FINANCIAL PERFORMANCE OF AGRICULTURAL COOPERATIVES FOR ECONOMIC DEVELOPMENT OF ETHIOPIA WITH SPECIAL REFERENCE TO GOFA ZONE, SNNPR

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ABSTRACT

Cooperatives play a vital role to boost the country’s economy with the support of rural agricultural cooperatives. Hence the study is focused on financial performance of Agricultural Cooperatives for economic development Ethiopian Economy at Gofa Zone in SNNPR. The research approach employed will be both quantitative and qualitative. Both primary and secondary source of data will be utilized for getting necessary information. We will collect primary data through the use of questionnaire and interview methods. For this case study, Zone and Woreda Cooperative Officers, Unions and Primary Cooperative Societies Committee members, In addition to that the secondary data will be collected from reports of various organizations. Out of 69 primary agricultural cooperatives 20 are determined as a sample. The Agricultural Cooperative Societies income for last five years and its performance was normal and lowest for to improve the performance of cooperatives The government may follow up and continuous support, facilitate credit availability, on timely audit service, and provide short, medium, and long-term training to committee members and cooperative promoters working around it. Not only the above mentioned responsibilities but also the government may took initiative steps to create market access and linkage among different market participants.

Key Words: Agricultural Cooperatives, Economic Development, countries income, woreda

INTRODUCTION

The word agriculture is the English adaptation of Latin term agriculūra, which is derived from two words: ager, "a field", and cultūra, "cultivation" in the strict sense of "tillage of the soil". Thus, a literal reading of the word yields "tillage of a field / of fields". However agriculture includes far more than tilling of a filed or the raising of field crops.

As the Ethiopian economy is highly dependent on agriculture the export products of the country is dominated by agricultural products. Other export commodities include spices, civet, beverages, beeswax, gall-stone and fish. (Timmer, C. P. (1988)), Whereas, most other natural resources are gradually depleted. (Alao, A. (2007).) World demand for our agricultural production continues to grow, Ethiopian agriculture will continue to improve, offering outstanding opportunities for aggressive well-trained young agriculturists and Cooperators.
The Ethiopian economy remains heavily dependent on agriculture, which accounts for about 50 percent of the GDP. An estimated 85% of the population gains its livelihood directly or indirectly from agricultural production. More significantly the sector accounts for 60% of exports, and 80.2% of total employment (CSA 2005). ATA(2017) Agriculture is the backbone of Ethiopia’s economy, accounting for 42% of GDP and nearly 80% of employment.(CSA, Ethiopia-Report on National accounts, 2005), Ethiopia without having a visible breakthrough in the development of cooperatives( Bernard and Spiel man, 2009, as cited by Ellen Verhofstadt and MietMaertens (2013)

The role of cooperatives in socio-economic development is to render service that motivates people (Joel F,2003). Cooperative organizations help to bring improvement in living standard among members and nonmembers. They continue plays an important role in the central and regional government to recognize the cooperative movement as a distinct sector (ICA,1995).

Agricultural Cooperatives trend that prevails in Ethiopia shows the close interdependence of the level of Economic Development, especially export of Agricultural Yielding and economic growth has been lower for many years (Alam, G. M., Hoque, K. E., Khalifa, M. T. B., Siraj, S. B., &Ghani, M. F. B. A. (2009). Government should play its role to increase the supply. (Cunningham, N., & Sinclair, D. (2017.) Musa Hasen A. &HiwotMekonnen M. (2017) agricultural cooperatives improve farm productivity through their influence on the adoption of productivity-enhancing technologies (Spielmanet al. 2010; Francesconiet Herink 2011; Abebab and Haile 2013) and by improvingfarm productivity (Abate et al. 2014; Francesconi and Ruben 2012). As cited by L. Okello, et.al. (2013) Exploitative relations within the colonial cash economy had resulted in discontent of the Africans against colonial economic policy favoring European and Asian business. The expression of discontent took many forms, ranging from boycotts, to organizing formal cooperatives by the indigenous African farmers in 1913 (Kyamulesire, 1988; UNS-Sacco.org, 2013). Waniama, Develtere, &Pollet (2009) The Cooperative in independent Africa generally phased into two eras such as immediate post-colonial period (from mid-1960 to mid-1990) and from Global economic reform of mid-1990 to the present.

People form cooperatives to meet social or economic need, to lesson market power imbalances, to identify problems with alternatives, to control decision-making, and to gain profits (Courtney Berner, 2013).ILO(2015) Sustainability is recognized as one of the five pillars of the International Co-operative Alliance’s (ICA) Blueprint for a Cooperative Decade, which aims to position cooperatives as builders of economic, social and environmental sustainability by 2020.Schwettmann (2014). Prakash (2003) throughout its history, the Cooperative Movement has constantly changed; The cooperative has been the policy instrument of the government in promoting social justice and economic development (Castillo, 2017).

In recent years it has become common to use an expanded definition of economic development that includes various quality of life measures of residents over time (Zeuli, 2002). Cooperatives have played a significant role towards achieving the growth and poverty reduction strategy by promoting income generating activities and improving access to banking services to rural and urban households.(KifleTefismatic, 2015).

Poverty is a major social and economic problem in Ethiopia (BeleteAssefa, 2013). The government of Ethiopia is actively promoting the involvement of cooperatives in the newly established commodity exchange.Gian Nicola Francesconi (2007) Using household survey data collected in 2005, the study evaluates the impact of smallholders’ cooperatives on agri-commodity (Teff, maize, wheat, sesame, and coffee) commercialization in rural Ethiopia.Effiom (2014), it is evident from available sources and history that cooperative organizations had by their charges and functions impacted immensely on national development.

XinshenDiao (2010),

**GDP - Composition by Agricultural products:** Agricultural sector of origin: agriculture: 34.8% (2017) cereals, coffee, oilseed, cotton, sugarcane, vegetables , cut flowers, hides, cattle, sheep, goats, fish GDP: Real Growth rate : 10.9% (2017), 8% (2016), 10.4% (2015)(The 2020 world fact Book(CIA))

**Exports commodities:** coffee (27%, by value), oilseeds (17%), edible vegetables including khat (17%), gold (13%), flowers (7%), live animals (7%), raw leather products (3%), meat products (3%)(The 2020 World Fact Book(CIA))
Statement of the Problem
Agricultural Cooperatives plays a vital role to improve the house hold economy as well as the country’s economy, especially in developing countries. The Agricultural Cooperatives is an engine for creating innovation, creating employment, economic growth and poverty reduction. Agricultural Cooperatives trend that prevails in Ethiopia shows the close interdependence of the level of Economic Development, especially export of Agricultural Yielding and economic growth has been lower for many years (Alam, G. M., Hoque, K. E., Khalifa, M. T. B., Siraj, S. B., &Ghani, M. F. B. A. (2009).)

Unfortunately, the potential of Agricultural co-operatives, and the extent of their development, has, in many cases, fallen short of expectations. Low standards of performance, poor management, financial failure, misuse of funds and use of co-operatives for political ends are been common features of co-operative enterprise in many countries. As a consequence, a great deal of understandable criticism has been leveled at the co-operative system, and many, including some members, have become cynical as to its ability to play an effective role in the economic development process. There are a number of problems which inhibit co-operative development and adversely affect the economic development.

The Government of the Federal Democratic Republic of Ethiopia has recognized and paid due attention to the promotion and development of Agricultural cooperatives including working a lot to attract Agricultural cooperative’s contributes in different sectors of the economy and is taking many major steps such as export access, providing investment incentives, and facilitating financial access to encourage agricultural cooperatives to improve the house hold income in order to increase the pace of economic development in the country.

A key challenge facing by SNNPR region has been identifying the major factors affecting the financial performance of Agricultural cooperative for economic development of Ethiopia with reference to SNNPR region and coming up with policies that would help to raise Cooperatives in order to stimulate and sustainable economic growth. Therefore, it is important and timely to identify the determining the financial performance of Agricultural cooperatives in SNNPR region. Moreover, the concept the financial performance of Agricultural cooperatives are dynamic and broad in nature, the previous research findings of other countries and regions in Ethiopia may not represent the selected area in this study. On top of that as the main focus of most previous studies conducted in Ethiopia was on the macro level the financial performance of Agricultural cooperatives in Ethiopian Economic development (domestic as well as foreign), and the role of Agricultural Cooperative sector at firm level has been overseen and not yet investigated in the study.

Research Questions
1. Do the agricultural cooperatives found at Gofa Zone of SNNPR’s are playing their financial performance on economic development of the Country in the study area?
2. What is the current status of Agricultural Cooperatives contribution on Ethiopia economic development at the study area?
3. What Problems faced the by Agricultural cooperatives in playing the role on Ethiopian Economy at the study area?

Objectives of the Study
General Objective of the Study
The Major Objective of this Study is to analyze of the financial performance of Agricultural Cooperatives for Economic development of Ethiopia with special reference to Gofa Zone, SNNPR.

Specific Objectives of the Study
The broad research objective that the study can further refine into the following specific objectives:
1. To assess the financial performance of agricultural cooperatives for economic development of the Ethiopia at Gofa Zone of SNNPRS;
2. To examine the current status of Agricultural Cooperatives contribution for economic development of the study area.
3. To evaluate the Problems that the Agricultural cooperatives faced in playing the role on Ethiopian Economy at the study area.

Scope of the Study
As indicated in the objectives, the aim of this study will be financial performance of Agricultural cooperatives for economic development of Ethiopia in the study area. In order to identify the important variable at micro level, the survey will be conducted at Gofa Zone of South Ethiopia (SNNPR) by using various data collection tools and will be analyzed.
Conceptual Framework
It is known that Cooperatives are strong partner to the government nowadays in solving socioeconomic problems of the people of the nation’s especially in developing countries like Ethiopia. With its definition and the International Cooperative Agency principle that they are being governed encourages them to serve their members and the community. Quality service provision, income earning, supply of inputs production and productivity of crops, processing, and marking the products the members, establishing the community based projects, and creating employment opportunity are some of the economic benefits of the cooperatives members and the community. This is true in general for cooperatives and particularly for agricultural cooperative societies as well.

Conceptual Framework

Source: Researchers Own Structure, October, 2020

Operational Definition for independent Variables
1. **Income**: the increased income of the country through of agricultural cooperative
2. **Agricultural Input Supply**: the indicator of economic development which encompasses access to fertilizers, Improved Seeds, pesticides, herbicides, packing materials, and agriculture aid machineries’ through the Cooperative societies to the members in order to increase production and productivities.
3. **Job Creation**: the created job opportunity for unemployed people through agricultural Cooperative.
4. **Agricultural Products sales**: The indicator of Economic Development to measure through Sales of Agricultural products in Agricultural cooperative societies, products sales for fair price.

Operational Definition for Dependent Variable:
**Economic Development of Ethiopia**: The Economic development will come through the above mentioned independent variables like improving sales of agricultural inputs and products, increasing production, infrastructure development, creation of Jobs, improving income.

Research Design
The research design will be employed is descriptive and explanatory type research giving emphasis on both quantitative and qualitative research approach.

Sources of Data
Therefore for this research both primary and secondary sources will be employed. The primary data will be collected through distributing questionnaire, interviewing key informants. The Secondary data will be collected using annual performance reports, financial statement reports, and management reports.

Primary Sources of Data
The primary data are a data which will be collected a fresh and for the first time and thus happen to be original in character. In this study, it will be collected from both Cooperative Unions and Primary cooperatives that are engaged in agricultural business. The schedules will be employed due to the fact that enumerators explain the aims and objectives of the investigation and also remove the difficulties which any respondent may feel
in understanding the implication of a particular question or the definition or concept of difficult items. Generally, through this method non – response is generally very low, the information is accurate. In addition to this, qualitative data will be collected from individual members by informal discussion and key informants from unions’ management bodies, managers, and cooperative sector officials.

Secondary Sources of Data
To achieve the above mentioned objectives, the researcher will collect and review relevant documents and information from secondary data sources. Relevant documents which are published and unpublished will be used to provide addition information. Besides, varieties of published and unpublished books, websites, journals and reports will be reviewed and suggest some recommendations. To generalize the agricultural cooperatives 5 years (2014-2018 G.C) performance report will be collected from the cooperatives of the study area.

Review of Literature
Ethiopia is a country, which richly endowed with huge man power, arable land and natural resource. However, much of its potential is not yet exploited. To start with, out of the sixty percent of its landmass which is known to have the potential for agricultural development, only 15 percent is said to have been developed. Although its contribution to the national economy is very limited, the country’s livestock wealth is the 2nd largest in Africa. The mineral resources’ potential is also high, much of it yet to be exploited. According to studies, there are diverse mineral deposits in various parts of the country that can meet export standards. Minerals currently being exported include gold, platinum, marble, granite and tantalum. Export of these minerals is on a very limited scale relative to their immense export potential.

The Ethiopian economy remains heavily dependent on agriculture, which accounts for about 50 percent of the GDP. An estimated 85% of the population gains its livelihood directly or indirectly from agricultural production. Coffee export accounts for more than 65 percent of foreign exchange earnings, while processed and semi-processed hides and skins are the second important foreign exchange earners.(Croppenstedt, A., & Muller, C. (2000).

As cited by L. Okello, et.al. (2013) Exploitative relations within the colonial cash economy had resulted in discontent of the Africans against colonial economic policy favoring European and Asian business who consequently monopolized domestic and export marketing of cotton and coffee, the two significant cash crops at the time. The expression of discontent took many forms, ranging from boycotts, to organizing formal cooperatives by the indigenous African farmers in 1913 (Kyamulesire, 1988; UNS-Sacco.org, 2013). Waniama, Develtere, & Pollet (2009)

The Cooperative in independent Africa generally phased into two eras such as immediate post-colonial period (from mid-1960 to mid-1990) and from Global economic reform of mid-1990 to the present. "Cooperative Society" means a society established by individuals on voluntary basis to collectively solve their economic and social problems and to democratically manage same (Cooperative Societies Proclamation, 147/1998).

People form cooperatives to meet social or economic need, to lesson market power imbalances, to identify problems with alternatives, to control decision-making, and to gain profits (Courtney Berner, 2013).ILO(2015) Sustainability is recognized as one of the five pillars of the International Co-operative Alliance’s (ICA) Blueprint for a Cooperative Decade, which aims to position cooperatives as builders of economic, social and environmental sustainability by 2020.Schwettmann (2014) more recent is the cooperative as a distinct business model which is defined as follows: “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”.

Zeuli (2002) Cooperatives have the potential to foster economic growth at the community and regional level, building on the spirit of cooperation that is already prevalent in rural. This is the interest of Ethiopia too. The cooperative has been the policy instrument of the government in promoting social justice and economic development (Castillo, 2017).

Sample Size Determination and Sampling Techniques
In this study two multipurpose Cooperative unions and 69 primary cooperative societies which are the affiliates of the unions that consist of 4637 individual members will be taken as target population which is finding in Gofa Zone SNNPR.
Table 1. Agricultural Related Cooperative Unions Basic Data

<table>
<thead>
<tr>
<th>R.No</th>
<th>Name of Union</th>
<th>Type</th>
<th>No. of member primary Coops</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>EsippeDicha</td>
<td>Multipurpose</td>
<td>45</td>
</tr>
<tr>
<td>2</td>
<td>Hibret-lelwut</td>
<td>Multipurpose</td>
<td>24</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>3</strong></td>
<td><strong>69</strong></td>
</tr>
</tbody>
</table>

Source: Gofa Zone Cooperative Promotion Office, 2019 – 2020

To determine the sample size for primary cooperatives Carvalho sample size determination method will be applied. Since the total number of PC are 69, the number found in between 51-90 for sufficient data collection and to increase the representative level we selected the maximum number which is 20. To determine the sample size the researchers will employ purposive sampling techniques for the unions whereas for individual members under 20 samples PC we will use Yemanes (1967) formula.

Table 2. Agricultural Related Cooperative Unions Basic Data

<table>
<thead>
<tr>
<th>R.No</th>
<th>Name of Union</th>
<th>Type</th>
<th>No. of Coops</th>
<th>Sample PC</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>EsippeDicha</td>
<td>Multipurpose</td>
<td>45</td>
<td>13</td>
</tr>
<tr>
<td>2</td>
<td>Hibret-lelwut</td>
<td>Multipurpose</td>
<td>24</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>69</strong></td>
<td><strong>20</strong></td>
<td></td>
</tr>
</tbody>
</table>

To distribute the sample size for each union we used ratio for both PCs and individual members.

DATA ANALYSIS AND INTERPRETATION

The data collection was done by using two data sources such as primary and secondary sources. With regard to primary sources the data collected through questionnaire was from 366 respondents and two were not responded. Hence the response rate is 99.45%.

Table 3. Amount of Sales Turnover done by the society/union for Agricultural products from last 5 years? (In Quintal)

<table>
<thead>
<tr>
<th>Product</th>
<th>Products in quintal per year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teffe</td>
<td></td>
<td>53,352</td>
<td>48,050</td>
<td>24,038</td>
<td>28</td>
<td>6033</td>
<td>131,501</td>
</tr>
<tr>
<td>Coffee</td>
<td></td>
<td>20</td>
<td>41</td>
<td>75</td>
<td>0</td>
<td>20</td>
<td>156</td>
</tr>
<tr>
<td>Maize</td>
<td></td>
<td>86,000</td>
<td>92,150</td>
<td>49,200</td>
<td>22,520</td>
<td>5000</td>
<td>254,870</td>
</tr>
<tr>
<td>Sesame</td>
<td></td>
<td>1259</td>
<td>20</td>
<td>48</td>
<td>0</td>
<td>10</td>
<td>1,337</td>
</tr>
<tr>
<td>Wheat</td>
<td></td>
<td>0</td>
<td>0</td>
<td>25</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Groundnut</td>
<td></td>
<td>0</td>
<td>0</td>
<td>25</td>
<td>0</td>
<td>23,100</td>
<td>23,125</td>
</tr>
<tr>
<td>Spices</td>
<td></td>
<td>79</td>
<td>30</td>
<td>35</td>
<td>0</td>
<td>105,020</td>
<td>105,164</td>
</tr>
<tr>
<td>Other/Banana</td>
<td></td>
<td>3420</td>
<td>840</td>
<td>3,064</td>
<td>0</td>
<td>10,023</td>
<td>17,347</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>144,130</td>
<td>141,131</td>
<td>76,485</td>
<td>22548</td>
<td>149,206</td>
<td>533,500</td>
</tr>
</tbody>
</table>

Source: Annual Reports from Unions, 2022G.C

According to Cooperative Society Proclamation 985/2016 article 4 (4) marketing of agricultural products with members is another purpose of cooperatives. Marketing of agricultural products with their members avoids the exploitation of the middlemen and increases the benefit of farmers. In short the income of farmers will increase when they sell their product at end market with better price. When we observe above table for the last five years (2016-2020) the cooperative societies involved in marketing of agricultural products regularly purchasing different products from members though there is significant decline in 2019 and 2020. Even though it is insignificant they were purchasing cash crops like coffee and sesame as well.
Table 4. The Income earned by the Agricultural cooperative society from last 5 years?

<table>
<thead>
<tr>
<th>Source</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales of Input</td>
<td>2,983,634</td>
<td>6,123,214</td>
<td>2,420,862</td>
<td>8,276,898</td>
<td>6,681,817</td>
<td>26,486,425</td>
</tr>
<tr>
<td>Sales of Agricultural Products</td>
<td>146,734.35</td>
<td>143,082.41</td>
<td>25,746.50</td>
<td>103,539.58</td>
<td>314,103.00</td>
<td>733,206</td>
</tr>
<tr>
<td>Interest from Saving</td>
<td>700</td>
<td>0</td>
<td>28,793</td>
<td>0</td>
<td>0</td>
<td>29,493</td>
</tr>
<tr>
<td>Commission</td>
<td>32,344.00</td>
<td>26,462.00</td>
<td>22,015.00</td>
<td>53,267.00</td>
<td>29,500.00</td>
<td>163,587</td>
</tr>
<tr>
<td>House Rent</td>
<td>9,157.00</td>
<td>13,850.00</td>
<td>5,700.00</td>
<td>28,350.00</td>
<td>37,050.00</td>
<td>94,107</td>
</tr>
<tr>
<td>Loan</td>
<td>44,950</td>
<td>37,000</td>
<td>67,700</td>
<td>30,532</td>
<td>288,344</td>
<td>468,526</td>
</tr>
<tr>
<td>Total</td>
<td>3,217,519</td>
<td>6,343,608</td>
<td>2,570,817</td>
<td>8,492,587</td>
<td>7,350,814</td>
<td>27,975,345</td>
</tr>
</tbody>
</table>

Source: Annual Reports from Unions, 2022G.C

For the past five years the highest share of income earned by cooperatives is sales of inputs (94.68%) next to sales of agricultural products (2.26%). Loan (1.67%), fesses (0.58%), house rent (0.34%), and interest from deposit (0.11%) respectively.

The above data shows that there is a main limitation in agricultural cooperatives to achieve the purpose of Cooperatives. This limitation is the service gap where highest focus is given to agricultural input marketing rather than product marketing. Hence most of farmers’ products are going through middlemen market chain that may bring loss of income of farmers.

Table 5. Agricultural product Export Marketing undertaken by the cooperative society

<table>
<thead>
<tr>
<th>Product</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ktl</td>
<td>Birr</td>
<td>Ktl</td>
<td>Birr</td>
<td>Ktl</td>
<td>Birr</td>
</tr>
<tr>
<td>Coffee</td>
<td>480</td>
<td>7,200,000</td>
<td>880</td>
<td>14,960,000</td>
<td>40</td>
<td>880,000</td>
</tr>
<tr>
<td>Sesame</td>
<td>1,170.00</td>
<td>1,458,035.00</td>
<td>30</td>
<td>90,000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Spices</td>
<td>60</td>
<td>152,600,000</td>
<td>40</td>
<td>880,000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>1,710</td>
<td>8,965,036</td>
<td>980</td>
<td>152,600,000</td>
<td>40</td>
<td>880,000</td>
</tr>
</tbody>
</table>

Source: Annual Reports from Unions, 2022G.C

The above table shows that the cash (export) crops marketing is not continued the latest two (2019-2020) years due to the destruction of cooperative unions no business was undertaken. For the remaining three years (2016-2018) the union collected and sold 273 tone of cash crops and earned birr4,005,036.00 of which 140 tone is coffee and 0.3% of national export share of Cooperatives. According to FCA (2019) from 2016-2018 Cooperatives exported 46,402 tons of coffee to international market.

Overall level of significant test

Qualitative Data Analysis and Summary of the Findings

- Summary of Economic Factors (from Agricultural Cooperative Society/Union): For the last five years the highest share of income earned by cooperatives is sales of inputs (94.68%) next to sales of agricultural products (2.26%). Loan (1.67%), fesses (0.58%), house rent (0.34%), and interest from deposit (0.11%) respectively.
The above data shows that there is main limitations in agricultural cooperatives to achieve the purpose of Cooperatives. This limitation is the service gap where highest focus is given to agricultural input marketing rather than product marketing. Hence most of farmers’ products are going through middlemen market chain that may bring loss of income for farmers.

The cash crop (export) marketing is not continued for the latest two (2019-2020) years due to the destruction of cooperative unions. For the remaining three years (2016-2018), the union collected and sold 273 tone of cash crops and earned birr 4,005,036.00 of which 140 tone is coffee and 0.3% of national export share of Cooperatives. According to FCA (2019) from 2016-2018 Cooperatives exported 46,402 tons of coffee to international market.

Except 2017G.C in the remaining four years they distributed birr 784,185.86 in the form of dividend to the members. Both declared dividend and distributed dividend amount were increasing year to year which in return indicates that the income of individual member house hold is increasing.

Cooperatives at study area created job opportunity for 166 permanent and temporary employees incurring a salary expenditure of birr 210,336.00 on average annually. Though the created job opportunity is insignificant, it has both social and economic value to the community in filling government gap.

CONCLUSION

The purpose of this study was to analyze the Financial performance of Agricultural Cooperatives for Economic development of Ethiopia with special reference to Gofa Zone, SNNPR. Specifically there are three main objectives. The Cooperative Societies Proclamation No. 985/2016, Article 4 sub-article 4 explains about the objectives of cooperatives in emphasizing to reduce production and service costs and to offer inputs and services to members with lower costs and provide better market prices to their products or services. Achieving this objective will improve the income of the member farmers and change their livelihood positively. In return this improvement will support the local and national development of the country.

The cash crop (export) marketing is not continued for the latest two (2019-2020) years due to the destruction of cooperative unions. For the remaining three years (2016-2018) the union collected and sold 273 tone of cash crops and earned ETB 4,005,036.00 of which 140 tone is coffee and 0.3% of national export share of Cooperatives. According to FCA (2019) from 2016-2018 Cooperatives exported 46,402 tons of coffee to international market. Though Gofa zone is one of high cash crop producing zone, it is not involved in cash crop marketing in national and international market. Not only cash crops marketing but also in other farm products marketing the cooperatives with their members is not satisfactory.

RECOMMENDATIONS

The government may follow up and continuous support, facilitate credit availability, provide on timely audit service, and provide short, medium, and long-term training to committee members and cooperative promoters working around it. Not only the above mentioned responsibilities but also the government may took initiative steps to create market access and linkage among different market participants. Cooperatives must construct stores for agricultural inputs and farm products storage in rural areas for easy access for farmers. To solve capital shortage the International Cooperative Agency principles of “Cooperation among Cooperatives” must be applicable dropping from theory to practicable position. The role of agricultural cooperatives in export market, input supply, output marketing, overall national economic development to capitalize the members’ participation is the crucial question. The members’ participation in cooperative societies business both in purchasing and selling is the pillar one, hence the existing weakness must be corrected through successive mass mobilization and education of members by the cooperative managements, cooperative promotion sector, in collaboration with local government and NGOs.
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