

**Mekelle University**  
**College of Business and Economics**  
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**Assess the effect of Conflict on Performance of Rural Saving  
and Credit Cooperative and Mitigating Mechanisms in  
Southern Tigray: The Case of Endamohoni Wereda.**

**By**

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**Thesis Submitted to Department of Public Administration and  
Development Management for the partial fulfillment of MA  
degree in Development Studies**

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**Mekelle, Tigray**

**march,2025**

## Declaration

This is to certify that this thesis entitled to assess the effect of conflict on rural saving and credit cooperative in southern Tigray: the case of Endamohoni Wereda. I submitted in partial fulfillment of the requirement for the award of Degree of MA in developmental study to the school of Graduate Studies, Mekell University, through the school of management done by Mr, Yohannes Redae Adhena. I.d No.cbe/dvsr/0010/20 is an authentic work carried out by him under my guidance. The matter embodied in this project work has not been submitted earlier for award of any Degree or diploma to the best of my knowledge and belief.

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**Mekelle University**  
**College Business and Economics**

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**By:Yohannes Redae**

**Approved By Board of Examiners**

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## Acknowledgment

I'm indebted to God the universal spirit; for my career, also owe to some individuals in conducting this study. I want to express my gratitude to my advisor Mr, Assefa shame (assistance professor) for his devoted intellectual guidance and understanding shown to me  
Thanks

I am also thankful to staff member of Tigray Cooperative promotion office endamohoni woreda cooperative promotion office, and Endamohoni woreda administration office for their information in giving necessary information and documents

Finally my special appreciation goes to my beloved mother Birhan g/Michal, to my cousin Maegel kalayu and all my best friends for that they encouraging me to pursue my study and supporting me financially to undertake this study

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## Acronyms and Abbreviations

UNDP United Nation Development Program

RUSACCO Rural saving and credit cooperative

SACCO saving and credit cooperative

ACCOSCA Africa confederation of saving and credit association

TCA Tigray cooperative agency

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## ABSTRACT

*The survey conducted after the devastating war in Tigray provides valuable insights in to assess the effects on the Endamohoni Wereda Main objective of this study is to assess the effect of conflict on rural saving and credit cooperative in southern Tigray: in the case of Endamohoni Wereda. The effectiveness of RUSSCO is necessarily subject to assess the negative effects of the conflicts or war, especially as their loans outstanding depended on the level of savings outstanding. Endamohoni Wereda Youth Saving and Credit Cooperative for its saving, loan provided, credit collections in 2020 and this effect leads for above 2million birr pillages in all branches During the conflict, deposits shrink and increases in withdrawals, substantial decrease in loan repayment lost their businesses, or even died. The Research design is mixed methods both qualitative and quantitative approach has been employed in this study. This researcher used a descriptive research design, and systematic random sampling techniques, department heads were selected purposefully . Data were collected by interviewing up on 378 respondents in rural saving and credit cooperatives Endamohoni Wereda , South Tigray in Ethiopia. To analysis and interpret data the researcher used descriptive statistics such as the percentage, range, table, graphs, ratio and narrations and the other methods to collect qualitative data by interview systematic random sampling and purposive sampling .The post war conflict brought about complex effects and wide range of damages such as pillage, assets set on fire , shutter or demolished assets. The members are facing multiple problems, challenges and economic limitations. Major challenges of rural saving and credit cooperative union is lake of awareness, limitation of managerial capacity, limited income of the members, Sacco size, dependency or government interference, inadequate support and weak regulation and supervision ,inaccessibility to technology, political instability or war. From this it is possible to conclude that the post war conflict significantly disrupted the income capacity of most respondents, with only a small percentage managing to generate income at or near their expected levels. Similarly, the majority of members either ceased saving or reduced their saving amounts during the war and siege period. Solutions for the challenges of rural saving and credit cooperative, the researcher recommended the following suggestions. Increase educated staff members, use of technology, creating awareness rising, enhancing of the members, and their income per participant, being autonomous, and cooperative among cooperative unions.*

### *Key Terms,*

*SACCOs, Credit, saving, Unions, Cooperative, Conflict, Financial performance, Mekelle, Ethiopia.*

# Chapter One

## Introduction

### 1. Background of the study

According to the International cooperative alliance (ABC, 2014) defined Cooperative as an association of persons, united voluntarily to meet their economic, social, cultural needs and aspirations through the jointly owned, autonomous and democratically controlled enterprise. According to Ethiopian cooperative societies proclamation (2016) cooperative society means an autonomous association with legal personality and democratically controlled by persons united voluntarily to meet their common needs which could not be addressed individually through a jointly owned enterprise on the basis of cooperative principles and other developed bylaws.

SACCOs and credit unions hold some real advantages for Low-income people seldom realize their economic opportunities through financial resources from conventional banks (Birchall, 2004). A structured SACCO is: An easy way of organizing a community to save and recycle savings in a given locality and since the nature of a SACCO is local, and it mobilizes savings locally, and provides loan to members. The success of saving and credit cooperatives not only brings sense of ownership and pride, it creates a culture of saving and investing. The money stays and works within the membership in a revolving way by saving and investing (ABC, 2014).

Cooperatives have several forms. For example, Credit cooperatives provide savings and credit service to their members, Consumer cooperatives provide their members with food and other products they need, while housing cooperatives provide shelter and worker cooperatives provide decent work. Agricultural cooperatives help farmers in supplying inputs they need to grow crops and keep livestock, and then help them to get market access (Birchal ,2004).

The first saving and credit cooperative (SACCO) was established in Europe in Germany, by two business leaders: Raiffeisen, who set up a rural credit banking system linked to the agricultural cooperative sector, and Schulze Delitzsch, who founded the urban cooperative banks (Ibid,)

The idea of savings and credit cooperatives in Africa were first started in 1955 in Jirapa, a small town in Ghana. The idea was brought by a Roman Catholic priest, Father John McNulty from Ireland. He had studied and learnt about SACCOs' in Canada. The religious Father McNulty decided to assist the Jirapa villagers to form a savings and credit Cooperative. The cooperative had a specific aim of assisting the members to address their financial or economic problems which they could hardly do individually (Alila and obado, 1990).

In Ethiopia more than 20851 Sacco's are operating with their membership amounting 4.767.963 accumulate saving -share amounting to \$4,820,000, loans amounting \$124,000,000 with total asset of \$635,000,000 (Wuccu 2019).

In Tigray ,there are 960 Sacco's operating their service by holding 492080 members and accumulate saving-share amounting br 1,582,135,338 ,loan br 3,558,650,937 with total asset of br 2072090057 .Around 135 SACCOs are delivering service in southern region with total member of 27208 of which 12369 are members , total asset , share, saving, and loan amounting 213495875.3,30888251,89792852 and 222499731 respectively. (TCA, 2012)

According to different document analysis and field experience results indicate that SACCOs in Ethiopia are. Their effectiveness was necessarily subject to the negative effects of the conflicts, especially as their loans outstanding depended on the level of savings outstanding. In periods of war, deposits shrink (no new deposits and increases in withdrawals) and there is a substantial decrease in loan repayments (some borrowers have fled, others lost their businesses, or even died). There is also more pressure for term deposit withdrawals, thus destabilizing the institution's treasury, which is likely to intensify the cash/liquidity crisis. From the point of view of the institution's production, all credit activity stops in times of war and troubles, which means that the MFI no longer produces, yet continues to face fixed costs. Knowing that in conflict and post-conflict environments operational costs are higher (additional security, use of generators and so on), any shrinkage of deposits becomes highly worrying (Ledgerwood, 1999).

Thus, this study was focused on making an in-depth analysis on the basic effect of conflict on rural saving and credit cooperative in south Tigray of Ethiopia.

## 1.1 Statement of the problem

During the recent past few years, the war in Tigray greatly affects the RUSSCO its financial performance, shrink its deposits and increases in withdrawals, substantial decrease in loan repayment lost their businesses, or even totally died. Conflict is the major and fundamental explanatory factor for the poverty and backwardness of Ethiopia. It not only creates human misery but also suppresses economic activity. Resources shift from productive to destructive activities, reducing growth or negatively affected its quality and composition. Economic revival intensifies following conflict. Such is the case under the current government. Between 1992 and 1997 GDP growth averaged a healthy 6 per cent, the longest period of such growth at such a high rate. As noted above, during periods of conflict Ethiopia generally experienced either low or negative growth rates or, where they were high, an inherently unstable growth which exacerbated rather than reduced poverty (Alemayehu, 2005).

kuir (2018), concluded that the civil war in South Sudan broke out in 2013 significantly affected the financial performance of international banks. According to him this finding disproved the argument that conflict brings innovativeness and productivity which are the enabling environments for financial performance and there is a negative relationship between civil war and financial performance of international banks in South Sudan.

As Nagarajan (1997) concluded from the armed conflict experiences of Cambodia, Vietnam and Lebanon that the enabling environment that facilitates microfinance to promote economic growth and employment is unlikely to be present in countries emerging from armed conflicts. Financial institutions need a stable and well committed government to govern a civil society, a less suppressed financial sector that can encourage private sector investments and employment generation financial intermediaries with long-term objectives to maximize their client reach in a sustainable way without undermining the financial market; well-coordinated donors' efforts for capacity building without undermining the spontaneous financial market development; and efforts of the community to strengthen social, physical and financial capital through cooperative efforts and to avoid a donor dependency syndrome. Financial sector reforms closely dovetailed with real sector reforms appear to be effective in building potentially viable financial institutions.

Environment has a significant effect upon the establishment and function of microfinance services. Security is the most important factor in the supply of semi-formal microfinance. Trust or knowledge of borrowers' affairs and functioning markets is as important for informal microfinance. Informal microfinance develops faster than semi-formal and exists in areas of

intense insecurity. Semi-formal microfinance post conflict is failing to offer microfinance products that are attractive and useful to clients. The relief interventions are damaging future opportunities for the development of microfinance by offering grants masquerading as microfinance from the experiences from Angola, Mozambique, Cambodia and Rwanda (Wilson,2002).

The above empirical studies were done in other countries which are contextually different from Ethiopia and more focused on other financial institutions other than RUSACCOs. This means the effect of conflict on RUSACCO in Ethiopia in general and in Tigray, in particular study area Endamohoni Weredais not yet studied so far. So the study would investigate the effect of conflict on RUSACCO.

To fill the gap and the knowledge of the researcher is concerned there is no adequate and well documented research to assess the effect of conflict on RUSACCO in the study area is prime initiative issue. Moreover the ongoing conflict in Tigray is current problems which international organizations are concerned and needs hard facts on the ground. Therefore, the aim of this study is to precisely describe, investigate, and assess the effect of conflict on RUSACCO and their members in the study area and to fill the knowledge gap in the issue. So, this study is expected to address the following specific objectives and research questions.

## Objective of the study

### 1.2.1 General objective

The general objective of this study is to assess the effect of conflict on rural saving and credit cooperative in southern Tigray: the case of Endamohoni Wereda.

### 1.2.2 Specific objective of the study

Depending on the main objective, the study develops the following specific objective.

- ✚ To identify rural saving and credit performance pre and post conflict
- ✚ To assess the main challenges hinders RUSACCO in the study area
- ✚ To identify coping mechanisms sought for alleviating RUSACCO Problem

## 1.3 Research questions of the study

This study attempted to answer the following basic questions:

- ✚ What are the rural saving and credit performance pre and post conflict?
- ✚ What are the challenges RUSACO in the study are in the study area?
- ✚ What are coping mechanisms sought for alleviating RUSACCO Problem?

## 1.4 Significance of the Study

This study has a great importance for policy-makers, practitioners and other concerned bodies. Thus, upon its completion, both governmental and non-governmental institutions can make use of it as input for policy intervention as part of their development endeavor. Besides, it can also serve as a stepping stone for further studies in the area. Therefore it can generally be said that this study can be of great importance to educational institutions, community based organizations and other stakeholders.

## 1.5 Scope and Limitation of the study

### 1.5.1 Scope of the study

**Geographically:** The scope of this study will be cover include to the five RUSACCOs in Endamohoni Wereda.

**Conceptually:** The study was give attention to examine the effect of conflict on rural saving and credit cooperative in southern Tigray: the case of Endamohoni Wereda.

**Methodologically:** The study was undertaken by using mixed research method and members will be taken as a unit of analysis. The research will be descriptive to give response for research objectives, and cross sectional study will be employed.

## 1.6 Limitation of the study

The ongoing conflict in Tigray and related security challenges may assess affect the success of the study. In addition transport and internet lock down in the region may affect the study. Similarly, informants' feel victim challenged to respond the questionnaire. Another shortcoming of this study originates from the use of equal sample size to the five sample groups have a big difference in size of the members, number of RUSACCOs established and area of the size. However, random sampling proportion to the size of the members, date of RUSACCOs established.

This study was geographically limited to Endamohoni Wereda and also only covers saving and credit Cooperatives effects of conflict in rural saving and credit performance, the other Factors that affect, the main challenges hinders and coping mechanisms sought for alleviating challenging factors to become operationally effective and their future prospects. However, this area specific study may not be a guarantee to generalize beyond this study area. Moreover, getting reliable data were been difficult due to unavailability of well documented and organized secondary data, on respondents were unwilling to respond But great effort has

been made to convince the sample respondents about the objective of the study and give promises to keep the information given confidential.

### 1.7 Organization of the study

This research is organized into five chapters. The first chapter contains deal a brief outline about the research background, statement of the problem, associated research questions, objectives, significance, Scope, limitation of the study and organization of the paper. The second chapter deals with revision of conceptual as well as empirical literature pertinent to the objectives of the study. The third chapter presents the research methodology pursued. It should be outlined the research methods for the study. It provides a brief description of selection of the study areas, the data collection method and analysis along with the justifications. Chapter four also deals with the data processing, interpretation and discussion of findings using the different methods and models. Chapter five should be reveal both the conclusion and recommendation of the study.

## Chapter Two

### Literature Review

#### 2.1 Theoretical Review

In this sub chapter the researcher tried to analyses the theoretical and conceptual literatures related to the research title. Basic concepts of cooperative/RUSACO and related issues are discussed. Theoretically the researcher discussed new classical theory.

##### 2.1.1 Basic Concept of Cooperative

Globally, the principles of cooperation arise out of the characteristic features of cooperation. Cooperation is a form of economic organization. It is voluntary and democratic association of human beings, based on equality (of control and opportunity) and equity (of distribution of surplus), for the promotion of their interests. Solidarity, democratic control, mutuality or self-help through mutual help, voluntarism, equality and service motive are its characteristic features. The principles of cooperation are based on these features Yoseph (2014). Cooperative principles are guidelines by which cooperatives put their values and rules into practice, and they are immutable doctrine that define and identify distinctive characteristic of cooperative organization.

Cooperative principles are rules which the cooperative has to observe an all its activities if it is to attain its goals. A change of cooperative principle would mean a change in the cooperative goal.

Furthermore, in Africa from Ethiopian scholars like Mesgnaw, (2018) stated that cooperative could operate effectively in a capitalist market economy if only their principle was properly understood and this principle is what distinguishes cooperative from other form of business such as investor-owned firm. This is because investor-owned firm do not have guiding principle to attain their goal because firstly they do not have a common social goal that they aim to meet and secondly each investor-owned firm is free to attain its own goal through its own business purpose.

Kovalchuk (2017) also stated that cooperatives are distinctly different from other business and this difference is found in the cooperatives' purpose, its ownership and control, its social

contribution, how benefit is distributed and these are reflected in cooperative principle that explain the unique aspect of doing business on a cooperative basis.

Over the years, various definitions have been forwarded by different scholars regarding cooperative societies with slight differences. International Co-operative Alliance (ICA) which is the head organization for co-operatives all over the world puts down the definition of cooperatives as 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 (ICA, 2015).

To Keith (2008), “Cooperative marketing” can mean many things to many people depending upon their background. In the context of this fact sheet, he explored “cooperative” as both a noun referring to a legal business structure and as an adjective to describe the agreement of people to cooperate with each other related to marketing efforts.

The US Department of Agriculture (2002), state that cooperatives are user-driven businesses that have contributed greatly to the development of one of the world’s most productive and scientific-based agricultural systems. They have played an important role in strengthening market access and competitive returns for independent farm operators during the 20<sup>th</sup> century.

In addition Yibeltal, (2016) states that cooperative is an association of persons who voluntarily united together to a common end through the formation of a democratically controlled organization, making equitable contribution to the capital required and accepting a fair share of the risks and benefits of the undertaking, in which the members actively participate. Similarly, according to Federal Negarit Gazeta, (1998) a proclamation for the establishment of cooperative society No.147/1998 of Ethiopia Federal Democratic Republic government, defines cooperatives as a society established by individuals on voluntary basis to collectively solve their economic and social problem and to democratically manage the same

A true cooperative is defined as a business voluntarily organized, operating at cost which is owned, capitalized and controlled by a member patrons, sharing risks and benefits proportionally on their level of participation. Cooperatives may render at least four valuable services at capitalistic system: 1) enhance private property, 2) preserve market competition, 3) retain profit motive, and 4) maintain and strengthen the individual consumer and entrepreneur. In such a system, the primary purpose of cooperatives is to make a profit for its patrons or users of the cooperative, not for the service. A contractual arrangement between the cooperative and the member patrons requires that all margins above the cost of production

be returned to the member patrons in proportion to their business with the cooperatives (Simegn, 2019).

The cooperative is a form of social organization with economic /business motives. Their operations are however, different from that of any other business organization that we know of. The principles of cooperation and the practice there of are the guiding factor behind the ideology and theory of cooperation everywhere. According to international cooperative alliance, cooperative is an autonomous association of person united voluntarily to meet their common economic, social, and cultural needs and aspiration through jointly owned and democratically controlled enterprise. “ According to Ethiopian cooperative proclamation 985/09 article 2 sub (1) cooperative society" means an autonomous association having legal personality and democratically controlled by persons united voluntarily to meet their common economic, social and cultural needs and other aspirations, which could not addressed individually, through an enterprise jointly owned and operated on the basis cooperative principles . The final goal of all cooperatives activity is to free men and women from social and economic burden by enabling them to work for and through their follow beings to uplift their social economic statues

### **2.1.2 New classical growth theory**

As Barro and sala-i-Martin cited in kuir (2018), in a conflict affected environment new classical growth theory holds the recovery of economic growth is rapid and then it stabilizes. On the contrary other models argue that recovery after conflict takes long time because it is difficult to recover the human resource on the post conflict period. This means the conflict affects the economy at micro economic level which affects the social interactions key to financial transactions occurring in growing economies. This means in this perspective lack of social interaction affects the performance of SACCOs since they are community based and need regular member’s interaction. In a macro level it affects the general economic confidences as nations that have weak financial structures suffer more. Generally, Conflicts and political instability can indeed be associated with a greater risk of systemic financial crisis. Conceptually, there are several channels through which conflicts can lead to banking crises. These include lower economic growth, higher non-performing bank loans, lower bank deposits and liquidity, and fiscal channels.

More than 25 per cent of the populations in sub-Saharan Africa live in conflict afflicted countries. For a variety of reasons and factors, various actors make more claims and

grievances within their systems today than 50 or 60 years ago. Grievances are the most important components in the studies of conflict. Regardless of their origins and manifestations, grievances made by the nation-states, citizens, ethnic groups or communities imply the existence of an adversarial relationship, social and political tensions, and agencies of protests through which grievances are organized. Grievances are the most important components in the studies of conflict. These conflicts have social, cultural and economic implications at the individual, group, country, regional and international levels (kasongo, 2017).

Values

Cooperatives are based on the values of self-sufficiency, self-responsibility, democracy, equality equity and solidarity. In the tradition their founder cooperatives members believe in the ethical value of honesty, openness, social responsibility and caring for other

### **2.1.3 Cooperative Principles**

#### **The Seven Internationally Accepted Cooperative Principles (ICA-2015)**

The hub of the global cooperative movement , that in the 1995 centenary congress of the international cooperative alliance adopted seven principle that guide all cooperatives organization and they reflect how the cooperative principle are put into practice (kovalechuk , 2017)

Cooperatives have their own basic principles that make them unique from other business organization. There are seven fundamental cooperative principles that are developed by the international cooperative alliance to guide the activities of international cooperative movements. According to ICA (2015) the seven co-operative principles are the internationally agreed foundational principles that, when applied in the day-to-day governance and management of co-operative enterprises, enables them achieve the objective of meeting their members' needs and aspirations. These principles are the sound ethical principles to be applied with vision and proportionately according to the national economic, cultural, social, legal and regulatory context and particularities within which each cooperative enterprise operates.

A co-operative is the only form of entrepreneurship organization with such an international agreed and recognized principles such as; voluntary and open membership, democratic membership control, members' economic participation, autonomy and independence,

education, training and implantation, cooperation among cooperatives and Concern for Community. These universal cooperative principles were also included in the cooperative society proclamation No.147/1998 of the Federal Democratic Republic of Ethiopia as a basic principle and can be discussed as follows.

#### ***2.1.3.1 Voluntary and Open Membership***

Voluntary principle implies that people cannot be made to be co-operators; they must be given the opportunity to study and understand the values for which cooperatives stand. They must be allowed to participate freely. If membership is forced, such members should be involved so that they develop voluntary attitude.

Open Membership means that cooperative is open to all persons who need and are able to use the services of cooperatives and willing to accept the responsibilities of membership without any artificial discrimination. Willing to accept responsibilities of membership,” reminds members that they have obligations to their cooperative (ICA, 2015).

#### ***2.1.3.2 Democratic Membership Control***

Within cooperatives “democracy” includes considerations of rights and responsibilities. It means fostering the spirit of democracy within cooperatives. “Controlled by the members” mean members participating in setting the policies and making decisions. It means members ultimately control their cooperatives and they do so in democratic manner. “Accountable to membership” phrase reminds elected representatives that they hold their office in trust of the immediate and long-term benefits of members. Cooperatives “belong to members” and not to elected officials. Elected officials are accountable to members. They are Trustees on behalf of members.

Member control also prohibits a non-member becoming office bearer through nomination to the Board by the Government or through process of co-option.

In primary cooperatives, members have equal voting rights (one member, one vote) and cooperatives at other levels are organized in a democratic manner (ICA, 2015).

#### ***2.1.3.3 Member Economic Participation***

In cooperative, capital is servant and not master of organization. Cooperatives exist to serve the needs of members, this principle describes how members both invest in their cooperatives and decide how to allocate surpluses. Members can contribute capital in three ways Viz., (1) Share capital, (2) Reserves; which is owned collectively, (3) Depositing their part of their dividend and on special request for specific activity. According to ICA (2015) co-operatives

exist to meet the needs of people, not primarily to generate a speculative return on capital invested in them. The primary motive for people forming a co-operative is to be self-reliant. In general, this principle describes how members invest in their co-operative, raise or generate capital and allocate surpluses.

#### ***2.1.3.4 Autonomy and Independence***

Cooperatives in all parts of the world are very much affected by their relationship with the state. Government determines the legislative framework within which cooperatives may function. In their taxation, economics and social policies, governments may be helpful or harmful in how they relate to cooperatives. For that reason all cooperatives must be vigilant in developing open, clear relationship with governments. When cooperatives enter into agreement with organizations, they must retain their freedom ultimately to control their future

Cooperatives are autonomous, self-helping organizations controlled by their members. If they enter in to agreements with the other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy. ICA (2015) stated that, the integrity of a co-operative as an autonomous and independent organization rests on the co-operative values of self-help, self-responsibility and democracy that have been central to co-operative identity since the emergence of sustainable co-operative enterprises in the 19th century.

#### ***2.1.3.5 Education, Training and Information***

The Principle emphasizes the vital importance played by education and training within cooperatives. Education means more than just distributing information or encouraging patronage, it means engaging the minds of members, elected leaders, managers and employees to comprehend fully the complexities and richness of cooperative thought and action. Training means making sure that all those who are associated with cooperatives have the skills they require in order to carry out their responsibilities effectively.

Education and Training are also important, because they provide excellent opportunities where by cooperative leaders can understand the needs of their membership. They should be conducted in such a way that they continuously assess the activities of the cooperatives and suggest ways to improve or to provide new services. A cooperative that encourages effective two-way communication between its members and leaders, while operative in an effective manner, can rarely fail. The principle ends by recognizing that cooperatives have a particular responsibility to inform young people and opinion leaders-politicians, public

servants, media representatives and educators, about the nature and benefits of cooperation. (ICA, 2015).

#### ***2.1.3.6 Cooperation among Cooperatives***

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national and international structures. Commitment to co-operation among co-operatives is the hallmark of co-operative business enterprise (Veerakumaran 2005). This is because it is the clearest expression of cooperatives common desire to create a better more sustainable and equitable economic future for all humanity. The principle of cooperation among cooperative is closely associated with the co-operative value of solidarity. The impact of competition among cooperatives may be mitigated by the attachment that members have to adhere to the cooperative principles that states cooperation among cooperatives. Co-operatives are better together. By working together, co-operatives gain the expertise, scale, and support necessary to heighten awareness, sustainability, and impact, especially where fixed costs and resources can be shared ((ICA, 2015).

#### ***2.1.3.7 Concern for Community***

While focusing on member needs, cooperatives work for the sustainable development of their communities through policies accepted by their members. This asserts that, co-operatives are collective institutions which exist in one or more communities and they have inherited traditions which are concerned with the health and wellbeing of individuals within their communities (Ibid).

#### ***2.1.4. The Organ of Cooperative Society***

The Unique nature of the Cooperative society is that the members own the cooperative society, use and control all its affairs. But all the members cannot always run and control the daily activities or affairs of their society. They are always busy on their own farm. As a result members delegate power and responsibilities to a few members known as the board of directors or Committee members (a total of 10 to 15 in number) who administer and control all affairs of the society on their behalf selected from within the members. And as the society grows, the board of directors (withdrawn from the society) cannot always be available to manage daily affairs of cooperative society. To solve this problem they appoint a staff from outside the society member (hired ones) to help them manage the daily activities of the society. Thus, the success of the society becomes dependent on the members, the board of

directors and staff. These three groups of people and their special function constitute the organ of the cooperative society

#### **2.1.5. Structure of the cooperative society**

Cooperative societies have a networking relationship from the grassroots and spreading nationwide, region wide and worldwide in accordance with the principle of cooperation among cooperative. And the structures are described below:-

##### **2.1.5.1 Primary cooperative society**

A cooperative society formed at the grass root level whose membership is restricted to individual membership is known as the primary society. The membership of such a cooperative society is drawn from within a specified area and its operations are carried out within that area. When a cooperative is formed to perform one activity only it is called SINGLE PURPOSE PRIMARY Cooperative society, on the other hand when a cooperative is formed to carry out several activities e.g operating consumer shop, marketing agricultural produce and distribution of input, then it is called a MULTI-PURPOSE PRIMARY Cooperative Society. Most of such society are registered in Woreda or Tbia administration

##### **2.1.5.2 Secondary cooperative society (Union)**

This type is formed when more than one of the primary society come together and form a Union that can provide a range of service at economy of scale to the member-primary society. Membership to Union is restricted to primary cooperative societies that have similar objectives such as the Union of RUSACCOs, The Union Consumer cooperative society is mostly registered one Union per Worda.

##### **2.1.5.3 Federation**

A federation is formed and patronized by Unions with similar objectives. They access products and services and in turn use them to serve the member union at affordable rates to the benefit of affiliate .The service includes but are not limited to promotion ,advocacy, representation, Education and raining Research and consultancy, Marketing etc. are mostly registered Regionally or Nationally.

##### **2.1.5.4 League**

The top most cooperative organization, the main objective of the league is to foster and preserve the democratic principle upon which the cooperative movement is found. Membership is restricted to Federation of Cooperative. They include federation of SACCO, Marketing Cooperative, Consumer Cooperative, Housing cooperative among others. It provide:- specialized cooperative education and training to the staff, committees, delegates of

Federation and union not served by federations , Audit service, represent the Cooperative society in the international cooperative alliance **Mostly registered Internationally**

### **2.1.6 Basic concept of SACCOs**

SACCOs are members-owned semi financial institutions that offer savings, credit, and other financial services to their members. Members of these financial institutions can be both net saver and borrower. Depending on Ethiopia legal framework, SACCOs may be mobilizing member and non-members savings. They are established by voluntary people based on the philosophy of building self-help society or “people helping people”. They are owned, managed, controlled by members. Members have the right to decide on its issues and to benefit from its service.

SACCO Society is formed initially for the poorer to provide financial services such as safe place for savings and providing easy accessible loans to members. They resemble “not for profit or for charity” in which their motive is rendering services but serve members at fair profit margins. In these organizations once overhead and other expenses are paid, reserve for cushion against any loss, and for expansion of services set aside, the remaining income from loans is returned back to members in the form of dividend on savings, share or both. The basic structure of the SACCOs and credit unions is what differentiates them from banks. They are user-owned financial intermediaries. Members typically have a “common bond” based on geographic area, employer, community, industry or other affiliation. Each member has equal voting rights regardless of their deposit amount or how many shares they own. Their principal products are savings and credit, however some offer money transfers, payment services and insurance. SACCOs sometimes join together to create second-tier associations for the purposes of building capacity, liquidity management and refinancing; these second-tier associations can play a useful role in monitoring associations (CGAP, 2005).

It is commonly agreed that poor people have a significant capacity to save, proven by the existence of various informal savings mechanisms found throughout the world and by a few recent empirical studies. It is further understood that many people, particularly in rural households, are obliged to save during certain times of year, such as harvest, in order to compensate for periods when their income is drastically reduced, such as the dry season. Finally, it is widely accepted that though only a certain number of people will need credit at any given time, virtually all people need to save at any given time. We can therefore conclude that poor people will deposit their savings in a financial institution if an appropriate

institutional structure and appropriate savings products exist to the depositor's mix of savings needs. SACCOs reach out to low savings and income individuals by offering products geared towards their unique needs within a secure and accessible structure. In order to ensure appropriate financial intermediaries for the poor to exist, appropriate external and internal incentives must exist. High performance standards required by regulatory authorities and effective supervision will necessarily translate into higher management capabilities, especially with regard to cost, liquidity and risk management.

**The role and characteristics of SACCOs are to (Rural SPEED, 2006):-**

- 1 Allow and encourage members to develop formal business and investment, facilitate them with sustainable loan services,
- 2 Encourage members to buy shares in the appropriate amounts by leveraging with their savings at the appropriate times; using those shares guarantee the savings and loans of the members, by providing the correct amount of liquidity in the SACCO Society to manage risk of withdrawal or late repayment;
- 3 Retaining some profit from interest earned on the lending operation to pay dividend to the members on the basis of the shares owned; redistribute the profits to the members as dividend on the basis of shares owned.

In general SACCO Societies are financial institutions designed for people, to have their own efficient financial service giving institutions that empowers themselves in building asset by mobilizing saving culture and make themselves accessible to credit at affordable interest rate . Therefore, to be successful and sustainable the SACCO Society should function similar to banks as a market for money in a group sharing a common bond. SACCO Society is a financial institution that purely deals with mobilizing money from members as savings, shares and providing easy accessible loans to members on time. Since SACCO Society deals with cash (the most liquid asset) that can be easily lost, it needs high quality of accounting information special attention to minimize the risk and increase the trust of the members. .

**2.1.7 Service delivered by SACCOs**

The essence of any saving and credit cooperative is the mobilization of the savings, provision of credit facility, micro insurance, dividend distribution input voucher system with ultimate goal of improvement of the standards of living of the member.

**1. Share and Saving Service**

SACCOs provide saving service for members and non-members based on their saving policy. Regular saving, voluntary saving, time deposit , and child saving are a type of saving which are delivered by SACCOs. Regular saving is a compulsory saving that every members should deposit with members share since they are being a member of SACCOs , members should save every months continuously , and withdrawal from regular saving is not allowed until an individual withdrew from being member of SACCOs. Voluntary saving is another saving product that delivered by saving and credit cooperatives societies. It can deposited by members and non-members , and every client can withdraw and deposit as they want . Individual saving, institutional saving and input savings are type of voluntary savings .Another saving services that given by SACCOs is child saving .it has a long term benefit for children and the institutions because it should not withdrew until the children matured enough . They may use for extending their education or participate in any business activities.

All saving have equal 7% interest rates except child saving more than 7% interest rate based on the approval of general assembly and have other incentive to attract child savings.

## **2. Provision of Loan**

The accumulated money from different saving type and other activities will be distributed to members through loan provision. SACCOs delivered loan to their members based on their saving, income status, character, and guarantee by fellow members. To fulfill the need considered above, policies are formulated to guide SACCOs in administrating credit. There are different types of loan which are provided by SACCOs, long term, short term, and medium term loans are a type loan based on time .There is maximum limit that should approve by general assembly included in loan policy. Credit committee has a duty to control and evaluate every credit issues.

## **3. Micro Insurance**

Micro insurance is a financial arrangement to protect low-income people against specific perils in exchange for regular premium payments proportionate to the likelihood and cost of the risk involved Micro insurance products offer coverage to low-income households or to individuals who have little savings. It is tailored specifically for lower valued asset and compensation for illness, injury, or death. There are two types of micro insurance that delivered by SACCOs are, credit life insurance and saving insurance. These micro insurance have insurance policy.

#### **4 Input voucher systems (Agent Service)**

Government supplies agricultural input for farmers at affordable price . the government borrow money from commercial banks so as to purchase agricultural input then after send it to multipurpose to sell the agricultural input on behalf of government. Unfortunately, the government repayment status was not as it wants due to multipurpose cooperatives used the collected amount for their internal purpose. To solve this problem, the government made division of task for RUSACCOs and multipurpose cooperatives receipt of cash from farmer and transfer to government credit account on time becomes the duty of RUSACCOs multipurpose cooperatives have taken the role of distributing agricultural input for farmers .both cooperatives have commission for delivering service which is called margin.

#### **Dividend distribution**

The net income available from service operating SACCOs will be divided to reserve fund and dividend then after distributed the dividend based on member contribution and amount of share

According to Ethiopian coop.pro.no 985 article 45 sub article 1and 2 says as follow.

1. Cooperative society shall deduct 30% of the net profit and allocate for the reserve fund. The amount allocated for the reserve fund shall continue to be deducted until it reaches 30% of the capital of the cooperative society and it shall be deposited in the saving account of the society.
2. The distribution of the remaining 70% net profit shall be determined by the general assembly; provided, however, that the general assembly may allocate for education or training or incentive or audit fund for social service from same net profit pursuant to the by-law of the cooperative society.

#### **2.1.8 Duty of cooperatives office**

The FCA of Ethiopia executes its role in promoting cooperatives through federal cooperative agency at federal level up to woreda cooperative office duties and responsibilities of cooperative office includes, Organizing ,promoting and supervising cooperatives at primary and secondary level, registering and revoking certificate, providing audit and inspection services, promoting cooperative education , training and research , providing technical

assistance, facilitating access to land ,exempting cooperatives from income tax and protecting judicial right of the cooperatives .

### **2.1.9 The Role of Rural Savings and Credit Cooperatives**

There are different types of financial institutions in the world. A single institution model suitable to all countries does not exist- no one structure could be said to be clearly preferable to others. What is important is that these institutions should be able to adapt to local conditions and financial flow (Padmanabhan, 1987).

As a short-term solution to the lack of savings by the households, governments of developing countries are embarking on micro financing schemes to enable the households to venture into small business activities. However, these measures are not only costly but also not sustainable in the longer run if the societies are not empowered to save by themselves (Orazio and Miguel, 2000).

Savings and credit cooperatives are voluntary financial organizations owned and operated by members. Their purpose is to encourage savings by creating local deposit activities and then using the pooled funds to make loans for productive, consumer or social purposes to their members. Rural savings and credit cooperatives operate as farmers' grassroots organizations, aimed usually at meeting the seasonal financial needs of their members, which other financial institutions do not satisfy (FAO, 2001).

Cooperatives create the opportunity for people to take responsibility for their own financial organization. The democratic process is an integral part of the cooperative and encourages people to take control of their own financial affairs. Among the many advantages of savings and credit cooperatives are; savings are mobilized locally and returned to members in the form of loans; interest rate on both savings and loan are generally better than rates given by banks and the reason for this is that savings and credit cooperatives have very low overheads compared to banks; educate their members in financial matters by teaching prudent handling of money; how to keep track of finances; how to budget and how to keep away from hire purchases and loan sharks; and pay dividends on share to their members once they are established and profitable. Members therefore take pride in owning their own savings and credit cooperative.

Cooperatives have the feeling of the local areas, reflecting the rural ethos and culture. Farmers feel at ease with loan agents of cooperatives, unlike in the case of commercial banks. Despite the potential advantages of the system, effective cooperatives for financial services

delivery have been facing difficulties in many countries. The major problems of cooperatives specifically in Africa are: absence of experienced management, uneconomic base level units, lack of supporting infrastructure like extension, training, etc., poor member participation due to hasty launching of cooperatives, insufficient supervision and auditing of cooperatives, and too much political disturbance (Padmanabhan, 1987).

#### **2.1.10 Challenges face on rural savings and credit cooperatives**

First among these was ability to save which in turn depends on a house holds disposable income and expenditure. The second is the propensity or willingness to save as influenced by socio cultural and economic factors like the family obligation to educate children. Last but not least, is the opportunity to save and returns on savings.

This contradicts Rural SPEED (2005) study which points out that, access and security are the most important priorities for rural savers as pointed out earlier. However, Rural Speed report hastens to add that, increasingly, people consider returns to their savings. In addition, access to financial institutions and the type of savings were found to determine the decision on the form of savings held, this is in agreement with Rural Speed study (2005) which points out that, access and security are the most important priorities for rural savers.

The most critical challenges and constraints rural credit and saving cooperative societies face to expand their outreach and sustainability include, among other, weak capacity of SACCOs, low outreach to rural areas, insufficient loan able fund, inadequate support structure at all levels. The main causes for these are outlined below.

##### **A) Weak capacity of management**

The institutional capacity of RUSACCOs is weak because of: limited training opportunities available to RUSACCO management bodies and members; complete dependence of RUSACCOs on elected members for their day-to-day management and some members' reluctance to actively participate in the management of their societies; weak management capacity; unsatisfactory or inadequate representation of women members in management bodies of the cooperatives; lack of offices and necessary office furniture and equipment, and lack of appropriate working systems (AEMFI, 2006)

##### **B) Limited Loan able Fund**

The loan outreach of SACCOs, particularly, RUSACCOs is likely to be constraints by the shortage of loan able fund. Loan able fund may be in short supply for the following main reasons: small size of saving accounts of RUSACCOs due to the incidence of high rural poverty; poor saving habits of members; small membership size of RUSACCOs, lack of

vertical and horizontal linkages among cooperatives and as a result, RUSACCOs are not in a position to mobilize surplus funds, particularly in rural SACCOs and channel to deficit areas; Poor linkages with banking and other financial Institutions (Insurance, pension, etc.); negligible external revolving fund to RUSACCOs; rural and agricultural credit (food security revolving fund) are directed and managed by multi-purpose cooperatives; Low net surplus generated and retained within the RUSACCOs due to small-scale operations. In addition they are marked by poor administrative and financial procedures: outstanding loan amounts and numbers are for example not always well recorded and portfolio at risk not well known. A recent study noted high level of illiteracy especially in RUSACCOs even among the leaders of these organizations. This puts a challenge to any training program. Also most RUSACCOs were lacking any basic physical facilities. (IFAD, 2001)

### **C) Inadequate support and weak regulation and supervision**

Savings and credit cooperative systems in Ethiopia have a history of instability. Competent external regulation and supervision can identify, avoid, and resolve many common problems. Because the capacity of the federal cooperative agency and regional cooperative promotion bureaus to effectively promote, regulate and supervise SACCOs is severely constrained for the following main reasons: lack of trained manpower in cooperatives in general and in saving and credit cooperatives promotion, supervision and regulation high staff turn-over institutional instability or frequent restructuring of the cooperatives promotion, limited local training institutions limited mobility of staff due to shortage of vehicles and motor cycles and operating costs; and poor working systems(AEMFI,January 2006).

### **D) Lack of members' Awareness**

Dejen and Mattew (2016) declared the individual attitude and ignorance of cooperative principles on the part of the members as the barrier against cooperative success. Unlike other organization cooperatives are controlled and managed and owned by the user (members). There are several factors that affect members' commitment in the day to day activities of the cooperatives. These are members' poor awareness about their cooperative, low level of benefit that members receive from the cooperative, poor participation of members in the governance of the cooperative and the inability to translate members' needs into decisions. As a result, the low level of satisfaction among the members may discourage them in collective action and thus reason cooperative to fail. This is the case in abdelrahman and Simth (2010) study which found some of agricultural cooperatives in Sudan has not been successful.

### **E) Lack of Competent Management/ Weak Governance**

The traditional factor of production (or wealth generation) has been land, labor and capital. We are entering an age where knowledge is the key factor in wealth generation.

It is therefore a paramount important that cooperative have governance and management structure together with certain level of business ability to satisfy their shareholder (member). But the management committee has no knowledge about cooperative business transaction. As stated by kifile (2014) in most cases cooperatives are unable to employ highly qualified management staff due to inadequate resource and the burden of due diligence is left to members who may have limited education on management. The cooperatives most of the time lead by the less educated professional in the local level and are under the supervision and control of the uncertified (even no formal education from elementary school) local leaders who become chairperson of the cooperative. And these people do not have the necessary capacity to bring good governance and not undergone in skill upgrading. Thus, weak governance is the main crucial challenges of cooperatives.

#### ***i. Poor management and technical skill***

Bhuyan (2012) consider that individual factor in cooperative and argued that without having an active and educated board of directors; cooperative cannot survive in long-run. Furthermore, his study indicated that a good understanding of the managing directors' attitude and the members' behavior is necessary because the success of cooperatives is highly dependent on it.

#### ***ii. Lack of trust and social solidarity***

Due to the unique nature of collective interest and participation, co-operatives rely on high levels of trust between members. The performance of business is often related to the trust developed by members to collective values, which a precondition for the cooperative success

The absence of the shared vision, approach, financial trust and strong social ties has contributed to the failure of co-operatives (FCA, 2015). Epherem (2014) found that trust between members to solve common interest collectively is positively related to the cooperative success and negatively to monitoring colleagues, indicating that the trust can work as an alternative for monitoring task. When boards overstep their mandate and do not keep members informed, trust is eroded. This in turn resulted in the complexity of cooperative management

*iii. Lack of democratic decision-making skills within the co-operatives*

They were controlled not only by the state but also they were controlled by the party and the board of directors was elected by the party. These kinds of cooperative organizations don't give freedom and democratic leadership.

According to Assefa (2017) argued that, democracy requires skills in decision-making processes. Lack of democracy is often accompanied by lack of clarity or consensus on the scope of decision-making authority. Consequently, this become an area of high challenge and creates tension within co-operatives because these kinds of cooperative organizations don't give freedom and democratic leadership.

*iv. Lack of appreciation of collective interest above individual interest*

Placing collective interest before individual interest is always foundation of co-operative. 'Free riders', corruption, and self-interest have been at the heart of many promising co-operatives failure in developing countries in general (Kifle, 2014).

*v. Poor Financial Management*

Poor financial management can limit supply of capital by the members. This creates financial problems that disable the cooperatives to take advantages of new opportunities. The problem of poor and inefficient financial and resource management in co-operative societies is the most visible challenges in developing countries. The ability to collect the misappropriated money and properties by some of its staff and management body with the set of legal measures is very weak (no penalties for fraud and misappropriation of resources). Due to this it is reflected by poor budgeting, internal and external accounting, (Asefa, 2017).

**F) Political Interference**

There are others who considered state's role vital and inevitable but at the same time it must be restricted, leaving larger spheres of activities to cooperatives. According to Veerakumaran (2005) the practice of nomination of director on cooperative on cooperative by the government and deputing government officers to management position is not healthy practice and affects the conductive relationship between the cooperative and state because political neutrality is cooperatives' fundamental

But all the tasks of management of enterprises should be entrusted to purely voluntary cooperatives, which apply most of the cooperative principles. State would be merely

"arbitrator". The state would merely act as a facilitator for the establishment and smooth agricultural producers' cooperatives and other special cooperatives.

Ochan, (2015) also state that, the direct intervention of government in the management of co-operatives compromises the principles of member-owned and run organizations. Government involvement hinders the emergence of member controlled co-operatives since members rely on government to safe guard their interest. As a result equality, equity, solidarity, democratic principles and self-responsibility that are important pillars for the success of co-operatives are thus hindered. These causes the co-operatives to be run as if they are government owned instead of society owned member organization.

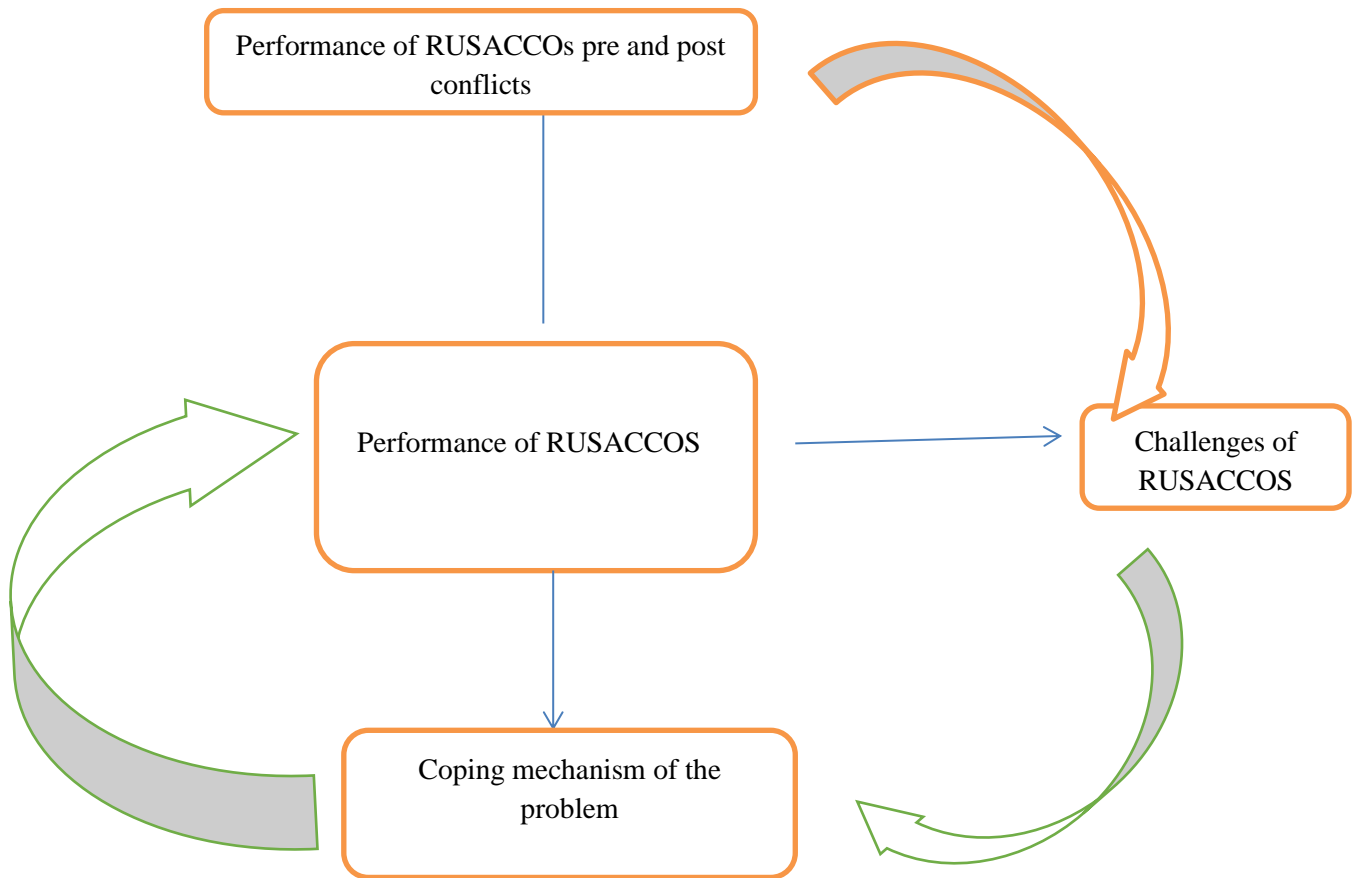
The ways in which government interferes in the internal affairs of co-operative societies are: recruitments whereby the government imposes individuals to the top leadership of the cooperative societies.

The accountability of such appointees is to the appointing authority and not the interest of the co-operative society is which he has been appointed, formation of factious entities by politically connected individuals in co-operatives for provision of services at inflated prices that will benefit the said individuals (conflict of interest) and illegal contributions of member funds to political activities or parties. Therefore, it is an urgent need to liberalize co-operative societies so that they can operative as private owned organizations so that members can maximize benefits of the free market enterprise.

#### **2.1.11 The Impact of War on SACCO**

The MFIs and RUSSCOs operating in this part of the country could not escape from the consequences of wars. Their effectiveness was necessarily subject to the negative effects of the conflicts, especially as their loans outstanding depended on the level of savings outstanding. In periods of war, deposits shrink (no new deposits and increases in withdrawals) and there is a substantial decrease in loan repayments (some borrowers have fled, others lost their businesses, or even died). There is also more pressure for term deposit withdrawals, thus destabilizing the institution's treasury, which is likely to intensify the cash/liquidity crisis. From the point of view of the institution's production, all credit activity stops in times of war and troubles, which means that the MFI no longer produces, yet continues to face fixed costs. Knowing that in conflict and post-conflict environments operational costs are higher (additional security, use of generators and so on), any shrinkage of deposits becomes highly worrying (Ledgerwood, 1999).

2.1.12 Conceptual frame work. Data survey 2021



## 2.2. Empirical Studies

Savings play a critical role in financial management strategies of poor people. Deposit facilities make it easier for poor clients to turn small amounts of money into “useful lump sums,” enabling them to smooth consumption and mitigate the effects of economic shocks (Rutherford 2001). Secure savings also can provide a measure of independence to socially and economically vulnerable individuals, notably women and children. And, unlike credit, the benefits of savings are not limited to the economically active. Although significant research has documented the benefits of saving to the poor, the microfinance sector remains focused largely on credit delivery.

According to World Bank (2006) and UNDP (2006), perhaps the most important factor that determines the success of financial cooperatives is the quality of internal governance. The governance structures of SACCOs have typically 3 tiers: the general assembly of all members, a board of directors elected by the general assembly, and a management team appointed by the board.

The boards' role is to establish strategic direction, make policies, and hire, supervise and fire managers. Management takes care of the day-to-day operations of the cooperative within the powers delegated to it by the board.

Financial services integrate markets, encourage savers to hold larger portions of their wealth in the form of financial assets than unproductive inflation hedges, and allocate ingestible resources more efficiently. Financial deepening is achieved by reducing risks and minimizing transaction costs through exploitation of economies of scale and scope, professional portfolio management and diversification, systematic collection of information, and fostering a better lender - borrower relationship (Padmanabhan, 1987).

Formal microfinance institutions are regulated by the financial authorities of a country –with special microfinance windows, semi-formal microfinance institutions (savings and credit cooperatives, village banks, etc.) are under the control of non-financial authorities and informal micro financial institutions are controlled by customary law and peer pressure (Rajaram, 2001).

The theoretical literature groups household's savings motives into four such as to provide resources for retirement and bequest; to finance large lifetime

expenditure; to finance unexpected losses of income; and to smooth the availability of financial resources over time to maintain a more stable consumption profile (Griffiths and Stuart, 1986).

Macroeconomic and political stability affect expectation and thus the saving rate. The services provided by government, such as social security, the availability and the quality of financial services can affect saving rate (Padmanabhan, 1987).

According to FAO studies (2001), on average, rapidly growing countries have higher savings rates than slower-growing countries. These rates are influenced by many factors: the level of income per capita, the rate of income growth, the age composition of the population and attitude toward thrift. The results of the study conducted by Muradoglu and Taskin et al. (1996) indicated that demographic variables such as age groups, birth rates, dependency ratio and financial variables such as interest rates, inflation rates, available financial instruments and initial wealth levels affected the decision of household savings significantly.

There are different types of financial institutions in the world. A single institution model suitable to all countries does not exist, no one structure could say to be clearly preferable to others (Orazio and Miguel, 2000). What is important is that these institutions should be able to adapt to local conditions and financial flow. As a short-term solution to the lack of savings by the households, governments of developing countries are embarking on micro financing schemes to enable the households to venture in to small business activities. However, these measures are not only costly but also not sustainable in the longer run if the societies are not empowered to save by themselves (ibid, 2000).

The major problems of cooperatives in Africa are absence of experienced management, uneconomic base level units, lack of supporting infrastructure like extension, training etc., poor member participation, insufficient supervision and auditing of cooperatives, and too much political disturbance (SACCOL, 2003).

The existence of functioning cooperative societies leaves a positive mark on the economic and social structure of a country since cooperatives develop on the basis of local initiative and local economic strength; decentralized cooperative systems can operate in close proximity to markets and target groups. (Zvi Galor, 2006).

## Chapter three

### Research methodology

#### 3.1 Site selection and description of study area

##### 3.1.1 Site selection

The study area should be in Tigray region, southern zone Endamehoni Wereda. The study focuses on the effect of conflict on rural saving and credit cooperative in the target area. Endamehoni Wereda should be selected purposively to become the target of the study because the study area is currently affected by the conflict all rural saving and credit cooperative.

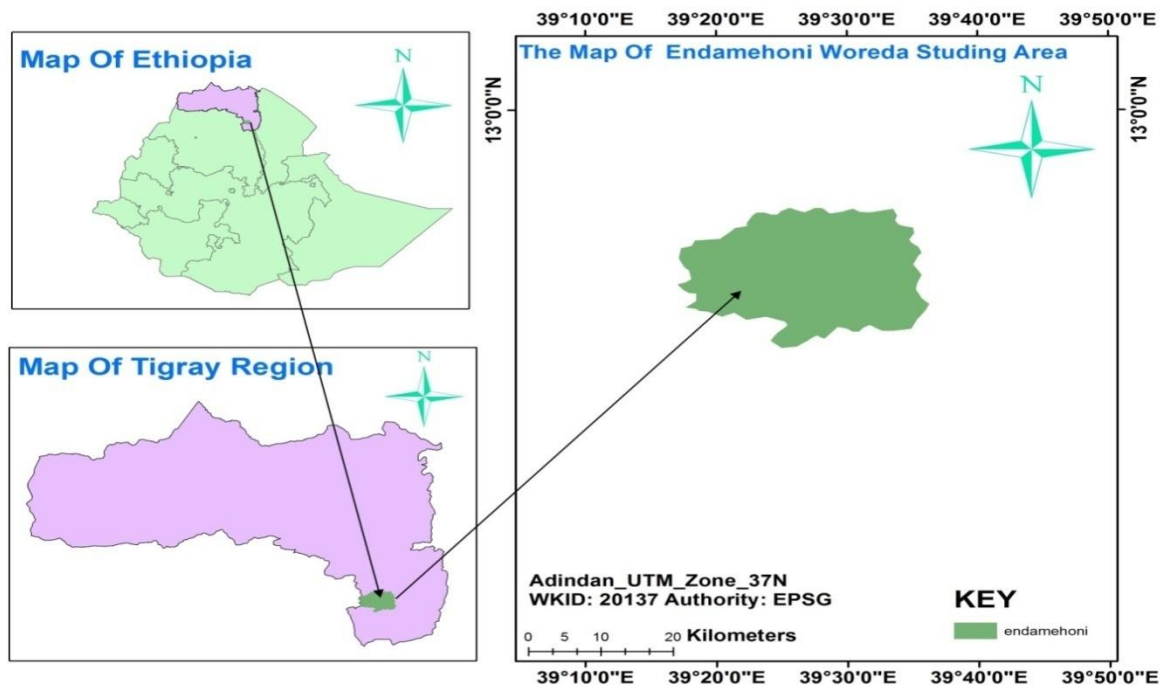
##### 3.1.2 Description of study area

The study area was the Endamehoni Wereda located in northern Ethiopia, (663 km away from Addis Ababa and 127 Km away from Mekelle city to south direction) and one of the Wereda in the Tigray region of Ethiopia, in part of Southern zone that contain 13 kebele. The study area located and bordered on the in the south by Ofla, in the west by neksege Wereda, in the north by Alaje and, in the east by Raya Azebo, and the absolute location of Endamekoniworeda is 12<sup>o</sup>47'15.00"N and 39<sup>o</sup>32'31.99" longitude respectively.

The weather condition is more/less to temperate zone with 500 to 800 annual precipitations. The total area coverage is 7462 hectares (12%) of the total area of the southern zone. The main soil types of the Wereda are silt (50%), sand (7%) and clay (43%). Currently Endamehoni Wereda has an estimated population number more than 96277 (Male 47176, Female 49101). Endamehoni Wereda can be the main attraction center for tourists because the Wereda is rich of natural and human made attraction centers such as Tsibet mountain (the longest mountain in the region), rock hewn churches, and other cultural and historical activities.

Endamohoni Wereda is the best example of saving and credit cooperatives in this Wereda 13 saving and credit cooperatives their members are totally 11484 female 5308 male 6176 all capitals are 50842726 millions

### Map 3.1 Location map of the study area



**Figure 1: Map of Endamohoni Werda**

**Source: Endamohoni finance office**

### 3.1 Research strategy and design

#### 3.1.3 Research strategy

For this study mixed methods both qualitative and quantitative approach has been employed in this study. Such approach was chosen so as to reduce the limitation of data collection through single method. The purpose of this study has been assessed the effect of conflict on rural saving and credit cooperatives'. To this effect triangular data would very important. Therefore, to carry out the study mixed approach or triangulation method has been employed.

##### 3.1.3.1 Research design

This research is descriptive research design because the study has been selected respondents using different sample techniques from the significant number of targeted population and collected data at particular time. To this effect, descriptive survey design has been employed. Survey design was used to collect data at a particular point in time with the intension of describing the nature of existing conditions (Zegeyeetal., 2009). Therefore, the study has been employed cross- sectional design in which data would collect at one point in time. In addition, this design was most appropriated since the study has singed time description and not show change overtime. It is also important to reduced time and cost.

## 3.2 Data Type and source

To carry out this study both primary and secondary data has been employed which means both quantitative and qualitative data has been used to investigate this study. Primary data has been obtained from the selected respondents directly using survey questioner, and key informant interview collection methods. Secondary data has gathered from preview published and unpublished written materials that have directed or indirectly relevant for this study such as reports, books, magazines, articles, and other researches etc. these has been collected from reports and documents of woreda and tabia administration office, office of agricultural and rural development, trade, CSA, department of cooperatives' Other research papers, office reports and websites.

### 3.2.1 Data collection instruments and procedure

The researcher has been used both quantitative and qualitative data collection instruments. Questionnaires were developed for the SACCO members and Leaders. In this case, the researcher prepared 400 questionnaires among them 378 questionnaires distributed, coded, collected, interpreted, and analyzed. Quantitative data collection instrument was open and close ended questionnaire has been employed whereas qualitative data collection instrument has been done by key informant interview. Open ended and close ended questionnaire will be developed so as to get adequate information that enables to properly respond to the already stated objectives or research questions. First questionnaire has been developed then it has been distributed to those who could write and read respondents and they fill the questionnaire by themselves (self-administered questionnaire) but for those who could not read and write efforts has been made by the researcher or by individuals who are responsible to fill the questionnaire to read the question for the respondents and to listen attentively then the Questionnaire has been filled by what is responded from the participants. In the qualitative instrument key informants has selected purposively and interviewed for the relevant bodies. The researcher has employed ten enumerators to fill the questionnaire from respondents to get the information about the study both in person.

## 3.3 Target population and sampling

### 3.3.1 Target population

The study area, Endamehoni Wereda was one of the areas which have been attacked by the conflict for the rural saving and credit cooperative. The target population for this study has been focused for the residents of the rural area households, from the total resident people reported members which has been organized were 13 RUSACCOs such as embebahaya ,

frewyni, lemlem sale, haftamnesh, amdijema, hiwetlemlem, felamitsenay, shewit, resigebar, gerebayni, birhanTsibet, mesereteberhan, gedam. Among them, five RUSACCOs have been purposefully selected from the Wereda. The target population of the study has been the members who live in the Wereda. There for the target sampling population for the study has been the total sum of members living in these five RUSACCO. Therefore, the total members of RUSACCO were 11484, female 5308 male 6176 and their capitals are 50842726 million.

**Table 1: List of number of members**

No	Name of RUSACOs	Male	Female	Total
1	Lemlem sale	1053	1188	2241
2	Gerbayni	269	242	511
3	Berhantsebet	583	185	768
4	Freweyni	281	249	530
5	Gedam	422	501	923
6	Felamitsenay	177	138	315
7	Amdijema	248	142	390
8	Embebahaya	1129	1243	2372
9	Resigebar	352	423	775
10	Hiwetlemlem	408	266	674
11	Haftamnesh	600	325	925
12	Shewit	387	175	562
13	Meseretbirhan	267	231	498
Total		6176	5308	11484

**Source: Endamohoni Cooperative Department, 2012**

### 3.4 Sample size determination and sampling technique

The study has employed a range of sampling techniques including simple random sampling, systematic random sampling and purposive sampling. To begin with, there were 13 RUSACCOS with in the Wereda. From these 5 RUSACCOS has been selected purposely by simple random sampling method which are (Embebahaya,frewyni, lemlem sale, haftamnesh and gedam). From the five selected RUSACCOs 378 respondents has been selected by employing Yemane formula. In order to select the 378 respondents from their from the available sample frame, systematic random sampling were applied. To select key informants

(who will be mostly managers) purposive sampling technique was employed because these individuals were more related to the issues and they would have enough and detail knowledge which has been essential input for the paper. These individuals have been from Wereda and kebele experts, and members more related to the rural saving and credit cooperatives.

Therefore, Yemane (1967) Formula has been employed to select the target respondents. The formula was listed as follows:

$$n = \frac{N}{1+N(e)^2} = \frac{6991}{1+6991(0.05)^2} = 378$$

Where,

n = the sample size,

N = the target population size and

e = the level of precession/confidence level

A total of **378** respondents will identify. To identify respondents from each RUSACCO, the researcher will be used proportionate sampling technique. Final actual respondents were selected using simple random sampling. The ratio method of sample is using Andersen statistics (2008) formula as fellows

$$n1 = \frac{N1}{N} * n \frac{2372}{6991} * 378 = 128$$

$$n2 = \frac{N2}{N} * n \frac{2241}{6991} * 378 = 121$$

$$n3 = \frac{N4}{N} * n \frac{530}{6991} * 378 = 29$$

$$n4 = \frac{N3}{N} * n \frac{925}{6991} * 378 = 50$$

$$n5 = \frac{N4}{N} * n \frac{925}{6991} * 378 = 50$$

Total=378

**Table 2: List of Sample RUSACCOs**

S/n	RUSACCO	Target members of the selected RUSACCOS	proportional sample
1	Embebahaya	2372	128
2	Lemlem sale	2241	121
3	Freweyni	530	29
4	Haftamneh	925	50
5	Gedam	923	50
	<b>Total</b>	6991	378

### 3.4 Data analysis Techniques

To analysis and interpret data the researcher has been used descriptive statistics such as the percentage, central tendency, range, table, graphs, ratio and narrations and the other methods to collect qualitative data by interview, to assess different documents and magazines.

### 3.5 Ethical Consideration

The researcher has properly preserve and take every appropriate measure to avoid any potential harm against the respondent or the key informant for his or her release of information's during the collection of data. The researcher will also guarantee the data collected will properly handle that it does not fall in to the hands of others, who might use it for other purposes.

Finally, in interpreting the data, the researcher will not use words or use languages that are bias and against persons or institutions and he has provided an accurate account of information.

## Chapter Four

### 4 Data Presentation, Discussion and Analysis

#### 4.1 Introduction

This chapter presents the findings of the study and it covers analysis made from the data acquired from rural saving and credit cooperatives Endamohonni Wereda, South Tigray. Five saving and credit cooperative were taken to assess the effect of conflict on rural saving and credit cooperative. Data were collected by interviewing 378 respondents based on questionnaire. Data has been analyzed using descriptive statistics with the help of tables, charts and percentage. Frequency tabulation was also used for statistical description for non-quantitative information from open ended key informant interview and observation has been analyzed through qualitative description. The profile and socio-demographical characteristics of the questionnaire respondents are explained first. After that, it describes the finding of the study on the effect of conflict on rural saving and credit cooperative. In doing that, it tried to relate the information gathered to the research questions stated in the first chapter

#### 4.2. Respondent's rate

In total 378 respondents from the study area were taken by simple random sampling, systematic random sampling and purposive sampling to respond to the questionnaire and 296 (100%) respondent returned the questionnaire, while focus group discussion and a face to face interview with a total of 82 leaders of coop, that is 1 experts (100%) from Endamohoni Woreda cooperative promotion desk, 1 coordinator (100%) from Endamohoni Woreda cooperative promotion, 5 (100%) rural Cooperative development agent and 75 (100%) central committee of RUSACCOs was held on the effect of conflict on saving and credit in the study area.

#### 4.3. Demographic characteristic of sampled cooperative members

With the objective of identifying the effect of conflict on rural saving and credit cooperative, the 378 cooperative members from five sample rural saving and credit cooperative were selected from the study area

The gender profile of the study population indicates that majority of the respondent were male (Table 4.1). The reason for more member male respondent was because of the fact that the majority of the household in Tigray rural community are led by male

**Table 4.1, Sex status of member in the four sample cooperative**

No.	Sex	Freq	Percent
1	Male	231	80.21
2	Female	147	19.79
	Total	378	100

Source: field survey 2021

About table 4.1 80.21 % of respondent were male 19.79% of the member were female

**Table 4.2-marital status of sample members in the four sample cooperative**

NO.	Marital Status	Frequent	Percent
1	Married	325	85.97
2	Unmarried	28	7.41
3	Divorced	9	2.39
4	Widow	16	4.23
4	Total	378	100

Source: field survey 2021

About table 4.2 85.97 % of respondent were married 7.41% of them were unmarried 2.39% of the member were divorced and the rest 4.23% were widowed

**Table 4.3, Age of the respondent in four samples co-operative**

No.	Age category	Freq.	Percent
1	18-25	-	-
2	26-35	45	11.97
3	36-50	309	81.78
4	Above 50	24	6.25
5	Total	378	100

Source: field survey 2021

Table 4. 3, shows the age category of respondents. Accordingly about 0% was in the age category of 18-25 and 11.97% were within the category of 26-35, while 81.78% were within the range category of 36-50 and the rest 6.25% were above 50

**Table 4.4, Educational status of the sample member farmer in the study area**

No.	Literacy level	Freq	Percent
	Illiterate	284	75.13
	Read and write	85	22.49
	Primary school	9	2.38
	Secondary school	-	

*Source: field survey 2021*

The study shows that 75.13% sample respondent was illiterate and the rest 22,49% of the sample respondent were literate (read and write), while 2.38 has completed a primary school (Table,4.4). Education plays a vital role to speed up the economic development of a nation. When we look at the educational level of respondent it was very low in the study area. In Ethiopia especially in rural area education infrastructure is very low. The fact in the study area was also the same. There are low educational facilities in the study area which because of that also majority of them are illiterate.

**Table 4.5 Duration of time in cooperative in the sample woreda**

NO.	Year	Frequency	Percent
1	1-7	46	12.17
2	8-15	318	84.13
3	Above 15	14	3.7
4	Total	378	100

*Source: field survey 2021*

In table 4.5-Concerning duration of time individual stay as a member of the rural saving and credit cooperative, respondent were asked, accordingly 12.17% respondent have a time duration of 1-7 years being member of the rural saving and credit cooperative, while 84.13 % respondent have a time duration of 8-15 years being member of the cooperative, while 3.7% were above 15. This shows also the highest percentage of the respondent incorporate

members who stay 8-15 years were member of the cooperative. And this confirm that the survey questionnaire ware distribute to the right participant who have more experience and knowledge about saving and credit cooperative.

#### 4.4 Identifying rural saving and credit performance pre and post conflict

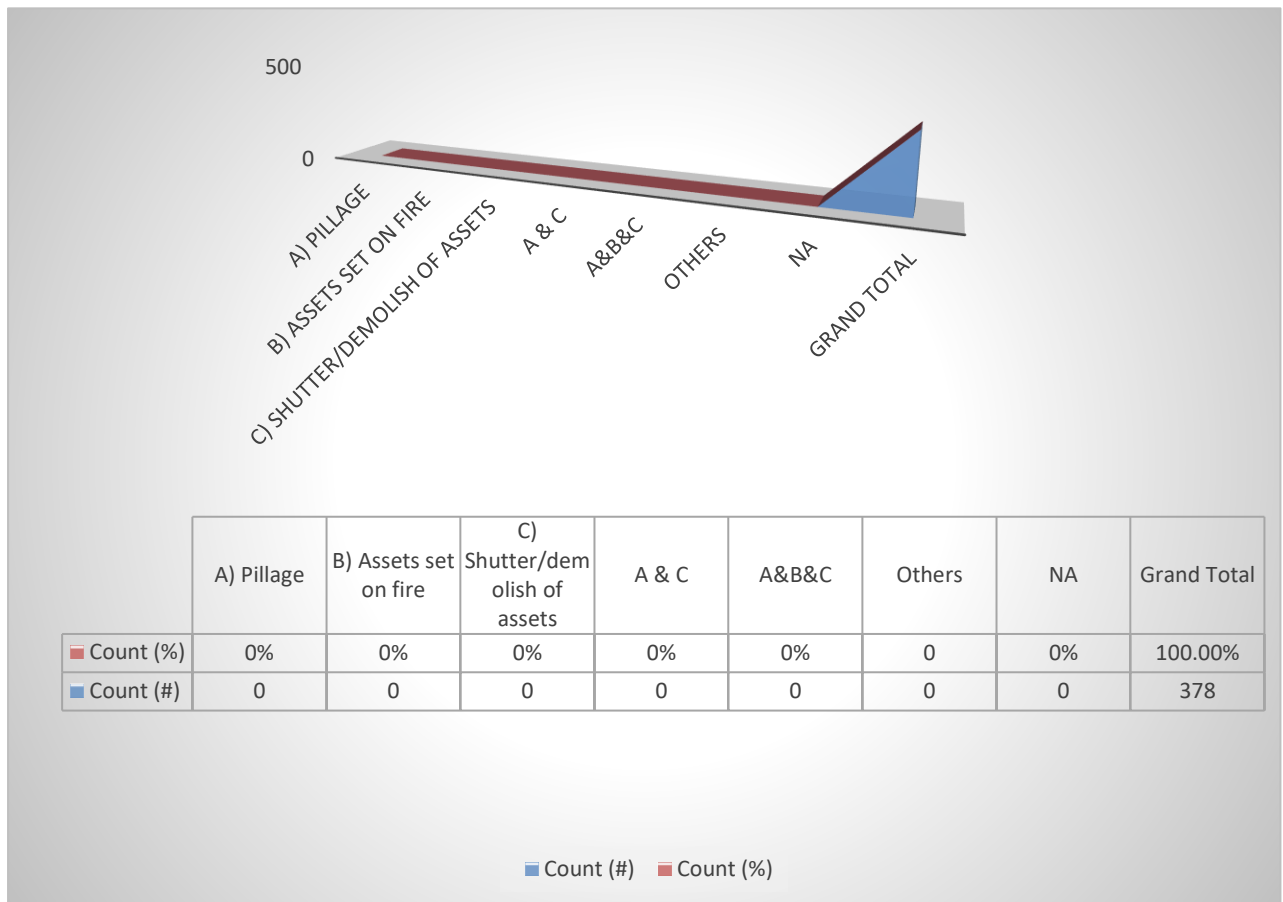
##### 4.4.1. Types damage in pre-war conflict

The study conducted among the members of Endamohoni Wereda Youth Saving & Credit Cooperative to assess the types of damages they experienced during the pre-war period. It can be seen from following table.

**Table 6: Types of Damage in the pre-war conflict**

<b>Damage Type</b>	<b>Count (#)</b>	<b>Count (%)</b>
A) Pillage	0	0%
B) Assets set on fire	0	0%
C) Shutter/demolish of assets	0	0%
A & C	0	0%
A&B&C	0	0%
Others	0	0%
NA	0	0%
<b>Grand Total</b>	<b>378</b>	<b>100.00%</b>

*Source: field survey 2021*



During the pre-war conflict, as Tigray was in state of peace and stability, from the above table it is possible to say that there were no any types of damages, such as damages of pillage, set on fire, shuttered or demolished.

#### 4.4.2 Types of damage in post war conflict

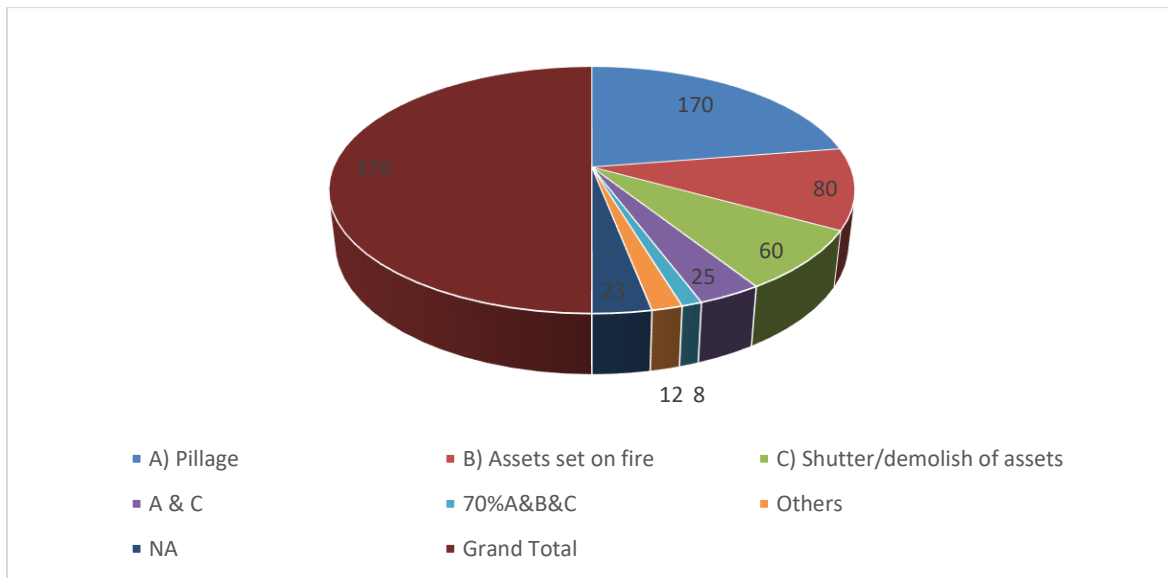
The study was conducted among the members of Endamohoni Wereda Youth Saving & Credit Cooperative to assess the types of damages destroyed in the post-war conflict. In order to make clear and understandable, it is illustrated in the following table as follows.

Table 7: Types of Damage in the Post-war conflict

Damage Type	Count (#)	Count (%)
A) Pillage	170	44%
B) Assets set on fire	80	18%
C) Shutter/demolish of assets	60	16%
A & C	25	12%
A&B&C	8	2%
Others	12	3%

NA	23	5%
<b>Grand Total</b>	<b>378</b>	<b>100.00%</b>

Source: field survey 2021



From the above table it is possible to conclude that pillage type of damage compromises of 44% looting by AmharaMilisha, Eritrean troops and other external forces. This indicates that a significant portion of the company's assets were unlawfully taken during the crisis. Likewise, 18% of the damage was set on fire, whereas 16% of the assets were shuttered or demolished. And 12% of damages were a combination of pillage and demolished assets.

Similarly, another 2% types of the damages were found a combination of three types of damages such as- pillage, fire, and demolition at a time. However, 12% large damages that were categorized under as 'Others', which could encompass a wide range of damages that did not specified in the survey. Finally, nearly 5% of the damages indicated with 'Not Applicable' due to an unknown type of damage, which might be suggested they could not clearly identified or categorized in the circumstance.

Lastly but not the least, in phrasing my statement this way , the war crime and crisis had complex effects, and led to the wide range of damages to the Endamohoni Wereda Youth Saving & Credit Cooperative.

In general, the conflict results varieties of damages were in the Endamohoni Wereda Youth Saving & Credit Cooperative.

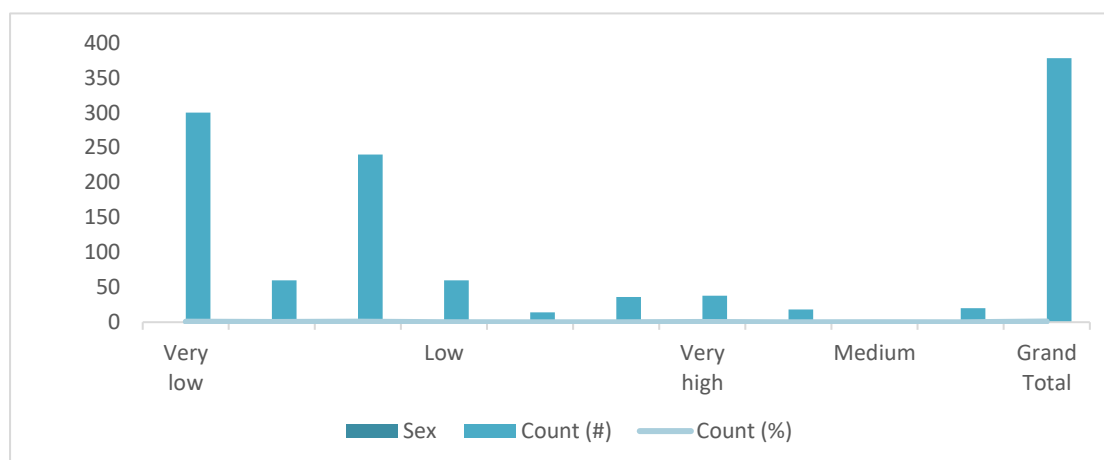
#### 4.4.3. The economic impact of the members in the pre-war conflict

The economic impact of the member's before the conflict were found at good circumstance. In order to realize the economic impact of the members in the pre-war conflict, the study was conducted among 378 interviewees to know the economic impact on the members of Youth of Endamohoni Wereda Youth Saving & Credit Cooperate to Saving & Credit Cooperative.

Table 8: The economic impact of the members in the pre-war conflict

Level of economy	Sex	Count (#)	Count (%)
Very low		300	86%
	Female	60	26%
Low	Male	240	60%
		60	
Very high	Female	14	4%
	Male	36	8%
Medium	Male	18	1.8%
	Female	20	1.2%
<b>Grand Total</b>		<b>378</b>	<b>100.00%</b>

*Source: field survey 2*



According to table the above, 86% of the interviewee were males, 240% of them, and 26% were also female. Hence, 86% of the interviewee responded that the economic impact of the member's before the Tigray-war was very low. This implies that in the pre-war conflict, there was no much more economic impact of the members. Additionally, 60 interviewees, consisting of 36% males and approximately 14% females indicated that the economic impact of the members was low.

In general, the findings of the study infers that the economic impact of the members of the Endamohoni Wereda Youth Saving & Credit Cooperative in the pre-war time ,had no any type effect up on the members as Tigray was in a state of peace and stability.

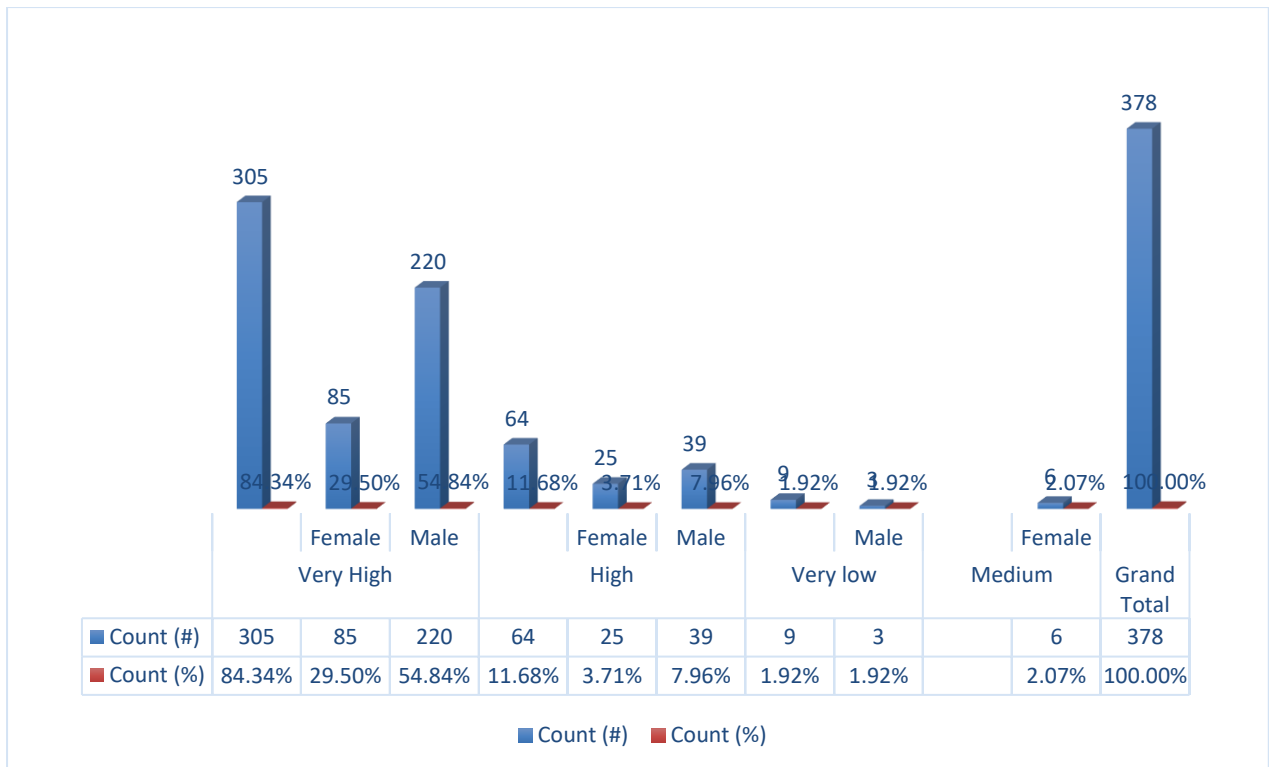
#### 4.4.4 The economic impact of the members in the post-war conflict

Unlike the pre-war time, the economic impact of each and every members of the Endamohoni Wereda Youth Saving & Credit Cooperative was profoundly affected.

As it is stated in the table above, 378 interviewees were taken as a sample to assess the economic impact of the members of Endamohoni Wereda Youth Saving & Credit Cooperate union. So as to make more clear and understandable, it is better to illustrate it using graphs and tabular discussion.

Table 9 .The economic impact of the members in the post-war conflict

Level of economic Impact	Sex	Count (#)	Count (%)
<b>Very High</b>		<b>305</b>	<b>84.34%</b>
	Female	85	29.50%
	Male	220	54.84%
<b>High</b>		<b>64</b>	<b>11.68%</b>
	Female	25	3.71%
	Male	39	8%
<b>Very low</b>		<b>9</b>	<b>1.92%</b>
	Male	3	1.92%
<b>Medium</b>			
	Female	6	2.07%
<b>Grand Total</b>		<b>378</b>	<b>100.00%</b>



According to table above, 305 individuals were the respondents of the study. Among the 29.5% female and 54.84% males, revealed that the economic impact of the members in the post-war conflict have great economic impact. From this we can understand that a large portion of the members experienced substantial challenges and setbacks in their economic situations.

Additionally, 64 interviewees, consisting of 3.7% females and approximately 8% males, indicated that the economic impact in the post war conflict was high. On the other hand, a smaller percentage of participants, about 1.9% of them who were all males, expressed as they faced very low economic impact

Furthermore, the study shows that only around 2.1% of the interviewees, were females, and felt an average level of economic impact. This suggested that a small but notable group of female members experienced a moderate impact, which may indicate a degree of stability or resilience amidst the challenging post-war economic conditions.

Generally speaking, the findings of study summarized that the members of Endamohoni Wereda Youth Saving & Credit Cooperative were great fully affected by war. Majority of respondents had very high economic impact with a significant gender disparity favoring female members. These results emphasize the urgent need for targeted support and interventions to assist the affected members in rebuilding their financial stability and resilience. By addressing these challenges, Endamohoni Wereda Youth Saving & Credit Cooperative can work towards providing the

necessary resources and assistance to its members, enabling them to recover and thrive in the aftermath of the war.

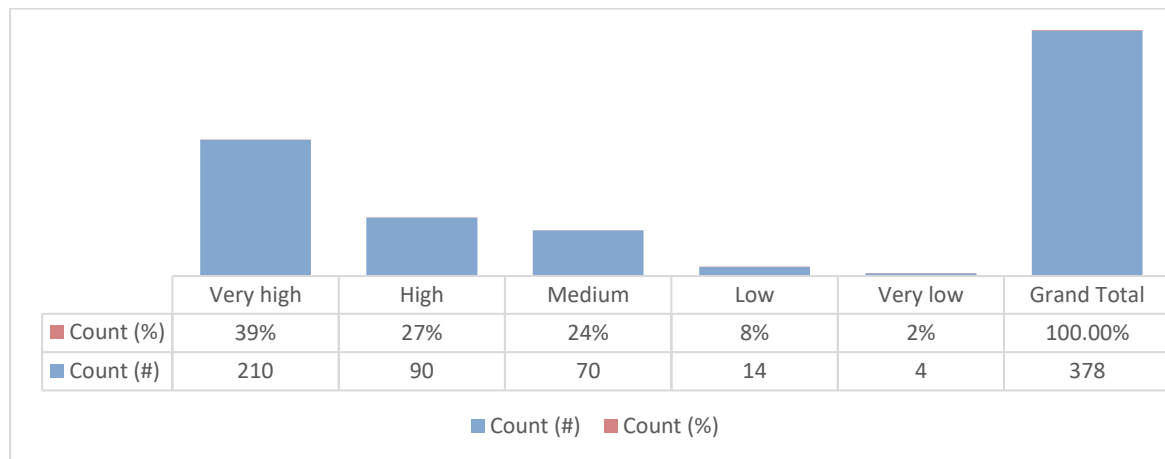
#### 4.4.5 Access of credit in the pre- war conflict

As it is stated earlier in concerns, 378 members of Endamohoni Wereda Youth Saving & Credit Cooperative before the war in Tigray, the rate of access to credit has been assessed and summarized it as follows.

**Table 10. Access of credit in pre- war conflict**

Credit Comparison	Count (#)	Count (%)
Very high	210	39%
High	90	27%
Medium	70	24%
Low	14	8%
Very low	4	2%
<b>Grand Total</b>	<b>378</b>	<b>100.00%</b>

Source: field survey 2021



According to **Error! Reference source not found.10**, the researcher comes up with the following major findings. These are

- ❖ 39% of the respondents claimed that there was very high access to credit.
- ❖ 27% of them reported high access to credit.
- ❖ 24% of the interviewees stated that there was an average level of access to credit.
- ❖ 8% of the respondents mentioned that there was low level of access.
- ❖ Less than 2% of the participants indicated that they had very high access to credit.

- ❖ Based on the above findings of the study, it is possible to conclude that the majority of the respondents had very high access to credit Endamohoni Wereda Youth Saving & Credit Cooperative before the war in Tigray.
- ❖ This suggests that there were no challenges and limitations in obtaining credit for the members of the union.
- ❖ Further analysis and examination may be required to identify the factors contributing to this situation and explore potential strategies to improve access to credit for the members.

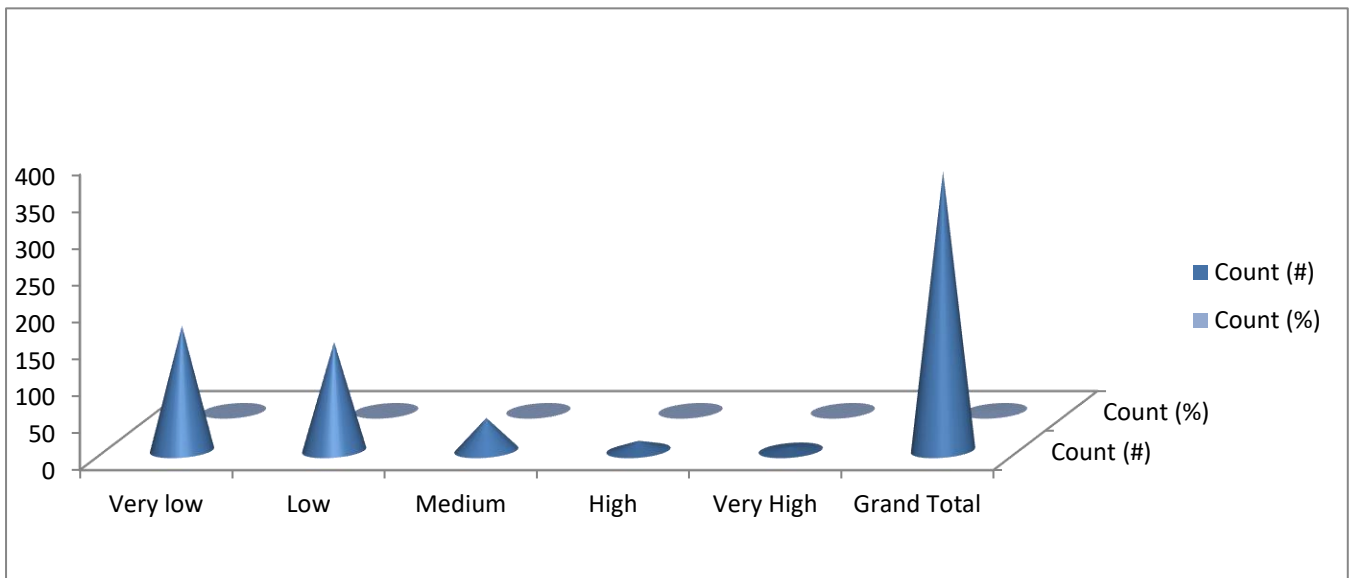
#### 4.4.6 Access of credit in post war conflict

According to a survey conducted among 372 members after the Tigray-war, the rate of access of Endamohoni Wereda Youth Saving & Credit Cooperative to credit has been assessed and summarized in the following way.

Table 11 Access of credit in post war conflict

Credit Comparison	Count (#)	Count (%)
Very low	169	42%
Low	147	38%
Medium	44	17%
High	13	2%
Very High	5	1%
<b>Grand Total</b>	<b>378</b>	<b>100.00%</b>

Source: field survey 20



According to **Error! Reference source not found.**, the survey revealed the following findings:

- 42% of the respondents claimed that there was very low access to credit.
- 38% of them reported low access to credit.

- 17% of the interviewees stated that there was an average level of access to credit.
- 2. % of the respondents mentioned that there was a high level of access.
- Less than 1% of the participants indicated that they had very high access to credit.

From the above graphic and tabular discussion it can be concluded that the majority of the members' of Endamohoni Wereda Youth Saving & Credit Cooperative after the war in Tigray there was low and very low access to credit. This suggests that members are facing multiple problems, challenges and economic limitations in obtaining credit from the union.

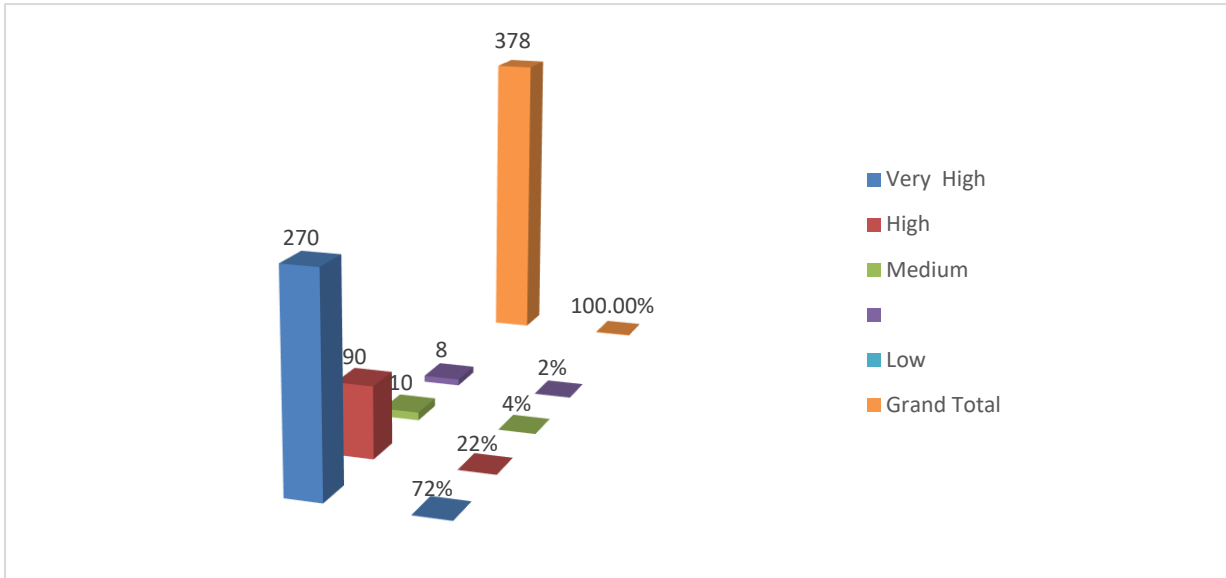
#### *4.4.7 Security trust in the pre- war*

Before the outbreak of war in Tigray the Security trust was found at remarkable conditions. The study was conducted among 378 interviewees to assess the security trust status of Endamohoni Wereda Youth Saving & Credit Cooperative. As presented in **Error! Reference source not found.**8, the study yielded the following results:

Table. 12 Security trust in the pre- war

<b>Security trust</b>	<b>Count (#)</b>	<b>Count (%)</b>
Very High	270	72%
High	90	22%
Medium	10	4%
Low	8	2%
<b>Grand Total</b>	<b>378</b>	<b>100.00%</b>

*Source: field survey 2021*



- 72% of the respondents claimed that there was very high security trust.
- Approximately 22% of them reported high security trust.
- Around 4% of the interviewees stated that there was an average level of security trust.
- Only about 2% of the participants felt that there was a very high level of security trust.

Based on these findings, the study shows that the majority of the participants expressed there was a very high level of security trust towards the Saving & Credit Cooperate union. Additionally, a significant proportion of respondents reported there was high security trust. Only a small percentage of participants expressed an average level of security trust.

During this time, in Endamohoni Wereda Youth Saving & Credit Cooperative, there was conducive and secure environment for its members and fostering a sense of trust and confidence in the organization.

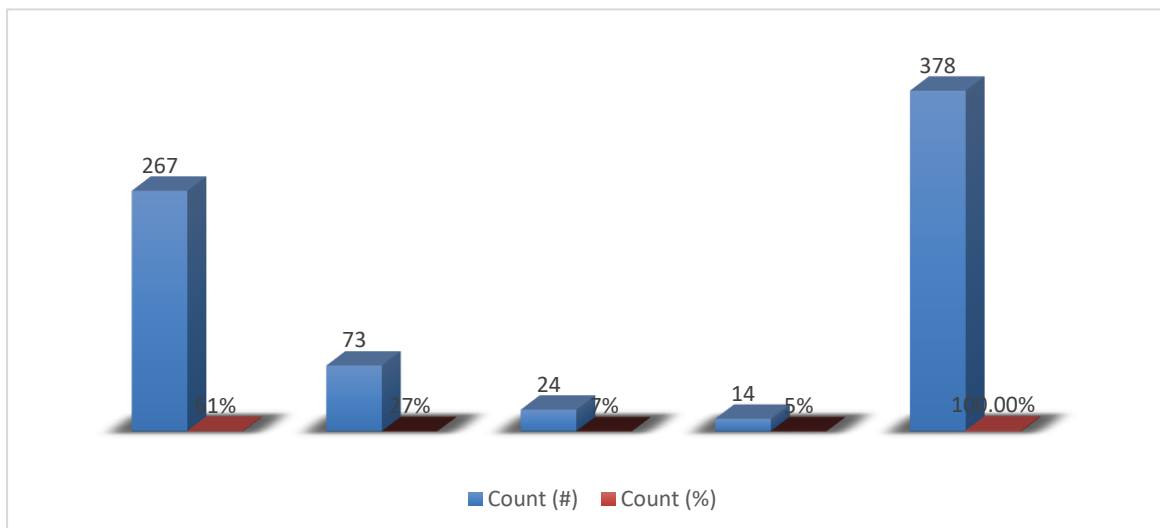
#### ***4. 4.8 Security trust in the post- war***

Like the pre-conflict in Tigray, in post war conflict the study was conducted among 378 respondents to in Endamohoni Wereda Youth Saving & Credit Cooperative.

Table.13 Security trust in the post war

Security trust	Count (#)	Count (%)
Very low	267	61%
Low	73	27%
Medium	24	7%
Very High	14	5%
<b>Grand Total</b>	<b>378</b>	<b>100.00%</b>

Source: field survey 2021



- 61% of the respondents claimed that there was very low security trust.
- Approximately 27% of them reported low security trust.
- Around 7% of the interviewees stated that there was an average level of security trust.
- Only about 5% of the participants felt that there was a very high level of security trust.

From the above findings, it is possible to generalize that the majority of the respondents expressed that there was very low level of security trust in Endamohoni Wereda Youth Saving & Credit Cooperative after the war. Additionally, a number of respondents said that there was low security trust. Despite this, a small percentage of participants felt an average or very high level of security trust.

#### 4.4.9 RESULTS AND ANALYSIS FROM PRIMARY AND SECONDARY DATA

#### 4.4.10 Financial Performance of Endamokoni Wereda saving and Credit Cooperative.

**Table 14 financial performance**

Years	2016	2017	2018	Pre-war 2019	Post-war 2020
Gross Profit/loss	292,585.65	1,165,997	4,706,664.41	16,553,661.00	(23,229,664.57)
GP Year to year progress in %		398.52%	403.66%	351.71%	-140.33%

*Source: field survey 2020*

Armed conflict in Cambodia destroys the entire financial infrastructure and the local currency during the Khmer Rouge regime, in Mozambique and Angola damaged the entire rural banking system, but the Central Banks have remained intact (Addison et al. 2001).

According the data of Endamokoni Wereda saving and credit cooperative and authorized bodies interview, the organization branches during the war time was closed its working places, from one month up to three months in Mekelle, where us in 4 branches, out of Mekelle City it was totally destroyed and pillaged with an amount of above 2 million Birr. On the other hand the war highly affected the profitability of the organization by -140.33% from the pre-war time. This table shows the detail profitability conditions of the organization.

#### 4.5 Major Challenges of RUSACCOS

The study was also aimed to assess the major challenges faced by rural saving and credit cooperative. In this regard the challenge was categorized in to challenge related to member's awareness about their cooperative, challenge related to the competency of management committee and challenge related to government interference in the day to day activities of the cooperative. Thus respondents were asked to rate the level of their agreement for each statement using the four-point likers scale.

##### 4.5.1 Challenges Related to Members Awareness

Awareness is an important indicator of cooperation that can play a substantial role by doing things according the knowledge that is built about cooperative through its principles and value (Gnigwo, 2010). General assembly means a meeting of members of a cooperative. The supreme organ of any society (article 20 proclamation No 147/98) the general assembly of a society shall pass decision after evaluating the activities of the cooperative, elect and dismiss the members of management committee, hear work report and give proper division,

determine the amount of share of the society, approve the annual work plan and budget, and decide any issue summated by management of committee and other committee

In line with the result presented above, to examine the level of awareness respondents were asked to put down the degree of their agreement by raising question on the knowledge of sample members about the objective of their cooperative, the cooperative proclamation (No, 147/98, ) cooperative principle and the advantage of participating in the general assembly meeting. Accordingly the summary respondent view were presented her below.

Table.15 Respondents view on the challenges of members' awareness about their cooperative in the study area

Description	Level of Respondents' Opinion						Total
		S.dis	Dis	Neu	A.g	S.ag	
Lack the awareness of cooperative objective	Freq.	36	88	3	242	9	378
	Percent	9.38	22.92	1.56	61.46	4.69	<b>100</b>
Lack the awareness of cooperative proclamation No. 147/98	Freq.	26	67	9	247	29	378
	Percent	13.02	26.04	3.65	42.71	14.58	<b>100</b>
Lack the awareness of cooperative principles	Freq	29	36	23	280	10	378
	Percent	15.10	18.75	5.73	55.73	4.69	<b>100</b>
Lack awareness of participating in general assembly meeting	Freq.	16	13	20	320	9	378
	<b>Percent</b>	7.29	6.77	10.94	70.31	4.69	<b>100</b>

Source: field survey 2020

As indicated in table 4.17 the main objective of cooperatives is to organize same basic essential service and surplus earned is incidental to the service rendered, based on this respondents were asked to understand about the awareness of the objective of cooperative they belong to , and 32.29 % of the respondent were either strongly disagree or disagree that they lack the awareness about the objective of their cooperative ,while 66.15%wereagree or strongly agree about the issue while 1.56% of respondent remain neutral about the statement.

The same result is also true for the question asked if they knew the principle of cooperative and only 39.06% respondent were ether strongly disagree or disagree that they are aware of the principles of the cooperative while 57.29 % of the respondent were either agree or strongly agree that they do have lack knowledge about the principles of cooperative while the rest 3.65% remain neutral about the issue.

In addition an attempt were also made to the extent to which members knew the cooperatives proclamation and 32.06 % of the respondent were ether strongly disagree or disagree that they have the awareness about the cooperative proclamation No.147/98 while 57.29 % of the respondent were either they agree or strongly agree about the statement, while 1.56% respondent were remained neutral about the issue.

Based on the above table 4.17the summary of the table regarding the lack of awareness of members about the importance of members participation in the general meeting 14% of the respondent were either strongly disagree or disagree about the statement, while 75% of the respondent were either agree or strongly agree while 10.94% respondent were stay neutral about the issue. This reveled that most member of the agricultural multipurpose cooperative society lack the knowhow and importance of participating the general assembly meeting

#### 4.5.2. Challenges Related to Management Efficiency

The organizational structure of rural saving and credit cooperative is made up of the three General Assembly, management committee and employee. Each structure has explicitly specific duties and responsibility stated. Management committee is delegated by the general assembly which is responsible of managing operating policy, serving cooperative business performance (Proclamation No. 147/98). And it is also board of director responsible to ensure that everything in the cooperative society is run in line with the by-law of the cooperative. When a successful leader sees him/her in a mirror, he/she sees a leader, a person who is willing to accept the responsibility for change and become the catalyst for action. Accordingly analysis of survey result is depicted in the table 4.18 here below

Table16. Respondents view on competency of management committee of the sample cooperative

Description	Level of Respondents' Opinion						Total
	Sdis	Dis	Neu	Ag	Sag		
Management member have no formal education	Freq.	27	49	8	246	28	378
	Percent	5.21	23.96	4.17	60.94	5.73	100
Do not adherence to cooperative principles and values in the day to day activities	Freq.	14	13	21	321	9	378
	Percent	7.29	6.77	10.94	70.31	4.69	100
Do not addressing members need and problem	Freq	16	31	14	280	37	378
	Percent	7.29	10.42	6.25	62.50	13.54	100

Executive body are unable to know their cooperative principles and proclamation and failed to act accordingly	Freq.	23	60	23	256	28	378
	Percent	5.73	21.35	5.73	59.38	7.81	<b>100</b>
Do not respect to rules and regulations	Freq	11	90	4	242	21	378
	Percent	5.73	26.04	2.08	55.21	10.94	<b>100</b>
Long time duration of the management body without regular replacement	Freq.	20	275	1	18	44	378
	Percent	9.90	65.1	0.52	6.25	18.23	<b>100</b>
cash and property management system and documentation of record keeping is poor	Freq	8	78	7	275	10	378
	Percent	3.13	27.60	2.60	63.02	3.65	<b>100</b>
Do not have transparency, accountability and willingness to have audit	Freq.	9	73	1	267	28	378
	Percent	3.65	29.17	0.52	53.13	13.54	<b>100</b>

*Source: field survey 2020*

As it can be seen from the table above, 29.17% respondent were either strongly disagree or disagree that managers' capacity were highly suffered because of poor education leveled and poor project formulation and implementation capacity, while 66.67 % of respondent respond either agree or strongly agree that their cooperative were importantly suffered because of limited capacity of management body, while 4.17 % of the respondent respond were remain neutral about the issue. This indicates that cooperative need leadership skill to conduct task in an effective manner.

An interview and focus group discussion also revered that there is a serious gap in cooperative leadership capacity. From the interview one of the key informant, Endamohoniworda cooperative promotion office it was understood the most of the saving and credit cooperative in the study area were held by individuals who has no leadership skill. The committee members who participate in the day to day affair of the cooperative were elected without taking into consideration their ability to organize the staff coordinate and lead members. They were simply elected by their position in the village and due to the position they hold, most of them knowingly or unknowingly challenge to a certified auditor sent to make them audit the performance and financial status of their cooperative.

An attempt were also made to assess if management of the cooperative were working to address the need and problem of member, and 14% of the respondent responds were either strongly disagree or disagree about the statement while 75% of the respondent were either agree or strongly agree about the statement while 10.94% respondent remain neutral about

the issue. This revealed that management body of the cooperative did not addressing member need and problems in the study area.

#### 4.5.3. Challenges related to Government Intervention

Cooperatives are autonomous self-help organization controlled by their members if they enter into agreement with other organization including government or raise capital from external source they do so in terms that ensure democratic control by their member (ICA 1995). In this regard to examine the level of government interference in the cooperative affair, sample member were asked to put down the degree of their agreement by raising question like appointment of management by inflecting the general assembly and their business plan is top-down from government body. Accordingly, the summery of the respondent were presented her below.

**Table17. Respondents view on challenges related to government intervention in the study area.**

Description	Level of respondent						Total
		Sdis	Dis	Neu	Ag	Sag	
Appointment of board of the cooperative by influencing the general assembly at the meeting	<b>Freq.</b>	<b>47</b>	<b>28</b>	<b>7</b>	<b>204</b>	<b>8</b>	<b>378</b>
	<b>Percent</b>	22	13	2	61	21	<b>100</b>
Your cooperative business plan is top-down creating vested interest of regional government	<b>Freq.</b>	<b>34</b>	<b>196</b>	<b>51</b>	<b>90</b>	<b>7</b>	<b>378</b>
	<b>percent</b>	7	59	9	22	3	<b>100</b>

*Source: field survey 2020*

As reflected in table above, 34.9% of respondent either strongly disagree or disagree that there is high government interference in their affair while 63.54% of the respondent were agree or strongly agree while 1.56% of the respondent were remained neutral about the issue. This indicates there is government appoint to the top leadership and have higher interference in its affair.

Interview and focus group discussion held also revealed that there is higher government interference in cooperative internal affair. As one of the cooperative promoters suggested that most decisions are made by the management bodies of saving and credit cooperatives, local

administrations, or cooperatives offices. An interview held with worda expert also confirm that government intervention in cooperative affair has been largely as a result of the legal framework under which the cooperative are operating and this has greatly affected members involvement and trust in their cooperative. He also indicated that quite often the governments utilize cooperatives for implementing certain projects having welfare orientation. In such a situation cooperatives tend to lose their cooperative character, primarily because they are expected to serve a large segment of the beneficiaries who are non-members of cooperatives.

In the same table above 25% of the respondent respond either they are strongly disagree or disagree that their business plan incorporate additional activities from top government body, while 66.15% of the respondent agree or strongly agree their annual business plan incorporate activities from werda cooperative , while 8.85% of the respondent remain neutral.

An interview and group discussion held argued strongly that, in general an activity carried by cooperative in the area of agricultural input supply and distribution is not in the manner to make cooperative independent business entities rather to make sure that the plans of the supporting organization are met. For example the assessment of demand for any agricultural input and input price setting mostly is the responsibility of agricultural and rural development offices when it was supposed to be executed by the input distributor themselves i.e by the cooperative. Thus, the plans by agricultural and rural development office have reduced the possibility of planning by the cooperative themselves as independent business entity. This limits the consideration of business risk and efficiently manages like human and financial resource and warehouse which is mostly occupied with agricultural inputs and implements not to engage in agricultural and industrial output marketing.

Here the finding indicates there is an influence by external (government) body to incorporate activity of government in cooperatives business plan without the consent of the general assembly.

#### 4.6. Influence of technology adoption on the growth of SACCOS

One of the other challenges of **SACCOS** was the fast growth of technology. Technology greatly enlightens the work and the burden complex tasks. The worlds moving rapidly, swiftly address, and leaving us behind. Therefore, in this case an attempt was made to find out the influence of technology on the growth of saving and credit cooperative societies. Respondents were given the statement on influence of technology for them to rate their level of agreement.

**Table18. Technology and the growth of Sacco's**

Statement	YES	NO
The RUSACCO have computerized	80	20
The RUSACCO are connected to internet	71	29
The RUSACCO have Sacco website	9	91

According to the findings, 80% of the respondents indicated that the society had not computerized, 71% of the respondents indicated that the society had not connected to internet and 36% of the respondents indicated that the society had not a society website. Technology strategy played an important role in determining firm performance in technology driven industries such as industrial automation company (Mitchell, 2002). The Ministry of cooperatives through its policy document on investment notes that many co-operatives are not computerized while others institution like bank and dedebit are partially computerized; and recommends that all SACCOs are computerized be activated to fulfill its core mandate of developing and assisting the co-operative movement to acquire compatible computer software for their operations at a competitive price; and that to save on costs, Sacco's should link up with private ATM service providers, example Peas Point or alternatively utilize Cooperative Bank ATM service which has a country wide network.

#### 4.7. Coping mechanisms sought for alleviating RUSACCO Problems

As you may know, RUSACCO Problems are similar like other financial institutions such as bank and micro finance influenced by varieties of problems that affect its financial performance. In order total levitating RUSACCO Problems partially or completely, analysis of study result is depicted in the table below. Like challenges related to competency of management committee, the researcher used interview and focused group discussion to alleviating RUSACCO Problems.

Table.19.Coping mechanisms sought for alleviating RUSACCO Problem

Description	Level of Respondents' Opinion						
		Sdis	Dis	Neu	Ag	Sag	Total
Does the RUSACCO have capital or financial adequacy?	Freq.	246	49	8	27	28	378
	Percent	71	24	3.9	4	5.	100

Does the RUSACCO is secure and conducive to operate the day to day activities	Freq.	14	13	21	321	9	378
	Percent	8	6	11	70	5	<b>100</b>
Do not allow members autonomy and independence	Freq.	280	31	14	16	37	378
	Percent	63	14	7	10	6	<b>100</b>
Does Executive body have Education, Training and Information about the RUSACCO?	Freq.	23	60	23	256	28	378
	Percent	6	21	6	59	8	<b>100</b>
Cooperation among Cooperatives is very vital for RUSACCO financial performance.	Freq.	242	90	4	11	21	378
	Percent	55	26	3	6	11	<b>100</b>
Does increase the number of RUSACCOs' members is very crucial for the existence of the union?	Freq.	20	275	1	18	44	378
	Percent	10	6	1	18	65	<b>100</b>

Source: field survey 2020

According to the table above, 71% of the interviewees were responded strongly disagree, 24% disagree, 4% agree, 5% strongly disagree, while 3.9% remain neutral. From this it is possible to say that adequate capital or finance helps the SACCO in providing a strong cohesion to increase its credit undertaken leading to better profitability and make it nationally or globally more competent. So, adequate capital or finance is one coping mechanism of sought for alleviating RUSACCO Problems

Similarly, table 17 precisely stated that 70 % of the interviewees were responded agree, 5% strong agree, 11%, 8%strongly disagree, and %6 agree.

Thus, the existence of conducive and secure environment for its members is very vital to foster a sense of trust and confidence in the organization.

Likewise, table18 indicates that 63% of the interviewees were responded strongly disagree, 14%agree,7% neutral, 10% agree 6% ,and strongly agree. So, cooperatives should be autonomous, self-helping organizations controlled by their members. ICA (2015) stated that, the integrity of a co-operative as an autonomous and independent organization rests on the co-operative values of self-help, self-responsibility and democracy that have been central to co-operative identity since the emergence of sustainable co-operative enterprises in the 19th century

Not only this but also table 12, 59% of the interviewees were responded agree 8% strong agree, %6 neutral, 21% agree 6% strongly disagree. Here education and Training or management efficient is also important, because they provide excellent opportunities where by cooperative leaders can understand the needs of their membership. The principle ends by recognizing that cooperatives have a particular responsibility to inform young people and opinion leaders-politicians, public servants, media representatives and educators, about the nature and benefits of cooperation (ICA,2015).

Additionally, 55% of the interviewees were responded strongly disagree, 18% disagree, 3% neutral,6 % agree, and 11% disagree. Therefore, Cooperation among cooperatives plays an important role because cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national and international structures. Commitment to co-operation among co-operatives is the hallmark of co-operative business enterprise (Veerakumaran 2005)

Finally, table 18 suggested that 65% of the interviewees were responded strongly agree, 18% agree, 1% neutral, 6 % strongly disagree, and 10% disagree. Hence, SACCO without enough members is nothing. Having enough members helps to meet the required standards, gain loans to its members , increase market share, improve facilities, ensuring return on profitability and total cost reduction and which encourages its members to save money and enables them maximize the profitability of union.

## Chapter Five

### 5.Conclusion and Recommendations

#### 5.1 Conclusion

The study conducted after the conflict to assess the effect of conflict on rural saving and credit cooperative. Conflict is the major and fundamental explanatory factor for the poverty and backwardness of Ethiopia. It not only creates human misery but also suppresses economic activity. Resources shift from productive to destructive activities, reducing growth or negatively affected its quality and composition .Environment has a significant effect upon the establishment and function of microfinance services.

Conflicts and political instability can indeed be associated with a greater risk of systemic financial crisis include lower economic growth, higher non-performing bank loans, lower bank deposit. As compare to pre conflict, the post conflict in Tigray brought about complex effects and wide range of damages to such as pillage, assets set on fire , shutter or demolished assets. The members are facing multiple problems, challenges and economic limitations.

From the results and discussion, it is possible to conclude that the post war conflict significantly disrupted the income capacity of most respondents, with only a small percentage managing to generate income at or near their expected levels. Similarly, the majority of members either ceased saving or reduced their saving amounts during the war and siege period. On the other hand, the majority of the surveyed individuals experienced low to very low access to credit in Endamohoni Wereda youth Saving & Credit after the war in Tigray. This suggests that there may be challenges and limitations in obtaining credit for the members of the organization. The level of trust towards Endamohoni Wereda youth Saving & Credit during the war period was also found to be very low, with a significant proportion of respondents reporting low security trust.

In general, the study results reveal a diverse range of preferences among the members of Endamohoni Wereda Youth Saving & Credit cooperative regarding

compensation mechanisms. While cash compensation and low-interest loans were popular choices, there was also significant interest in non-monetary forms of restitution and rebuilding efforts. These findings emphasize the importance of considering multiple approaches to compensation and tailoring support to the specific needs and preferences of the organization and members.

Major challenges of rural saving and credit cooperative union are member's awareness about their cooperative, limitation of managerial capacity, limited income of the members, Sacco size dependency or government interference, inadequate support and weak regulation and supervision, inaccessibility to technology, political instability or war. The RUSACCO is influenced by the management efficiency, democratic membership control, members' economic participation, autonomy and independence, cooperation among cooperatives and Concern for Community.

Educational statuses of members and officials have its own effect on management of RUSACCOs service of saving and credit cooperatives. The presence of better educated members and officials, use of technology, creating awareness raising, enhancing the number of members, and their income per participant, being autonomous, cooperative among cooperation, contribute positively for the effective and efficient operation of the RUSACCO.

## 5.2 Recommendations

Though the research was conducted for RUSACCOOS in Endamohonni Wereda south Tigray, it will have an implication beyond the study area and also needs attention of policy makers. Thus, based on the findings of the study, the following suggestions are recommended.

- ✚ Provide long term loans with low interest or with no interest and other supports, such as financial and non-financial support should be targeted to the support and interventions to assist the affected organizations as well as members in rebuilding their financial stability and resilience. This can include providing resources, financial counseling, and training programs to help them recover from the economic impact of the post war conflicts

- ✚ Strengthen credit access: Efforts should be made to address the challenges and limitations in accessing credit for the members especially for the more affected members. This may involve revisiting the credit assessment criteria, exploring alternative collateral options, and implementing flexible repayment plans to accommodate the changing financial circumstances of the members.
  
- ✚ Promotion and training to RU SACCO members and the community about the importance of RUSACCOs in towns should get special attention.
  
- ✚ Build successful cooperative governance and members' participation, regular and urgent meetings has great value because members are owners and users of their organization. But the study result shows all members were not present on the specified time and also there were absentees idea of saving and credit has become the main agenda of development workers
  
- ✚ Increase the operational performance of SACCOs, there should be SACCO act which promote and regulate them like any other microfinance institutions.
  
- ✚ Savings and credit scheme should help the urban poor to alleviate the need for money lenders and provides access to credit. Appropriate utilization of such potential is not only creating sustainable source of finance for town dwellers but also to ignite additional investment and jobs or used as a means to break poverty with their internal capacity .

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# Appendix 1

**Mekelle University**

**College of Business and Economics**

**Department of public administration and development Management**

**Post Graduate Program in Development Studies**

## **Introduction:**

### **Appendix-1: Questionnaire for primary data collection from RUSACCO members**

This questionnaire is prepared by a post graduate student (development studies) in Mekelle University for partial fulfillment of master degree. The aim of this questionnaire is to collect data about “The Effect of Conflict on Rural Saving and Credit Cooperative in Southern Tigrai: The Case of Endamohoni Wereda.”. The information you provide is believed to have a great value for the success of this study. I confirm you that all data will be used for academic purpose and will be analyzed secretly and you are not exposed to any harm because of the information you give. I highly appreciate in advance to your kind cooperation in providing the necessary information.

Thank you!!

## **Instructions**

- No need to write your name
- For liker scale statement and multiple choice questions indicate your answer with a check mark (✓) in the appropriate block

### **Section one: - Demographic Characteristics of Respondents**

1) Name of your **RU SACCO** \_\_\_\_\_ Address: tabia \_\_\_\_\_ Tel. \_\_\_\_\_

2) Age

From 18-25  From 26-35  From 36-50  Above 50

3) Sex of the household's Male  female

4) Marital status: Married  Unmarried  Widowed

Divorce

5) Educational Backgrounds:            Illiterate             Read and write   
 Primary school             Secondary school             College diploma and   
 above

6) Total years of Membership \_\_\_\_\_

**Section two: - To identify rural saving and credit performance pre and post conflict**

1. What types of financial services does your cooperative give to its clients?

- |                        |     |                          |    |                          |
|------------------------|-----|--------------------------|----|--------------------------|
| I. Individual loan     | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| II. Compulsory savings | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| III. Voluntary savings | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| IV. Children savings   | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| V. Health saving       | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |

2. Do you have strong confidence and trust on your RUSACCO?    Yes     No

3. If “yes” for Q 2, why you do have strong confidence? In order of rank (multiple choose is possible)

- 1) Provide efficient and effective services.
- 2) Have better understanding about the role and importance of RUSACCO
- 3) There is good and legal ground for the coops promotion
- 4) Other (specify) \_\_\_\_\_

4. If “no” Q 2, what is your reason? in order of rank

1. Interference of government bodies
2. No technical support is given by cooperative promoters.
3. Do not have detail know how about RUSACCOs
4. Other (Specify) \_\_\_\_\_

5. Do you know the rights and responsibilities of a member? 1) Yes 2) No

6. Do you know the duties of the chief executive of your cooperative?

- 1) Yes      2) No

7. Do you have written bylaws stating the duties and responsibilities of members?

- 1) Yes      2) No

8. Do you save regularly?      1) Yes      2) No

9. How do you check whether your saving is registered correctly?

- 1) Pass book

- 2) Ledger
- 3) Receipt
- 4) Other

10. Amount of your monthly saving in birr\_\_\_\_\_
11. Do you save during the conflict 1) yes 2) no if yes how much \_\_\_\_\_
12. If the answer is no why? \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
13. Is it possible to withdraw your saving during the conflict 1) yes 2) no if no why\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
14. Have you ever taken a loan from your RUSACCO before? 1) Yes 2) No
15. Is the loan taken individually or in group 1) individual 2) group
16. Did you face any problem when you ask the loan? 1) Yes 2) No
17. If your answer was yes, what kind of problems have you faced?
- a. Asset collateral
  - b. Loan saving amount
  - c. Personal Guarantees
  - d. Group Guarantees
  - e. Permitted less amounts from what you have asked
  - f. Other
18. How frequently you have paid the loan amount and interest?
- a. Monthly b. Quarterly c. semi -annually d. annually e. other
19. What are the measures taken by the cooperative for delay?
- 1. Financial penalty
  - 2. Refusal of additional loan
  - 3. . Reduce the additional loan amount
  - 4. Other

20. When you take loan are you provide business plan for SACCO management committee?  
 1) Yes 2) No
21. What are the collateral variables of borrowers to get loan?  
 1. Asset collateral 1)Yes 2)No  
 2. Personal guarantees 1)Yes 2)No  
 3. Group guarantees 1) Yes 2) No  
 4. Compulsory savings 1) Yes 2) No  
 5. Other (specify) \_\_\_\_\_
22. During the conflict do you have paid loan? 1 ) yes 2) no
23. If your answer yes how much \_\_\_\_\_
24. If your answer is no why the loan was not paid? \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
25. During the conflict did you have the access to get loan ? Yes no
26. If your answer is no why? \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
27. During the conflict did the management committee of RUSACCO follow your performance according to your business plan? 1) Yes 2) No if no why \_\_\_\_\_  
 \_\_\_\_\_
28. During the conflict have you got training from your RUSACCO? 1) Yes 2) No
29. If “no ” for Q. 28 , why \_\_\_\_\_  
 \_\_\_\_\_
30. If you have any alternative solutions or comment to solve the problems of your saving and credit cooperative, other than the above issues, please put them on the space provided below. \_\_\_\_\_  
 \_\_\_\_\_

### Section Three

#### To assess the main challenges hinders RUSACCO in the study area

What is your View related to the major challenges of your rural saving and credit cooperative? Please, Indicate your answer by putting (√ ) sign in the column of your choice under rating scale. **Rating scale 1=strongly disagree, 2= disagree, 3= neutral, 4= agree, 5= Strongly agree**

No	Description of Questions	Rating Scale				
		1	2	3	4	5
<b>1</b>	<b>Challenge related to member awareness in your cooperative</b>					
1.1	Lack of awareness among members themselves about the right and duties given to them through the proclamation to govern cooperative principles					
1.2	Lack of awareness about the cooperative objective					
1.3	Lack of members' awareness about the proclamation No.147/98					
1.4	Lack of awareness of members about the importance of participating in the general assembly(limited awareness about member's role in decision making process)					
<b>2</b>	<b>Challenge related to competency of leadership/ management</b>					
2.1	Management member have no formal education and have poor capacity in project formulation and implementation					
2.2	No strict adherence to cooperative principles and values in the day to day activities					
2.3	Do not address members need and problem as per the object set in the business plan of your cooperative					
2.4	Executive body are unable to know their cooperative principles and proclamation and failed to act accordingly					
2.5	Do not respect to rules and regulations					
2.6	Long time duration of the management body without regular replacement					
2.7	Poor cash and property management system and poor documentation of record keeping					
2.8	Do not have transparency and accountability and unwillingness to have audit					
<b>3</b>	<b>Challenges related to political interference in your cooperatives</b>					

3.1	Appointment of board of the cooperative by influencing the general assembly at the meeting					
3.2	Your cooperative business plan is top-down creating vested interest of regional government					

**4. Technology**

1. Is the RUSACCO computerized? Yes  No
2. The RUSACCO are connected to internet Yes  No
3. The RUSACCO have a Sacco website Yes  No

8. To what extent do you agree with the following statements? Tick appropriately where

SA

Means you strongly agree, A you agree, UD neutral, D disagree and SD means you strongly

Disagree with the statement

Statements	SA	A	UD	D	SD
Reports produced by RUSACCO information system are accurate and reliable					
Computerization has improved loans disbursement and loans recovery					
Technology is a challenge to growth of the RUSACCO					
Computerization has reduced fraud in the RUSACCO					
Errors and differences in records are easily corrected, and reconciliations done on time					
Despite computerization the Sacco has had some fraud cases					
Members issues and statement requests are responded to promptly					

#### **Section four**

##### **To identify coping mechanisms sought for alleviating RUSACCO Problem**

What is your view related to the coping mechanism of your cooperative? Please, indicate your answer by putting (√) sign in the column of your choice under rating scale. **Rating scale 1=strongly disagree, 2= disagree, 3= neutral, 4= agree, 5= strongly agree**

No	Description of Question	Rating Scale				
		1	2	3	4	5
1	Issue related to Government assistance/support in tour organization					
	Reconstruction of the cooperative institutions					
	Compensation to members					
	Compensation to the institutions					
	Expanding of loan payment time					
	Giving different aids					

**THANK YOU IN ADVANCE FOR TOUR COOPERATION**

## Appendex-2

### College of Business and Economics

#### Department of public administration and development Management

#### Department of Developmental studies

#### **Appendex-2:**

#### **Interview guideline for Worda cooperative promotion desk, cooperative promotion office Experts and cooperative tabya experts**

1. What is the frequency of your contact will the RUSACCO in your Worda?
2. What is the purpose of contact?
3. What is the effect of conflict on RUSACCO?
4. What are the major challenges the RUSACCO are facing in your Worda?
5. What is the roles government is plying to assist and support RUSACCO?
6. What coping mechanism would you recommend to solve the challenges facing the RUSACCO?
7. Do you think the assistant and support provided to the RUSACCO by your office is sufficient? If not, specify the preseason

## Appendex-3

**Mekelle University**

**College of Business and Economics**

**Department of public administration and development Management**

**Department of Developmental studies**

### **Appendex-3**

#### **Questionnaire for focus group discussion**

1. Are you aware of the flowing about your cooperative
  - Object of the cooperative
  - Duty and responsibility of members
  - Type of service given by your cooperative
  - No. of members of the cooperative
  - Capital of the cooperative
2. Do you have any contact with cooperative experts or cooperative development agent
3. How often did you get in contact
4. What is the purpose of contact
5. The cooperative benefits its member
  - supply of credit
  - Provide training to members
  - Promote credit and saving
6. What is the effect of conflict on your RUSACCO?
7. What are the challenges you face in the day to day activities of your cooperative?
8. What are the supports you get from your government? Is it the consistent and sufficient?
9. Do you satisfied by the performance and service of your cooperative

## Appendex-4

### College of Business and Economics

#### Department of public administration and development Management

#### Department of Developmental studies

#### For key informant interview (KII) for RUSACCO leaders

1. Are you aware of the following about your cooperative
  - Object of the cooperative
  - Duty and responsibility of members
  - Type of service given by your cooperative
  - No. of members of the cooperative
  - Capital of the cooperative
2. Do you have any contact with cooperative experts or cooperative development agent
3. How often did you get in contact
4. What is the purpose of contact
5. The cooperative benefits its member
  - supply of credit
  - Provide training to members
  - Promote credit and saving
6. What is the effect of conflict on your RUSACCO?
7. What are the challenges you face in the day to day activities of your cooperative?
8. What are the supports you get from your government? Is it the consistent and sufficient?
9. Do you satisfied by the performance and service of your cooperative

