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“Bridging the gap between increasing knowledge and decreasing resources”

Local Agricultural Institutions as Agents of Development - Case Study of Effectiveness of Farmer's Associations in Woreda Angacha, Southern Ethiopia

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Abstract

Ethiopian economy is highly dependent on agricultural sector which accounts for almost half of country's GDP and 80 percent of employment. Despite this fact, agriculture in the country is dominated by smallholder producers. According to statistics about 90 percent of Ethiopian households cultivate less than 2 hectares, and only 0.9 percent cultivate more than 5 hectares. That is why government of Ethiopia tries to accelerate agricultural growth through different policies and programs including support of agricultural cooperatives, which in turn help to boost smallholder commercialisation. A legislative base for cooperatives exists in Ethiopia since the 1960s, however, the new birth of cooperatives as we know it today was given in 1994 by Agricultural Cooperative Societies Proclamation (Proclamation No. 85/1994). This law gave cooperatives more freedom in marketing and reduced governmental control. As a result, the number of societies increased dramatically – from 2007 to 2012 it grew by almost 90 percent.

The aim of this paper is to contribute to the growing discussion whether membership in agricultural cooperatives really enables small scale farmers to improve their financial and social position. In this framework, it also examines if local cooperative societies function according to proclaimed democratic principles and inclusiveness of modern coops. Agricultural production cooperatives in Woreda Angacha (SNNPR) in southern Ethiopia were taken as a case in point. The survey is based on primary data collected in the field from 100 farmers-members and 6 leaders of 6 cooperatives using questionnaires and semi-structured interviews. The results of the survey show that membership in agricultural cooperatives helps small-scale farmers to reach better market access and incomes for their produce as well as it brings them other benefits, such as market information, use of cooperative's infrastructure, trainings. However, several problems of the cooperative enterprises were detected as well. Organisational and management difficulties were found in most of the surveyed organisations.

Keywords: Agricultural cooperatives, development, problems of cooperatives, small scale farmers