse and positive impacts on health care and education of members and their families. Members use the income and loans to educate their children in proper feeding, providing health care and minimizing the students' dropout due to lack of family supports. Cooperatives are creating opportunities to undertake initiatives to educate and train their members to build their competency in their areas of business operation.

### **Women empowerment over resources through savings & credit cooperatives**

Women savings and credit cooperative is one of the means of interventions that has led to women's empowerment by increasing their income and their control over assets, by enhancing their knowledge and skills in various income generation schemes and by increasing their participation in household and community. Empowerment is further a process through which the cooperative members get control over resources and opportunities to exercise political power to reach their ultimate goals. Empowerment also includes power over personal choices, power over the definition of own need, power over expressing of one's own idea, power over cooperatives, power over resources, power over economic activity and power over reproduction. These are vital for the disadvantaged groups to determine the course of their lives.

The Report of United Nations (2005) indicates an improvement in the situation of women in rural areas. Women must have both equal rights and capabilities, and agencies to use those rights, capabilities, resources and opportunities to make strategic choices.

Empowerment of women in rural areas is dependent on several factors, including ownership and control over land, access to diverse types of employment and income – generating activities, access to public goods, infrastructure, education, and training, health care and financial services ; markets and opportunities for participation in political life and in the design and implementation of policies and programmes.

Cooperatives are the best tools for economic empowerment, improving standard of living, building self confidence, enhancing awareness, and for

developing one's sense of achievement. Cooperatives are additionally a means of increasing social interaction, engaging in political activities, increasing participation in family and community affairs. In addition to financial services, cooperatives are used to equip women with qualities of leadership and skills of problems solving.

Thus far, the researchers have been arguing that Savings and Credit Cooperative Services have meaningful contributions to these different aspects of the rural poor women. The contributions of the Cooperatives include: development of economic, social and human capital assets of the poor rural women in improving their income, expenditure, food consumption; in accessing better education and health care facilities; and in their empowerment and decision making power on the affairs of the family and the community.

## **Study Design And Methodology**

### **Research Design**

Social research needs a design or a structure before data collection or data analysis can commence. Research design 'deals with a logical problem and not a logistical problem' (Yin, 2009). The function of a research design is to ensure that the evidence obtained enables the researchers to answer the initial question as unambiguously as possible. To obtain relevant evidence, it entails specifying the type of evidence needed to answer the research question(s) or to describe some phenomena. When the researchers are designing research to be undertaken, they have to ask a question, "What type of evidence is needed to answer the question(s) in a convincing way?" Based on these assumptions, the researchers employed a quantitative cross-sectional sample survey research design which is the overall strategy of the

study to integrate the different components of the study in a coherent and logical way. The researchers employed mixed research design by combining both quantitative and qualitative research methods to achieve the objectives and to address the research questions of the study as well as to effectively deal with the research problem logically. The researcher used descriptive sample survey research approach that is based on semi –structured interviews, focus group discussions, observations and documents analysis research techniques.

### **Universe of the Study**

The universe of this study consisted of all women who have been members of the Savings and Credit Cooperatives in Zuway Dugda District of the Oromia Regional State, South-East Ethiopia. There were a total of six Women’s Savings and Credit Cooperatives in the District composed of 527 cooperative members in 2008/2009. This sample size was determined after the researchers had consulted previous similar studies elsewhere in the globe, conducted pilot study and the nature of the targeted rural poor women in the Study District.

### **Sampling Method**

Sampling method selection requires careful sampling procedures so that generalizations may be extended to other individuals, groups, times or settings. Accuracy of observation, a quality of imagination, creativity and objectivity are also the most common ingredients of scientific research. Based on the homogeneous nature of the members, 70 women were selected as the sample for this study.

## **Data Collection Tools**

Roche (2009, p. 97) contends that the choosing of appropriate research methods and tools depends on the purpose and focus of the impact assessment, its context, the capacity and skills of those involved, and the resources available. One of the major skills needed is properly managing the results obtained by those combinations and sequencing of tools and methods. Therefore, the major research tools/instruments opted to be used for actual data collection of this study were structured questionnaire, interview guide/protocol, focus group discussion guide/checklist, observation guide/checklist, and documentary analysis matrix.

In addition, the quantitative data generated from those primary sources were analyzed using statistical tools and tests in-built in the Statistical Package for Social Sciences (SPSS) to produce descriptive statistics. The qualitative data collected through those qualitative research instruments/tools were also analyzed using thematic and content analysis techniques.

## **Findings**

The findings of the survey was based on quantitative and qualitative data generated through using the questionnaire with the respondents, the interview guide with the Project Coordinating staff, the focus group discussion guide/checklist with women Cooperative members, the observation checklist for observing the members' households and the Cooperatives' operational settings, as well as for conducting observations of study area. In addition, documentary analysis of relevant published and unpublished official documents, quarterly and annual reports, theses, research reports, etc. were conducted using the matrix.

### **Residence places of the respondents**

Of 527 members, 70 respondents were drawn and selected from six villages and participated in the process of study undertaking. The distribution of the sample respondents was selected from Meja Shenan (20%), Hallo (20%), Ubo Bericha (18.6%), Senbero (17.1%), Arba Cheffa (14.3%), and Arata (10%) villages. In general, good size of the members of Women Cooperatives participated in the study based on the size of members of each Cooperative.

### **Marital status of the respondents**

The majority of the members of the Cooperatives lived in wed-lock. About seventy-two (71.4%) of the respondents were married, 5.7% were single/never married, 8.6% were divorced and 14.3% were widowed. Those divorced, widowed and married women account for most of the beneficiaries. Although in the Cooperatives the proportion was found to be small, single /never married ladies had participated in such endeavours. Surprisingly, it is below expectation as single /never married ladies have to engage in income generating activities either to support their income or to improve their livelihoods to support their respective households' income.

### **Age group of the respondents**

Among the sample respondents, about twenty-seven percent (27.1%) of them fall within the age range of 18-30 years, and 30% of them were within the age bracket of 31-43 years. The more productive age category was found to lie in the age group of 18-43 years that constituted 57.1% of the respondents. Moreover, 30% and 12.9% of the respondents were found in the age category of 44-56 years, and 57 years and above respectively.

These reveal that individuals in any age group can be a member of the Savings and Credit Cooperatives without any discrimination. It is possible to deduce that membership of the Cooperatives is non - age discriminatory as long as their ages are within the economically active age category.

### **Educational level of the respondents**

More than half of the respondents in the study could not read and write. About fifty-five percent (54.3 %) of the women members among the sample respondents were illiterate, 15.7% were able to read and write. Additionally, those members in the study who had attended at primary first cycle and primary second cycle education levels accounted for 14.3 % and 8.6 % of the respondents, respectively. Of the respondents, 7% of them already attended their secondary high schooling. Therefore, they lack basic functional skills for effective and efficient management of their savings and credit, and business transactions on daily basis. The findings implied that most of the women respondents were illiterate and lacked the educational status which appeared to be the key for innovative idea generation and systematic planning which are further required for cooperative development. The illiterate rate of women before and after interventions was also 58.4% and 54.3%, respectively. The Savings and Credit Cooperative Services insignificantly contribute to increase their members' literacy rate.

### **Religious status of the respondents**

The members of the Cooperatives are followers of various religion milieus. The majority (73%) of them were found to be Muslims who are followers of Islam, whereas Orthodox Christians represented 17% of the sample respondents. The rest, 10% of them accounted for Protestants and women of

other religion worshippers. Therefore, membership in the Cooperatives is free from any religious restriction. It also employs the principle of equal services to its members without any prejudice of the members' religious affiliation. However, those Muslims who are strictly following relevant verses stated in the Saint Quran may not borrow money as credit from their Cooperatives. It is possible to conclude that strict practice of the relevant verses in the Quran may prevent those significant Muslims members in Saving and Credit Cooperatives from getting access to credit for further investment in different business activities in the District.

### **Occupational engagement of the respondents**

At the time of joining the Cooperatives, 70% of the respondents had no dependable formal income earning occupation. Even though they have been engaging in major activities in the households like food preparation, child and elderly caring, backyard gardening, poultry and milking which are normal chores they accomplish in their houses; many women in the District do not take up salaried jobs outside the houses. The findings of the study revealed that 15.5%, 8.6%, and 5.9% were earning their household incomes from farming/fattening, trading grains and selling local beverages/drinks before joining the Cooperatives, respectively. Accordingly, about thirty-one percent of them were found to engage in limited types of income generating activities in one form or another in the study areas.

Thus, the Savings and Credit Cooperatives have helped them to generate income and create self-employment to unemployed women through availing diverse income generation alternatives. These were mostly in grain trading and farming/fatting activities by 44.3% and 41.4%, respectively. Selling local beverages and providing cart transport services also constituted 11.4%



and 2.9% of the members after they had joined to the Cooperatives, correspondingly. The services of the Cooperatives contribute to income generation and employment creation.

### **Change in source of finance from informal to formal**

Before joining the Savings and Credit Cooperative Services, the women members use finance from their relatives, friends and money lenders in the order of their importance as seed money or initial capital. However, after joining the Cooperatives the sources of finance were changed from diverse informal sources to formal group collateral and shared responsibility.

The survey conducted also indicated that the women members used different sources of finance to start up business activities before getting involved into the Cooperatives. As sources of finance, 39% of them used their relatives, 29% borrowed from their friends, 24% lent from individual money lenders, as well as 9% of the respondents used their own financial resources.

The researchers' observations revealed that the Savings and Credit Cooperative Services contributed in availing financial and non-financial services nearby. These contributions of the Cooperatives to those women residing in remote areas of the District included: provision of financial and non-financial services at the door step to the members with less paper work or less bureaucratic procedures, and accessibility of seasonable savings and credit to the poor women. Therefore, the formation of women savings and credit cooperatives are given due consideration by the members because there is a well-established controlling system and to the external involvement to avoid any loophole which may create space for complicating the savings and credit process in the targeted localities.

Based on the focus group discussions (FGDs) held with the discussants selected from the sampled Cooperatives, the women members benefited from the Cooperatives' services as they confirmed that, "the loans from the Savings and Credit Cooperatives were better and cheaper than borrowing from private sources with extremely high interest rate. The Cooperatives facilitated the provision of loans without delay and with well-established group collateral system that overcame the demands for guarantee by formal banks." Thus, the Cooperatives facilitate the members' access to better and cheaper loan services than that of the private sources in the District.

The members of the Cooperatives make coordinated efforts to overcome their problem of access to formal financial services. The informants in the study argued, "The Cooperatives' members were able to liberate themselves from deep-rooted variety of informal financial arrangements which they used to meet their financial needs before their involvement in the Savings and Credit Cooperatives." Therefore, the services provided by the Savings and Credit Cooperatives fill the critical finance gap to start income generating activities in the study areas.

### **Income pattern of the respondents**

An assessment of the income status of the respondents regarding post – and - pre Cooperative involvement shows improvement in household income. Accordingly, the findings of the study indicated that one-fifth (20%) of them believed their family economic status improved notably since they began to be members in the Cooperatives. About fifty-seven percent of the respondents expressed that there were some improvements in their income after they got involved in the Cooperatives. However, about twenty-three of the respondents stated that they remained in the same income status after

getting involved in the Cooperatives. Surprisingly, two of the respondents who had been engaged in cart transportation services achieved exceptional success in their monthly income compared with other members' performances.

Accordingly, the income pattern of the respondents clearly indicated that those members who utilized credit properly for the intended purpose, minimized their expenses and maximized investment, those who participated in the training on business skills development, in improving the culture of savings and credit utilization and skills enhancement of financial recording and management, those who had better educational background enabled to achieve better success in the discourse of their vigorous efforts than who did not. Therefore, there is some degree of improvement in the members' income due to their engagement in the Cooperatives.

The study further revealed that there were some improvements in the trend of household incomes. These could be substantiated by a notably improvement trend in income which were found to be true among seventy-seven percent of the respondents. Such improving trend in income at household level may contribute to improve the food consumption, clothing, education and health care, housing, and household assets of the members in the Cooperatives. The FGDs conducted with the women participants also adduced that "as we had increased our household income and expenditure, secured employment, made expansion and increased access to education and health care; we benefited from the services provided by the Cooperatives." Meanwhile, the respondents confirmed that their living conditions and incomes increased as a result of financial and non- financial services of the Cooperatives.

Membership in those Cooperatives brings about improvement in housing types and their composition assets. Most of the households (77.1%) of the respondents had grass roof huts/ shelters and (22.9%) of them lived in shelters with corrugated iron sheet roof before joining the Cooperatives. According to the respondents' information, after joining the Cooperatives the proportion of grass roof huts reduced to 52.9% and corrugated iron roof shelters increased to 47.1%. Those, households who had kitchen and toilet, wooden bed and mattress, dining chair and table increased from 22.9 % to 47.1%, 32.9% to 68.6%, and 24.3% to 51.4%, respectively. Cooperatives' membership increases household assets and amenities.

In addition, the respondents' use of radio and radio cassettes increased from 52.9 % to 100% as a result of joining the Cooperatives. About twenty-six percent of the respondents had access to mobile services, and twenty-two percent of them were also found to access the TV services after becoming members in the Cooperatives. However, ownership of mobile and televisions which are important instruments for information exchange, learning new ideas about business and establishing networking, is still found at its low level.

The study conducted clearly showed that eighty percent of the respondents' expenditure pattern indicated an increasing trend and the remaining; twenty percent of them did not achieve a registered and significant change. Comparisons made on families' expenditure level before and after involvement in the Cooperatives revealed that about seventy-three percent of the respondents' average monthly expenditure increased. Besides, expenditure on household items procured showed an incremental trend, and the respondents' expenditure on food, clothing, health care and family education increased to 71.4% from 28.6, to 70% from 30%, and to 72.9%

from 27.1% which indicated an incremental status to fulfill their basic needs. It is possible to deduce that membership in the Cooperatives highly contributes to the increment in the members' expenditures on basic livelihood determinants such as food items, clothing, health care and family education.

Savings and Credit Cooperatives initiative has potential capacity of creating employment opportunity for those unemployed citizens. In this context, more than two-third (67.1 %) of the respondents confirmed that they purely ran their business using the labour and technical supports from their families, followed by about twenty-nine percent of them used self-employed and hired workers. In addition, four percent of the respondents used both employed workers and family labour for running their businesses. Therefore, the Cooperatives create significant contributions in self-employment creation of the members than employment opportunities for hiring workers.

In addition to the employment opportunities created for the Savings and Credit Cooperatives' members, families and those non-family members who were employed under them enjoyed the employment openings created by these members of the Cooperatives. Thus, memberships in the Cooperatives create employment opportunities for both family and non-family members to a certain extent.

Education and health are tools of empowerment for disadvantaged women who have had to battle social oppression and exclusion. Greater literacy and educational attainment equip women to claim their position and reduce inequality. on the data obtained from sample respondents. Based on the data obtained from the respondents, education and health care services were

considered as strategic variables which played decisive roles in ensuring life improvement of these Cooperatives' members. The study furthermore documented that there were interventions in building the capacity of the members through the provision and facilitation of various business skills development training packages. These training packages, according to the informants' views, comprised of business skills development, culture of savings and credit utilization, knowledge in family planning, primary health care, HIV/AIDS and STIs prevention, financial recording and management, as well as basic literacy skills.

The sample respondents' feedbacks indicated that the respondents had low level of business skills development and culture of savings and credit utilization before involvement into the Cooperatives. These variables showed improvements from 7.1% to 92.9% and 2.9% to 74.3%, respectively after they engaged in this specific initiative. The services provided by the Cooperatives increase the members' business skills development, culture of savings, and their thrift credit utilization.

The members' knowledge of family planning, primary health care, and prevention of HIV/AIDS and STIs was found to improve from 20% before to 80% after involvement in the Cooperatives through diverse training and awareness raising programmes. Thus, it is possible to argue that these services provided by the Cooperatives contribute to raising the members' knowledge of reproductive health, primary health care and preventive health.

In the same framework, the Cooperatives' services boosted the members' basic literacy skills. These basic skills include: basic reading, writing and computation skills. The sample members' such basic literacy skills

enhanced from 17.1% before to 77.1% after involvement in the Cooperatives. As a result of high level of basic literacy, the women's skills at recording and financial management got improved from 4.3% to 65.7% at post-Cooperatives period. The findings of FGDs also substantiated the above stated empirical evidence. The discussants confirmed that "the Cooperatives' members have benefited in terms of introducing new income generation, building the members' capacity in marketable skills, increasing fund of knowledge of members to boost up service and income, and in enhancing their culture of savings and credit utilization for intended purpose." Thus, the Cooperatives help their members to develop their basic literacy skills which are functional skills to effectively run the business endeavours.

Savings and Credits Services are being provided by the Cooperatives have generated changes in terms of collective actions at individual, household and community levels at large. The sample respondents indicated that women involvement in dealing with donors and government agencies and community engagement increased from 14.3% to 54.3%; involvement in promoting safeguarding gender and women rights increased from 21.4% to 60%, and participation in HIV/AIDS prevention and promotion of other basic health care, as well as fighting against harmful traditional practices which increased from 20% to 71.4%, respectively. Therefore, women members in the Cooperatives increase tremendously in their collective actions in all areas of common concerns with various degrees of participation.

Women's involvement in the process of decision-making related to different common concerns, including household decision is considered as one of the variables or proxy indicators to validate their empowerment. Both the

informants and the discussants stated, “Involvement of women in decision making in various matters such as opting for family planning, buying and selling assets, savings, participation in community development interventions and meetings, voting, borrowing and using loans, and the utilization of their profit increased after involvement in the Cooperatives. “ In addition, they continued, “the women members are more informed about human rights in general and the women’s rights in particular after they have got involved in the Cooperatives.” Their involvement in various exposure events, programmes and community development activities contributes to their mobility much higher than that of before their involvement. This therefore helps them to increase their knowledge of different issues which, in turn, has directly contributed to their empowerment in decision making.

The study documented an increase in women’s empowerment in family health care and family planning, nutrition and education. The results showed that their knowledge of these health related issues increased from 18.6% to 51.4%; their savings, loaning, income generation, family property and financial management also increased from 20% to 54.3%; and their empowerment in community development, local administration, women, and youth and children affairs increased from 21.4% to 57.1%. Generally, the women are empowered in family planning, family health care, nutrition and education. Additionally, their level of empowerment in savings, loaning, income generation, family property and financial management indicated moderate empowerment level rated at 57.1%. Similarly, the empowerment of women in terms of community, women, youth, children and other social affairs was found to be rated at fifty – seven percent. This implies that the changes which have resulted in various aspects of social life are brought owing to the women’s involvement in the Cooperatives.



The findings also revealed that there was improvement of empowerment in family planning, family health care, education; family savings, loaning, and income generation; property and financial management; and participation in women, youth, children and other social affairs. These empowerment improvements accounted for 71.4%, 62.8% and 80% of the respondents, respectively.

Amongst the sample respondents, only the husbands made decisions that accounted for 61.4% and 25.7% before and after their involvement in the Savings and Credit Cooperatives, respectively. Thus, the male householders' domination over women in decision making is overwhelmingly high during pre-Cooperative initiatives – the members' husbands are the decision makers in the households. Unfortunately, only 18.6% and 20% of the wives were the decision makers in the households before and after their involvement in the Cooperatives, respectively. These imply that the women in the Cooperatives do not improve their empowerment in decision making at household level. Paradoxically, the male householders' decision making power shows decreasing trend, but there is no commensurable change in decision making empowerment by the women in the same households under consideration.

In general, the Savings and Credit Cooperatives' Services provided to those members have improved the members' empowerment. There are increments in the women members' income, self – employment, making decisions on issues related to community development and social affairs of women, youth and children in the intervention villages, but their decision making power on household affairs and resources at family level paradoxically remains farfetched.

## **Conclusion**

The objective of the study was to assess the contributions of Savings and Credit Cooperatives' services to poverty reduction by involving poor women in income generation and empowerment interventions at the household and the community levels. It also focused on six Women Savings and Credit Cooperatives. The study thus endeavoured to find out the contributions of the Savings and Credit Cooperative services that have been provided by cooperatives to their members to bring positive changes in their own lives, their families and their community at large.

The has been arguing that services provided for being members in the Savings and Credit Cooperative bring about contributions to poverty reduction, to improve living conditions and well-being status, and to enhance women's empowerment in terms of decision making power at family and community levels comparing post Cooperative with extremely low level of pre Cooperative membership. In addition, the study has documented that the women's social capital or assets such as social network, mobility, social action, and their collective action showed significant levels of change at household and community levels.

The Savings and Credit Cooperative Services provided the women a chance to meet, collect savings and provide loans, discuss and exchange information on various business issues, improve their household health care, nutrition, and education. As a result, these women improve their social status, self- esteem and they also gain more confidence.

The study further indicates that the Savings and Credit Cooperative services provided opportunities for the women members to increase income

generation capacity of cooperative members through diverse business activities of the members and self-employment creation compare to pre-cooperative period. The Cooperatives create new employment for the members who have been earning very little before.

On the other hand, the Cooperatives contribute to a reduction in unemployment of the members and their families. There are impressive and creation of new social forces to tackle poverty from its deep-rooted status in the villages. The Cooperatives' services delivered to their members also show increasing rate to improve their shelter conditions and their purchasing power of household assets.

Savings and Credit Cooperatives' services enabled the members to enhance the women's empowerment within their households and communities. This situation improves education, nutrition, health care, mobility and decision making power of the women and their families. Their children also get access to education, which is a vital instrument to break the vicious circle of poverty. Furthermore, the Cooperatives' services provided to the members facilitate access to the health care service and improve the nutrition status of the members at household level. The Savings and Credit Cooperatives' services moderately improve the members' access to small savings and small loan provisions, particularly for the rural poor women neglected by the services of the banks in the District.

In conclusion, although the study found empirical evidence which supports the contributions of the services provided by the Savings and Credit Cooperative to poverty reduction through income generation, social action and employment creation; to improvement in poor rural women's income, expenditure, shelter, household assets, food access, access to education and

health care services, nutritional status, and other opportunities for the members; and to improvement in decision making power of the women members in the Cooperatives at family and community levels, but not in terms of utilization of financial resources at household level from the quantitative and qualitative data generated; it may not possible to determine if these effects of the Cooperatives' services provided to the members have caused poverty reduction, and higher levels of household assets creation, women's empowerment in decision making at the household and community, as well as to create other opportunities for them. Therefore, further studies are necessary to determine the positive contributions of the Savings and Credit Cooperatives' services in various socio-cultural, economic and political contexts at different levels in the District.

## **Recommendations**

Based on the findings and in the light of the conclusions drawn from this study, the following recommendations are forwarded for actions:

- From the findings and discussions stated above, it can be assumed that most of the rural women have a very low level of education. Education is the key for social, economical, political, cultural, human and other aspects of development. The women Savings and Credit Cooperative members require more attention to be given to education to make the Cooperatives' services more productive and sustainable. As a result, education could undoubtedly act as catalyst to promote socioeconomic and human capital uplift of rural women in the study District.
- The empirical evidence in the study indicated that there was a low level of participation of women Cooperative members in the

community development. This implies that women empowerment in the community development does not coincide with the essential essence of cooperative principles. Women's empowerment has paramount significance to bring about real change in their lives, their families and their communities. Poverty alleviation efforts do not only mean meeting basic needs (such as food, clothes and shelter), but also exercising political rights through social, economic and cultural empowerment.

- The observations conducted in the study showed that there was lack of infrastructure facilities in their localities which prevented them from getting access to market information and to establish social networks with similar cooperatives, as well as from easy movement of the women in the District. Thus, concerned governmental and non-governmental organizations, as well as private agencies should give due attention to basic infrastructures by working shoulder to shoulder to make them more productive and self – supportive in their efforts.
- The Savings and Credit Cooperatives should device a means to get funds from diversified sources to minimize the risks associated with the loan unavailability for credit utilization in overcoming limited sources of funds. This further requires professional assistance on the expansion of their sources of fund to make available capital for loans and to receive loans at productive time.
- As study documented the importance of building the leadership capacity of the Cooperatives' leaders to appropriately manage the members, finance and property knowledgably and skilfully; there should be organization and execution trainings on market assessment,

risk reduction strategies of business, effective time management and social networking for the members Cooperatives.

- Some of the informants indicated that the value of the credit would be important if it was disbursed on market peak-seasons rather than non – market seasons. In such a period of time, more return can possibly be achieved, if loan is used for the intended purpose. The availability of credit in harmony with the peak market season is vital to make the Cooperatives’ members more productive. The participatory nature of the Cooperatives was one of the most important qualities of the Cooperatives that are required to maintain and strengthen based on evidence and knowledge to mobilize all necessary resources to break the vicious cycle of poverty. The Cooperatives’ members should be involved in planning, appraising, implementation, monitoring, evaluation and reporting their activities in the light of their paramount importance for transparency and accountability.
- Since the study was conducted in the framework of sample respondents, absence of prior research products and limitations of time; it is recommend undertaking detailed studies on savings and credit cooperative services to find out the positive impacts of the interventions on women’s poverty reduction; household income, assets and employment creation and other opportunities; and their economic, social, cultural and political empowerment at household as well as community levels.

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