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RESEARCH ARTICLE

CASH-SAVINGS OF FARMERS IN RURAL SAVINGS AND CREDIT COOPERATIVES (RuSACCOs) IN SOUTHERN ETHIOPIA

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ABSTRACT

Rural Savings and Credit Cooperatives (RuSACCOs) are important financial institutions in remote villages of Ethiopia offering avenues for savings and credit for farmers and the poor. This study was undertaken in Boloso Sore district (woreda) of the Wolaita Zone, Ethiopia. From six RuSACCOs, 116 farmer-members were selected as respondents. Both primary and secondary data were collected. The specific objectives of the study were to assess the level of cash- savings of the farmers in RuSACCOs. Descriptive statistics of the study showed that average per capita farmer annual saving in RuSACCO was 297 ETB (USD 13). The farmers' savings was found to be increasing moderately over years. Age, family size and RuSACCO distance from farmers' place of residence were found to have negative relationship with average savings. Similarly, education, land size household income, credit eligibility and training had positive relationship with quantum of saving. The study concluded that RuSACCOs are becoming appropriate options for the rural households, which are providing financial services and products to the rural community. Hence, to promote RuSACCOs in the rural areas in a sustainable manner, the study suggested some measures, among others: enhancing governance and management of their structure and appropriate training to farmers.

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INTRODUCTION

It has been proved beyond doubt that the poor have the capacity and inclination to save money to mitigate risk. In low-income communities, most people prefer to save their cash undisclosed places. This may be on the roof, pot, walls, underground, or under a bed. This encompasses risk of theft, damaging by termites and loss in case of fire (Phil Bartle, 2006). Savings and credit scheme aims at poverty alleviation to the poor and law income families (Peace, 2011). Small farmers, most f them are poor in African and Asian countries, have limited access to commercial bank deposit and credit, high interest rates charged by non-institutional lenders were important factors that led governments, donors to promote alternative rural saving, and credit institutions (cooperatives) in developing countries. The distribution of credit by government owned or sponsored rural financial institutions have frequently been skewed in favour of the wealthier and more influential farmers. The agricultural development banks and other rural lenders, frequently fail to reach low-income producers with affordable credit have led to a search for other arrangements to achieve this objective. Savings and credit cooperatives (SACCOs) are becoming a beacon of hope to the developing countries. A Savings and Credit Co-operative is a democratic, unique member driven, self-help co-operative. It is owned, governed and managed by its members who have the same common bond; working for the same employer, labour union, social fraternity or living/working in the same community. A Savings and Credit Co-operative's membership is open to all who belong to the group, regardless of race, religion, colour, and gender or job status. Members elect a board that in turn employ staff to carry out the day-to-day activities of the SACCO. Members also elect a supervisory committee to perform the function of an internal audit (SACCOs 2014; Getachew 2006*; et al*). However, lack of awareness and poor saving culture, weak governance, policy and regulatory environment, weak institutional capacity, low capital base and inappropriate loan security requirements were among the challenges affecting the outreach and sustainability of SACCOs (Tesfamariam, 2011). Members' participation is the determinant factor for the sustainable growth of cooperatives. In Ethiopia, studies have revealed that 78.7 % of the members became members in cooperatives forcefully by cooperative promoters. As a result, the members' were not aware of the benefits, duties, and rights they have in the cooperative societies, largely the participation of members was weak (Mahmud, 2008). In the rural areas, an instrument called credit could break a vicious circle of low capital, low productivity, low income, and low savings (FAO, 2011). In Ethiopia,

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farmers have been out of reach of banks and other mainstream financial institutions. MFIs have been operating in rural areas and they have limited capacity to accept savings and lend to farmers. RuSACCOs are community based financial intermediaries set up in each village to cater to the needs of smallholder farmers and other low-income households. Despite these facts, there has been poor savings culture among farmers in RuSACCOs and per capita saving is far from expected levels. This study attempted to assess the level of savings of farmers in RuSACCOs and the influence farmers' socioeconomic characteristics over the savings.

Objectives of the Study

The objective of study was to assess the level of cash-savings of the farmers in RuSACCOs in Boloso Sore District of Wolaita Zone, Ethiopia.

MATERIALS AND METHODS

Description of the Study Area

Boloso Sore District (Woreda[1])

Boloso Sore *Woreda* is found in SNNP Regional state of Wolaita Zone. The *Woreda* is located about 29 km north from Sodo town and has an altitude of 1800 masl.

Socio-Economic Aspects of the Study Area

Agriculture is the mainstay of the Woreda's economy and livelihood for 90 percent of the population. The main sources of income for the farmers in the area are production of crop and livestock, which accounts for about 80 and 20 percent of total income of the farmers respectively. The farm sizes are very small per farmer and because of these farmers undergo subsistence farming system and generally, the area characterized by mixed farming activities. The average size of landholding of the area is below 0.5 hectare per farmer. The main crops grown in the area are maize, enset, cereals, pulses, root crops, fruits, vegetables and cash crops. The cropping patterns applied by farmers are intercropping and crop rotation. Intercropping is very widespread practice due to shortage of land. The main farm inputs used by the farmers are improved seeds and fertilizers (DAP and Urea). The other economic activities include trade, tannery, pottery etc. The woreda has 29 administrative kebeles and totally 39,179 households. Among those kebeles 28 have saving and credit cooperative societies, encompassing 7,845 members of which 5009 are male and 2836 female and total capital of around 519,578.00 ETB. The major types of service delivered by cooperatives for their members are saving and credit services. This study focuses on the underlying factors of rural household's level of savings in relation to rural savings and credit cooperatives.

Sample Size and Sampling Procedure

This section describes the sample size and sampling procedures.

Sample size

The data for this study was obtained mainly from RuSACCOs farmer-members of Boloso Sore Woreda. To determine sample size Taro Yamane, 1967 mathematical formula was used as shown below:

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

Where:

n = Sample size;
N= Total number of RuSACCOs members in the selected Kebeles;
e = Error margin, fixed as 9% (0.09);

$$n = \frac{1870}{1 + 1870\ (0.09)^2} = 116$$

Based on the above sample size calculation, 116 sample farmers who were members of RuSACCOs were obtained.

Sampling Procedure

Multistage sampling technique was used for this particular study. In the first stage, Boloso Sore Woreda was selected purposively on the basis of the fact that cooperatives in the woreda are vibrant. The woreda, however, lags behind others in terms of access to the livelihood capitals; landholdings, credit, and education, farm input and cooperatives by the poor households and on top of it high population pressure. Second stage, one kebele was randomly selected from each of six primary cooperatives (namely 1, Dubo, 2, Danigara Madalecho, 3, Afama Bancha 4, Gara Godo, 5, Matala Hemebecho, 6, Weyibo) demarcated by co-operative system in the woreda. This ensures those kebeles located under each cooperative have homogenous characteristics with respect to saving condition, population density, and the selected kebeles represent the saving and credit cooperative situation of the area. In the third stage, lists of famers in each selected kebele obtained from RuSACCO offices were used as sampling frame. Totally, sample size (n) in each Kebele was selected based on its proportion to the membership size (N). To select sample members simple random sampling method was applied.

Sources and Methods of Data Collection

In this study, both primary and secondary data were utilized. The primary data were collected from the sample farmers who are members of rural savings and credit cooperatives (in the sample Kebeles) by using a structured interview schedule. All demographic, socio-economic, psychological and institutional variables that are related to the members' in cash savings were collected. Secondary data were gathered from the different records of rural savings and credit cooperatives; woreda Cooperatives Promotion Office; Woreda Agriculture and Rural Development Office; Woreda Health Office.

Techniques of data Analysis

In order to link demographic, socio-economic, psychological, and institutional characteristics of the sample members with their cash-savings, descriptive statistics like mean, standard deviations, percentage, t-test, F-test and χ 2 -test were used in the analysis.

[1] *Woreda* is Ethiopian name for District. *Kabele* is the lowest administrative unit (a typical Ethiopian village)

Definitions of variables and working hypotheses

Dependent variable

The dependent variable for this study is the level of cash savings. The level of members' savings in Ethiopian Birr (ETB) considered. The annual average savings deposited by the members in RuSACCO during the past three years (2012/13, 2013/14 and 2014/15) was taken as the measure.

Demographic, Socio-Economic and Institutional Characteristics of farmers and their savings

Age and family size of farmers and Savings

In this study, it was assumed that as age increased farmers would acquire knowledge and experience and the level of responsibility to manage the family and the need to accumulate assets for tomorrow would become high. But the study did not provide basis for the above assumption .The age group was classified as young (14 - 40), middle age group (40 – 60) and above 61 years age (old age). There were 86 (74.1 percent) young, 28 (24.1 percent) middle and 2 (1.7 percent) old age member respondents. The mean and standard deviation of the respondents age was 32.9 and 5.737 years respectively. The average annual savings amount of younger, middle and above 60 years age group was Birr 317.399, 245.58 and 143.33 respectively. The mean value of savings was not significantly among different age group of farmers.

Table 2. Summary of independent variables, definition, and unit of measurement

Variables	Type of variable	Unit of measurement	Definition of variables
Age	Continuous	Year	Age of the member
Sex	Dummy	Male/Female	Sex of the Members'
Family Size	Continuous	Number	Member's family size
Education	Continuous	Year	Education level of the Member
Land Size	Continuous	Hectares	Members Farm land holdings size
Livestock Possession	Continuous	Number of TLU (Tropical Livestock Unit)	Livestock resource of members in number
On-Farm income	Continuous	Birr (ETB)	The amount of on-farm income in Birr
Non Farm income	Continuous	Birr (ETB)	The amount of income generated from non- farm activities
Houehold Expenditure	Continuous	Birr (ETB)	Total expenditure
Training	Dummy	Yes/ NO	Access to training
Proximity to RuSACCO	Continuous	Kilo meter	House Distance to RuSACCO office
Credit Beneficiary Status	Dummy	Yes/ NO	Credit beneficiaries of member
Perception		Categorical	Perception of RuSACCOs

Independent variables

The summary of independent variables used in the study are given in Table 2

RESULTS AND DISCUSSION

Savings Trend among members (Farmers[2])

The study presents savings pattern of respondents in the RuSACCOs. The trend of savings exhibited by the sample members of RuSACCOs over the last three years (savings made through different mean's from 2012 to 2014) showed that there was an increasing trend of members' savings in RuSACCOs. The last three years average annual savings of the respondents was Birr 247.74, Birr 300.57 and Birr 342.87 in 2012, 2013 and 2014 respectively.

Table 2. Trend of members' Savings amount in RuSACCOs (2012 -2014) (n=116)

Savings Institution	Years	Savings Distributions in Birr (ETB)			
		Mean per member	Std. Dev	Minimum	Maximum
RuSACCOs	2012	247.74	184.83	60.00	960.00
	2013	300.57	261.51	60.00	1450.00
	2014	342.87	309.53	45.00	1340.00
	overall	297.06	243.698	45.00	1450.00

Source: Field survey data (2016) 1 ETB = USD 0.044

Members of RuSACCOs had been regularly depositing their monthly savings. The amount of average annual savings of minimum 45.00 and maximum 1450.00 birr regular savings made by members in RuSACCOs.

Table 3. Members age and savings (n=116)

S.No	Age group In years	Number	percent	Average Annual Savings per member in Birr (ETB)
1	14 - 40	86	74.1	317.39
2	41 - 60	28	24.1	245.58
3	Above 60	2	1.7	143.33
	Total	116	100	297.06

Mean age 32.92 Std.Dev. 5.737 1 ETB=USD 0.044
F-test 1.330 P value = 0.269 (NS) **Source: F**ield survey data (2016)

With regard to the family size, the average family size of the sample members was 5.37 persons, with maximum and minimum family size of 11 persons and 2 persons, respectively. To determine level of the cash savings of members of RuSACCOs the researcher grouped the family size of members in to three groups and calculated the average annual savings difference between the three groups (Table 4).

Table 4. Members by family size and savings (n=116)

S.No	Distribution of family member			Average Annual Savings per member in Birr
	Family size group	Number	Percent	
1	1 - 4 family	41	35.3	328.69
2	5 - 8 family	71	61.2	289.30
3	9 and above family	4	3.4	110.41
	Total	116	100	297.06

F-test 1.570** 1 ETB=USD 0.044 **Source:** Field survey data (2016)

[2] In this Article: Members of RuSACCO are small farmers who are members of RuSACCO . The terms members and farmers are interchangeably used in this article.

The average annual savings of members of RuSACCOs who have family size from 1 to 4, from 5 to 8 and from 9 and above were reported Birr 328.69, 289.30 and 110.41 respectively. As the members' family size increased, the number of persons to be fed obviously increased and the amount of savings decreased by Birr 39.39 and 218.28 for the second and third family size groups in that order. We can infer from this result that the larger family size had more number of dependents.

Sex of members and Savings

Of the total respondents 38 (32.8 percent) and 78 (67.2 percent) were female and male respectively. T-test was deployed and the result showed that there was statistically significant difference between the averages between the two sex categories at 1 percent level of probabilities. The average annual savings of female and male members of RuSACCOS were Birr 208.73 and Birr 340.09 respectively.

Table 5. Sex of members and savings (n=116)

S.No	Distribution of sex			Annual Average Saving in Birr (ETB)
	Sex	Count	Percent	
1	Female	38	32.8	208.73
2	Male	78	67.2	340.09
Total		116	100	297.06

t -value 15.364*** P-value 0.000 1 ETB=USD 0.044
Source: Field survey data
Note: *** is statistically significant at less than one percent probability.

The results showed that male members might have more exposure and access to information and new intervention than female members. Also male members might have got better income/wages.

Educational status of members and Savings

RuSACCO members' education status helps them not only to understand how to make money but also to deal with financial institutions including cooperatives. The survey results reveals that 11 (9.5 percent) of the sample respondents are illiterate while 105 (90.5 percent) are literate at four school grade levels (grade 1-4, grade 5-8, grade 9-12 and Certificate and above) is 60 (51.7 percent), 35 (30.2 percent), 6 (5.2 percent) and 4 (3.4 percent), respectively.

Table 6. Members' educational status and savings (n=116)

S.N	Distribution of educational level			Average Annual Saving in Birr (ETB)
	School levels	Number	Percent	
1	Illiterates	11	9.5	109.09
2	Grade 1- 4	60	51.7	221.49
3	Grade 5 - 8	35	30.2	415.314
4	Grade 9 - 12	6	5.2	550.55
5	Certificate and above	4	3.4	532.66
	Total	116	100	297.06

F test 10.145*** Significant at < 1% level 1 ETB=USD 0.044
Source: Field survey data (2016)

Educated farmers are expected to have more exposure to the external environment and accumulated knowledge through formal learning, which might enable them to pursue livelihood strategy leading to better income through making use of available opportunities. In this study, educational level is found statistically significant to determine level of cash savings of members of RuSACCOs.

Land size of members and savings

The farm size of RuSACCO members varied from less than 0.25 to 0.5 hectares. The average farm size was 0.29 hectares with a standard deviation of 0.545. Because of the heavy population pressure in the study area, land is a major constraint for farming. If a member has large land size, the income of the members' increases consequently members tend to save money today for future use. As indicated in Table 7, the average farm size of the farm members in the study areas was 0.297 hectare.

Table 7. Members' cultivated land size and savings (n=116)

Respondent's distribution of land in hectare. (n=116)			Average Annual savings in Birr (ETB)
Land size in hectare	Number of respondents	Percent	
< 0.25	94	81	215.407
0.26 – 0.50	22	19	645.954
Total	116	100	297.06

Mean in hectare 0.297 Std.Dev in hectare 0.545 1 ETB = USD 0.044
t - test 32.543*** Significant < 1% level
Source: Field survey data (2016)

The survey results indicated that 81 percent of the respondents had a farm size of less than 0.25 hectare, 19 percent of the respondents had a farm size of 0.26 to 0.50 hectare. T-test result showed existence of statistically significant annual savings average difference between the two holding groups at 1 percent probability. The survey result reported, as the average annual savings of the members of RuSACCOs were Birr 215.41 and 645.96 for < 0.25 hectare and 0.26 to 0.50 hectare respectively.

Livestock holding of the members and savings

Livestock is one of the major assets for an Ethiopian farmer. Often the number of livestock owned by a household considered as a measure of wealth. In a mixed farming system, the contribution of livestock to crop production is very significant . Due to the multifunctional nature of livestock in the study area, they provide draught power; they are an alternative source of income, and serve as a store of wealth. Livestock products are also important contributors to household food. Total livestock was arrived at in terms of Tropical Livestock Unit (TLU) adopted from Storck, et al. (1991)

Table 8. Livestock resources of members (in TLU[3]) (n=116)

S.No	Distribution of livestock in TLU(n=116)			Average Annual Savings In Birr (ETB)
	Livestock holding (No. Equivalent)	No. of respondents	Percent	
1	0	11	9.5	192.57
2	0.01 – 2.00	71	61.2	242.49
3	2.01 – 4.00	32	27.6	407.56
4	4.01 and above	2	1.7	1040.83
Total		116	100	297.06

Mean in TLU 1.49 Std.Dev. 1.22 1 ETB=USD 0.044
F – test 13.651*** Significant at < 1% level
Source: Field survey data (2016) **Note:** TLU= Tropical Livestock Unit

The average livestock in TLU owned per respondent was 1.49 with Standard deviation of 1.22 with minimum 0 and

[3] TLU = Tropical Livestock Unit refers to the different types of livestock possessed by farmers converted into equivalent units of a typical cow /ox, using conversion factors

maximum 5.329 in TLU. Livestock are the farmers' important sources of income, means of transportation, source of food and draught power for crop cultivation and it is an alternative for the wealth status of the members of RuSACCOs. The study showed existence of statistically significant annual savings mean difference between the four livestock holding categories.

3.2.6. Household income sources and expenditure and savings

The major source of income for the sample members was on-farm activities (from crop production, livestock production, forest and perennial crop production). The amount of income generated from on-farm activities varied from Birr 4998.33 to a maximum average amount of Birr 15602.00 per annum.

Table 9. Member s' income sources (n=116)

Indicators	Distributions of Average Annual Income/ Expenditure in Birr (ETB)			
	Mean	SD	Minimum	Maximum
Average on-farm income	8428.04	2912.62	4998.33	15602.00
Average non-farm income	4433.29	1451.55	2301.67	10754.67

Source: Field survey data (2016)
1 ETB=USD 0.044

The second source of income for the sample members was non-farm activities. Of the total sample members, all respondents reported that they have income from non-farm activities. The minimum and maximum average income from non-farm activities was ranged from Birr 2,301.67 to a maximum amount of Birr 10,754.67 per annum. The average annual on-farm income, non-farm income of sample respondents was Birr 8,428.00, 4,433.29 respectively. In this study, member's expenditure was summarized into two main expenditure components (consumption and production). To increase the agricultural production and productivity of the farm, utilization of improved agricultural inputs and modern technologies are very important in increasing income and saving cash in RuSACCOs.

Table 10. Members' average annual expenditure pattern for the year (n=116)

Kinds of Expenditure	Distribution of Annual Expenditure of members				%
	Mean	St.d	Minimum	Maximum	
Average Consumption	10048.11	2620.95	6048.33	21301.67	87.5
Average Production	1431.41	327.56	798.67	2335.00	12.5
Average Expenditure	11479.53	2838.28	7307.66	23435.00	100

Source: Field survey data (2016)
1 ETB=USD 0.044

The average annual expenditure, standard deviation, maximum and minimum expenditure of respondents were Birr 11,479.53, 2,838.28, 23,435.00 and 7,307.66 respectively. The survey results revealed that the sample respondents' consumption expenditure constituted 87.5 percent, and production expenditure 12.5 percent, respectively of the average expenditure. This indicates that RuSACCO members did not incur much on production expenditure, which is not a healthy trend. Future farm income depends on farm expenses (investment) on inputs to produce farm outputs.

Proximity to RuSACCOs and Savings

The distance (in km) that the beneficiaries have to travel to get financial products and services from RuSACCO was assessed. The proximity of financial institutions to the beneficiaries would save farm resources (time, labour) which otherwise would have been spent to access different financial products and services and it might motivate farmers to join the institution.

Table 11. Average distance of RuSACCOs from the residence of members (n=116)

Distribution of Distance in Km			Average Annual Savings in Birr ETB)
Distance in Km	No. of respondents	Percent	
0.40 – 1.00	86	73.3	339.63
1.01 – 1.50	21	18.1	215.15
1.51 – 2.00	10	8.6	107.16
Total	116	100	297.06

Mean 0.97 Std.Dev. 0.359* 1 ETB=USD 0.044
F – test 5.999*** Significant at < 1% level **Source: F**ield survey data (2016)

The survey result indicates that 73.3 percent of the respondents had a distance of 0.40 to 1.00 Km, 18.1 percent of the respondents have a distance of 1.01 to 1.50 Km and 8.6 percent of the respondents have a distance of 1.51 to 2.00 Km. The survey result reported as the average annual savings of the members of RuSACCOs were Birr 339.64, 215.16 and 107.17 for 0.40 to 1.00 Km, 1.01 to 1.50 Km and 1.51 to 2.00 Km respectively. The survey result indicates that the average distance travelled by the respondents to reach RuSACCOs was about 0.97 km. Distance to RuSACCOs is statistically significant then it influenced the savings level of members of RuSACCOs.

RuSACCO Credit beneficiaries Status and savings

The major formal sourced of credit in the study areas was RuSACCOs. Result of the survey reveals that during the last three consecutive years, about 64 members of RuSACCOs (55.2 percent) were credit beneficiaries and 52 members of RuSACCOs (44.8 percent) were not credit beneficiaries. Credit beneficiaries and not beneficiaries' members saved on an average Birr 402.26 and 167.60 respectively. The difference in average savings between credits beneficiaries and non-beneficiary members was statistically significant.

Table 12. RuSACCOs Credit Beneficiary Status and Savings

Credit beneficiaries	Response of members (n=116)		Average Annual Savings per member (ETB)
	Number	Percent	
Credit beneficiaries	64	55.2	402.26
Not-beneficiaries	52	44.8	167.60
Total	116	100	297.06

t- test 11.897*** p value 0.0001 Significant at < 1% level 1 ETB=USD 0.044 **Source:** Computed from the field survey data (2016)

It the time of survey, these members had received loan at least once during the previous three years and had outstanding loan. The beneficiaries of credits used the experiences on how to use loan purposefully and how to make credit for productive purposes. The study showed that credit beneficiaries of members' were directly related to the level of savings.

Access to Training and Savings

Training in an organizations for long been recognized as one of the significant contributors to organizational development. It is now recognize as an integral component for development of human resources. In general, cooperatives should provide education, training and information to their members, elected leaders, employees and to the potential members as well. The survey results showed that about 45 (38.8 percent) of the respondents confirmed that they were trained on organization, management, objectives, operation system, savings mobilization, etc. of savings and credit cooperatives. About 71 (61.2 percent) of the respondents were not trained on any of the above issues. Trained and untrained members saved Birr 517.34 and Birr 157.43 respectively. The difference in average savings between trained and untrained members was statistically significant.

Table 13. Farmers' training and savings (n=116)

Description	Response of members (n=116)		Average Annual Savings per member (ETB)
	Number	Percent	
Trained	45	38.8	517.34
Not-trained	71	61.2	157.43
Total	116	100	297.06

t- test 8.537 *** p value 0.000 Significant at < 1% level 1 ETB=USD 0.044

Source: Computed from the field survey data (2016)

Farmers' perception about the RuSACCOs

Perception of farmer-members over RuSACCOs is an important factor for success of members in the cooperative societies. Perception of members towards RuSACCOs is an indicator of confidence of members in their cooperative organization, management structure and autonomies of the RuSACCOs as an independent entities. Perception also indicates the overall benefits of RuSACCOs and timely and sufficient service delivery systems of the cooperatives to its members.

Table 14. Farmers' perception towards RuSACCOs

Statement	Strongly agree/agree		Neither disagree nor agree		Disagree/strongly disagree	
	n	%	n	%	n	%
Participation in RuSACCO is convenient	116	100	-	-	-	-
Participation in RuSACCO offers many benefits	115	99.1	-	-	1	0.9
RuSACCO offers safe saving option	116	100	-	-	-	-
RuSACCO is convenient to obtain loan	114	98.2	-	-	2	1,7

Source: Field survey data (2016)

The survey result in Table 14 indicates that almost all the members very much positively perceived about the features of RuSACCOs service.

Farmers Satisfaction with RuSACCO

RuSACCOs member respondents were asked whether the services provided by their cooperatives were satisfactory or not. The survey results revealed that about 74 (63.79 percent) of RuSACCOs members reported that the services were satisfactory. On the contrary, 42 (36.21percent) of the sample members of RuSACCOs reported that the services were not satisfactory.

Table 15. Farmers' Satisfaction with RuSACCOs and Savings (n=116)

S.No	Distribution of satisfactory			Annual Average Savings (ETB)
	Level	Count	Percent	
1	Satisfactory	74	63.8	364.09
2	Not satisfactory	42	36.2	178.98
Total		116	100	297.06

t -value 14.234*** Significant at < 1% level P-value 0.000 1 ETB = USD 0.044

Source: Computed from the field survey data (2016)

The average annual savings of satisfied members and those who were not satisfied were Birr 364.09 and 178.98 respectively. The result reveals existence of savings difference between the two satisfactory level categories at 1 percent level of probability.

Reasons for Saving in RuSACCO

The respondents were asked about the type of benefits they received from their cooperatives. In response, 97 percent of the respondents reported that, firstly, physical proximity and courteous service. Secondly, convenient savings schemes and thirdly, safe saving option, fourthly, Convenience to obtain loan.

Table 16. Reasons for savings in RuSACCOs (n=116)

S.No	Reason	Number	Percent	Rank
1	Physical proximity and courteous service	116	100	A
2	Convenient saving schemes	114	98.23	B
3	Offers safe saving options	112	96.55	C
4	It is convenient to obtain loan	109	93.97	D

Source: Field survey data (2016)

Reasons for not increasing the savings rate in RuSACCO

Although the respondents saved their regular savings throughout the year, 98 (84.5 percent) of the respondents did not increase the amount of their monthly regular savings due to different reasons. The reasons for not increasing savings were reported in Table 17.The most important reasons mentioned were family expenditure commitment; low level of income; high cost of living; and high social commitment. In this case, the very poor households could not participate in savings and credit cooperatives and save from their income.

Suggestions for Promoting Cash-Savings

Savings and credit cooperatives are usually governed by a volunteer Board of directors elected by and from the membership. Small, young savings and credit cooperatives are often staffed entirely by volunteers. To solve the challenges and problems of RuSACCOs the members recommended ways on how to improve the cash savings of RuSACCOs. The suggestions put forth by the farmers for improving cash savings are captured in Table 18. Their wish was to see perceptible change in the governance and management of SACCO enabling them to consider higher savings in future.

Table 17. Reasons for not increasing monthly regular savings

Description	Reasons for not increased savings (percent of response) n=116						
	Income is low	High social commitment	Family expenditure commitment	High cost of living	Outside Debt commitment	Lack of confidence in SACCOs	%
Very important	12.9	46.55	15.52	25	-	-	100
Important	50	12.07	28.45	6.89	-	2.59	100
Less important	18.19	19.83	50	12.07	-	-	100
Total	81.09	78.45	93.97	43.96	-	2.59	100

Note: Multiple response options
Source: Computed from the field survey data (2016)

Table 18. Suggestions of the members to improve the cash savings in RuSACCOs

Description (see code below)	Very important		Important		Less important		Rank
	Number	Percent	Number	Percent	Number	Percent	
1	107	92.2	9	7.8	-	-	B
2	103	88.8	13	11.2	-	-	D
3	105	90.5	11	9.5	-	-	C
4	90	77.6	26	22.4	-	-	F
5	111	95.7	5	4.3	-	-	A
6	105	90.5	11	9.5	-	-	C
7	96	82.8	18	15.5	2	1.7	E

Source: Computed from the field survey of the sample members respondents (2016)
Code for Column (1):1= promote awareness on savings mobilization; **2=** providing
Problem oriented training for members; **3=** strengthen the governance of SACCOs; **4=** build autonomy and independence of SACCOs; **5=** increase members participation; **6=** qualified promoters and **7=** support SACCOs revolving fund for loan.

In order of their importance of the suggestions of the members of RuSACCOs respondents, they are ranked as follows:

i. increase membership participation;
ii. Create awareness on savings mobilization;
iii. Provide qualified promoters and strengthen the governance of SACCOs;
iv. Providing problem oriented training;
v. Support SACCOs revolving fund for loan;
vi. Build autonomy and independence of SACCOs.

The government should encourage the promotion of savings and credit cooperatives, because they are the surest ways of increasing savings and capital formation of people. The good running of savings and credit cooperative would be affected due to lack of awareness, illiteracy and lack of general basic knowledge. But these could be surmounted through intensive and extensive cooperative education.

Conclusion and Recommendations

Conclusion

The study concluded that farmers (members of RuSACCOs) have the tendency to save at increasing rate over years and this is the encouraging trend. Their characteristics such as age, family size and RuSACCO distance were found to have adverse relationship with quantum of cash savings in RuSACCO. Similarly, their education, land size, livestock size, household income, credit eligibility , training were found to have positive positive relationship with cash savings rate.

Recommendation

In order to promote and strengthen rural savings and credit cooperatives particularly in Boloso Sora woreda and to assure the benefit to rural members of RuSACCOs financial products and services in a sustainable manner, some recommendations are suggested for consideration by different stakeholders concerned.

- The problem of the financial embezzlement or financial irregularity in cooperatives is mainly due to weak internal control and unskilled management in the cooperative's day-to-day business operations. Members' perceive their cooperatives as victims of this problem. Accounting improvements through short term and long-term trainings will be a major breakthrough to such problems. Books of accounts should be audit regularly and when there is irregularity corrective action should be taken.
- Livestock holding positively affected household level of savings. Livestock are the farmers' important sources of income. Therefore, cooperative give attention to provide livestock husbandry related services specifically supply of input and medical services
- In order to curb the negative effect of expenditures on the members' average annual savings in the RuSACCOs, it is recommended to minimize the expenses related to social and religious ceremonies celebrations and unwanted expenses. On the other hand, which spends more out of its capital, is expected to spend more on farm input, which again increases his capital later.
- Members training towards RuSACCOs were positive and significantly related to the average annual savings. Properly designed short term and long-term training should be delivered to members. Generally, there is a need for training that focuses on all actors of a cooperative, namely staff, management committee and ordinary members in order to make all aware of their rights and responsibilities in cooperative.

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