



**ST. MARY'S UNIVERSITY,
SCHOOL OF GRADUATE STUDIES
SCHOOL OF BUSINESS**

Assessment of tax collection system and challenges on
category “A” taxpayers: a case study in Arada sub City

BY

Genet Yeneneh

**JULY 2016
ADDIS ABABA, ETHIOPIA**

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This is to certify that Genet Yeneneh has carried out a thesis on the topic entitled “Assessment of tax collection system and challenges on category “A” taxpayers: a case study in Arada sub City. In my opinion, this thesis is suitable for submission in partial fulfillment of the requirement for the partial fulfillment of the requirements, the degree of master of business administration.

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I Genet Yeneneh have carried out independently a thesis on “Assessment of tax collection system and challenges on category “A” taxpayers: a case study in Arada sub City in partial fulfillment of the requirements of the MSc Degree in general business administration with the constructive guidance and support of the research advisor. This thesis is my own works that has not been presented for any degree or diploma program in this and any other institution, and that all source of materials used for the thesis have been duly acknowledged.

Name Genet Yeneneh

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Abstract

Ethiopia, like any other developing countries, faces difficulty in raising revenue to the level required for the promotion of economic growth. Taxation has increased in importance not only as a tool of raising revenue for the traditional roles but also for accelerating the economic growth and ensuring social justice. The goal of this research is to study tax assessment and collection problems of category “A” taxpayers found in Arada sub city branch office of Ethiopian revenue and customs authority. To achieve this objective, the researcher used both quantitative and qualitative research methods. And also the researcher used probability and non-probability sampling techniques. The information gathered witnessed that there exist inefficiency and insufficient number of tax office employees and there is a big problem for system connection due to this many taxpayers does not get the service as they came to the tax office. Moreover, there is lack of tax knowledge by taxpayers. Due to this, delay in tax payment, do not pay the proper amount they should pay and negligence are taken by taxpayers as solution to escape from payment of taxes. To create effective and efficient tax collection system the tax office should be solve the administration problems.in addition the tax office should employ or recruit sufficient number of employees to avoid work influences by one employee and offer continuous training for their employees by allocating enough money to training center.

Key words: tax administration, voluntary compliance, tax return

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List of Acronyms

ADB	Asian Development Bank
ATA	African Tax Administration Forum
A/S/C	Arada Sub City
CM	Council of Minister
EC	European Commission
ERCA	Ethiopian Revenue and Customs Authority
IMF	International Monetary Fund
IT	Information Technology
OECD	Organization for Economic Co-operation and Development
VAT	Value Added Tax
TOT	Turn Over Tax

Table of contents-----	2-3
Acronomy-----	4
CHAPTER ONE -----	5
INTRODUCTION-----	5-6
1.1Background of study-----	6
1.1.1Background of study area: Afar Regional State-----	6-7
1.1.2Trends of livestock marketing copperative and export abattoirs-----	7-12
1.2 statement of the problem -----	12-15
1.3 research Questions-----	15
1.3.1 General research Questions-----	15
1.3.2 Specific research Question-----	15
1.4. objective of study-----	16
1.4.1 General objective of the study-----	16
1.4.2 specific objective of the study-----	16
1.5 Significance of the study -----	16
1.6 scope of the study-----	17
1.7 limitation of the study -----	17-18
1.8 organization of the study -----	18
CHAPTER TWO-----	18
2. Research Methodology -----	18

2.1 Description of the study area-----	18-19
2.2 Research strategy-----	19-20
2.3 Research Design -----	20
2. 4 Data type & source -----	20
2.4.1 Data Type -----	20
2.4.2 Source of Data-----	21
2.4.3 Data collection instrument and methods-----	21-22
2.4.4 Data Collection method -----	22-23
2.5 Sampling Design and target population -----	23
2.5.1 Sampling Design -----	23
2.5.2 Target population -----	23
2.5.3 Sample Size -----	23-24
2.6 Data Analysis and Presentation-----	25
2.6.1 Data Processes -----	25
2.6.2 Data Analysis-----	25
Reference -----	26-27

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***Assessment of the Challenges of Livestock market linkage
between Afar livestock cooperatives and Export Abattoirs
to enhance Competitiveness for greater benefit***

Advisor _____

Addis Ababa, Ethiopia

January 2016

Semera

Table of contents.....	2-3
Acronomy.....	4
CHAPTER ONE-----	5
INTRODUCTION	5.6
1.1. Background of the Study	6
1.1.1 Background of the Study Area: Afar Regional State-----	6-7
1.1.2 Trends of livestock Marketing cooperatives and export abattoirs -----	7-11
1.2. Statement of the Problem.....	Error! Bookmark not defined. 11.14
1.3. Research Questions	Error! Bookmark not defined. 14
1.3.1. General Research Question.....	Error! Bookmark not defined. 14
1.3.2. Specific Research Questions	15
1.4 .Objective of the Study	15
1.4.1 General Objective of the Study	14
1.4.2. Specific Objectives of the Study	Error! Bookmark not defined. 14-15
1.5 .Significance of the Study.....	15
1.6 .Scope of the Study.....	Error! Bookmark not defined. 15.16
1.7. Limitation of the Study.....	17
1.8 Organization o f the thesis -----	16
CHAPTER TWO-----	17
2. Research Methodology-----	17
2.1. Description of the study Area-----	17-18
2.2. Research Strategy-----	18

2.3. Research Design-----	18
2.4 Data type & source -----	19
2.4.1. Data Type-----	19
2.4.2. Source of Data-----	19
2.4.3. Data Collection Instruments and Methods-----	19-20
2.4.4. Data Collection Methods -----	21
2.5. Sampling Design and Target Population-----	21
2.5.1. Sampling Design-----	21
2.5.2. Target Population-----	21
2.5.3. Sample Size-----	22
2.6. Data Analysis and presentation-----	23
2.6.1. Data processes -----	23
2.6.2. Data Analysis-----	23.
Reference-----	24-25

ACRONYMS

ANRS Afar National Regional State

APARI Afar pastoral and Agricultural Research Institute

ACDI/VOCA Agricultural Cooperative Development International and Volunteers in Overseas Cooperative Assistance

BOPAD Bureau of Pastoral Agriculture and Development

EIAR Ethiopian Institute of Agricultural Research

FAO Food and Agriculture Organization of the United Nations

ILRI International Livestock Research Institute

LMA Livestock Marketing Authority

MASI meter above sea level

NGOs non-governmental organizations

PADO Pastoral Agriculture Development Office (for Woreda)

PLI-LMP Pastoralist Livelihood Initiative - Livestock Marketing Project

RMA Rapid Market Appraisal

RVF Rift Valley fever

SNNPR Southern Nations, Nationalities and Peoples Region

SORDU Southern Range Development Project

SPS-LMM Sanitary and Phyto-Sanitary-Livestock and Meat Marketing

TAES Texas Agricultural Experiment Station

USAID United States Agency for International Development

USD United States dollar

CHAPTER ONE

1. INTRODUCTION

Livestock production systems in Ethiopia are generally subsistence oriented and productivity is very low (Belachew and Jemberu 2003). The supply originates in small numbers from highly dispersed small producers that supply non-homogenous products to local markets. Presently, due to the low productivity of the animals and the absence of market-oriented production systems, the volume of marketed surplus is very low. In addition, the different live animals supplied to the market by pastoralists do not meet the quality attributes required by diverse markets.

Livestock play multiple roles in the livelihoods of people in developing communities, especially the poor section of the society. They serve as source of food and nutrition, work, economic and social status (Chris, 2001). The livestock sector supports the livelihoods of considerably large proportions of rural households in Ethiopia. It accounts for about one-third of agricultural GDP, approximately the same as total cereals, and 14 percent of overall GDP in 2005. Livestock products including live animals, meat, and leather goods are a major source of foreign exchange, about birr 1.08 billion or 6.4 percent of total exports. Meat, eggs, dairy, and other livestock products together account for about 12 percent of the value of total household consumption (GELAN, 2012).

There are approximately 10 million lowland pastoralists in Ethiopia that cover nomadic communities as well as sedentary agro-pastoralists. Each argo-pastoralist owns between 10-15 cattle and 7 sheep/goats³⁶, while pastoralists collectively herd about 75% of the country's goat population³⁷ (approximately 17 million). Average distance to market in the lowland system is about 90 kilometres.

About 90% of the regional populations in Afar base their livelihood on livestock rearing with limited irrigation agriculture along the river basins and low-lying riverine areas. A recently done livestock census indicates that the livestock population in Afar region includes 2.32 million cattle, 2.50 million sheep, 4.44 million goats, 0.86 million camels, 38,320 chickens, 187,450 asses, 3160 mules, 900 horses and 810 beehives (Simenew, Tesfaye, Fekadu, Tesfu, & Fufa, 2013).

But the contribution of livestock sub-sector to agricultural GDP of the pastoral region in Ethiopia generally and Afar region particularly is not significant compared to the volume of livestock they have (Tefaye, 2008). In the case of Afar region, the livestock subsector contributed the greatest share to the agricultural regional Real Gross Domestic Product (**RGDP**), which is 88.40 and 87.80 percent

in 2011/12 and 2010/11, respectively. The agriculture sector contributed 58.60 and 57.30 percent in the

same year respectively (BOFED, 2013/14).. Improving is the competitiveness of meat export chain is considered to be crucial. This will require not only raising the competitiveness of individual firms but also improving the efficiency of all its elements from production, to processing, handling, distribution, and marketing. Though setting the livestock value chain on a competitive course has paramount importance and is seen as a decisive marketing strategy, information on economic aspects of livestock marketing, performance and structural characteristics of the market and competitive behaviour of actors in the market chain is highly scanty. Hence the necessity for overcoming these limitations will inevitably lead to analyzing the value chains for meat exports. Understanding how the meat export market works can provide a basis for identifying opportunities to be exploited and constraints that need to be improved.

Overall, to alleviate the multi-faceted problems that limit the contribution of the livestock sector to the countries' economic development and to improving livelihoods of the pastoralists, reviewing the existing livestock related policies and intervention programs, characterization of the production system and analyzing the marketing systems is essential. Hence, the need arises for analysing the Challenges of Livestock market linkage between Afar livestock cooperatives and Export Abattoirs to enhance Competitiveness for greater benefit .

1.1 Back ground of the study

1.1.1 Background of the Study Area: Afar Regional State

The Afar Regional State is one of the constituent parts of the Federal Democratic Republic of Ethiopia. Afar region lies on the north-eastern rangelands of Ethiopia with an estimated area of 96.7 thousand square kilometres and a total human population of 1.49 million. The rural inhabitants make up for 90.9 % of the total human population .Generally Afar area is characterized by arid and semi-arid climate receiving a bimodal rainfall. The long rain usually occurs in the months of mid-June to mid-September, while the short rains usually fall in March and April (BoFED, 2011). The region has 5 administrative zones and 32 districts.

Much of Afar region is dry and rocky, unsuitable for cultivation and features tough climatic conditions that make living harder. Out of the total area of the region (estimated at 97,250 km²) cultivated and arable land constitutes 5.24%, forest 1.54%, bush and shrub 18.62%, grassland 1.56%,

marshy land 2.74%, water bodies 0.63% and degraded and rocky land 63.7% (**Simenew, Tesfaye, Fekadu, Tesfu, & Fufa, 2013**).

Agricultural sample survey was recently conducted by CSA, which includes only two zones out of the five zones, and 14 woredas out of the 32 woredas of the region. The sample survey result showed that, the region has 1.4 million cattle, 1.5 million sheep, around 3 million goats and 0.34 million camel (CSA, 2013/14). This difference may be due to the exclusions of 18 woredas of the region by the sample survey.

According to Getachew (2008), in Ethiopia, the pastoralist and agro-pastoralist areas such as Borena, Afar and Somali are considered the traditional source of livestock, supplying 95 percent of the livestock export market. Among these major supply areas, Borena zone is the major livestock supply area where almost all live animal and meat exporters are competing. But regarding Afar region's livestock export trade there is no clear information that could indicate whether the supply is as strongly appealing for domestic and international livestock traders as that of Borena.

Furthermore the above researchers found that, there is no stringent quality requirement for all marketable livestock species. Especially, the low level of strictness of requirements of shoaat export markets can be judged by their preferences. Such markets only stress that marketable animals have the following attributes: animals of lowland origin, male, well-fed young animals aged between 1 to 2 years and live weight of 13 to 45 kg. In all livestock market, however, there is no standard measurement for selling and buying animals, with the exception of measuring live weight of shoats in Borena area and guessing of weight by visually observing the animals, in most other areas, (**Getachew, Hailemariam, Alemu, & Negassa, 2008**).

Even though Afar regional state has significant amount of livestock resource base compared to other regions, this potential has not yet been developed and properly benefited the pastoralist and agro-pastoralist producers due to different factors (**Getachew, Hailemariam, Alemu, & Negassa, 2008, & Rich, Perry, & Kaitibie, 2009**).

1.1.2 Trends of Livestock Marketing Cooperatives and Export Abattoirs

The diverse agro-climatic conditions of Ethiopia make it very suitable for the production of different kinds of livestock. Most of the livestock are produced by pastoralists, agro-pastoralists, and sold to private entrepreneurs operating in a marketing chain involving collection, fattening and transportation up to terminal markets.

National livestock statistics data collected at different times are not always directly comparable primarily because the entire country has never been covered in any survey or census. The extent of

geographical area covered in various surveys or census were different due to various reasons. For example, the CSA 2003/04 survey report for Afar, Somali and Addis Ababa;

The CSA 2004 survey report for Gambella and the CSA 2005/06 survey report for the rest of the regions estimated 43.23 million cattle, 29.64 million sheep, 25.85 million goats and 2.32 million camels in the country (CSA 2004; CSA 2006). Cattle and sheep are the major livestock in highland areas and camels and goats are the prominent domestic animals in the pastoral lowlands below 1500 metres above sea level (masl) (Ayele et al. 2003).

The predominantly highland (above 1500 masl) regions of Tigray, Amhara and Oromia also contain pockets of lowland (areas below 1500 masl) and such lowland pockets may contain production systems and livestock populations which are slightly different from those found in the highland areas. On the other hand, there are mainly lowland regions such as Borena, SNNPR and Afar where pastoralists predominate. Thus, while pastoralists are usually located in lowlands, all lowland livestock producers, especially those in lowland pockets of highland regions, may not be pastoralists.

Livestock are kept for multiple purposes as sources of draught power, milk, meat, skins and hides. They are also the main sources of income and are closely linked to the social and cultural lives of the community. The number of livestock owned per household varies from location to location depending on the diverse agro-ecological conditions and factors like feed availability, disease condition and resource status of the farmers.

Livestock is a major livelihood for communities in the pastoral areas of Ethiopia. Furthermore, pastoral areas have been the traditional source of animals for meat and live export, due to surplus output and preferences of the Middle East and North African (MENA) countries for the lowland breeds of Ethiopia. However, the current levels of contributions of the livestock sector in the Ethiopian economy, at either the macro or micro level is below potential.

There have been tremendous efforts in pastoral areas during the past 2 or 3 decades by the Ethiopian government and international development partners in water development, animal health, infrastructure (market place) development, organizing livestock marketing cooperatives, and linking them to central markets and export abattoirs that are aimed to improve livestock production and productivities. Despite all these efforts, the productivity and competitiveness of the livestock sector remains low as a consequence of human population growth combined with heavy grazing of rangelands, reduced mobility due to conflict and spread of sedentary living pattern. Encroachments into rangelands of agriculture and inedible plants, climate change, restrictions around livestock export and recurrent drought have further worsened the problem.

Livestock trading cooperatives have several problems such as shortage of operating capital, lack of training on entrepreneurship skills, narrowly focused organizational setup, transparent management system, lack of market information, dependence on a single exporter, and involvement of their leaders in their own livestock trading. Since livestock trading cooperatives are organized by members that do not have equal level of business skill, most of them lack an entrepreneurship skill to be able to compete in the market with individual traders. This could be developed through training and experience. Most of the livestock trading cooperatives in Yabello and Moyale areas are well trained through different initiatives by NGOs operating in the areas. Thus, there is a need to provide business skill training to all livestock trading cooperatives. Such training can have significant impact in the community where members of some of the cooperatives (around Negelle Borena) are entirely women. Women can transfer their knowledge and skill to their children and their environment.

The financial constraint and problem of limited access to information are cross-cutting among the livestock trading cooperatives. Those cooperatives that have managed to overcome their financial problem have limited source of information because they mostly rely on one exporter as a source of information and selling outlet. This means their operation ends up by the time this exporter faces a problem in the market. A good example is Liben livestock trading cooperative in Negelle Borena, which started cattle and shoats trading only with ELFORA. However, ELFORA suddenly stopped exporting cattle due to the problem it had from the importers (a ban by the Egyptian market). Liben also totally stopped buying cattle since it has business relation only with ELFORA. Similarly, they also buy shoats as long as their single customer is in operation. According to the discussion with a member of this cooperative, they could not sell to other buyers (like LUNA) since its representative is not willing to buy from traders in the secondary market and they do not have access to the central market. This indicates that cooperatives have limited access to information and they have a problem in seeking potential customers. Livestock trading cooperatives are established only to operate as a forward linkage of producers to potential buyers. They do not work as a backward links of input suppliers to producers. They simply collect livestock either from primary markets or collectors operating in these markets. Livestock trading cooperatives do not have any role in improving the production system. However, it was possible to organize livestock trading cooperatives to work in areas of livestock collection and input provision in order to ensure sustainable supply of market preferred animals. They also could have a significant role in raising the awareness of producers about market oriented production.

These intense challenges are, however, matched by opportunities for long-term development interventions that have the potential for significant positive impact on pastoralists and those

transitioning out of pastoralism. Demand for livestock and livestock products on the domestic and international market continues to rise, the Government of Ethiopia (GOE) is gradually opening the economy to encourage private-sector growth, and improved infrastructure is spurring economic growth in urban hubs like Jijiga, Moyale and Dire Dawa. In recognition of these positive movements, development efforts are now converging around integrated market development approaches that combine life-saving assistance with efforts to enhance broad-based resilience.

In Ethiopia, cattle, goats, sheep, camel and poultry, in order of importance, are used as resource base for meat production; however, the first three species are the most common. The annual growth of livestock is estimated at 1.2% for cattle, 1% for sheep, 0.5% for goats and 1.14% for camels while annual off take is estimated at 10% for cattle, 35% for sheep, 38% for goats and 6.5% for camels (Belachew and Jemberu 2003).

There are 10 functional export abattoirs, out of which 3 in Modjo, 3 in Bishoftu, 1 in Matahara, 1 in Mekele and 1 in Bahirdar, Melga wondo and non is located in pastoral areas or at nearby the main source of animals that are slaughtered for meat export. However, the export abattoir, which is under construction at Fafan, near Jijiga and another export abattoir at Yabelo which is at “Project Concept” level. Out of 10 functional abattoirs, only 2 are exporting beef. The abattoirs export chilled meat and edible offal like intestine, liver and gray matter of the brain, also export fat, but sale rumen and kidney for local consumption. They sale skin and hides for local tanneries and dried trachea for dog meal processors.

According to the sanitary and phyto- sanitary and live animal and meat marketing program report (SPS-LMM, 2010), Ethiopia’s livestock sector plays vital roles in generating income to farmers, creating job opportunities, ensuring food security, providing services, contributing to asset building, social, cultural and environmental values, and sustain livelihoods. The subsector contributes about 16.5% of the national Gross Domestic Product (GDP) and 35.6% of the agricultural GDP (SPS-LMMP, 2010). The report also indicated that, the Ethiopian livestock sector contributes 15% of export earnings and 30% of agricultural commodities. The livestock subsector currently support and sustain livelihoods for 80% of all rural population. The GDP of livestock related activities currently valued at birr 59 billion (SPS-LMM, 2010).

The same source, further indicate that recently the livestock and meat export of Ethiopia had showed improvements in the following years, starting from July-December 2010, Ethiopia earns \$125 million in six months from meat and live animal exports (\$90,739,762 from live animal export and \$33,999,375 from meat and meat products). Comparing with the same period of 2008 and 2009, value

and volume of live animal export increases by 135% and 92% in value and by 63% and 23% in number of animals exported, respectively (SPS-LMM, FOCUS on Ethiopia's Meat and Live Animal Export, 2011).

The Trade Bulletin further indicates that trends in annual earnings from meat and live animal export have been positive during three fiscal year of 2009/10, 2008/09, and 2007/08 years, with \$125 million, \$79 million, and \$62 million, respectively (SPS-LMMP, FOCUS on Ethiopia's Meat and Live Animal Export, 2011).

Furthermore trends on the side of small ruminants exports of Ethiopia, Amha and others, (2011), asserted that, Middle Eastern countries such as, Saudi Arabia, UAE, Kuwait, Yemen, Bahrain, Oman and Qatar, and Egypt imported, 10.7 million live small ruminants and nearly 0.27 million metric tons of meat, mainly from small ruminants, in 2007. According to Amha et al, (2011) further indicate, the potential competitors of Ethiopia in Middle East live animal and meat markets are Australia, New Zealand, India, Brazil, Argentina, and Iran(Amha, Alemu, Merkel, & Gipson, 2011).

Brazilian beef is price competitive as the result of low production cost, while India as ready made market ,creating primarily to large non residence Indian population in Gulf for its beef export ,Australia , which export primarily sheep meat to Middle East as an aggressive marketing companion through the regional marketing office and targeting higher end market .face with such competitors, Ethiopian meat Exporters find to compete on price and quality.

In general, the Ethiopian export market for live animals and meat exhibited non-uniform pattern showing both ups and downs .This is particularly the case for the export of live animals, which showed a general downward trend. Increased domestic demand due to population growth and stagnant or declining production in the early 1990s might have lead to major decrease in exports. As to the meat export trend, decline in demand for meat and meat products will not be expected due to the unabated population growth being seen in the country and globally. The prospect for meat trade looks bright given the ever rising number of the middle income population group in every part of the globe. Thus to exploit the resultant niche market , working towards strengthening the competitiveness of the meat export value chain with a focus on downstream actors, livestock marketing cooperatives in particular, becomes a task of high importance.

1.2 Statement of the problem

The pastoralist and agro-pastoralist areas such as Afar are considered the traditional source of livestock supplying 95% of livestock destined for export market (**Belachew and Jemberu 2003**).

Though low land regions like Afar are known to be endowed with high livestock potential, a number of factors are still impeding its marketability. One major factor that explains the reason for low market access of pastoralists is poor road infrastructure. Insecurity and unavailability of water and feed along trekking routes also play their part in constraining market participation of pastoralists. Even though most traders believe the price differential is rewarding for the inward movement of animals, the infrastructural problems in this region are encouraging informal cross-border animal trade movement.

Under such a situation, the current supply system is making use of traders operating in the area as agents to collect shoats for the abattoirs. However, the stated system is not smoothly functioning for shoats market due to a number of reasons. Due to the occurrence of mismatch between the expression of demand by abattoirs and the time animals are collected from the primary markets and a relatively longer time needed to transport animals to the centre, shoats from the lowlands are usually left unexploited by the export market.

There are two types of buyers in the shoats market : exporters and domestic consumers. However, competition is stronger among exporters than between domestic consumers and exporters since they are focusing on different segments of the product. This sort of competition is an advantage for pastoralists and small traders at large. Small traders that collect live animals from distant primary markets hold their animals until the competition among their potential buyers reach the maximum possible price and hand over to the one that pays them better.

Like cattle, the comparable current high price for shoats in the formal channel is an important factor for inward movement of animals and hence reducing competition between informal and formal export channel. Here, because of their demand for young shoats, competition among export abattoirs and live animal exporters is usually expected in most markets. On the other hand, the domestic and export market demand for shoats is more or less different in that domestic consumers need female shoats compared to male because of the perceived carcass taste and higher fat accumulation needed by domestic consumers. Hotels and restaurant owners indicate that female shoats have higher meat proportion compared to male shoats. Moreover, domestic consumers demand bigger shoats (fattened matured male castrated shoats) especially during festivals.

The Afar National Regional State (ANRS) is one among naturally endowed pastoral regions of the country in terms of livestock population availability. Moreover, the region has a comparative advantage in its proximity to the port of Djibouti for its livestock export markets than other regions

similar sectors. The region also has opportunities of access to the potential importers of the Middle East countries than the remaining regions of the country except the Ethiopian Somali region.

However, due to different reasons it has been observed that in most cases the region seems that it is not in a position to fully and effectively exploit its comparative advantages as informal cross-border trade outweighs the formal channel at national level. Moreover, the traditional livestock rearing practices have exposed the producers to rangeland degradations. Thus, marketable livestock species such as cattle, shoats, and camel of Afar pastoralists might not be competitive like that of Borena and Somali in both domestic and international markets. This trend of backward production practice had been followed from generation to generation and having livestock is mostly for prestige to the producers (Getachew, Hailemariam, Alemu, & Negassa, 2008).

Trends about the relationship strength and level of coordination within the animal export supply chain participants (i.e. between/among producers, livestock trading cooperatives, individual traders and exporters) seems in its traditional manner and whether there are established systems and working frameworks in the area is not studied yet. Thus, these shows that there is still a gap regarding empirical data of the region. Even though, there are few livestock cooperatives that supply shoats to export abattoirs, their performance, relationship among the chain actors and the current status of the region needs a scientific investigation.

Moreover, the researcher believes that there will be existing challenges in livestock supply systems of the region to export abattoirs that makes the meat export supply chain uncompetitive in supplying quality meat products to both domestic and international markets based on demand changes in these markets which needs to be identified. Hence, this empirical gap is the primary focus of the research and what it intends trying to fill.

A major hindrance to Afar region's pastoralists and the livestock sector is the absence of a pastoral-friendly market system and structures, inadequate market infrastructure and facilities and market inconsistency (**Afar regional state, 2010**). Thus, Policy, organizational and institutional interventions to improve the contributions of livestock to the national and regional economy need to be based on an understanding of the constraints and opportunities available based on sound theoretical and empirical analysis. But most livestock marketing researches done yet in Ethiopia are at macro level. However, a large body of empirical macroeconomic work ignores market heterogeneity and the actors involved in the market by assuming a representative market and actor. Thus, macroeconomic studies cannot deal with "real-world" features that reflect the diversity of livestock marketing and the factors affecting it. On the other hand, micro analysis allows investigating the importance of socio-economic variables

and the role of policies and institutions in the livestock marketing systems. It is against this background that it becomes essential to identify and explain the factors that affect livestock marketing systems in Afar region.

In the Afar region the livestock marketing cooperatives have several problems such as very low or no orientation in market-oriented production practice, shortage of operating capital, lack of training on entrepreneurship skills, narrowly focused organizational setup, opaque management system, lack of market information, lack of physical assets such as own means of transportation and holding pens, limited technical backup from government structures, dependence on a single exporter, and involvement of their leaders in their own livestock trading. Since livestock trading cooperatives are organized by members that do not have equal level of business skill, most of them lack an entrepreneurship skill to be able to compete in the market with individual traders.

In an effort to bring benefits to the cooperatives through vertical integration, repeated attempts were made to link them up with a number of cooperatives. However, they have achieved little or no benefit and have not been able to lift themselves out of the cycle of commercial setbacks. There arises a strong need to investigate all these problems and most importantly those factors that negatively impact on the effectiveness of their business performance while getting involved in a certain kind of trading relationship with buyers.

It is these seemingly unsurmountable problems that made the researcher concerned and prompted him to embark on a study entitled 'Challenges of Livestock market linkage between Afar livestock cooperatives and Export Abattoirs to enhance Competitiveness for greater benefit'. Thus, the study will concentrate on the assessment of the organizational setup and marketing endeavours of some cooperatives, the challenges facing the market linkage of those cooperatives with export abattoirs, actors in the existing livestock export value chain and their backward and forward relationships, their interactions in the supply chain, existing domestic and global opportunities for the meat export market e.t.c. Based on this, the following research questions will be the focus of attention that need reliable and practical findings.

1.3 Research Questions

The general and specific research questions are listed as follows.

1.3.1 General Research Question

- What are the Challenges of Livestock market linkage between Afar livestock cooperatives and Export Abattoirs? Can their competitiveness be enhanced for greater benefit?

1.3.2 Specific Research Questions

- How can be the global competitiveness of abattoirs related to the linkage.
- How the demand volume, price offer, logistical support and market conduct of the abattoirs in general to exploit the domestic market supply.
- What is the organizational, management and marketing capability of the livestock marketing cooperatives under research.
- What is the current status of livestock market linkage between Afar livestock cooperatives and export abattoirs?
- How can the competitiveness of Afar livestock cooperatives and the export abattoirs to which they were linked be enhanced?

1.4 Objective of the Study

1.4.1 General Objective of the Study

Assessment of the Challenges of Livestock market linkage between Afar livestock cooperatives and Export abattoirs to enhance Competitiveness for the greater benefit.

1.4.2 Specific Objectives of the Study

- To review current efforts of the abattoirs towards gaining market share in the global livestock trade competition.
- To investigate the position of the abattoirs in the domestic livestock market landscape.
- To assess pre-market potentials and backward linkages of the cooperatives.
- To identify challenges of livestock market linkage between Afar livestock cooperatives and export abattoirs.
- To explore ways for enhancing competitiveness of cooperatives and export abattoirs.

1.5 Significance of the Study

The study will collect relevant information about **livestock market linkage between Afar livestock cooperatives and export abattoirs** and will come up with a sound result and conclusion to enhance competitiveness of cooperatives and export abattoirs for greater benefit. With no doubt, this study

will add and contribute some inputs to the existing empirical frameworks and will be very useful and a good asset for different stakeholders including livestock producers, market participants, exporters, governmental organizations as well as non-governmental organizations. It will emphasize the significance the value chain based marketing approach has particularly for abattoirs and livestock marketing cooperatives working under a contractual agreement encouraging them to act beyond the ritual practice of buying and selling.

This research will help Governmental Organizations (**GOS**) and Non-Governmental Organizations (**NGOS**) through applying and using the findings as an input to their policies formulations regarding livestock (sheep) market linkage there by encouraging investment in the study area as long as awareness. Moreover, the study may also serve as a guide and reference for future researchers who will have intentions to conduct study related to this area.

1.6 Scope of the Study

This study will be built from the conceptual framework Assessment of the challenge of Livestock market linkage between Afar livestock cooperatives and Export abattoirs to enhance the competitiveness for greater benefit. Since it is difficult to cover and assess all livestock cooperatives in Afar region and all export abattoirs which have linkage with cooperatives, the study is limited to a sample of cooperatives and some export abattoirs. The export abattoirs like Organic, Luna, Mojo, Alal, and Elfora and livestock cooperatives from the districts (woreda) such as Chifra, Amibara, Awash, Adaar and Aysita will be taken as target population.

Moreover, regional and district level animal production extension agents and marketing support service providers working within the system of Pastoral Agriculture Development bureau along with NGOs working in the area will be taken as key informants for the purpose of assessing the support provided and the enabling environment under which the cooperatives and abattoirs were operating during the linkage period.

Furthermore, the research will use financial documents, transaction records, M&E reports, trade journals, etc. which are currently at the disposal of the cooperatives, abattoirs and various business support service providers as secondary data sources with a view to consolidating its findings.

1.7 Limitation of the Study

Though this research through its findings aims to enhance the competitiveness of cooperatives and abattoirs, it is believed to have its own limitations due to the following reasons. The research will also be encountered with the limitation of past research works related to the subject area and export trends. One of the limitations this study is going to face is absence of sufficient data concerning the operations of foreign meat importers found at the other end of the global value chain. Finding rigorous transaction data on the side of the cooperatives is also likely to be a daunting task.

Furthermore, the research is limited and will be done on some export abattoirs that currently have a market linkage with Afar livestock marketing cooperatives, (i.e.the research is based on data obtained in 2015 about performances of cooperatives and export abattoirs and as such is designed to employ the cross-sectional approach).

Methodologically, the study will have data and time coverage limitation as it is designed to employ the livestock cooperatives' and export abattoirs' current performance without conducting additional assessment on their past business record. This method would not enable the researcher to compare past and current trends and it could have been more helpful to acquire more accurate information than the cross-sectional approach to be employed by this research.

1.8 Organization of the thesis

The report of the study will have five chapters. The first chapter deals with introduction, background of the study, statement of problem, objectives of the project, scope of the study. The second chapter will cover review of theoretical and empirical literature related to the investigation. Chapter three will cover the research methodology: Research design, nature and source of data, sample and sampling methods, Details of tools, Data collection, Data handling and statistical tools used for data analysis. The fourth chapter presents Data Interpretation and Findings (the results and discussion part of the study). In fifth chapter, the conclusion and recommendation, Limitation of the project and direction to further research will be given. Finally the reference /Bibliography and Annex/appendices (Questionnaire used etc.) will be furnished.

CHAPTER TWO

2. Research Methodology

This research will use descriptive survey data to conduct analysis on ‘The Challenges of Market Linkage between Afar Livestock Marketing Cooperatives and Export Abattoirs to Enhance Competitiveness for greater benefit . The study will be based on linear and multiple regressions in order to observe the correlation of the dependent variable with the exogenous variables in the framework. To do this SPSS Version 16 will be employed for descriptive data analysis.

2.1 Description of the Study Area

The economic system of the Afar region is dominated by pastoralists (estimated to be 90% of the population) .Recently, a new economic pattern is also being witnessed emerging with the growing number of agro- pastoralists. Nowadays, the number of agro-pastoralists account for approximately 10% of the region’s population. The agro-pastoralists are practicing small-scale irrigation based agriculture on the banks of the permanent and seasonally dry rivers. A recently done livestock census indicates that the livestock population in Afar region includes 2.32 million cattle, 2.50 million sheep, 4.44 million goats, 0.86 million camels, 38,320 chickens, 187,450 asses, 3160 mules, 900 horses and 810 beehives (Simenew, Tesfaye, Fekadu, Tesfu, & Fufa, 2013).

Regarding livestock trade, the region is generally characterised by a backward marketing system. Even though new livestock market places are spreading throughout the region covering most of the weredas, market participation of pastoralists is still low. The livestock marketing landscape is dominated by individual traders, and illegal trade is rampant causing widespread market misconduct. There are a few livestock marketing cooperatives in the region, of which some were involved in market linkage activities over the past few years.

These livestock marketing cooperatives are specially concentrated in two zones of the region (Zone1& 3) where there is high potential of livestock population. Looking from the perspective of international trade, the cooperatives can be described as having great comparative advantage due to their better access to port facilities. This is evidenced by their proximity to the export outlet and the fact that the asphalted road which is connecting Addis Ababa with Djibouti and considered the economic artery of the country passes through the towns where the cooperatives operate. Three

livestock marketing cooperatives , market agents, governmental and non-governmental support service providers that are functioning around these exporters were chosen as the target population and will come under scrutiny of this research.

2.2 Research Strategy

Research strategy is a plan of action that steers the efforts of researchers. Mixed methods approach is a combination of both qualitative and quantitative approaches. The mixed method approach is mainly used in the case of the challenge of market linkage between cooperatives and Meat exports studies on different SCM characteristics as suggested by (Mohammed Siraj, 2014). Thus, the researcher will resort to both qualitative and quantitative methods for collecting the intended data and quantitative method for analyzing the collected data. The researcher will express the quantitative data through triangulation with that of the qualitative data. Hence, quantitative approach is selected so as to make a critical and reliable analysis of variables mentioned under the conceptual framework for the accomplishment of this research i.e Study the Challenges of Market Linkage between Afar Livestock Marketing Cooperatives and Export Abattoirs to Enhance Competitiveness for Greater Benefit'. Since the study is a descriptive survey study it calls for employing quantitative approach.

2.3 Research Design

The research design is a conceptual structure that shows how all major components of the research project are built up. Survey is one of the descriptive research methods that help to collect data at a specific point in time with description of the nature of current conditions, or comparing principles against existing conditions, determining the relationships between specific events. In this case, the researcher will use the descriptive research design that involves acquiring information about one or more group of people by asking them questions and recording their answers and drawing conclusions about a particular population from the responses of the sample will be possible. Based on this, the researcher will use descriptive survey study approach to answer the research questions. In line with this approach a 5-point Likert scale (1=Low and 5=Very High), which can express as categories, not as numerical points, will employ to measure the respondents' strength of likelihood with the research variables.

2.4. Data Type and Source

2.4.1. Data Type

To obtain useful research output from ‘ Assessment of the Challenges of Market Linkage between Afar Livestock Marketing Cooperatives and Export Abattoirs to Enhance Competitiveness for greater benefit’, the researcher will use both qualitative and quantitative data types. In this regard, researcher’s rationale for employing both data types is to meet or achieve the specific objectives designed. This is to mean that the specified objectives are not expected to be achieved in qualitative or quantitative data type alone. Rather objectives at large could be achieved through both qualitative and quantitative data types. Hence, in order to make the study more accurate and reliable, the researcher will employ both qualitative and quantitative data types.

2.4.2. Source of Data

For this study both primary and secondary data sources will be used. The primary data will be collected from producers i.e, from members of livestock trading cooperatives , market agents, technical and managerial staff of export abattoirs directly involved in the livestock market linkage activities. The information includes the overall characteristics of livestock cooperatives and export abattoirs involved in this business using structured questionnaires, observation and interview designed for this study.

study also will employ information from secondary sources such as Central Statistical Authority (CSA), regional and woreda pastoral and agriculture development offices, regional trade and investment bureau and other non-governmental organizations who are engaged in livestock production and marketing improvement interventions and their results, using interview as primary source and assessment of reports and manuals as secondary source. Secondary data from reports and other supportive documents from exporter firms and other institutions on current trends in 2015 will be used as secondary data source of the study.

2.4.3. Data Collection Instruments and methods

The methods of data collection depend upon the type (qualitative and quantitative) and sources (primary and secondary) of data collection. In this study to collect primary data, key informant interview and questionnaire will be employed and to collect secondary data, trade journals, websites, reports and manuals as secondary sources will be utilized.

Hence, both set of methods of data collection will be employed. Special emphasis will be given for the primary data collection tools as prior research had not been conducted in the study area. The purpose of applying secondary data collection tools is to supplement the data obtained from primary resources. In addition to this, the researcher believes that, employing and using different tools would help for triangulation purpose. Each data collection tool is presented in details as follows.

Key Informant Interview:

The researcher and one assistant expert will administer the structured and unstructured questions for primary data and key informants for interview purpose. This is because key informants interview more particularly with government officials primarily from Regional Pastoral and Agricultural Development Bureau, branch woreda offices and stakeholders for instance from NGOs engaged in livestock and regional trade and investment offices, will provide crucial information about the study area. Due to this, the researcher will conduct key informants interview after data have been collected through questionnaires. Hence, for the researcher, key informants interview is the final instrument that will help to clarify initial responds obtained from data collection using structured and semi-structured questionnaire which can be used for reliable data analysis and for triangulation purposes.

Questionnaire:

Questionnaire would be the most important instrument through which the primary data in this study will be collected from members of livestock market cooperatives, market agents, and export abattoirs. The content of the questionnaire will include structured and semi-structured questions to achieve the intended objective. For the sake of convenience and to make questions more clear and appropriate prior to its distribution, the researcher will do the following steps.

The required information will be listed out in relation to the proposed objectives; following this, questions will be framed with appropriate scale of measurement; validity and reliability of questionnaire will be assessed using relevant statistical tools.

Export Abattoirs & cooperatives Facility Observation

Investigator will make a field observation and will discuss with livestock marketing cooperatives in Distict(woreda) chifra, Awash, Adahar, Aysita and Amibara . By the same taken, managers of Organic, Alal , 'Luna',Mojo and 'Elfora' export abattoirs as well as technical workforce of these

slaughterhouses operating in Metehara, Mojo and Debrezeit towns would be physically contacted in order to get broader insights into their daily activities.

2.4.4. Data Collection Methods

As mentioned above, data will be gathered using key informants interview and questionnaire. For the purpose of reliability of the data, the researcher and one assistance expert will handle all the data collection tasks. After the completion and edition of the questionnaire and interview questions, a pilot survey will be conducted in the area where livestock cooperatives and export abattoirs are found and at the regional pastoral and agricultural development bureau to estimate time taken by a respondent to complete one questionnaire, and then to make important adjustments. The final questionnaire refined will be distributed and administered by the researcher for selected respondents in workday time.

The data collection procedure for interview will be held one after another. Interview will be held with Regional pastoral and agriculture development and Regional trade and investment Bureau officers, with woreda pastoral and agriculture officials and experts, and NGOs. livestock cooperatives and Export Abattoirs. In case the first round interview fails i.e, if the interviewee may not give detailed and sufficient information, the researcher will try to interview them again in order to obtain the desired data.

2.5 Sampling Design and Target Population

2.5.1 Sampling Design

The researcher will use purposive sampling as the number of exporters and cooperatives practicing collective marketing in the region are very small. In addition to this, whenever it is necessary the researcher will resort to snowball sampling. This is because; the researcher will select some prominent personalities who are expected to offer the real information.

2.5.2 Target Population

The target population of the study is livestock marketing cooperatives and export abattoirs actors including producers and market agents. However, foreign importers and their respective customer segments are not taken as sub elements of the target population due to limitation of the study.

Moreover, due to the incapability of the researcher to cover a wide range of related issues in his research, the interaction of producers with input supplier firms such as feed and drug suppliers will not be touched upon by the study. These services are in large part provided by GOs and in some cases by NGOs.

2.5.3 Sample Size

Based on the above assumptions, the sample population that comprises respondents from livestock marketing cooperatives and export abattoirs will be selected by using purposive sampling method. Livestock producers who are members of trading cooperatives, officials of the cooperatives in, Awash, Aysaita, Cifra, Amibara and Adahre, with a total of 25 respondents from the producers' side are taken by purposive sampling and all the livestock marketing cooperatives' operating in Chifra, Awash, Adaaar, Aysita and Amibara and managers of 'Organic', 'Mojo', 'Alal', 'Luna and 'Elfora' export abattoirs and technical workforce operating in Metehara, Mojo and Debrezeit towns will all be covered by the study.

Respondents from livestock market cooperatives will be the chairman, the secretary and the finance chief and from the export abattoirs will be chief executives, line managers from procurement and supply, marketing, livestock feed and veterinary departments and three workers from each departments (with a total of 39 target respondents from the exporters side i.e. from downstream of the chain). In addition to these respondents, if firms have external livestock collectors/agents, they will be taken as respondents in order to get comprehensive information about the relationship strength and governance structure.

Moreover, regional and district level animal production and marketing service providers from Pastoral and Agriculture Development sector with a total eight (department heads or experts) respondents, three officials from trading and investment, and two respondents from eligible NGOs working in the area will be taken as key informants regarding the supports provided for the livestock market linkage between cooperatives and export abattoirs. Involving these respondents in the interview process will also enable to get current data about existing government policies, regulations that enhance competitiveness of the cooperatives and abattoirs under study.

Further, roles and their interaction with producers and exporters of those active participants in animal marketing like traders and collectors operating in the 5 markets will be assessed using convenient

sampling with a total 15 respondents. Whereas overseas importer companies of meat and end customers are excluded from this assessment due to time, geographical location, and financial constraints. Hence, a total of 85 to 87 minus 5 percent of non-response value is the sample size as target respondents included through this survey to assess the challenge of market linkage between cooperatives and Meat exports abattoirs.

2.6 Data Analysis and Presentation

2.6.1. Data Processing

After the necessary raw data is collected through questionnaire and structured interview the researcher will sort, summarize, edit and code the data in tables and diagrams. The process of data analysis involves stages such as editing questionnaires for completeness and consistency, and then the data coded will be checked for any errors and omissions. The responses from open ended questions will also be coded using central tendencies and dispersion. This is to bring similar ideas together and make data clearing in order to avoid unnecessary estimations.

2.6.2. Data Analysis

The data collected from the producers, exporters, market agents and GOs and NGOs will be analyzed using statistical methods. The analysis of the data obtained through questionnaire that already started editing and coding will be supported by Statistical Packages for Social Sciences (SPSS version 16) software in order to make regression and correlation analysis in getting the level and strength of significance relationships of the dependent with each independent variables.

Presentation and interpretation of the results of the questionnaire will be made along with the analysis of information obtained from interview including some demographic characteristics and analysis of variables in the conceptual framework regarding their significance relationships with the Challenges of Livestock market linkage between Afar livestock cooperatives and Export Abattoirs using statistical tools as well as review of documents to supplement primary data using graphs, tables, figures and corresponding discussions.

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AP

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ND

IX

Appendix 1



ST' MARY UNIVERSITY

DEPARTMENT OF BUSINESS ADMINISTRATION

2014/2015 ACADEMIC YEAR

I. Taxpayers survey instrument

Dear Participant

The purpose of this questionnaire is to gather relevant data that will be used in undertaking a study on the topic *“Assessment of tax collection system and challenges on category “A” taxpayers in Arada sub City”* as a partial fulfillment of the requirements for the Masters of Business Administration. Participation in this paper is voluntary and strict confidential; your cooperation in filling out the questionnaire carefully and genuinely, apart from contributing towards the successful completion of the study; and it is essential input towards the creation of a levelheaded knowledge regarding the previously mentioned issue.

Instruction: Put (X) sign on the box of your choice for your answers;

For further information, please contact Genet Yeneneh by the following address:

Tel.: +251910645263

Part I: Questions regarding background information

1. Gender: Male 1 Female 2

2. Age: Less than 30 year 1 30-40 years 2
40-50 years 3 Above 55 years 4

3. Highest level of education achieved:

Read and writes 1 Elementary 2
Diploma 3 BSc/BA above 4

Others 5, please specify _____

4. Type of business: _____

5. For how long do you engaged in your current business?

Less than 2 years 1 3- 6 years 2
7-10 years 3 Above 10 years 4

6. How long do you register as tax payer in Arada sub city? _____

7. What types of tax do you pay?

Business income tax 1 VAT 2
Rental income tax 3 ployment tax 4

Others 5, please specify _____

II. Questions related to taxpayers attitude towards taxation

8. Do you know why you pay tax?

Yes 1 No 2

9. Why do you pay taxes? (multiple answers are possible)

To avoid disturbances (penalties, sanctions) 1

In the anticipation of public services 2

There is no opportunity to evade 3

It is an obligation towards the government 4

Don't know 5

Others 6, please specify _____

10. Do you think that the tax you are paying is fair and based on your ability to pay?

Yes 1 No 2

11. Have you ever been audited?

Yes 1 No 2

12. Do you think tax assessment and audit enhance voluntary compliance?

Yes 1 No 2

13. Does the noncompliance of other taxpayers have a negative impact on your own compliance behavior?

Yes 1 No 2

14. Do you think illegal traders have a negative impact on your return filling and payment regularly?

Yes 1 No 2

15. If there is no legal enforcement (penalty) is there a possibility that you may not pay?

Yes 1 Sometimes 2 Neutral 3 No 4

16. How do you prepare your tax returns?

Self-assessment Accountant Authorized taxes return preparers

Others 5, please specify _____

17. When you fill your tax returns do you provide the necessary documents to the tax office?

Yes 1 No 2

18. Do you use cash register machine?

Yes 1 No 2

19. If your answer for question #20 is yes, did you get training before using it?

Yes 1 No 2

20. When you use cash register machine have you face any problem?

Yes 1 No 2

21. If your answer for question #22 is yes, do you get support by the tax office?

Yes 1 No 2

22. Do you pay your tax obligation on timely basis?

Yes 1 No 2

23. If your answer for question #24 is No, What could be your reason for not paying your tax obligation? (multiple answers are possible)

Have no sufficient disposable income 1

It is unfair/ beyond your ability 2

Face no problem by doing so 3

Expecting amnesty or write off 4

Others 5, please specify _____

24. Which of the following obstacles hinder your business to declare tax returns and to pay properly?

Complexity of the tax laws 1

Lack of weak tax education program 2

Lack of fairness and application of the penalty system 3

Low level of integrity and professionalism of tax office employee's 4

All affects 4

Others 5, please specify _____

25. What is the major problem(s) facing your business to pay your tax regularly and influence your business activities?

There are many traders that do not registered 1

There are dishonest tax collectors 2

Several tax items are levied at the same time 3

Taxpayers are not willing to pay taxes 4

All 5

26. Does the tax authority announce obligatory or purposive information concerning tax law through different ways?

Yes 1

No 2

27. Are you satisfied with the service delivered by the tax authority during return filling and payment?

Yes 1

No 2

28. Who is responsible for the noncompliance of taxpayers? (multiple answers are possible)

License and permit authorities 1

The tax authority 2

Taxpayers 3

Other 4, please specify _____

29. How do evaluate the strength of the tax office with respect to the following matters?

	Excellent	Well	fair	poor
Service delivery				
Tax collection capacity				
Enforcement of illegal taxpayers				
Awareness creation				
Documentation handling				
The tax administration process				

30. Which of the following procedures should be undertaken by the revenue authority to improve taxpayer compliance behavior?

Improving relationship with the tax payers

Strengthening legal enforcement and penalties

Providing necessary information to taxpayers

Educating the taxpayers and conducting consultation sessions

Reducing tax rates and making the collection procedures simple and transparent

Other please specify _____

31. Do you have any ideas, opinions and suggestions that have not been included in the aforementioned questions, revenue collection?

32. What do you recommend to the revenue authority of Arada sub city to install willingness based tax payments and to strong enforcement?

Thank you for your cooperation!



ST' MARY UNIVERSITY

DEPARTMENT OF BUSINESS ADMINISTRATION

2014/2015 ACADEMIC YEAR

II. Tax officers survey instrument

Dear Participant

The purpose of this questionnaire is to gather relevant data that will be used in undertaking a study on the topic *“Assessment of tax collection system and challenges on category “A” taxpayers in Arada sub City”* as a partial fulfillment of the requirements for the Masters of Business Administration. Participation in this paper is voluntary and strict confidential; your cooperation in filling out the questionnaire carefully and genuinely, apart from contributing towards the successful completion of the study is essential input towards the creation of a levelheaded knowledge regarding the previously mentioned issue.

Instruction: Put (X) sign on the box of your choice for your answers;

For further information, please contact Genet Yeneneh by the following address:

Tel.: +251910645263

Part I: Questions regarding background information

1. Gender: Male 1 Female 2

2. Age: Less than 25 year 1 25-35 years 2

36-45 years 3 46-55 years 4

Above 55 years 5

3. Highest level of education achieved:

Certificate 1 Diploma 2

BSc/BA 3 MSc/MA and above 4

4. Field of study:

Accounting and Finance 1 Management 2

Economics 3 Business administration 4

Others 5, please specify _____

5. Current job occupation: _____

6. For how long did you work with your current job occupation in ERCA?

Less than 2 years 1 2- 4 years 2

5-7 years 3 8-10 years 4

Above 10 years 5

7. Are the tax proclamation, regulation, directives and procedures are clear for the taxpayers?

Yes 1 Neutral 2 No 3

8. Does the tax administration clearly apply the existing tax laws in assessing and collecting procedures?

Yes 1 Neutral 2 No 3

9. Does the rules and regulations for the revenue collection are well known by tax officers?

Yes 1 Neutral 2 No 3

10. Does the tax administration offer clear, understandable and current tax information for the tax officers?

Yes 1 Neutral 2 No 3

11. Does the tax administration make the information available to taxpayer through various media and provide timely?

Yes 1 No 2

12. Are there any education and information programs on specific tax issues arranged with taxpayers?

Yes 1 No 2

13. Is there full integration and exchange of information with in the sectors?

Yes 1 Neutral 2 No 3

14. Is there a strong relationship between tax office and stakeholders in integration and exchange of information?

Yes 1 Neutral 2 No 3

15. Do tax officers have appropriate power to access information books of account and third party information of taxpayers for tax?

Yes 1 No 2

16. Does the Tax audit or assessment supported by intelligence input information's

Yes 1 No 2

17. Does the tax administration register all eligible taxpayers with jurisdiction and provide TIN?

Yes 1 No 2

18. Is the tax refund processing is transparent, fast and straight forward?

Yes 1 No 2

19. Is the tax return process easy, understandable and simple to complete?

Yes 1 No 2

20. Do a taxpayer comply their tax return in accordance with the law?

Yes 1 Neutral 2 No 3

21. Do you think the severity of sanctions and penalties ensure tax compliance?

Yes 1 Neutral 2 No 3

22. Do you think tax amnesty encourages tax evasion?

Yes 1 Neutral 2 No 3

23. Do the taxpayers get proper service delivery during tax filling returns and payment

Yes 1 No 2

24. Are the existing personnel skilled and well trained?

Yes 1 Neutral 2 No 3

25. Is the number of employees assigned to the tax office are enough to achieve its objective?

Yes 1 Neutral 2 No 3

26. Does the tax administration identifies new taxpayers and brought to tax net and new collection techniques developed?

Yes 1 Neutral 2 No 3

27. Does the tax administration properly collect taxes and penalties due from taxpayers and evaders?

Yes 1 No 2

28. Do you think the current tax collection performance is efficient in Arada sub city branch?

Yes 1 No 2

29. Does the tax administration use tax collection enforcement if a taxpayer has not made payment on the due date?

Yes 1 Neutral 2 No 3

30. What are the challenges of tax administration related with the tax collection system?
Besides, what do you suggest for the improvement of Tax administration and tax collection program?

31. Do you have any ideas, opinions and suggestions that have not been included in the aforementioned questions, regarding tax administration and tax collection system?

Thank you for your cooperation!

Appendix 3

1. What are the challenges that might be explained for non-performance (planned vs. actual) tax collection as per the above budget year?
2. When taxpayers bring tax returns do they attach the necessary documents?
3. Is there continuous tax collection training for new and existing employees?
4. How do you examine the result of the training on achieving the job effectively and efficiently?
5. What is the level of taxpayers' tax awareness and compliance behavior for Ethiopian tax system? If they are not aware, does the tax authority plans to do regarding awareness creation and compliance improvement?
6. Does the tax authority currently collecting the potential amount of tax revenue? If yes, how is it achieved? If not, what do you think the reason behind?
7. What types of tax assessment practiced in the revenue authority?
8. Which part of tax administration function needs further improvement to enhance revenue collection capacity?
9. Which type of business highly involved in tax evasion and fraud?
10. What are the main problems of tax assessment and collection in Arada sub city, which hold back the tax collection performance?
11. What are your recommendations to solve these problems and supportive comment to undertake the possible measure to control the problems?
12. Are there any mechanisms that enhance the tax administration activities and collection performance?
13. How was the tax revenue collection performance compared with the planned tax collection revenue for the year 2005-2007 E.C?
14. Do you have any ideas, opinions and suggestions that have not been included in the aforementioned questions?

Thank you for your cooperation!