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ABBREVIATIONS

CBO	Community Based Organisation
CCC	Church Community and Change
CLA	Cluster Level Association
CRDA	Christian Relief and Development Association
CSPO	Cooperative Society Promoting Office
CRS	Catholic Relief Service
CS	Cooperative Society
CSPO	Cooperative Society Promoting Office
DFID	Department for International Development
EKHC	Ethiopian Kale Heywet Church
EKHCDP	Ethiopian Kale Heywet Church Development Programme
EPRDF	Ethiopian People's Revolutionary Democratic Front
EFDRE	Ethiopian Federal Democratic Republic of Ethiopia
FAO	Food and Agriculture Organisation
FDRE	Federal Democratic Republic of Ethiopia
FLA	Federal Level Association
GDP	Gross Domestic Product
GTZ	German Society for Technical Cooperation
IMF	International Monetary Fund
IUDD	Integrated Urban Development Department
IWSP	Integrated Water and Sanitation Programme
KNH	Kindernothilfe
MAYRDA	Maysor Relief and Development Agency
MoFED	Ministry of Finance and Economic Development
NGO	Non Governmental Organisation
OVC	Orphans and Vulnerable Children
PRA	Participatory Rapid Appraisal
ROSCA	Revolving, Saving and Credit Association
SHDPO	Self-help Development Promoting Organisation

SHG	Self-help Group
SIM	Sudan Interior Mission (former) serve in Mission (current)
SNNPR	Southern Nation, Nationalities and People's Region
UK	United Kingdom
UN	United Nations
UNDP	United Nation Development Programme
UNISA	University of South Africa
USAID	United States Agency for International Development
USD	United State Dollar
WB	World Bank
WCED	World Commission for Environment and Development

ABSTRACT

The past decades witnessed that neither the private sector nor the government could provide an adequate socio-economic safety net for the poorest of the poor in the Third World. The community-based self-help approaches were hence widely used as alternative means to help the poor and marginalised to cope with livelihood shocks. This study examined the extent to which indigenous *iddirs* (local neighbourhood associations) and the externally-funded self-help groups (SHGs) could transform social capital into entrepreneurship thereby enhancing sustainable livelihoods. The study was conducted in three Southern Nation and Nationalities and People's Region (SNNPR) rural districts, namely, Shebedeno, Wonago and Humbo. Mixed (quantitative and qualitative) methods were used to collect field data. Accordingly, closed and open-ended questionnaires and interview schedules were developed in English and then translated into Amharic (the national language). Instruments were field tested for validity and thereafter adjusted. A total of 220 (166 male and 54 female) people participated in the study. Data were entered into an Statistical Package for the Social Sciences (SPSS) database, and analysed by using basic descriptive statistics. Qualitative data were transcribed and analysed using Microsoft Office tools.

The findings indicate that the SHGs' members were relatively better educated than the rest of the population and some of them used this opportunity to pursue employment in government and the private sector. With regard to poverty status, *iddirs* members were poorer than those of SHGs (15.5% of the *iddirs* members reported that they are destitute compared to others in the community, as opposed to 3.3% of SHGs members). The study reveals that the livelihoods of some members of *iddirs* and SHG (particularly the latter) improved as a result of their involvement in these institutions although, at this point, the impact is insignificant. With regard to socio-economic decision making, more SHG members were involved in participatory decision making. However, *iddirs* leaders were still the dominant decision makers. The SHG level of participatory decision making could be the result of capacity building efforts by the promoting organisation, particularly, the Ethiopian Kale Heywet Church (EKHC).

The study also shows that some of the iddirs and SHGs members were involved in informal rural entrepreneurial activities. However, their involvement did not indicate the utilisation of micro loan taken from the iddirs and SHGs for business purposes (97% of the iddirs *and* SHGs respondents utilised microcredit loans for consumption and other related purposes). On the other hand, the empirical evidence reveals that the amount of loan that iddirs and SHGs respondents received was very small. The general practice is giving small loans particularly to SHG members with repayments expected to begin as quickly and frequently as possible.

Transforming social capital into entrepreneurship requires a cooperative approach, i.e. the involvement of development actors so as to enhance communities' endeavour to achieve their livelihood objectives. Despite the wide prevalence of social capital in Ethiopia, this study indicates that its effective utilisation in community empowerment and sustainable livelihoods remains a challenge. Social capital is found to have a limited role in social entrepreneurship development and promotion not because it does not have potential, but because of the limited role of promoting organisations. The study shows lack of strong linkage between iddirs and promoting organisation (NGOs and Government). The study thus underlines the need for improving network and links with iddirs and SHGs and promoting organisations so as to create an enabling environment for sustainable livelihoods in the three rural districts under scrutiny.

Key terms: social capital; community empowerment; social entrepreneurship; poverty; sustainable livelihood; iddir; SHG.

CHAPTER ONE: INTRODUCTION

1.1 A CONTEXTUAL OVERVIEW OF ETHIOPIA

The vast majority of Ethiopia's population lives in the rural areas and are poor, rely on agricultural production for their livelihoods, and suffer from an ever-declining resource base owing to traditional land inheritance patterns. While a successive number of governments have sought to address the needs of the rural poor, only limited improvements have been documented. Rather, community-based development activities have played a larger role for the survival of the rural poor through participation in traditional iddirs (mutual support groups) or self-help groups by using the existing social capital. It was the intent of this research to determine how the social capital incorporated in rural dwellers was transformed into entrepreneurship which, in turn, empowers rural dwellers to create sustainable livelihoods, all in a precarious context that requires risk taking and a paradigm shift in considering personal agency in development. In this chapter, the researcher provides the background to this study, culminating in the statement of the research problem.

Ethiopia, situated in the Horn of Africa, has a rich socio-economic and political history, and is comprised of over 83 language/cultural groups. The population of Ethiopia is 73 918 505. Of the total number, 37 296 657 are males and 36 621848 females (Central Statistics Population Data 2007). Of this population, 84% are rural and 16% urban. However, according to the World Bank (2011), the population of Ethiopia has reached to 84 734 262.

According to Aredo (1998:67); Tenaw and Zahidul (2009:19), over the last four decades, the Ethiopian people have passed through the following three regimes. These are:

- a capitalism-oriented liberalised imperial dynasty (up to 1974) that deprived the poor from productive resources and participation in socio-economic development;

- socialism (1974-1990) oriented towards a top-down approach that made use of grassroots initiatives to attain its political mission; and
- back to a liberalised market system after the Ethiopian People's Democratic Liberation Front (EPRDF) came to power in 1991. Since 1992, Ethiopia has been divided into nine ethnicity based federal administrative regions and two special city administrations (Addis Ababa and Diredawa).

The EPRDF enacted agriculturally led industrialisation economic policy reforms followed by decentralisation and capacity building of regions and districts. The Ministry of Finance and Economic Development (MOFED, 2002:21) claims that economic growth is much higher now than during the previous two regimes. According to the IMF World Economic Outlook (2010), Ethiopia's GDP per capita is now \$324 and GDP growth in 2011 was 7.2% (World Bank, 2011).

The livelihood of the people is based on subsistence farming. Agriculture employs more than 85% of the labour force, contributes 50% of the total GDP, generates 90% of export earnings, and supplies about 70% of the country's raw materials to secondary activities (MOFED, 2007). However, access to agricultural land is becoming a major problem due to population growth and traditional land tenure systems. Average holdings have diminished in size as plots are sub-divided to meet the needs of newly married sons. The problem is even deeper in Southern Ethiopia where 91% of population's livelihoods are based on agriculture. The number of landless households is also rising due to changes in tenure laws. As a result, the vast majority, over 50% of the rural population are poor (Kimhi, 2009:5; Tenaw & Zahidul, 2009:20; World Bank, 2001). These conditions have emerged largely due to political instability, poor governance, illiteracy, and natural and man-made disasters. As a consequence, many Ethiopians are unable to achieve sustainable livelihoods (Townsend, 1993:291).

According to Melkote and Steeves (2001:44), development must improve societal conditions in a sustainable manner. In this regard, Haines (2000:53) mentions that community participation, empowerment, use of indigenous knowledge systems and existing capabilities of people to influence the process of development must all be present. There are many indigenous community based organisations (CBOs), for

example, iddirs and other forms of self-help groups (SHGs) that have been involved in informal socio-economic development for several decades. However, the past two regimes have done little to build their capacity to participate in community development.

1.2 RESEARCH PROBLEM

In terms of research on the social and economic efficacy of iddirs, Mequanent (2009) mentions that iddirs are traditional self-help groups in Ethiopian society that encourage humanism, mutual support, volunteer work, conflict resolution, cultural pride, civility, and social and economic discipline. However, according to Dinku (2008), they have warranted little investigation. While some research has been conducted on these CBOs in urban areas, no investigation has been done on their ability to sustain rural livelihoods. Iddirs are associations of people whose objective is to provide social and economic insurance for its members in the event of death, accident, and property damage, among others (Emana, 2009; Seifu, 1967:8). Getahun (2001:112) agrees and further states that iddirs are informal saving and loan associations, and serve as a vehicle for sustainable development. According to Bekerie (2004), iddirs can be established by a community or village, at the workplace or among friends or families. This research has focused on community iddirs for its empirical study.

On the other hand, Sinha (2009) states that SHGs are also community-based savings and credit institutes that work for the sustainable wellbeing of the member households. These groups operate in multiple strata of society to provide self reliance for individuals, households, and the larger local community. Community-based SHGs are considered an essential prerequisite for a successful community development process. In this regard, Girma (2004:16) and Seibel (2007:24) describe SHGs as individual members of the community forming a small group with saving and credit activities as entry points. Such group formation is generally launched by the active facilitation of professional, self-help promoting development agencies engaged in empowerment of the urban poor. Sinha (2009:4) says that SHGs are member-managed and that most members are rural women. SHGs differ from the CBO iddirs in that external agencies play a vital role in organising, nurturing, training and assisting groups in developing management and financial skills. SHGs are based in the community and

exist for the purpose of socio-economic emancipation of the disadvantaged and marginalised found in the same geographical location (Worku, 2008:58; Sinha, 2009:30). Empowerment leads to social entrepreneurship and it is one of the hallmarks of the SHG approach.

While the EPRDF provides the policy context for development, many development efforts are conducted by civil society organisations, including NGOs and CBOs. The Ethiopian government acknowledges the contribution of NGOs because they are involved in capacity building of the poor people, also fund raising and local resource mobilisation. On the other hand, CBOs can be formed as interest groups to undertake socio-political activities within the larger context. SHGs however, are village level affinity groups interested in household poverty reduction. Churches also play a role in that they have established community development wings and/or NGOs; this includes the Ethiopian Kale Heywet Church that facilitates the development of SHGs that have been promoted as alternatives for empowering poor women and men; businesses and enterprises operated by the poor can also contribute to economic dynamism, diversification, productivity, competition, innovation and economic empowerment (Worku, 2008:5). CBOs are self-organised and include local savings and credit associations called iddirs. So, CBOs are iddirs, but iddirs are not SHGs for the sake of this study. Both of these play a role in mobilising local capital and in assisting in the transformation of social capital into entrepreneurship in the interest of creating sustainable livelihoods. De Beer and Swanepoel (1998:41) assert that community based organisations also have the important tasks of acting as channels for government and non-governmental development ventures.

Gupta and Srinivasan (2007:26) explored the notion that idea-generating institutions are also important in fostering entrepreneurship through educational and investment programmes. Desai (2002:495) supports this notion and points out that NGOs work with grassroots organisations that often comprise poor and marginalised groups that have become key actors in a process of transformational development. Self-help promoting NGOs are largely supported by external funding as opposed to traditional iddirs, which make use of indigenous knowledge. At present there is very little but still increasing literature on NGO-supported SHGs (based on evaluations conducted

for donor accountability), but their efficacy in how they transform social capital into sustainable livelihoods has not been explored.

Many development agents use the technique of community empowerment to create sustainable livelihoods. The Ethiopian Kale Heywet Church (EKHC), which has over 7 000 local congregations and seven million members (Horn 2009), is one of those agencies. Through its community-based development programme, the church has been involved in socio-economic development since early 1900s (Belete 2000; Dalelo, 2003; Yacob, 2010). SHGs as a community empowerment and development approach to create sustainable livelihoods was first implemented by EKHC Urban Ministry, and then by the EKHC Training Department, Gilgal Programme in rural areas. To date many SHGs have been created with members consisting of both men and women. As an NGO, promoting the creation of ideas and the capacity building of members, the EKHC served as the source of information on linking social capital and community empowerment to create sustainable livelihoods. Iddirs organisations in the same locations as the SHGs were investigated for their ability to link social capital and community empowerment to generate sustainable livelihoods.

The problem this research seeks to resolve involves several steps, incorporated in the following questions:

- To what extent do the indigenous iddir approach and the externally-funded SHG approach result in sustainable livelihoods?
- How is social capital related to empowerment in iddirs and SHGs?
- How is empowerment related to entrepreneurship in iddirs and SHGs?
- How is entrepreneurship related to sustainable livelihoods in iddirs and SHGs?
- How does economic decision making differ among members of iddirs and SHGs?

1.3 RESEARCH OBJECTIVES

The literature on community empowerment suggests that indigenous knowledge-based social capital can enhance entrepreneurship. The community-based SHG model has an impact on sustainable livelihood in densely populated rural Southern Ethiopia where productive assets and other livelihood resources are in short supply. In this regard, understanding the effectiveness of iddirs and SHGs in using indigenous knowledge and acquired skills to transform social capital into entrepreneurship is critical. Thus, the present study seeks to ascertain the extent to which the indigenous iddir approach and the externally-funded NGO model of SHGs results in sustainable livelihoods.

The specific objectives are to

- examine the efficacy of each model in facilitating community empowerment and enhancing sustainable livelihoods;
- analyse how social capital is bonded with community empowerment and rural entrepreneurship to produce sustainable livelihoods; and
- suggest appropriate policy measures that should be taken to enhance the participation of the rural poor in SHGs and rural entrepreneurship in order to make sustainable livelihoods.

1.4 LIMITATIONS TO AND SCOPE OF THE STUDY

This research was conducted in three districts in the Southern Nations Nationalities and Peoples Region (SNNPR) Southern Ethiopia, one of the largest regions in Ethiopia, accounting for more than 10 percent of the country's land area, and an estimated population of 15 745 000 divided into more than 80 ethnic groups. Ninety-one percent of the region's population lives in rural areas.

Poverty is increasing due to land shortages (owing to traditional land tenure patterns) and the urban migration of farm populations (Tesema, 2005). Dwindling resources are coupled with limited entrepreneurial opportunities (Chole, 2004:177).

This study was undertaken in three districts in SNNPR:¹

District/ Zone	Distance from Addis Ababa	Distance from Regional Capital	Area	Population/ Density	Major Livelihood	CBO/NGO Presence
Wonago Gedeo Zone	415 km South	105 km south of Hawassa	359.8 sq.km.	243,987 956.2 sq.km	Farming of coffee and enset/false banana	CBO G/NGO NGO
Shebedeno Sidama Zone	298 km South	25 km south of Hawassa	1 460 sq.km	535,057 516.7 sq.km	Farming of coffee and enset/false banana	CBO G/NGO NGO
Humbo Wolayita Zone	428 km South	153 km south of Hawassa	1 194.5 sq.km.	122,908 145.2 sq.km	Mixed farming: root and pulse crops	CBO NGO

The researcher selected the above-mentioned districts due to socio-economic problems. The rationale for selecting the above-mentioned districts included:

- Wonago district is the most densely populated of all the districts in the SNNPR and smallest land holding per household. The dwellers depend on small undiversified seasonal crops for their livelihood. There are also many landless individuals who make their living from different rural enterprises.
- Shebedeno district was selected because it has a highest population than the rest of the districts in the region due to the traditional nature of farming and dependency on seasonal crops for a livelihood.

¹ Southern Nations Nationalities and Peoples Region/Southern Ethiopia

- Humbo district was selected because of its vulnerability to livelihood shocks due to drought, population density and welfare dependency.

Figure 1.1: Map of Ethiopia: Location of Target Districts



1.5 IMPORTANCE OF THE STUDY

In the situation neither the state nor private sector lacks capacity to provide a proper socio-economic services to citizens, non-state actors, for example, community based organizations (CBOs) through their community based self help mechanisms have been assisting the poor to survive. Nevertheless, due to an informal nature of these organizations, their contributions have not been fully recognized. Furthermore, extensive empirical studies that contribute to the debate over the state and non-state actors, including the iddirs and SHGs capacity and roles played are lacking, especially in the rural areas. This research will hopefully contribute to our understanding of the role of iddirs and SHGs related indigenous knowledge-based social capital in the development of sustainable livelihoods. Likewise, the findings of this research will also contribute to the debate over the state and CBOs effective utilization of social capital to enhance socioeconomic development at community level and beyond. Based on the findings, the researcher will recommend several policies and practices that will hopefully lead to poverty alleviation in the study areas.

1.6 RESEARCH METHODOLOGY

This research included two components: a literature study and field work. A literature review was essential because it established a theoretical background for the proposed research. In this connection Leedy (1997) and Leedy and Ormrod (2005) mentioned that literature review helps to investigate what others have done in related areas and gives deeper insight, and can also provide new ideas and approaches that may not have occurred to the researcher (Bless, Smith & Kagff, 2006; Bryman, 2001). The field work combined both qualitative and quantitative methods used to collect data on social capital, entrepreneurship development, community empowerment and rural livelihoods. The study was descriptive and created a comparison of the efficacy in generating sustainable livelihoods between indigenously originated iddirs which are community based organisations (CBOs) and NGOs initiated and externally funded SHGs. As Krishnaswami and Ranganatham (2005:36); Leedy and Ormrod (2005) and Berg (2007) highlighted, this method identified the various characteristics of the community, institution or problem under study.

1.7 RESEARCH TECHNIQUES

The research started with a primary and secondary literature study to establish a theoretical background to the study. The primary literature consisted of project proposals, review and evaluation reports, minutes, bylaws and other records that were obtained from traditional CBOs, iddirs in this case, and also SHG promoting institutions or NGOs on the above-mentioned four interrelated components to this study. The researcher obtained information on iddirs from the village iddirs committees. Material on NGOs was obtained from their national, zonal and district offices. SHGs information was obtained from NGO offices within the zone and district, and from the SHG representatives. As far as secondary sources were concerned, reference books and other materials were accessed from UNISA online library and UNISA branch library in Addis Ababa and the John F. Kennedy library at the Addis Ababa University. Additionally, journals and articles were obtained from internet sources.

1.7.1 Quantitative Data

A survey of iddirs and SHGs members was undertaken to ascertain the assets accumulated by member households, rural entrepreneurship, income, livelihoods and demographic information. Purposive and systematic sampling methods were used. To collect quantitative data close-ended questionnaires were used. Close-ended questionnaires were first developed in English and then translated into Amharic (the national language), field tested and adjusted accordingly before used for data collection. Iddirs and SHGs sample members were interviewed face-to-face by using these questionnaires and this provided the required information.

1.7.2 Qualitative Data

The researcher also used a number of qualitative data collection techniques to assess opinions, attitudes and perceptions of people in the study areas. In this regard, an individual interview and focus group discussions were used to collect qualitative data and gather information. An interview guide was developed to collect data from 14 purposely selected individuals, such as district cooperative office focal persons, national, zonal and district level SHG promoting NGOs officials and key staff through face to face interviews.

Additionally, focus-group discussions were held in order to obtain more ideas and deeper understanding. Information generated through focus-group discussion was used to triangulate the correctness of the data received through individual interviews. Interview guides were first developed in English, and then translated into Amharic, field tested and adjusted before being used for field data collection.

1.7.3 Data and Sampling Framework

To determine the extent of sustainable livelihoods in the indigenous iddirs and NGO initiated SHGs approaches used by the EKHC; iddirs and SHGs were treated as sampling units. Each iddir and SHG is an institution on its own. To determine the factors linking social capital and entrepreneurship to create sustainable rural livelihoods, 10 percent of the identified iddirs and SHGs in each of the above-mentioned three districts were selected. There were 50 iddirs and 50 SHGs in each district. Thus, the total number of iddirs and SHGs in three districts were 300 (150 iddirs and 150 SHGs). Out of the selected 10 percent samples of 30 iddirs and SHGs, six were randomly reselected for the group discussion. From the remaining 24 iddirs and SHGs, five members from each SHG and eight members from each iddir, the total of 155 people (men and women) were selected to collect quantitative data. The number of people selected from iddirs and SHGs varied because iddirs were comprised an indeterminate number, but generally more than 10 members, while SHGs comprised of between 10 and 20 members.

Moreover, to collect institutional level data, six focus-group discussions that comprised five members of SHGs and eight members of iddirs were facilitated (3 iddirs and 3 SHGs focus-groups), two in each of the three districts in order to understand the participation and functioning in and perception of people towards iddirs and SHGs. The total number of people who participated in the focus-group discussion was 51. On the other hand, qualitative data were also gathered from 14 above-mentioned iddirs and SHGs promoting partners officials in order to substantiate data collected from other key informants. In general, both qualitative and quantitative data were collected from 220 people (166 male and 54 female). The disparity in the selection of male and females interviewees were created because most of the community iddirs were dominated by

males. On the other hand, when SHGs were randomly selected, by chance more men groups selected.

For the purposes of this study, the researcher used convenient and systematic multi-stage sampling techniques. In this regard, the researcher consulted the district offices of the government as well as district EKHC offices before sampling the study population. Then the researcher obtained lists of *Kebles* (the lowest level of government administrative structure). From the list, the researcher identified Kebles that have both iddirs and SHGs accessible to transportation. From the identified lists of iddirs and SHGs, 10 percent of each was randomly selected for intensive research.

In terms of data analyses, quantitative data was tallied using the SPSS (Statistical Programme for Social Sciences), and analysed by using basic descriptive statistics. Qualitative data were transcribed using Microsoft Office Tools.

1.8 CLARIFICATION OF TERMS

1.8.1 Poverty: The World Bank (2000) distinguishes between absolute and relative poverty. Absolute poverty is described as a lack of basic security, the absence of one or more of the factors that enable individuals and families to assume basic responsibilities and to enjoy fundamental rights. Relative poverty is used in terms of particular groups or areas in relation to the economic status of other members of the society. Poverty results from and even consists of a lack of basic security, which includes financial resources, education, employment, housing, health care and other related aspects. Poverty is not only an indication of a lack of resources but is also, rather fundamentally, about the lack of awareness on the part of people for their own role in the fight against poverty (Bradshaw, 2006; Calvo & Dercon, 2007).

1.8.2 Ethiopian Kale Heywet Church: This church, “Word of Life,” is one of the largest evangelical churches that address both the spiritual and development needs of its members and the communities in which it operates.

1.8.3 Iddir: An indigenously-formed, traditional community-based informal social and financial institution that is concerned with the socio-economic affairs of the members.

1.8.4 SHG: NGOs' initiated Informal community-based savings and loan institutions formed on the basis of homogeneity among members who contribute weekly to a common fund, a certain portion of which is made accessible to members for loans.

1.8.5 Sustainable livelihood: An ability to cope with and recover from stresses and shocks, maintaining or enhancing capabilities and assets (financial, physical and human) both now and in the future, while not undermining the natural resource base (Husein and Nilson, 1998; Scoones, 1998, 2009.)

1.8.6 Community Empowerment: Community capacity building and power sharing among the groups of people who are bound by common interests (Nikkhah and Redzuan, 2010); a social process that helps people assume control over their own lives by building capacity for social change. Empowerment is enhancing an individual's or group's capacity to make choices and transform those choices into desired actions and outcomes.

1.8.7 Social Capital: Resources those societies possess in the form of institutions, networks, associations, values and norms. The networks, norms, a collective asset, relationships, governance structure and participatory process are the avenues through which social capital is expressed (Putnam, 1993; World Bank, 2002; Helmor & Singh, 2001; Lin, 2001).

1.8.8 Social Entrepreneurship: A blend of social capital and entrepreneurship or innovative/creative activity that enhances the livelihoods of the poor; activity performed by an individual, family, group, community or country level that leads to socio-economic development. As Young (2006) indicates, social entrepreneurship benefits people whose urgent and reasonable needs are not being met by other means.

1.8.9 Keble: The lowest level of government structure, where communities are administered.

1.8.10 CBO: Community based organisation embedded in the community for various socio-economic reasons.

1.9 CHAPTER LAYOUT

This research is sub divided into seven chapters. The chapter progression for this thesis is presented below:

CHAPTER ONE: introduces the study and contains the definitions of basic concepts and terminology. Secondly, the research problem is outlined in this chapter and it provides the impetus for the formulation of research design, aims and methodology of the study.

CHAPTER TWO: the aim of this chapter is to give a theoretical background of community empowerment to transforming social capital into social entrepreneurship for sustainable livelihood in rural areas; this chapter lays a good foundation for the research.

CHAPTER THREE: presents an overview of the background information about iddirs and SHGs institutions, as well as SHG promoting organisations in general and assesses their role in rural entrepreneurship, sustainable livelihood and household poverty alleviation.

CHAPTER FOUR: presents the research findings by focusing on the iddirs models, particularly the role played by these CBOs in transforming social capital into entrepreneurship in the context of sustainable livelihood and poverty reduction.

CHAPTER FIVE presents the research findings by focusing on the SHGs models, and the role played in transforming social capital into entrepreneurship in the context of sustainable livelihood and poverty reduction.

CHAPTER SIX: delineates the difference between the two models by comparing and contrasting the findings on the iddirs and SHGs in the context of collective saving and microcredit in solving socio-economic problems of the members and community at large.

CHAPTER SEVEN: provides discussion by highlighting the key empirical findings on iddirs and SHGs against theory and the objectives of the study; it also draws conclusions and makes recommendations emanating from this research. In addition, the researcher will suggest possible measures that should be taken by all stakeholders,

including policy makers to eradicate the obstacles of CBOs, including SHGs to effectively be involved in rural entrepreneurship and sustainable livelihood; and suggest potential research areas.

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

The contradictory nature of socio-economic relations of the past that is characterised by uneven distribution of wealth among countries, individuals and groups has made some countries advance and others to remain poor. The reality is that approximately 20 percent of the population controls 80 percent of the world's wealth (Rist, 2008). Moreover, unfair distribution of resources, together with natural and man-made catastrophes, has left millions of people in a deprivation trap. As various authors, for instance, Stewart (1997); De Beer and Swanepoel (1998); Haynes (2008); Graaff and Venter (2001), Romm (2001); Servaes and Verschooten (2008) argue that this is mainly the effect of the past 60 years of development that has left a traumatic memory and created harm to the environment in the form of pollution and drought. Furthermore, the Western-engineered conventional development theories, including modernisation and dependency, as well as Marxism, did not add much value to the poor and marginalised population of the developing world; rather, their application resulted in inequality, ecological imbalance, environmental deterioration, massive poverty and hunger (Melkote & Steeves, 2001:156). Relatively little attention was paid to the extent and quality of institutional infrastructure and social capital, which is widely accepted today as the main determinants of the success by which developing countries can create and effectively deploy resources and capabilities, and gain access to markets, which are critical for their development (Hittne, 1995:99).

In this regard, Peet and Hartwick (2009:21) posit that the conventional theories accept the existing basic capitalist structure as the best kind of society, essentially unchangeable, as the only kind of society that can persist. These theories emphasise economic growth over development as the only means to increase human wellbeing. Furthermore, these theories accept the notion that accumulation of wealth by a few would stimulate entrepreneurship and innovation (Melkote & Steeves, 2001:34; Rist, 2008:45; Haynes, 2001:23). Until the 1990s the major theories of development held rather narrow, even contradictory, views of the role of social relations in economic development, and offered little by way of constructive policy recommendation. In the

1950s, for example, modernisation theory regarded traditional social relationships and ways of life as an impediment to development. The social characteristics of poor countries and communities were defined almost exclusively in terms of their relations to the means of production, and the inherent antipathy between the interests of capital and labour (Woolcock & Narayan, 2000:4; Woolcock, 2000:18; Lin, 2002 & Treurnicht, 1997:23).

The centrally-planned development approaches of the past did not work as expected. Attempts by national governments to modernise "traditional" rural populations, with the assistance of international organisations and experts, led to thousands of projects and piles of technical reports but little in the way of tangible achievements. The provision and maintenance of programmes were often top-down. Once completed, projects were rarely sustainable by the communities themselves and such dependency has reduced empowerment (Mehchy & Kabbani, 2007:4).

As mentioned above, such a development effort leads towards socio-economic inequality and widens the gap between the rich and poor. This has been severe in many developing countries, Ethiopia in particular, where the level of poverty and ill-being apparently has been very high (Gobezie, 2007) and about 44 percent of its population earns less than two USD per day (World Bank, 2009). Moreover, in Ethiopia factors such as drought, environmental degradation, and political instability have worsened the situation even more than the past development experience by hampering development in general and sustainable development in particular. All these are found to have aggravated human suffering and left the livelihoods of people unsustainable. The end result is Ethiopia's present position as a one of the least developed countries in the world.

The past several years of development experience, a modernisation approach in particular has increased disparities among humanities in the Third World and has led to a search for an alternative. The alternative approach is inclusive in that it encourages popular participation, grassroots initiation, indigenous and acquired knowledge-based collective thinking and personal action. More specifically, the search is for a new model that includes social capital-based socio-economic entrepreneurship and livelihood

diversification that encourages system interdependence and cooperation with all development actors (World Bank, 2002).

The inclusive approach to sustainable development begins with existing locally- and culturally-based knowledge (Coetzee, 2001; Hesse & Wissink, 2004:49). This requires encouraging participation and self-reliance on the part of those people who are supposed to harvest the benefits of development. In this connection, social capital is a necessary ingredient for sustainable development to take place. Sustainability presupposes use of renewable and non-renewable resources with causation and care beyond the current generation and leaves more opportunity for the future generations. It is unthinkable to ensure sustainable livelihoods without sustainable development. In this regard, social capital plays a socio-economic role in community empowerment by fostering social and cultural coherence of society, the norms and values that govern interactions among people and initiate social capital- based microcredit formation for rural entrepreneurship to diversify rural livelihoods.

This chapter discusses the various theoretical concepts related to the proposed research objectives and questions. Accordingly, the first section discusses the theoretical aspects of social capital including, structural and cognitive forms of social capital, as well as its bonding and bridging nature (Uphoff, 1999:2; Grootaert & Van Bastelaer, 2002).

The second section discusses community empowerment in terms of people's capacity building, enhancing their capabilities to do something better. Exercising their own capabilities through participation, and organising themselves in their own initiatives are considered as one form of empowerment.

The third section describes and explains entrepreneurship in general and emerging social entrepreneurship, in particular. Here the emphasis is on the social dimension of entrepreneurship in which social activists, business people, academics,

and those involved in government and NGOs play a role in promoting social entrepreneurship to improve livelihood.

The last section defines and explains concepts of sustainable development and sustainable livelihood. Since the two are two sides of the same coin, this section elaborates on managing and utilising resources in a manner that does not compromise the future generation, but argues that in a situation where poverty is persistent, achieving this goal is unlikely. Thus, this section will emphasise the need for a proper economic value on biodiversity and adopting a nature-friendly socio-economic development approach.

2.2 SOCIAL CAPITAL

The term social capital entails multiple concepts and varies in definition. Nevertheless, for the sake of this study, the review of social capital will focus on the major definitions, categories, characteristics, values, limitations; and then social capital in Ethiopia with particular focus on the social capital-based community organisations and their contribution to socio-economic welfare.

2.2.1 Definitions

Putnam (1993:177) defines social capital as norms of generalised reciprocity, networks of civic engagement, social trust to reduce defects and uncertainty, and provide models for further cooperation of the society. Putnam's treatise on social capital argues about the significance of social capital and the quality of civic life in the cultivation of a democratic society. He draws the conclusion from his study of an Italian society that the norms and networks of civic engagement powerfully affect the performance of representative government. Later, he turns his attention to social capital in the United States in his article *Bowling Alone*, delineating the declining trend of civic engagement and social connectedness among the people of the United States. The rationale behind the diminishing of social capital in the United States include the movement of women into the labour force, increased weekly working hours, mobility of people and other demographic transformations among others (Putnam, 1995).

In his later writings, Putnam discusses social capital as connections among individuals – social networks and the norms of reciprocity and trustworthiness that arise and compares it with human capital; he argues that physical capital refers to objects and human capital indicates property of individuals. Social capital is closely related to civic virtue which is most powerful when embedded in networks and social relations (Putnam, 2000). However, Putnam's analysis does not indicate how social relations and networks can enhance the livelihood of the poor in developing countries.

The World Bank (1999 and 2000) defines social capital as institutions, relationships and norms that shape the quality and quantity of a society's social interactions. In this regard, institutional social capital is vital for community networks and civil society, and it is largely the product of the political, legal and institutional environment. Senanayake (2006:87) and Warren (1999) define social capital as indigenous and local knowledge, the poor's main asset that can be invested in survival, to produce food, to provide shelter and to achieve a degree of control over their own lives. It is a unique form of people-generated knowledge rooted in a particular place and set of experiences. Social capital has different categories and multiple entities.

2.2.2 Categories of Social Capital

According to Coleman (1988:110), Woolcock and Narayan (2000:7) divide social capital into two categories, i.e. bonding and bridging social capital. Bonding social capital has to do with relations between family members, close friends, and neighbours. Bonding social capital indicates a horizontal dimension and it has a strong tie or intra-community bonding that gives family and community a sense of identity and common purpose. Bridging social capital is concerned more with distant friends, associates, and colleagues. Bridging social capital indicates a vertical dimension and a weak tie or inter-community bridging social capital that crosses various social divides, those based on religion, class, ethnicity gender and socio-economic status.

Different combinations of bonding, bridging, and linking social capital are responsible for the range of outcomes and for incorporating a dynamic component in which optimal combinations change over time. These distinctions have particular significance for understanding the plight of the poor, who typically have a close-knit and

intensive stock of bonding social capital. In this connection, social capital is a set of social relations that enables actors to gain, maintain or expand access to economic resources that can lead to increased productivity (Woolcock, 2000 & Van Bastelaer, 2002:4).

Coleman (1988:98) argues that social capital does not exhibit a single entity, but a variety of different entities, with two elements in common: they all consist of some aspect of social structure, and they facilitate certain actions of actors that can take place between actors and among actors within the given structure. Social capital of a society includes the institutions, the relationships, the attitudes and values that govern interactions among people and contribute to economic and social development (Hobbs, 2000 & Woolcock, 2000:8

Uphoff (1999:218-19); Grootaert and Van Bastelaer (2002:6) present two distinct but interrelated forms of structural and cognitive social capital. Structural social capital involves various forms of social organisation roles, rules, precedents, procedures and networks that contribute to co-operation and indicate the institutional aspect of the structure. On the other hand, cognitive social capital includes norms, values and beliefs. Norms and values along with their associated attitudes and beliefs are the mechanisms by which social capital is built up and accumulated, stored, modified, expressed and perpetuated at micro or community level (Putnam, 1993).

Larsen, Harlan, Bolin, Hacket, Hope, Kirby, Nilson, Rex and Wolf (2004), who conducted an empirical study in eight Phoenix, Arizona neighbourhoods, state that social capital is related to social status, i.e. bonding social capital is high among residents with higher levels of education, ethnic groups, migrants from similar origin and duration of stay in the specific neighbourhood. Residents who stay for long times in the neighbourhoods may introduce the new resident to others, and thus expedite the social connections that otherwise would have taken a longer time, a number of meetings and much effort to enhance bonding capital. Furthermore, they find empirical support for the notion that bonding and bridging capital are distinct constructs that have different sets of predictors. Bridging capital is required to make connections beyond the neighbourhood. The study suggests that bonding social capital must exist before bridging social capital can develop. Bridging social capital was identified as taking neighbourhood action to

address environmental problem and the presence of bonding social capital is a significant predictor of taking civic action and these authors positively correlate the two forms of social capital, namely bonding and bridging social capital.

According to Van Staveren & Knorringa (2007:15), bonding and bridging social capital are not mutually exclusive. Bonding social capital generates external linkages with individual agents who can generate certain social capabilities, e.g. mutual help, trustworthiness, sociability, loyalty, responsibility and knowledge sharing. Bridging social capital builds on these social capabilities and may require the existence of bonding social capital (Wolf, 2004). Bridging social capital occurs when members of one group connect with members with other groups to seek access or support or to gain information (Larsen et al., 2004:66). Furthermore, bridging social capital enables the emergence of economic transactions between unfamiliar persons and helps to reduce the inevitable transaction costs arising from incomplete contracts and uncertainties (Glaeser, Liabson & Sacrerdote, 2000:14)

2.2.3 Characteristics of Social Capital

Social capital also exhibits different characteristics. Grootaert and Van Bastelaer (2002) explain that social capital, like physical capital, accumulates as a stock that produces a stream of benefits, particularly in the form of information sharing, collective decision making and action. Like physical capital, social capital requires an initial investment and regular maintenance, in the form of social interaction and trust-building behavior. Trust based social capital thus fosters collective action, outcomes and benefit sharing and social entrepreneurs tie all aspects of social capital together (Hasan, 2005). Social capital can take years to build and is more easily destroyed than built and rebuilt. Moreover, social capital exhibits several features that set it apart from physical and human capital. Firstly, and by definition, social capital, unlike human capital, cannot be built individually. Secondly, unlike physical capital (but like human capital), the stock of social capital does not decrease but can actually increase (Lin, 2002).

According to Robison, Schmidt, and Siles (2000:6), human capital is not destroyed by use and when combined with other capital goods, it transforms inputs into outputs. For example, a person's investment in knowledge or skill is an input which is

expected to produce an output. These inputs build the capacity of a person and enable him/her to exchange it for other forms of capital, i.e. skill for employment or creating own enterprises, which in turn can produce financial capital. With more skill and experience, a person can produce quality products and will become more popular. As a person's ties and network increase, accumulation of human, financial and social capital increases. One of the key resources of an organisation or community is its social capital. This social capital takes a while to build up and can easily be destroyed by clumsy reorganisation (Parcell, 2010:230).

Woolcock (2000) reflects on the views of different authors like Moser (1996) and Narayan (1997) and notes that communities endowed with a rich stock of social networks and civic associations will be in a stronger position to confront poverty and vulnerability than those without. A key difference between social capital and other forms of capital is that social capital generates relatively strong interpersonal complementarity in investment. People who belong to groups with more social capital will tend to invest more the group's social capital than in themselves. Flora (2007:5) posits that social capital reflects the connection between people and organisations and strengthens ties that build cohesion. According to Edwards (2006:1) and Sabatini (2005:12), social capital is where people share a sense of identity, hold similar values; trust each other and reciprocally do things for each other. Then this is felt to have an impact on the social, political and economic nature of society.

Lin (2002) describes the contemporary dimension of social capital as an investment with expected returns in the market place and as resources. These resources can be invested and mobilised in pursuit of profit. In this regard, Lin (2001:6), Peet and Hartwick (2009:152) elaborate on Karl Marx's notion of capital as part of surplus value (created through the process of production and exchange of commodities) that creates further profit. So Lin (2001:8) calls the notion of capital and its features described by Marx as the classic theory of capital because the notion is the investment of resources for the production of profit with its premise based on exploitation (Wood, 2001:66).

However, Lin (2002:9) and Hoyman and Faricy (2009:13) argue that the neo-capital theory modifies the classic theory of capital and views capital as more than exchange of commodities. In other words, capital includes social, human and other forms of it. In this connection, labourers can become capitalists, not from a diffusion of ownership of corporation stocks, as a capitalist would have, but from the acquisition of knowledge and skills that have economic value. The labourers can demand from capitalists' payment beyond the exchange value of their labour and they can accumulate capital by investing in skills and knowledge that are economically productive, the use of which results in empowerment. Edwards (2006) agrees with Lin adding that social capital is a resource that arises out of people's family relationships that enables them to increase their human capital, which then enables them to gain a greater economic reward. Human capital has many of the same properties as physical capital. Fundamentally, human capital emphasises a surplus value and represents an investment in education and skills. These values reside in individuals (Robison & Siles, 2000:5).

2.2.4 Values of Social Capital

According to Narayan & Pritchett (1997) and Grootaert and Van Bastelaer (2002), social capital is comprised of a set of resources that can be accessed by membership in a group organised around resources (whatever they may be), and these resources bring enhanced economic rewards and social influence. Social capital resources are embedded in the structure of social networks (Pretty & Ward, 2001). At this junction, Robison and Siles (2000) add the notion of socio-emotional goods and their attachment values to social capital in the range of social and institutional networks. According their views, social networks that facilitate an exchange of information are also seen as the most effective means of Internalising externalities. They further argue that social resources lacking social networks exhibit poor social capital and this is one of the causes of poverty. Thus, the willingness of persons to invest in public goods to increase their attachment to their community is essential. For this to happen, appropriate policy measures that enhance leadership development, intensifying existing networks, maintaining social capital through employment, and empowering local networks is vital.

Putnam (2000:19) additionally describes different forms of capital, e.g. physical capital, such as physical objects, human capital as individuals, and social capital as connections among individuals/social networks; the norm of reciprocity and trustworthiness arise from them. In his view, social capital allows citizens to resolve collective problems more easily by greasing the wheels that allow the community to advance smoothly and creates a flow of information exchange and community connectedness. The capacity of social groups to act in their collective interest depends crucially on the quality of trust of formal institutions under which they reside (Woolcock & Narayan, 2000:11). Trust enhances commonly agreed and shared objectives and links of community members. It is also the glue that holds them together (World Bank, 1999).

Concerning the economic aspect of social capital, the World Bank (1999), Woolcock (2000) and Woolcock and Narayan (2000) note that social capital is necessary to connect the poor to mainstream resources, improving access to wider markets and formal credit systems, mobilising more funding, and training in accessing better services from the state. As Sonne (2010:11) points out, those partnerships grow out of shared values and trust, which have been built over time rather than from official agreement and negotiations. Stocks of social capital act as an extremely important asset, in the absence of abundant human and physical capital (McAslan 2002:141). Grootaert and Van Bastelaer (2002) and the World Bank (1999) point out that social capital in a society includes the institution, the relationships, the attitudes and values that govern interactions among people and contribute to economic and social development. Thomas (2008:34) argues that poverty is not only an indication of a lack of resources. Rather, fundamentally, about the lack of awareness on the part of a people of their own role in the fight against poverty. Social capital can often substitute for personal capital; the poor may choose to rely more upon social capital than the better-off (Collier, 1998:24).

Social networks facilitate innovation, the development of knowledge, and sharing of that knowledge. Social interaction can become capital itself through the persistence of its effects which can be ensured at both the cognitive and structural levels (Beugelsdijk & Smulders, 2003:2). As individual and group social networks increase,

information exchange on social and economic issues increases. This can be manifested through various livelihood options and opportunities established and maintained through mutual dependency and exchange of entrepreneurial benefits-based trust and reciprocity, each of which facilitates co-operation, reduce transaction costs and may provide the bases for informal safety networks amongst the poor (World Bank, 2003; Hawkins, 2009; Hoyman and Faricy, 2009:11). Higher social participation brings about social capital accumulation as a by-product (Sabatini, 2005:11).

2.2.5 Limitations of Social Capital

Beugelsdijk and Smulders (2003:4) explain that bonding social capital can be positive or negative. The positive aspect is that at micro level, dense networks may provide useful resources, such as improved quality of information, a means for control and influence. Moreover, closed social networks may encourage compliance with implicit local rules and customs and reduce the need for formal monitoring. The negative side is that closed social networks developed over time may lead to a tendency to stick to existing linkages and networks, which may result in a loss of flexibility and do not allow others to join. Coleman (1988); Woolcock and Narayan (2000) remark that both bonding and bridging social capital is necessary to maintain the balance between bridging/vertical and horizontal/bonding ties. The Bay Area Community Council of Wisconsin (2002:6) notes that bonding social capital can also produce negative results such as racism or sexism. This would happen when connections within the group are reinforced; in this case, the distance between the group and others can grow into distrust and enmity. Fine (2001:143-44) also remarks that social capital should be seen as having two broad effects with a positive and a negative side. Social capital can be good when properly used, but can be bad when not properly used.

Van Staveren and Knorringa (2007:111-12), who carried out a comparative empirical study in Vietnam and Ethiopia concerning the social relation in economic development by looking at bonding and bridging social capital in two footwear firms, argue that social relations are not always necessarily positive. And neither are their economic impacts in a situation where social structures inevitably incorporates power asymmetries that lead to the processes of inclusion and exclusion. When relationships

are unbalanced, favouring the few minority members who have affiliations with authorities, they can be discriminative. In this regard, the beneficiary effects of social relations may be seen through the lens of power asymmetry, not by trust. In such cases social capital access to different types of networks is unequally distributed. Hence, social capital in networks can be used to the disadvantage of some and have levelling-down effects on people's aspirations, providing disincentives for individuals in groups to save and invest. In the case of footwear firms, for example, lack of bridging ties has led the footwear producers to avoid reliance on market-based relationships. According to the study, bonding relationship in Ethiopia appears not to help reduce transaction costs and to establish any forms of collective action. Instead, they were limited to very small and family-based networks. Only a few of these family-based networks have good access to government, and they will do what is in their power to ensure that other producers remain excluded from such preferential access.

In contrast to the Ethiopian case, the Vietnamese case shows the potential benefits of bridging ties: it appeared to result in significant positive correlations between network participation, reduction in transaction costs, enabling collective action, generating learning spin-offs, performance and upgrading. However, the strong hierarchical orientation in the social relations in the Vietnamese footwear sector reflecting power asymmetries may be responsible for some constraints such as difficulty in establishing direct export (Van Staveren & Knorringa, 2007). Thus, the outcomes of social capital cannot be judged generally and its results are specific to a country's socio-economic and political context.

2.2.6 Social Capital in Ethiopia

Different types of indigenous knowledge-based social capital exist in Ethiopia. Takoyoh and Eyong (2007:121) refer to indigenous knowledge as the set of interactions between the economic, ecological, political and social environments within a group or between groups with strong identity, drawing existence from local resources. Such patterns and behaviors can be transmitted from generation to generation to cope with change. It encompasses the skills, experiences and insights of people, applied to maintain or improve their livelihoods. The use and functions of social capital may vary in rural and

urban setting. In the rural areas, for example, it is the basis for local-level decision making in agriculture, health care, food preparation, education, natural-resource management, and a host of other activities.

Iddirs and Self-help Groups (SHGs) are among the main community-based organisations that rely on social capital and these forms are the focus of this study. Iddirs are solidly grounded in community traditions and large group based. In this regard, Dinku (2008) states that iddirs are ubiquitous informal financial and social institutions in Ethiopia. According to Emanu (2009) and Seifu (1967:8), iddirs are associations of people whose objective is to provide social welfare and social insurance in particular for their members in the event of death, accident, and property damage (Pankhurst, 1998).

Small Self-help Groups (SHGs) are an emerging form of community based organisations which NGOs and other development actors promote as an alternative approach to poverty reduction. Both iddirs and SHGs form on the basis of indigenous, community-activated social capital (ICASC). SHG size is small (10 to 20 members) and aims at social capital-based savings-led microcredit for entrepreneurial and other livelihood activities for its members. These groups operate in multiple strata of society to provide self-reliance for individuals, households, and the larger local community. Sinha (2009) indicates that community-based SHGs are considered an essential prerequisite for successful community development. This study will further assess the extent of it.

2.3 COMMUNITY EMPOWERMENT

As it is the case with other development concepts, the concept of community empowerment is multidimensional with a variety of meanings based on its socio-economic, cultural and political contexts. Community empowerment refers to a community having the power to make decisions on matters that affect communities and individual lives to effect change and create the social solidarity (Abatena 1995; Lappe & Shurman, 1995:108; Swanepoel 1997; Czuba 1999; Getahun, 2001:115; Desai, 2002:117; Melkote & Steeves, 2001:354; Samah & Aref, 2009:64; Nikkhah & Redzuan, 2010; Mukasa & Njie, 2001; Samah & Aref, 2009:64; De Beer & Swanepoel, 1998:24).

Community empowerment is important in its own right and because it contributes to development outcomes (Mehchy & Kabbani, 2007:14; World Bank, 2002:20).

The notion of empowerment is widely used in the policies and programs of both bilateral and multilateral agencies, not just NGOs. The concept of empowerment focuses on the notion of 'power', its use and its distribution as being central to any understanding of social transformation. This includes power both in terms of radical change and confrontation and also in the sense of the power 'to do', 'to be able' and of feeling more capable and in control of situations. Power is, in most contexts, the basis of wealth, while powerlessness is the basis of poverty and both the 'powerful' and the 'powerless' are categories of actors fundamental to understanding the dynamics of any development process. Power operates at many different levels and is manifested in the conflicting interests of different groups within any particular context. For example, local or regional patrons, the power that men often exercise over women and the power that institutions such as the church exercise over people (Oakley and Clayton, 2000:5). Based on this background, the following section will discuss three major aspects of empowerment, namely, empowerment as enhancing capabilities, empowerment as political power, empowerment as conscientisation or awareness creation and gender and empowerment.

2.3.1 Participation/Capability as empowerment

Building local capacity involves working with poor and marginalised people to identify capacities needed for self-reliance and enhancing skills (Munslow, 2001:506). The poor are empowered by strengthening their capacity to engage in development through community action (Monaheng, 2000:134). Capabilities have different aspects (human, social-economic and political). Human capabilities are revealed by good health, education, and production or other life-enhancing skills. Social capabilities include social belonging, leadership, relations of trust, a sense of identity, values that give meaning to life, and the capacity to organise. Economic capability refers to financial and other forms of resources to improve livelihoods. Political capability is voting freedom and participation. The World Bank (2002:11) relates community empowerment to social capital, principally concerned with norms and networks that enable collective action

which in turn allows poor people to increase their access to resources and economic opportunities, obtain basic services, and participate in local governance. When poor people's organisations link up or bridge with organisations of the state, civil society, or the private sector, they are able to access additional resources and participate more fully in society and this can be understood as social capability (Putnam 1999 & 2000; World Bank 1999; Van Staveren & Knorrinda, 2007:15 & Woolcock 2000). With regard to this, Kretzmann and McKnight (1993:286) suggest that non-economic institutions, such as churches, schools, hospitals and other community-based organisations can contribute to the economic life of local communities by linking to many other institutions by making contacts outside of neighborhoods. Collective action through poor people's membership-based organisations can also improve access to business development and financial services, and to new markets where people can buy needed items and sell their produce (World Bank, 2002:12).

Woodhill (2010: 25) asserts that a society develops and solves its problems through collective capabilities, for the common good. Collective capabilities which bring individual competencies for common community good are essential. Woodhill argues that the empowerment paradigm has shifted from a conventional/individual focus towards new ways of creating collective capacities. A conventional capacity development views focuses on training a group of individuals, building skills, producing manuals and developing organisations. Nevertheless, capacity development is an appreciation which recognises capacity in real life that commonly exists at the interface between actors and it develops as interactions progress. Effective capacity is visible and exists when people identify and act on issues and shared concepts. And thus real capacity lives between actors and in the ways that they deal with each other, solve their problems and realize their ambitions. In doing so, they build up relational competencies and generate trust which, for example, reduces transaction costs (Woodhill, 2010: 28).

According to Pratt and Earle (2004:7) and Alsop and Heinsohn (2005:6), the capacity to make an effective choice is primarily influenced by agency and opportunity structure. Agency is referred as an actor's ability to make meaningful choices; whether the actor is able to visualize alternatives and make it to happen. Opportunity structure, on the other hand, is understood as the formal and informal contexts within which actors

operate. By working together, these factors give rise to different degrees of empowerment. For example, let us assume that a farmer in India or in Ethiopia chooses to take out a bank loan to buy agricultural input, i.e. chemical fertilizer, improved seeds or farm equipment or to set up small irrigation system. But the process for obtaining the loan required that he/she—an illiterate person—complete a complicated sets of forms, offer all his or her land as collateral, and obtain a lawyer to verify that he or she owned the title to the land. In such a condition where the regulations' concerning procurement hinders the process, the farmer's choice cannot be effective. In a similar manner, if a woman in Kenya or in one of the rural villages in Ethiopian chooses to send her daughters to school, but she faces opposition from her husband, who regards this as a poor investment. She will be discouraged by the school staffs, which adheres to the dominant social maxim that educating girls is a waste of time because their value lies in their roles as wives and mothers. This woman's capacity to make an effective choice was not limited by any formal opportunity structure—no official laws or rules prohibit girls from enrolling in schools. Instead, she confronted an informal—social—element of the given culture (Alsop & Heinsohn, 2005:7).

According to Kretzmann and McKnight (1993:13), the raw material for community building/empowerment is the capacity of individual members. The authors argue that many weak communities focus largely on the deficiency aspect of capacity building rather than the capacities of its members. The deficiency approach is usually focused on a mechanistic approach to local needs while the capacity approach focuses on looking at the existing capacities of community members to contribute towards community building. A glass of water could be regarded as either half-full or half-empty. Local residents likewise have capacities and they also have deficiencies. What builds a powerful community is the capacity of its members. Focusing on the deficiencies aspect is neighbourhood futile exercise. This approach is not an effective strategy for community empowerment because it deals with people as potential clients and consumers. To be a powerful community, people in the community must be considered as partners and producers in the development discourse. This can be illustrated by using an example of a carpenter, who has loses one of his legs in an accident. The loss of his leg can be regarded as a deficiency. However, he still has a skill. With limited

information it is hard to build a community. Thus, community empowerment requires systematic and participatory capacity assessment (Kretzmann & McKnight, 1993:14). Lord and Hutchison (1993:15) believe that participation significantly advances the process of empowerment. However, participation would not always advance empowerment because it has positive and negative sides. The two sides of participation (participation as a “*means*” and participation as an “*end*”) is discussed below.

2.3.1.1 Participation as a means

Participation as a “means” to an end refers to others taking ownership of programmes and running them on behalf of the beneficiaries. Participation as a means is essentially a static, passive and ultimately controllable form of participation or masked/false participation (Dalelo, 2006:38). Mobilisation of people in this form of participation is to get things done based on a fixed quantifiable development goal which can be state-directed or externally-directed activities, the ‘top-bottom’ (or directive) approach to community development. In such a situation, participation turns into passive and static events which can then induce participation (Nikkhah and Redzuan, 2003). Top-down development approach refers to the tendency of the state on a particular level, for example local, regional or national level to implement development with little or no consultation with the people who are meant to benefit (Roodt, 2001:471a). This corresponds to a welfare type of service delivery where recipients are usually served by institutions of public assistance that focus on maintaining provider/client relationships and not on developing alternative relationships that are reciprocal and problem-solving. In these conditions, those individuals receiving welfare often become defined by their role as clients of the institution rather than as participants in an ongoing ever-changing process (Kretzmann & McKnight, 1993:83). De Beer and Swanepoel (1998:21) describe such a type of community participation as a typical example of top-down or “co-opted” involvement which leaves very little room for initiative and empowerment.

2.3.1.2 Participation as an end

On the other hand, participation as an “*end*” refers to enabling others, from individuals through to government departments, to have greater capacity to work together to solve

problems. It is an indication of authentic or true participation (Dalelo, 2006:41). Participation as an end describes a process in which confidence and solidarity among rural people are built up. It is an active form of participation, responding to local needs and changing circumstances. More generally, participation as an end in itself presupposes the building-up of influence or involvement from the bottom up (Melkote & Steeves, 2009:337). Participation is a process in which people are directly involved in shaping, deciding, and taking part in the development process from the bottom-up perspective. In this situation, participation becomes a process of achieving greater individual fulfilment, personal development, self-awareness and some immediate satisfaction (Nikkhah & Redzuan, 2003; Dalelo 2006). According to Roodt (2001:471b), the bottom-up approach to development presumes that the beneficiaries of any proposed development participate with the organisations to determine the type of development most relevant to their needs, and participate in the implementation and subsequent running or monitoring of the development.

Samah and Are (2009:66) refer to participation as an end to decision-making power in relation with establishing various community groups, conducting group activities, organising self-help groups according to their interests in an effort to solve and alleviate common problems they face. This can be manifested by collective action whereby community members participate in, and learn more about issues and solutions to community problems. Nikkhah and Redzuan (2010:88) suggest that empowerment should encompass capacity building and start at individual level. Individual level capacity building includes skills, knowledge, consciousness and awareness, hope, action and beliefs that affect changes in wider social structures, and processes that result in increased resources and opportunities.

This can be explained by an example of a programme that trains women to establish a small enterprise but does not provide other assistance, for example, financial and technical support to help start an enterprise. In such a case, women's capacity is not built and they cannot derive an income from it without external financial or technical assistance. Capacity is understood as asset endowment which can be psychological, informational, organisational, material, social, financial, or human (Bodja,

2006:20). Kretzmann and McKnight (1993:8) essentially argue that outside resources can be much more effectively used if the local community is itself fully mobilised and empowered and if it can define the agenda for which additional resources must be obtained. The available assets within lower income communities are absolutely necessary but usually not sufficient to meet the huge development challenges ahead.

Increased community capacity leads to people's empowerment. Here, the notion of people's empowerment is related to the people's ability and their potential to make something happen that benefits them. People's or community empowerment is about the people's capabilities. Exercising their capabilities through participating in activities organised and initiated by them or facilitated by the change agents can increase the community's power and enables people to achieve their goals (Sail & Samah, 2010: 64). In other words, the community demonstrates its readiness to handle conflicting issues that affect their lives. Furthermore, a sense of community ownership will increase, and community residents will voluntarily be involved in community affairs, and play a role through their social interaction to bring changes in the community's political and socio-economic culture. Cultural change initiatives can reshape the awareness and efficacy of marginalised groups in ways that fundamentally alter their problems-solving efficacy and the quality of their lives (Alvord, Brown & Letts, 2008:153).

The World Bank (2002) defines empowerment as an expansion of assets and capabilities which enable poor people to participate in and negotiate with, influence and control institutions that affect their lives. If people are empowered, they release their potential and energy and through this create their own version of development and deal effectively with their situation in terms of poverty reduction and take control of the issues that impinge on the quality of life (Abiche, 2004:27). Community empowerment uses a bottom-up approach, views communities as people with potent capacity to manage their own development and encourages the involvement of all stakeholders in the development process (Fitamo, 2003).

2.3.2 Inclusion as Empowerment

Empowerment should liberate people from their oppression and deprivation. This includes social justice and the realisation that they have the right and ability to control

resources, their lives and their environment. Doing this is also the basis for political change. If we look at politics in narrow perspectives and as activity in which only a few people are involved with the aim of influencing structures of governmental power, we lose the broader perspective. Rather it is a range of activities which people are involved in, out of a concern for everyday problems of caring for the life of the home, the community and work. The basis for political activity and the source of community empowerment is, therefore, the need for social relations and for human contact, which is as universal as the need for profits and for representation of interests. Inclusion of ordinary people and other traditionally excluded groups in priority setting and decision making in the matters that affects their social and political lives are decisive (World Bank, 2002:12). Parpart (2002:339,341) mentions that empowerment requires political action and collective assault on cultural as well as national and community power structures that oppresses women and some men. That can begin with raising consciousness, institutional reform and relationship building.

For the World Bank (2002:19), institutional reform to support the empowerment of the poor means changing the relationship between the state and the poor as well as their organisations. This perspective focuses on investing in poor people's assets and capabilities, both individual capabilities and the collective capacity to organise, to enable them to participate effectively in society and to interact with their governments, so as to strengthen the demand side of governance. State reform, whether at the national, state, or local government level, must focus on laws, rules, institutional mechanisms, values and behaviour that support elements of empowerment. Changes in formal rules and regulations must be connected to efforts to enable poor people and other citizens to interact effectively with their governments and monitor governance. The current institutional governance paradigm, which is the case in most government agencies, is to revert to centralised decision making, to hold endless public meetings without any impact on policy or resource decisions, should change. Rather the system should set a mechanism to include marginalised groups that were denied from participation because of their marginalised living conditions. In the state domain, citizens may experience very different degrees of empowerment in terms of accessing justice, participating in politics, or accessing social services (Alsop & Heinsohn, 2005:12).

In relation to empowerment, Tandon (2010:94) argues that much capacity development work also aims to influence in some way the more structural issues that underlie those situations where human systems are clearly not performing. Because, most intractable development challenges have to do with inequalities and situations of exclusion that are often rooted in deep-seated and entrenched values, beliefs and practices. They also have to do with social and political arrangements that result in the underrepresentation or nonrepresentation of sections of society. This can be addressed by extending freedom of services and level of well-being that are taken for granted in some sections to all groups including the previously marginalised. This necessarily involves the shifting of power relations and practices that have hitherto been accepted as the way things are.

2.3.3 Awareness Creation as Empowerment

A host of writers (Melkote and Steeves, 2001; Roodt, 2001:472; Freire, 1973 in Bodja [2006:14]) agree with the ground-breaking and pioneering work of Paulo Freire, *The pedagogy of the oppressed* (1970). His work to a large extent provided the conceptual base for subsequent debates on empowerment. He worked among poor communities in the North East of Brazil in the 1960s and '70s and developed a teaching methodology that combined learning to read and write with looking critically at one's social situation. The kind of education he forwards is one which is liberating and revolutionary in the sense that learners reflect on their problems, engage in a dialogue and take initiatives to transform the society that denied them social and educational opportunity which he refers to as conscientization. Conscientization is considered a process of learning to perceive social, political and economic contradictions and take action against the oppressive elements of reality (Roodt, 2001:472). Although Freire's approach to education was initially of a Marxist/socialist orientation, his approach is still being used for community conscientization in many developing countries, Ethiopia in particular.

Community empowerment puts emphasis on a people-centred development approach. In this regard, Bodja (2006:13) argues that the emergence of empowerment as a development topic is associated with the overall shift to alternative development as policies that emanated from mainstream development failed to deliver results that

reduce underdevelopment. Hardina (2003:31) suggests that empowerment efforts should focus on improvements in community life, moving beyond developing social capital or the creation of informal networks and informal links with institutions. According to Oakley (2001:44), greater participation, democratization and capacity building mean little unless poor people also have greater economic ownership and control. There should be institutional mechanisms for flow of information exchange among the community, district and state levels to the national level. These mechanisms need to support poor people and citizens' access to information, foster inclusion and participation, ensure accountability, and invest in local organisational capacity (World Bank, 2002:48).

On the other hand, Skoll (2007: v) states that the best future hope of humanity depends on socially motivated, highly empowered individuals to fight for changes. In order to reverse the paradoxical nature of poverty and inequality, a perception that only governments, other powerful individuals and corporations are in a position to decide where and how resources should be allocated must change; because experience shows that efforts by governments and institutions have proven insufficient. This contention calls for a collaborative effort of all development actors, as essentially remarked by De Beer and Swanepoel (1998:23), and that NGOs locally and internationally, can and should play an important role. Aid agencies have also a role to play to make this happen, as has the private sector including multidimensional corporations.

2.3.4 Gender and Empowerment

Gender is social construction which is used to determine the role and position of men and women in society. The misconception of masculinity and femininity has led to gender inequity, and particularly made women to be marginal in many aspects. Women's empowerment is decisive to fair and equitable development. The past development paradigm has overlooked the majority of marginalised women. As a consequence, women have remained the most disadvantaged, excluded and marginalised part of the population in many parts of the developing world, particularly in Ethiopia (Bekele, 2008). Sultana, Zaaba and Umemot (2010), view women's empowerment as a process whereby women individually and collectively become aware

of how power relations operate in their lives and gain the self-confidence and strength to challenge gender inequalities. Promoting women empowerment requires a significant change in attitude, working practices and vested interests. Flexibility to women's needs and deciding the best ways of combining empowerment and sustainability objectives can only be done by the process of negotiation between women and development agencies (Mayoux, 1998 & 2006). Household level, economic, social-cultural and political participation stresses that all forms overlap and interact (Mohan, 2002:50).

Nikkhah and Redzuan (2010:88) assert that microfinance empowers women by putting capital in their hands and allowing them to earn an independent income and contribute financially to their households and communities. This economic empowerment is expected to generate increased self-esteem, respect and other forms of empowerment for women beneficiaries. Building on this, Haile and Bock (2008:2) note that microcredit will contribute to both poverty reduction and women's empowerment objectives. Microcredit is a financial mechanism through which credit is provided to the poorest of the poor on the basis of group liability instead of collateral (Sinha 2009). In the absence of financial capital, social capital makes marginalised women eligible to receive credit to improve their micro entrepreneurial activities, gives rural women the opportunity to create a strong social network, and improves women's socialisation thus enabling women's mobility and connectivity. Women's empowerment is more than simply marginally increasing their income, but is a transformation of power relations. Furthermore, microfinance programmes not only give women and men access to saving and credit, but reach millions of people worldwide bringing them together regularly in organised groups. This means that enterprise development must take into account not only income levels, but also power relations within households, markets, communities, and national and international economies (Mayoux, 1998:3 & 2006:1).

Women often have been excluded from entrepreneurial opportunities because of cultural norms, legal frameworks, education levels, time restrictions and decision-making powers. Increasing women's access to entrepreneurial opportunities is likely to increase household income and increase household welfare and nutrition. Choices for the women, especially poor women, cannot be enlarged without a shift in power

relations between women and men as well as in the ideologies and institutions that preserve and reduce gender inequality (Mayoux 1998 & FAO, 2007).

Community empowerment requires systematic and interrelated intervention strategies in which one supports the efforts of another for effective sustainable development. This should be coupled with organisational and institutional reforms and inclusion of the ordinary people and other agencies so that their organised synergic efforts could enhance access, capability and inclusion. None of the above discussed empowerment approaches is effective when standing alone. When combined with diversified livelihood strategies, they make empowerment real. By using the above discussed theoretical background, this study further investigates the extent of community empowerment at field level.

2.4 ENTREPRENEURSHIP

Entrepreneurship also means different things in different contexts. This section will discuss the conventional/for profit and alternative/social entrepreneurship aspects in relation to the socio-economic development and its contribution to pro-poor sustainable livelihoods. The conventional aspect of entrepreneurship is meant for profit making while the alternative approach is non-profit oriented. Nevertheless, although their aims vary; creativity and innovation are central features of both.

Nieuwenhuizen, Roux and Jacobson (2001) and Morris, Uratoko and Coven (2008) assert that generally speaking entrepreneurship is a function of organisations of all sizes and types. Seeking and capitalizing on opportunity, taking risks beyond what is secure, and having the tenacity to push an innovative idea through to reality represent the essentials of what entrepreneurs do. They argue that entrepreneurship is a perspective that can be exhibited inside or outside an organisation, in profit or non-profit enterprises, or in business or non-business activities. Individuals, groups or organisations that are interested in introducing new products or technology and establish new small- or large-scale enterprises do so based on their own motivation. True entrepreneurs create and innovate to build and grow something of recognised

value that is interlinked with socio-economic perspectives. These values are observable in terms of socio-economic benefits at individual, household and community level.

2.4.1 Conventional approach to entrepreneurship

Schumpeter (1934) and Hasan (2005) relate entrepreneurship to creativity and innovative activities that lead to socio-economic development. Creativity and innovation concepts are interlinked and widely used in the process of enterprise start up and its development. Creativity is a generation of new usable ideas that is associated with solving socio-economic problems. Creativity is a result of thinking process. Antonites (2003:48) expand this view and states that creativity starts by generating ideas that should have novelty as a result and should create value. Creativity is the catalyst for new creations, from the invention until the final innovation and implementation process. Thus, entrepreneurship is creating and building something of value from practically nothing. That is creating or seizing an opportunity and pursuing it regardless of the resource currently controlled (Nieuwenhuizen *et al.*, 2001:1). Nieman and Nieuwenhuizen (2009:9) point out that the entrepreneur is characterised by innovative behaviour and will employ strategic management practices in the business. The distinguishing factors of entrepreneurs are in the first place innovation, and then opportunity recognition and realisation of growth in the business. Entrepreneurs are people with the ability to create an enterprise where none existed before. They produce a combination of ideas, skills, money, equipment and market to make an enterprise successful (Nieuwenhuizen *et al.*, 2001:3).

According to Nieuwenhuizen (2008:116), entrepreneurs are most successful when they are innovative and creative, and can exploit gaps and irregularities in the economy. Worota (2006) and Nieuwenhuizen (2007) state that entrepreneurial ventures thrive on innovation, be it a technical innovation, a new product or a new way of offering a service, marketing, or distributing, or even the way in which an organisation is structured or managed. If jointly done with entrepreneurs and staff, it can lead to the development of improved product and better services (Nieman & Nieuwenhuizen, 2009:11). Entrepreneurship can create wealth, enterprise, innovation, change, employment, value and growth (Morris *et al.*, 2008:9).

Nieuwenhuizen (2007:3 and 2008:7); and Nieman and Nieuwenhuizen (2009:8) identify some important aspects of entrepreneurship and entrepreneurs and point out the need of resources, i.e., capital, labour and operating resources for starting the venture. They describe resources as the things that the entrepreneur uses to pursue a business opportunity. They include the money that is invested in the business; the people who contribute their efforts, knowledge and skills to it; the physical assets such as equipment and machinery, building and vehicles; and the information used to make decisions. All these can be regarded as investment. Finance can be obtained from different sources; a first source is the entrepreneurs themselves. Money invested by the entrepreneur is called equity financing. Entrepreneurs may put some of their personal funds into the business, raise money by taking in a partner or through selling shares to investors. These shareholders become part owners of the business in exchange for the money invested.

Maatman and Schrader (2009) note that entrepreneurship and innovation go hand-in-hand. In this regard, Austin, Leonard, Reface and Wei-Skillern (2005) assert that entrepreneurs identify business opportunities and mobilise resources to create new enterprises. Resource mobilisation is associated with skill development for entrepreneurial ventures, which in turn adds value to the enterprise because skilled labour contributes to the quality of the work and profit margin. Entrepreneurs closely involve people, motivate their employees and build contacts for the benefits of the enterprise. They find it important to ensure long-term relationships and to stay on good terms with suppliers, clients and others involved in the enterprise. Good human relations have been identified by the various researchers as a desirable and learnable entrepreneurial skill. Successful entrepreneurs are often described as team builders and hero makers. They give others responsibility and credit for their accomplishment. Venture capitalists, business promoters and other providers of business finance place considerable emphasis on the capacity demonstrated by entrepreneurs to attract, motivate and build a high quality entrepreneurial team (Nieuwenhuizen, 2008:6-7). Worota (2006) suggests the importance of linking entrepreneurship to skills development for the successful implementation of entrepreneurship.

Nieuwenhuizen (2007:1) correlates job creation and the level of entrepreneurial activity in an economy and postulates a positive, statistically significant association between national economic growth and entrepreneurship. Similarly, Merwe (2003:27) strongly believes that entrepreneurship plays a vital role in the survival and growth of any emerging economy. Entrepreneurs intend to grow their business and are responsible for growth and job creation in the economy. The expansion of the venture leads to additional investment with the expected return of financial capital and other forms of capital, for example, equipment, machineries or building which in turn leads to productive asset creation and expansion of business. Business growth is associated with job creation, opens up employment opportunity, reduces unemployment rate and contributes to poverty reduction. Employment is closely related to the state of the economy: when there is no growth in the economy; there are fewer employment opportunities available (Nieman and Nieuwenhuizen, 2009:3-4). Entrepreneurs are characterised by innovative behaviour and will employ strategic management practices in the business. The distinguishing factors of entrepreneurs are in the first place innovation, and then opportunity recognition and growth in the business with a profit-making goal in mind.

In developing countries, the informal economy employs up to 60 percent of the workforce and produces close to 40 percent of GDP (Ihrig & Moe 2004 in UN Report on the World Social Situation, 2011:31). The UN Report on the World Social Situation (2011) notes that a share of informal employment in most developing countries has increased singly in the last few years as a result of the great recession of 2008-2009. According to Nieuwenhuizen (2007:4) and Nieuwenhuizen (2008) entrepreneurial businesses can be classified as either informal, micro, very small, small medium or large. Each type of business has specific characteristics with specific needs and features. This specification is determined by country's context. In the case of South Africa, a micro business is defined as a business with five or fewer employs and a turnover of up to RD100 000. A very small business employs between one and ten employees and a small business between 11 and 50 employees. The upper limit for turnover for a small business is specific to the sector, but the yearly turnover varies from

R3 million to R33 million. Small, micro and medium enterprises (SMMEs) in South Africa employ 55% of all the formal private sector employees.

On the other hand, the Commission on Legal Empowerment of the Poor of Ethiopia (2006:15) state that in the Ethiopian micro and small enterprise sector, micro enterprises account for 99.6% of employment. However, most of these enterprises are micro and informal. In such a case it is difficult to create employment opportunities beyond barely generating some income for subsistence livelihoods. There are different categories of enterprises, of which the following four categories, namely basic survivalists, pre-, subsistent, micro and small scale enterprises are most common in the Ethiopian context.

- *Basic survivalists*

This category of entrepreneurs do not exhibit economic independence, have little involvement with other entrepreneurs and are isolated from markets. A practical example could be a person standing on a street holding a sign stating that he will wash cars in exchange for money. This can be categorised as an informal petty business because this type of activity is done by the poorest of the poor who move from place to place by looking for work to earn some money to buy food. This category of people cannot be traced because they are homeless or without relatives or friends. Additionally they do not have any assets that can qualify them for any type of microcredit services or other skill even if they do have ideas to enter into the small business world.

- *Pre-entrepreneurs*

In this category, entrepreneurial activities are welfare oriented and are not expected to be self-sustaining. Training is needed to generate entrepreneurial competency. A practical example could be a person selling crafts next to the road with ten other pre-entrepreneurs selling exactly the same products at exactly the same price. These are also informal entrepreneurs, with limited capability, but they could potentially grow and change their condition towards self-sufficiency. If they could access resources, and create market and social networks with others who do similar businesses, they can be self sufficient.

- *Subsistence entrepreneurs*

This category consists of self-employed and independent individuals generating income in temporary markets. Shortcomings in this category of entrepreneurial activities are inexperience in business management and lack of technical know-how. Street vendors are an example of this level. This category of entrepreneurs runs informal businesses which can survive but they depend on temporary markets and seasonal products, for example, perishable agricultural products or related items. This indicates that they are temporary self-employed and cannot make a sustainable livelihood. It is individually oriented entrepreneurship, where social network and accesses to resources are lacking.

- *Micro-entrepreneurs*

Enterprises at this level have up to nine employees, operate with a license obtained from a local authority, and have a fixed location. Challenges for entrepreneurs in this category include difficulty in getting a loan from a bank, and obtaining appropriate technical assistance to operate effectively and efficiently. A practical example is an entrepreneur who runs a home-based business such as a hair dressing salon, from his or her dwelling. This group can access some financial resource from financial institutions because this category exhibits some trust for they have some asset which can serve as collateral. This can be categorised as formal or informal business depending on the context.

- *Small scale entrepreneurs*

This level generally denotes a small firm consisting of 10 to 49 employees. At this level, entrepreneurs can generally access bank loans for needed capital. Entrepreneurs are generally educated and have adequate collateral to apply for a loan. An entrepreneur who operates a small accounting or law firm is an example of this level. This is in a formal entrepreneurial business category because it is registered officially, pays taxes and can access loans without much hardship because this is considered an established formal business. According to Nieuwenhuizen *et al.* (2001) and Nieman and Nieuwenhuizen (2009:8), there are some common features and variations in small and large, entrepreneurial ventures. Their common features are both critical for the

performance of the economy. Both need entrepreneurial action for start up, but the small business venture will tend to stagnate at a certain stage and only grow with inflation. Small business owners are individuals who establish and manage their business for the principal purpose of furthering personal goals and ensuring security. For example, artisan/craftsman, administration/manager and security/family are indicated as characteristics of small business ownership.

In rural Southern Ethiopia, the first three categories of entrepreneurs, namely basic survivalist, pre and subsistence entrepreneurs are common. According to the Commission on Legal Empowerment of the Poor of Ethiopia (2006:8), informal entrepreneurs are unregistered, operate on a very small scale and have low levels of organisational management capability. Most of them have very low levels of productivity and income. They are not recognised, supported or regulated by the government. They tend to have little or no access to organised markets, credit-providing institutions, modern technology, formal training and public services. In rural Ethiopia, less than 1% of the population has access to finance from formal sources (IFAD, 2001 in Gobezie 2007:3). Many poor people are entrepreneurs running micro ventures, often at subsistence levels in both agriculture related and non-farm sectors (Sonne, 2010: 13).

Although some writers, for example, Drucker (1985:31) and Srinivasan (2000:19) indicate that entrepreneurship has both economic and social dimensions and the two aspects can be combined to achieve a desired outcome, the conventional or for-profit aspect of entrepreneurship isolates poor people from accessing resources which could allow them develop their business and make a better living. Sonne (2010:14), points out two sets of entrepreneurs: opportunity and necessity entrepreneurs. Opportunity entrepreneurs are those in developed nations who take more risk for development and play an active role in innovation. Necessity entrepreneurs are those in the developing nations who take less risk and work on subsistence, informal basis to access basic necessities. In the context of Ethiopia, I argue that necessity entrepreneurs are most common.

In relation to rural entrepreneurship, Warren (2002:10) describes two forms of enterprises. The first are rural agricultural enterprises that are based on innovative on-farm agricultural activities (in the form of independent commercial production or contract

farming). The second are rural-non-agricultural enterprises that focus on activities such as processing of agriculture or forestry commodities, petty trading, handcraft production, home-based piecework manufacturing, or delivery of particular services. Such rural enterprises can develop in a single household or involve a wider social network. These are particularly important in making enterprise development viable for household individuals lacking the capital needed to start an enterprise on their own. This rationale clearly suggests that an alternative approach to conventional entrepreneurship is required because the above mentioned informal entrepreneurs either lack resources or are denied access to resources.

2.4.2 Alternative approach to entrepreneurship

The limitation of a conventional or for-profit approach of entrepreneurship development has led to a search for an alternative and inclusive approach to entrepreneurship referred to as “social entrepreneurship”. There are similarities and distinctions between the conventional and an alternative/social entrepreneurship. Some of the major similarities and differences are presented below.

- *Similarities*

As mentioned above, both require creativity, innovation and technical and managerial skill development. But they differ in their purpose. In this regard, Martin and Oberg (2007:35); Austin, Leonard, Reficco & Wei-Skillern (2008) and Austin, Leonard and Reficco (2009) affirm that social entrepreneurship is an innovative activity with a social purpose in either the private or non-profit sector. Sonne (2010:5) argues that social entrepreneurship is relevant to promote pro-poor entrepreneurship and socially relevant entrepreneurs that are engaged in pro-poor entrepreneurial-based innovation. Morris *et al.* (2008:132) suggest that the definition, process and nature, and underlying dimensions of entrepreneurship are fundamentally the same regardless of the context. Both profit entrepreneurs and social entrepreneurs are strongly motivated by the opportunities they identify, pursue that vision relentlessly, deriving considerable psychic reward from the process of realising their ideas (Martin & Osberg, 2007:31).

- *Distinctions*

According to Nicholls (2006), social entrepreneurship borrows from an eclectic mix of business, charity and social movement models to reconfigure solutions to community problems. The blended value that emerges states that all organisations create economic, social and environmental value, whether market-rate, charitable or some mix of the two, that investors consider as capital (Golden, Lewkowitz, Mcbane & Torjman, 2009). Alvord *et al.* (2008:137) state that social entrepreneurship is a creative and innovative solution to immediate social problems. Social entrepreneurship also mobilises the ideas, capabilities, resources and social arrangements required for long-term sustainable social transformation. The focus is on the resolution of social problems, creating and building new social relationships and mobilising resources in response to those problems rather than the dictates of the market or commercial criteria. The best measure of success for social entrepreneurs is not how much profit they make, but the extent to which they create social value. Social entrepreneurs act as change agents in the social sector by adopting a mission to create sustainable social value and give priority to it over generating profit. Social entrepreneurs recognise and relentlessly pursue new opportunities to serve that mission: where others see problems, they also see opportunities to achieve their goals by engaging in the process and acting boldly (Dees, Emerson & Economy, 2001). Social entrepreneurship requires social movement and investing in social capital as discussed in section 2.2.

According to Mair and Marti (2006), social capital is a fundamental element in informal entrepreneurship. Social entrepreneurship blends social capital and entrepreneurship to enhance the livelihoods of the poor that have been deprived of resources. In the developing world, social entrepreneurs are essential for continuous development and poverty alleviation in rural areas by creating and providing improved goods and services. Social entrepreneurs often create social welfare, education, and development services in the absence of the state infrastructure or in the face of a state that is widely viewed as corrupt and untrustworthy (Leadbeater, 2005: 242). In this respect non-profit organisations may create commercial subsidiaries and use them to generate employment and revenue that serves their social purposes; while for-profit

organisations may donate some of their profits or organise their activities to serve social goals (Alvord *et al.*, 2008:136).

Alter (2005: 211-212) suggests that the design process of social entrepreneurship begins with a vision of the social enterprise that articulates its purpose. Social enterprises and social programs overlap to some extent. Emerson (2005:391) notes that social entrepreneurship is an emerging field with diverse perspectives, experiences and visions of a collective future. These diverse communities consist of social activists, business people, academics, and those involved in government and NGOs. He asserts that enterprise and social entrepreneurship are used to create and then manage entrepreneurial ventures in order to pursue social, environment and economic values. Different types of credit arrangements targeting the poor rely on social ties and interactions as part of the design and implementation of their delivery and enforcement mechanisms (Van Bastelaer 2000:6) and Boschee (2005). According to Eelos and Mair (2005), social entrepreneurs are transforming social dilemmas in developing countries into manageable problems, which they solve in innovative and entrepreneurial ways. These entrepreneurs therefore build hope and optimism from the ground up by focusing on what is achievable locally, rather than trying to implement global best practices as development organisations have attempted to do. Reducing poverty and many of the associated symptoms of poverty has become the overarching goal of sustainable development efforts.

Social entrepreneurs discover and create local opportunities and contribute to social, human and economic development. In this regard, there are success stories in some developing countries, for example Bangladesh, India, Egypt and other South Asian countries where small entrepreneurial initiatives grew to an impressive scale. In this regard, Golden *et al.* (2009) view social entrepreneurship as blends of values that create social impact and enhance income generation. The authors refer to BRAC in Bangladesh (Bangladesh Relief Association Committee), an organisation that has grown for over 20 years and today is thought to be the world's largest social venture, as exemplifying this dynamic. Seen from this prospective, social purpose businesses are commercial, for-profit entities created by entrepreneurs to address social issues that maintain social purposes at the core of their operations while existing in the market

economy. Enterprise development and diversification can be facilitated through accessing credit to make capital inputs. A person can get credit through group membership, and the group exercises corporate responsibility by monitoring the borrower's activities, providing required support and thus protecting her or him from personal and/or environmental failure. The group members have reciprocal obligations towards others in the group (Hasan 2005).

Sathiabama (2010) asserts that enterprise development in Self-Help Groups (SHGs) is an effective instrument of social and economic development. Entrepreneurship development among rural women helps to enhance their personal capabilities and increases their decision-making status in the family and society as a whole. The micro entrepreneurs are strengthening women's empowerment and removing gender inequalities.

According to FAO (2007), entrepreneurial opportunities can empower women with independence, increased respect and social status, foster the establishment of savings groups to generate capital, encourage self-reliance within vulnerable households, and create social capital through informal and formal groups (e.g. SHGs, community based organisations, microfinance groups, cooperatives, farmer associations and farmer field schools). Taking advantage of these opportunities can generate economies of scale, reduce the costs of providing business support services, help other entrepreneurs gain access to long-term investment financing and encourage women to build on traditional group-based solidarity mechanisms. Affinity, trust and mutual support are essential for the success of micro credit groups. Thus the material capital for collateral is replaced by social capital. These hitherto isolated individuals, through participation in micro credit groups, have increased their own value, self-confidence and group trust (Hasan, 2005:5). In this regard, Gupta and Srinivasan (2006:26) note the importance of idea-generating institutions in fostering entrepreneurship through educational and investment programmes. Social entrepreneurship benefits people whose urgent and reasonable needs are not being met by other means (Young, 2006).

Nieuwenhuizen (2007 and 2009), emphasises the importance of entrepreneurial skill, good leadership and management capability of entrepreneurs to make a success

of both forms –conventional and social entrepreneurship. In this connection, the literature associates social capital with entrepreneurship, social entrepreneurship in particular, and argue that social capital is a foundation for social entrepreneurship. This approach takes human values into consideration, challenging the conventional approach to development and poverty alleviation to seek more inclusive ways to elevate the livelihoods of the marginalised from survival mechanisms to holistic and sustainable enterprises. Anderson and Dees (2005:144) argue that the practice of social entrepreneurship may be quite old, but as a distinct field of academic inquiry it is still an infant. This research will assess the extent to which social entrepreneurship is linked to community empowerment for sustainable livelihoods in three SNNPR rural districts, namely, Shebedeno, Wonago and Humbo. For the purpose of this research, social entrepreneurship is defined as creation and accumulation of social and financial capital through community activated iddir/informal social insurance and self-help groups (SHG) members to enhance social and economic welfare at household, community level and beyond in a sustainable manner.

2.5 SUSTAINABLE DEVELOPMENT AND SUSTAINABLE LIVELIHOODS

2.5.1 Introduction

Sustainable development and sustainable livelihood are two sides of the same coin. Nevertheless, both are rooted in nature. The deterioration of the ecosystem leads to ecological imbalance. Consider food security; for example, in the situation where nature is denuded and soil is eroded, one cannot expect to produce enough food for existence. Since productive top soil and other nutrients are washed away by water and wind erosion, food production decreases. In such cases, it is senseless to expect food security. Similarly, ecological imbalance causes climatic change, induce drought and makes millions of people vulnerable and their lives miserable. The emission of toxic industrial chemicals into the air has even worst effects on health. As we inhale, we take in toxic particles in the air which can expose us to respiratory diseases. Moreover, acid rain water, which contains toxic chemical particles, contaminates our food and water sources, expose us to severe suffering and jeopardise health.

Thus, understanding the inseparable features of sustainable development and sustainable livelihood will help us to interlink and systematise both. Hettne (1995:204) further explains this aspect and asserts that sustainability is maintaining the right balance between economic development and ecology. In this connection, Swanepoel and De Beer (1997:30) argue that our current lifestyle cannot be sustained indefinitely if we do not take the limitation of the natural environment into account. Bearing this in mind, the following section will discuss the concepts of sustainable development and sustainable livelihood.

2.5.2 Sustainable Development

Amanor and Moyo (2008) define sustainable development as management and regulation of the environment, and societal and organisational governance to ensure continued existence for future generations. Kirkby, O'Keefe and Timberlake (2005:6) note that the prevailing economic, political and social systems are responsible for the misfit between nature and the humanity. They continue by saying that changes to human systems can be achieved only on the basis of change in ethical value systems, i.e. changes in people's behaviour.

Change in people's behaviour begins with inclusion and awareness creation about the environment in which they live. This can be done by understanding the systems of the society, including their culture, their values and opinions on how people are associated to their environment (Fox, 2004:62). Hesse and Wissink (2004:50) explain this further by stating that indigenous knowledge systems are deeply rooted in the culture of people and all aspects of their lives. Incorporating this knowledge in development will have a great impact on sustainable development and it can perpetuate social, cultural, scientific, philosophical and technological knowledge, which can provide the basis of an integrated and inclusive knowledge framework for a country's development. The use of indigenous knowledge in socio-cultural, institutional and organisational systems helps to understand the differences between indigenous and Western knowledge systems. The process will help to understand the development of the southern hemisphere. According to Swanepoel and De Beer (1997:30) sustainable

development leaves a room for different cultures and knowledge systems to co-evolve in a reciprocal relationship.

Putting a proper economic value on biodiversity, adopting a new environmental economy that manages renewable natural resources, completing a global inventory of plant and animal species and establishing management systems to monitor and deal with environmental problems are the prerequisites for sustainable development (Murray, 1995; Treurnicht, 2002 & 2002). Referring to the Brundtland Report, O’Riordan and Jordan (1995:288) argue that the modern development process fails to meet human needs and often destroys or degrades the resource base. Sustainable development requires the community to mobilise itself to make efficient use of its limited resources and appreciate its own capability before it looks for help from elsewhere (Abatena, 1995).

Development can be sustainable when people understand and are able to give their own meaning to it, and willingly participate by building on local knowledge to transform ill-being to well-being in a sustainable manner. From this perspective, Lawrence and Tate (2009) argue that integrating other basic social services with education at the community level can contribute to improved health, nutrition, hygiene and sanitation. The awareness and knowledge bases of households can be substantively increased, potentially unifying parents, children and teachers around common problem-solving goals for community improvement. This perspective builds on social networks and community-embedded knowledge in the form of social capital to enhance sustainable development. Upoff (1999:227) notes that social capital is attractive to governments and development agencies in part because it would enable decision-makers to make investments that increase the efficiency and probability of success for development initiatives, and enhance sustainability. Sustainability fails when participation is pseudo or benefit-induced (Dalelo, 2006:37; Nikkhah and Redzuan, 2003; De Beer & Swanepoel, 1998:23) as discussed under section 2.3.1.1.

Sharp (1995:309) discusses how sustainable development is embedded in the belief that people should be able to alter and improve their lives in a complementary manner that should not compromise the needs of others and the future generation. In this regard, sustainable development is all about improving human resource

management of the natural resource base to maximise human welfare and maintain the environment now and for the future (Munslow, 2001:499). The World Commission for Environment and Development (WCED, 1987) defines sustainable development as development that meets the needs of the present without compromising those of the future. The rationale behind this notion is that sustainable development must provide equal opportunity and access for all.

However, the WCED defined sustainable development in a narrow aspect, mainly focusing on environmental equilibrium of the biosphere, without paying much attention to the social aspects (WCED, 1987). In June 1992, the Rio Earth Summit comes to realise that the right to development must be fulfilled so as to equitably meet developmental and environmental needs of present and future generations. Since then, this has become one of the most prominent mottoes on the world's policy agenda, and nearly all governments and multinational firms have committed themselves to the overall concept of sustainable development. As clearly argued by some authors, for example Scoones (1998) and Messay (2009:96), sustainable development is a socio-economic process characterised by fulfilments of human needs while maintaining the quality of the natural environment indefinitely.

On the other hand, WCED (1987), Rooyen (2004:85); Hesse and Wissink. (2004:50); Swanepoel and De Beer (1997) affirm that most of the definitions of sustainable development emphasise the need for environmental protection and ecological balance in order to satisfy the human, spiritual, ecological, physical and economic needs in a holistic manner through a proper resource management. According to this argument, resource management involves controlling the amount, quality, timing availability and general direction of resource development. However, resource management is often in conflict with current realities of poverty. In this regard, Redclift (2002:276) argues that there are many contradictory approaches to sustainable development because different people identify the objects of sustainability differently (Messay, 2009). For those whose primary interest is in ecological systems and the conservation of natural resources, it is the natural resource base which needs to be sustained. For others, the objective may be sustainable yield of renewable resources. In this case sustainable development implies the management of these resources in the

interest of the natural capital stock. Since the understanding of sustainable development varies, it should be defined in the context of every culture. Nevertheless, the above arguments do not contradict conserving a natural resource because of its intrinsic value to development and sustainable livelihood.

In the Third World Countries, Ethiopia in particular, 84% of the population lives in rural areas (Central Statistics Population Data, 2007), of which 44% lives on less than \$2 per day (World Bank, 2003 & 2009). In addition, the population's livelihood depends on subsistent farming, small land holding and erratic rain. In such a situation, it is arguable to maintain ecological balance and enforce rules and regulations. Most of the environmental harm had been done by poor people as a coping mechanism and due to a lack of knowledge and alternatives. In this process, trees have been cut and sold to buy foodstuffs; hillsides have been ploughed to grow crops for survival. These occurrences jeopardize sustainable development and sustainable livelihood. This calls for an alternative approach, for example, diversification of income sources including non-farm and off-farm activities in line with awareness creation and information sharing in order to reduce environmental pressure and improve rural livelihood. Although in Ethiopia, traditional self-help approaches and social cohesion are believed to be widely spread and deeply rooted in different cultures, the social capital of this society has been underinvested and utilized. In such conditions, it is difficult to argue about its contribution to sustainable development and sustainable livelihood.

2.5.3 Sustainable Livelihoods

According to Helmore and Singh (2001) and Scoones (2009), sustainable-livelihood is an integrative framework, an opportunity to promote the sort of cross-sectoral and cross-thematic approach that should be the hallmark of development work, the combination of the resources used and diversity of activities undertaken to make a living (Carney 2003). Husein and Nilson (1998) and Scoones (1998 & 2009) refer to sustainable livelihood as coping with and recovering from stresses and shocks, maintaining or enhancing its capabilities and assets both now and in the future, while not undermining the natural resource base.

Barrett and Brown (2001) discuss the importance of income diversification for sustainable rural livelihoods and note that income diversification is associated with higher welfare measured in both income and nutritional terms in Ethiopia. The least diversified, fight hard to increase their diversification over time; because, off-farm and non-farm income diversification is related to coping with ex post shocks to income due to adverse climatic conditions. Warren (2002:6) and Tan (2009) state that rural livelihood diversification has generally occurred as a result of an increased importance of off-farm wage labor in a household portfolio or through the development of new forms of on-farm/on site protection of unconventional marketable commodities. In both cases, diversification ranges from a temporary household livelihood portfolio to deliberate attempts to optimise household capacity to take advantage of ever-changing opportunities and cope with unexpected constraints.

Regarding rural livelihoods, Sonne (2010) indicates that agricultural and small farming systems focus on innovation, but still tend to be in agriculture and interested in small farms. The sustainable livelihood approach, however, takes a people-centered approach that focuses on participation and responsiveness of end users. Furthermore, the rural sustainable livelihood approach emphasises a holistic view of the rural sector. In this relation Barrett and Brown (2001:8) state the need for farm household diversification into non-farm activities, in many cases naturally emerging from diminution or time-varying returns to labor or land from market failures or frictions from *ex ante* risk management, and from *ex post* coping with post adverse shocks. Hawkins (2009) points out that livelihood are the way people make a living. Understanding different livelihood objectives of rural households and managing different assets are crucial.

Off-farm income can be used by the farmers to conserve their land. As Woodhouse (2008:28) emphasises, resource poor farmers live-in is less favourable, diverse, risk prove agro ecological environment in which small farmers struggle to adopt and innovate to overcome adverse natural resource conditions, such as drought and low soil fertility. In this regard, Woodhouse (2008) cites a seminal study conducted by Tiffen and others in 1994 at Machakos, Kenya, a country next to Ethiopia, and remarks that over a sixty year period there has been a large increase in agricultural production alongside environmental conservation as a consequence of the hillside terracing by

farmers. Much of the investment for building terraces was formed by wage income from family members with jobs in Nairobi. In this regard, higher productivity was dependent on investment from non-farm income sources and understanding of the potential capital and labour between farm and non-farm components of the economy.

Helmore and Singh (2001:89), and Warren (2002:4) note that the sustainable livelihood approach is comprised of the well-known building blocks of development: income generation, environmental management, women's empowerment, education, and health care, appropriate technology, financial services and good governance to create a synergy that produces sustainable livelihoods. Sharing control and mobilising resources with local partners increases livelihood and brings about sustainable change because of its rootedness on local commitment and capacities (Alvord, *et al.* 2008:144). The breakdown of traditional coping strategies has left a large number of people increasingly vulnerable, not just to natural events, such as drought, but also to crises associated with their incorporation into the market economy (Elliott, 2006).

Townsend (1993:291) argues that many people, particularly, in the Third World, are severely limited by the weaknesses of their entitlement to adequate food, water and shelter, so they are unable to achieve sustainable livelihoods beyond the level of bare existence. Climate deterioration and impacts on agricultural productivity could be particularly severe in developing countries (Krause, Bach and Kooney, 1995:66). Kirkby, O'Keefe and Timberlake (2005:5) describe how degradation of resources results in ill-being and elaborate on what Grainger (1990) discusses, i.e. increased soil erosion, badly managed irrigation systems, fluctuations of climate, inappropriate land use, removal of trees, suppression of vegetation, over-use of ecologically sensitive environments and provision of water boreholes in semi-arid environments, as a few of the vast number of factors that may cause degradation and change of habitats and global warming, all of which can lead to adverse livelihood (Hill, O'Keefe & Snape, 1995).

Central to this approach is the capacity of natural systems to provide for livelihoods. Stresses and shocks in livelihood are the indication of the malfunctioning of the system. As argued by Scoones (2009:18), a sustainable livelihood approach has initiated deeper and critical reflection. It begins by looking at the consequences of

development efforts from a local level perspective, making the links from micro level, the situated particularities of poor people's livelihoods to wider level institutional and policy framings at all levels. Such reflections put into sharp relief the importance of complex institutional and governance arrangements, and the key relationships between livelihoods, power and politics. Expanding on this, Murray (2002:151) remarks that, in terms of rural livelihood, firstly, the circumstances of poverty and the reasons for poverty have to be understood through the detailed analysis of social relations, in particular the historical context between those with land and those without land; between rich and poor households and the institutions of the market and the state. The second point is that the needs of livelihood that typically prevail both within households and between households are highly diverse. Rural households may derive their livelihood in part from farming, partially from migrant labour undertaken by a household member, who temporarily works in urban areas or other rural areas, and part of their livelihood from a variety of other activities, more or less informal; such as petty trade or beer-brewing and variable combinations of activities of this kind.

Loss of livelihood is a profound personal affliction (Helmore & Singh, 2001:74). Expanding on this, Bekele (2008), notes that it is extremely important to reduce vulnerability of the poor through the diversification of the sources of the livelihood to reduce poverty and food insecurity in rural Ethiopia. Sonne (2010:12) sees sustainable livelihood as broad and inclusive and does not exclusively focus on farming activities. Rural livelihood diversification is an alternative to withstand natural and manmade catastrophes, stresses and shocks related to environmental change. The conventional livelihood approach that depends solely on agriculture has been shifting towards more diversified livelihood approaches. This is a preferred approach because it gives more options to increase income and to improve household living conditions. The rural livelihood diversification assessment of four countries, i.e. Bangladesh, Mali, Ethiopia and Zimbabwe by Husein and Nilson (1998) indicates that livelihood diversification includes both on- and off-farm activities which are undertaken to generate income additional to that from the main household agricultural activities. Moreover, diversification will take place through the production of agricultural and non-agricultural goods and services, diversification and intensification of agricultural activities, the sale

of waged labour or self-employment in small firms. In recent years, many of the diversified activities have been shifted to income-generating entrepreneurial activities due to access to microcredit and opportunities created for the rural poor, women in particular, to engage in diversified income-generating activities to satisfy their socio-economic needs.

Lister (2004: 14) refers to poverty as deprivation in the way of life. People are relatively deprived if they cannot access the basic necessities of life: food, water healthcare, etc. According to Ruben and Piters (2005:13), rural poverty is caused by a number of structural factors: low labour productivity, a scarcity of capital and knowledge, high transaction costs, and failing institutions. Tearfund's poverty research finding (2002) states that the cause of poverty is lack of empowerment, access to services and assets. The rural economic system in Ethiopia is in general is still not a dynamic system, making any transformation effort a very slow process. Agriculture is weather dependent: production increases when there is good rain and declines when the weather conditions deteriorate, which is a common case in the country (Gobezie, 2002:8). Chronic poverty is a well-established feature of rural life (Bekele, 2008). For effective sustainable livelihood, an indigenous knowledge-based socio-economic system must integrate social capital and diversified rural enterprises.

For the sake of this study, rural sustainable livelihood is defined as combined, diversified and integrated local resource-based on-farm and or off-farm activities that people engage in to make a living.

2.6 CONCLUSION

The modernisation paradigm of Western development failed to ensure sustainable development in Africa. Rather, it has perpetuated poverty in the developing world. As discussed above, the situation is severe in a country like Ethiopia where natural and man-made catastrophes have occurred and it consequently made the search for alternatives obvious.

The emerging alternative approaches, which have been introduced by various development organisations, including the World Bank, FAO, UNDP, DIFID, other religion-based and local development NGOs and the government to some extent are people-centred, participatory and grassroots focused. This approach builds on local knowledge and uses social capital as the point of departure. Social capital-activated community empowerment, livelihood diversification and social entrepreneurship development is trusted to reduce vulnerability and enhance sustainable rural livelihoods.

It is believed that the utilisation of social capital in its indigenous and adoptive form creates coalitions that enhance a sense of identity, with participants holding similar values and trust, all of which lead to local resource mobilisation for social-economic transformation. It takes time to build social capital and as a result it increases with intensive utilisation as opposed to natural capital or financial capital.

Community empowerment puts emphasis on a people-centred approach, and enables people to peruse different livelihood strategies and achieve livelihood objectives. The emphasis lies in enhancing an individual's or group's capacity to make choices and transform those choices into desired actions and outcomes. Where the poor and deprived people's capacity is not built, community empowerment will not take place. Conscientisation, participation, education and skill-building programmes enhance negotiation and ownership of the community.

Pro-poor entrepreneurship-based innovations are essential for continued development and poverty alleviation in rural areas. In accordance with this line of thought, iddirs and SHGs are involved in local resource mobilisation to enhance social and economic conditions at community and household levels.

Lastly, the concepts of sustainable development and sustainable livelihood were discussed in their broader context. It was learned that sustainable development and sustainable livelihoods are inseparable. Defining the two concepts should take the socio-economic, political, cultural and geographical contexts into consideration. Development can be sustainable when people understand and are able to give their own meaning to it and willingly participate by building on local knowledge to transform ill-being into well-being in a sustainable manner.

The rural sustainable livelihood approach calls for multidimensional, cross-sectoral and diversified intervention. Ensuring sustainable livelihood requires input from a combination of indigenously-initiated and -acquired knowledge, skill-based self-help local resource mobilisation, and diversification of rural socio-economic entrepreneurship activities. No matter what the case may be, it can be argued that in the situation where extreme poverty prevails, sustainable development is in danger and as a consequence sustainable livelihood cannot be realised.

Using this as a background, chapter three will provide an overview of the background information about iddirs and SHG institutions, as well as SHG-promoting organisations in general, and assesses their role in rural entrepreneurship and sustainable livelihood to enhance poverty alleviation.

CHAPTER THREE: IDDIRS, SHGs AND SHDPOs

3. 1 INTRODUCTION

The UN Annual Report (2011) indicates that the most vulnerable (more than 80 percent of the population of developing countries) have no social security and little to no access to health care and other services. Where neither the private sector nor the government provides a proper socio-economic safety net, the communities' self-help mechanism enables poor individuals to cope.

The community's endeavour to cope in Ethiopia involves a traditional pooling of scarce resources to help each other. These mechanisms have been identified by different names: Iddir, *Iqub Mahber* and SHG (Mengesha 2002 & Aredo 1993). This study focuses on iddirs and SHGs. Iddirs are local neighborhood associations that provide informal social insurance and other services to meet a community's needs. SHGs are also community-based but membership focuses on socio-economic wellbeing as discussed in chapter 2.

Obviously, self-help systems are common in many developing countries. Amongst them, iddirs and SHGs are community-based systems, based on the community's social capital, but they have distinct functions and approaches. In Ethiopia, iddirs are voluntary and self-initiated community-wide organisations that address family and other calamities and operate in both rural and urban areas (Clark, 2000:7). One of the unique features of iddirs is that they do not have commonly agreed membership limitations. This aspect is decided by each iddir. The number of members could be between 10 to a few hundreds. On the contrary, SHGs are smaller, self-selected groups of approximately 15 to 20 people (largely women) who come together to address poverty in general and to provide support for the development of microenterprises to alleviate poverty (Tolosa, 2007).

The Ethiopian Kale Heywet Church (EKHC) is one of these religion-based institutions that have been promoting the SHG model of development through its

development programme. The current EKHC Development Programme (EKHC DP) partners with other international NGOs, for example, Tearfund, Kindernothilfe (KNH), United States of America International Development (USAID), etc. to alleviate poverty, to foster empowerment and address social and economic issues of the poor by adopting the SHG development approach helping community members understand their own agency and to take action on their own behalf (EKHC DP, 2009).

This chapter analyses both the origin and development of iddirs and SHGs in Ethiopia in terms of what each provides to its members, its functions, its general results, and how each builds social capital. Thereafter, SHG promoting organisation and related NGOs will be analysed in terms of their contextual history, their core business, and the roles they play in development. The analysis will then turn to a specific international NGO, Tearfund UK in partnership with the EKHC and then sets forth its major development achievements.

3.2 NGOS IN ETHIOPIA

The history of NGOs goes back to the 1960s and evolved with the incidence of the devastating drought that hit the country in mid 1960s. International and local NGOs in Ethiopia were established in the 1960s as relief organisations to address the cyclical food shortages in the country. The Catholic Relief Service (CRS), Save the Children UK, Lutheran World Federation and others trace their roots mainly to the severe famines of 1973/74 and 1984/85 (Christian Relief and Development Association, [CRDA] 2003). Since then the number of international and indigenous NGOs have continued to grow. The EKHC is one of these NGOs and came into being with the expressed objective of launching relief and development programmes in the country. According to the CRDA (2003), most NGO activities were principally limited to relief and rehabilitation before they became more development-oriented. The code of conduct for NGOs in Ethiopia (2009) states that the mission of NGOs operating in Ethiopia is to improve and advance the public good, the quality of life of those who are disadvantaged and vulnerable, as well as to ensure the proper management of the environment for present and future generations.

The second half of the last century was largely marked by the very slow and sporadic emergence of the NGO sector due to the repressive actions of consecutive dictatorial regimes. The only groups that were operational in the country during this time were international NGOs whose activities were confined to relief and emergency assistance. After the demise of the dictatorial military government in 1991, the country witnessed a sharp rise in the number of local NGOs. Clark (2000:6-10) asserts that current developments in the NGO sector in Ethiopia have the following features:

A shift from relief to development. That NGOs were restricted to relief operations meant that they mainly had short-term objectives. With the promulgation of the national development strategy in the early 1990s, NGOs were under pressure to change their orientation to be part of the overall development effort. The government further put in place guidelines for NGO operations and began to closely monitor and direct the work of NGOs which has accelerated the transition (CRDA, 2003).

Focus on capacity building of local NGOs. The NGO sector is vigorously pursuing capacity building goals. Lack of development under dictatorial governments, the squashing of civil society under the military government (1974-1991), and the role of international NGOs in the emergency assistance dictated that national NGOs have to start from scratch.

NGO networks. There is an increase in the number of NGO networks, alliances and forums reflective of the growing sophistication of the sector as traditional divisions and suspicions minimise (Bodja, 2006). According to the CRDA (2007), there are 275 registered NGOs as CRDA members who share information about their work and government policy. Nowadays, most of the NGOs are shifting their development strategies towards the SHG-approach because the last several years' development approach did not bring the expected result. As mentioned in Chapter 2, section 2.2.6, many organisations, including the Ethiopian Kale Heywet Church Development Program (EKHCDP) prefer to work with community based organisations, such as iddirs and SHGs in particular by promoting self-help development approach (EHCDP, 2009).

3. 3 IDDIRS

3.3.1 The origin of Iddirs

According to Spielman, Cohen and Mogues, (2008), a variety of informal governance systems co-exist with formal systems or institutions throughout Ethiopia. Iddirs are among those institutions which provide welfare services. Iddirs are traditional self-help groups in Ethiopian society that encourage humanism, mutual support, volunteer work, conflict resolution, cultural pride, civility, and social and economic discipline (Mequanent 2009). Dejene (2009:537) indicates that originally iddirs memberships were limited to the poor. Although specifics are disputed in the literature, in general, Iddirs emerged as response to major social upheaval: the Italian occupation; rural-urban migration; and local social problems (Seifu, 1967; Pankhurst, 1998; Dejene, 2009:535 & Clark 2000). Pankhurst and Haile Mariam (2000) suggest that iddirs were developed by migrants to Addis Ababa in the early 20th century and spread rapidly from the time of the Italian occupation with the increasing use of currency and the formalisation of multi-ethnic voluntary organisations. The above mentioned authors, particularly, Dejene (2009:537), is less inflexible about the origin of iddirs and states that they could trace their origin to rudimentary mutual support systems in rural areas long before the Italian occupation. In this regard, Pankrust and Eshete (1958) agree with Dejene's view that iddirs were originated before the Italian occupation, but they strongly associated its spread after the Italian occupation.

According to Dercon, De Weerd, Bold and Pankhurst (2004:6), until the 1960s, iddirs had been relatively invisible institutions. This changed in the 1960s when the Ministry of National Community Development in Addis Ababa sought to promote collaboration between *iddirs* and the government. The literature points out that the politicians used these associations as a platform for political purposes. During this same period, iddirs became involved in broader development activities. However, after the attempted coup in 1966, the state tried to establish more control over these associations due to political suspicion that iddirs could join the factions that struggled to overthrow the emperor's regime. The political instability and the collapse of the natural social fibre

since the late sixties have made people to find ways in which they could give shape to their need for interpersonal and social relations, and belongingness (Dejene, 2009:540).

Consequently, policies were implemented that reduced most iddirs' activities to the provision of insurance paid out upon death of a member. Strong urban associations were marginalised. On the other hand, the Marxist ideology began to penetrate some iddirs because some of their leaders and members gradually became communist party members and started to encourage their fellow members to join the communist movement. As a result, some iddirs provided fuel to the revolutionary passions sweeping through Ethiopia in 1974 (Clark, 2000). The spread throughout rural Ethiopia continued, while the size of some urban-based iddirs increased considerably because the vulnerable and harsh rural living conditions caused a rapid increase of migration from rural to urban centres. Migrants from the same origin, tribe or religion form their own iddirs for they know that without them there is little hope to cope particularly in times of sickness and death.

3.3.2 Types of iddirs

There are different types of iddirs established in different contexts. Dejene (2009:538); Solomon (1999:6) and Pankhurst (1998) describe the most common types:

1. Community iddirs – are based on the members' location: a neighbourhood, a village or a larger community. Membership is open to people from different backgrounds without ethnic difference, educational status, gender or other social status, as long as an individual regularly contributes an agreed amount of money (Aredo, 1993; Pankhurst, 1998 & Mengesha, 2002);

2. Religious iddirs - are based on religious affiliation. Persons with similar beliefs or doctrines form their own iddirs (Solomon, 1999). As religious iddirs are based on ideological similarity, this affiliation creates intimacy, which leads to a particular trust and consequently results in bonding capital as discussed in Chapter 2. Nevertheless, the functions of religious iddirs are similar to other types of iddirs.

3. Women's iddirs – are based on marital status. Women's iddirs are often initiated by married women. They can be based on religious affiliation, community/neighbourhood or ethnicity (Solomon 1999) and are often known as hospitality iddirs because they are related to food preparation during the funeral services of the members' families.

4. Workplace iddirs –are often identified as staff iddirs because staffs who work for a specific agency/organisation voluntarily form workplace iddirs (Dejene, 2009 and Schaeli, 2008). Members of workplace iddirs can join other iddirs, for example community or religious iddirs. Workplace iddirs are not related to trade unions because they are not politically associated.

5. Tribal/ethnicity-based iddirs – are formed on the basis of ethnic background. Those with similar tribal/ethnic backgrounds unite and voluntarily organise themselves to form their own iddirs (Dejene, 2009:6). Membership of this category can include close as well as distant relatives on the basis of their ethnic affiliation and home areas (Mengesha 2002). The role and function of tribal/ethnic iddirs may differ in certain ways from those of community/village iddirs. Since ethnic affiliations are the basis for this category of iddir, it plays a protection role, i.e., supporting its members financially and emotionally when they are humiliated or attacked by people from other ethnic groups. Members of tribal/ethnicity based iddirs may join other iddirs, for example, community, religious and/or workplace iddirs.

6. Migrant iddirs –are common in urban areas. Such iddirs are initiated and formed by people who migrated from the same geographical area for the purpose of employment or other livelihood opportunities (Schaeli, 2008 & Pankhurst, 1998). When people migrate from rural to urban areas, they lose their social ties and as strangers to an urban lifestyle, feel lonely and detached from social networks. In rural areas communal life and mutual relationships among neighbours/relatives is the norm. But in towns' people live in physical proximity, yet in anonymity. Many new migrants find themselves uprooted and get confused. In times of need they either have very few connections or none at all to

lean on (Dejene, 2009:536). Thus migrants form their own iddirs to cope with such adverse conditions.

The above descriptions are presented to broaden understanding concerning the different types of iddirs. However, this study will focus on community iddirs. The rationale behind focusing on the community iddirs are that they are more inclusive than the other kinds. They do not prevent people from participation due to their ethnic background, region, culture or education and other social statuses. Basically as each iddir, whether it is community, religious or tribal, functions independently, there can be little reciprocal influence.

3.3.2 Function of Iddirs

Iddirs are an indigenous knowledge-based mutual assistance system. A system is a set of elements interacting with each other or a group of things that have something in common. Mutual benefit is one of the aspects of the systems. Iddir systems operate autonomously with little or no conventional sets or chain of command from the top or outside itself. As mentioned in Chapter 2, section 2.2.6, iddirs function on the basis of Indigenous knowledge. Indigenous knowledge systems are deeply rooted in the culture of the people. In other words, iddirs have become part of the cultural norms and influence all aspects of people's lives. Approximately 40 percent of all smallholder households in Ethiopia are members of at least one type of traditional institute, most often an iddir (Spielman, Cohen & Mogues 2008). Indigenous knowledge systems can also have an exchange value that can be transformed into enterprises with some systematised support to others. In this regard, NGOs could utilise these systems by incorporating them in development activities. By so doing, NGOs not only acknowledge what people know already, but build upon what they know to incorporate new knowledge and new practices at grassroots level in order to create environmental enhancement. Among the hallmarks of indigenous knowledge systems are: 1) exchange of information, 2) internal community relationship building, and 3) external institution relationship building with donors, governments and communities through the supported projects. For example, in agricultural development projects, the traditional

informational exchange among community members can be strengthened to disseminate innovation and best practices in growing crops (Hesse & Wissink, 2004). On the other hand, all types of iddirs, except family iddirs, participate to varying degrees in development schemes. The big iddirs, in particular, are involved in community development programmes such as construction of roads and installation of public utilities. The big iddirs (community and work-place iddirs) have their own tents, chairs, benches and utensils (Aredo, 1993:32). The assets are collectively owned and grown. Each iddir determines the usage. But, generally the iddirs assets are available for members use on request, free of charge, for various services, for example for weddings, funerals, graduation ceremonies and for other services as the need arises. Some iddirs extend services to other community members on a rental basis, but this depends on each iddir.

Iddirs *are* associations that provide financial assistance and other forms of aid for people in the same neighborhood or occupation and between friends or kin. The main objectives of iddirs are to assist member families financially during the times of stress, such as illness, death, and property loss from fire or theft (Dejene 2009; Dekker, 2008:210 & Shifarew 2002). They are also indigenous arrangements utilised mainly for assisting victims during bereavement and executing funeral-related activities (Haile Mariam, 2003). Membership requires regular contributions, varying from less than one birr or equivalent to \$0.0060 per month among the poorest, to over 10 birr equivalent to \$0.60 among the better-off. Some very poor iddirs may not have regular contributions at all with contributions made on the spot in the event of the death of a member. The amount to be paid to members varies from a few hundred to a few thousand birr, depending on the rules of distribution of the iddirs. Equal contributions are made by all members and equal assistance is provided for all (Solomon, 1999:5). Iddirs entitle a person in difficulties to financial and material assistance and convey consolation from members. Compared to the insurance system, the iddirs are considered a non-profit-making institutions catering for the specific needs of persons (Aredo, 1993:32).

Schaeli (2008) and Mequanent (2009) assert that the functions of iddirs were originally community-based insurance, i.e. funeral associations that have been functioning for more than 100 years in Ethiopia. Over the years, they not only spread to

all parts of the country, but today serve a range of functions in accordance with community needs. Generally, the sizes of iddirs are decided by each iddir. Some are larger and others are smaller (Aredo, 1993:30). Social pressure is high for individuals to comply with the implicit rule that everyone must belong to at least one of them. Depending on the type and the situation, iddirs count between a dozen and a thousand members.

These associations are also called upon for various self-help activities and sometimes provide health insurance, even though in an informal manner, which means, providing health insurance is not a part of the regular function of that iddir. When a member is critically sick, but very poor and does not have money for treatment, the members of iddir she or he belongs to, either individually contribute or pay from the iddir's account for the sick person to get medical treatment. Iddirs also have the potential to serve as social financing mechanisms. Since these are functioning groups already, the administrative cost for the extra health-related activity will not be as high as in the case of forming a new insurance entity (Solomon 1999 & Schaeli 2008).

Besides providing social services, in some instances iddirs are becoming major sources of social welfare (Mohr 2001). In urban areas, some are engaging in microfinance activities, especially in Diredawa, Shashamane and Addis Ababa (Solomon, 1999:4). They are also involved in community development, including the construction of schools and roads. In recent years, the EPRDF government which came to power after the fall of the Derg (a military government) in 1991, many other NGOs have increased their interest in working with these associations, especially in the prevention and control of HIV/AIDS and supporting orphans and vulnerable children. According to Hailemeskel (2010), there are cases that the iddirs members in Arada sub city Keble 10, Addis Ababa, revised their bylaws to give care and support to orphans and vulnerable children (OVC) within their community.

Iddirs can also be utilised in agricultural development, e.g., in the establishment of village seed banks and environmental rehabilitation activities (Dercon, De Weerd, Bold and Pankhurst, 2004:6; INTER AIDE, 2009 & Clark, 2000). Similarly, certain NGOs, notably ACORD, have started to work with iddirs by providing micro-finance

services (Solomon 1999). Some iddirs have themselves started to expand their activities beyond funeral services towards providing other social welfare services such as supporting HIV/AIDS victims, orphans and other community development works, such as disseminating information to members and non members in the community about literacy and basic education, lobbying parents to send their children to school, organising community conversations to create HIV/AIDS awareness, sharing their assets, such as tents, furniture and kitchenware to other community-based groups or members on a rental bases.

Research on the functions of iddirs has largely taken place in urban and suburban areas; little is known about them in rural areas where the majority of people live. For whatever reason, the iddirs phenomenon have warranted little research in the rural areas despite the claim that they are ubiquitous (Dinku 2008); and this empirical research will fill this gap and ascertain the functions and impacts of iddirs in relation to the socio-economic emancipation of its members and the community at large in rural areas

3.4 SELF-HELP GROUPS (SHGs)

3.4.1 Origins and goals

Although SHGs are not new in Ethiopia and believed to be widespread and deeply rooted in different cultures, externally promoted SHGs are an externally-introduced innovation. The origin of SHGs can be found in the ideas of Mohamed Yunis expressed in 1975 when he established of the Grameen Bank in Bangladesh (Kindernothilfe, 2008). SHGs were piloted by NGOs, notably Maysor Relief and Development Agency (MYRADA) in India in the mid-1980s to provide financial services to the poor, particularly those lives below \$2 per day. According to Fernandez (2006:7) and Solomon (1999), what was begun as a pilot program has become a movement for social empowerment – particularly for poor rural women. In India, the SHG strategy is an important component of the government’s overall thrust to mitigate poverty and has been included in every annual plan since 2000. According to Solomon (2010), this program involves banks, NGOs and government agencies throughout the country. It is

now the largest microfinance movement in the world, with three million SHGs and over 25 million members.

SHGs represent a unique approach to financial intermediation. The approach combines access to low-cost financial services that includes a process of self-management. In South Asia, SHGs multiplied exponentially in the 1990s as part of an indigenous movement. Groups saved, lent a portion of the pooled savings to members, and then created a link to banks to access credit for on-lending (Wilson, 2007:97). SHGs are formed by using Participatory Rapid Appraisal (PRA), community mapping or wealth ranking exercises and poverty assessment, targeting mainly poor women and men in poor areas. As mentioned in Chapter 2, section 2.4.1, this section of population is believed to live under the poverty line, do not have access to resources and have little or no opportunity to improve their livelihoods. In addition, people who fall in this category are vulnerable and exposed to various social and economic problems. Due to lack of assets, they cannot qualify for microcredit due to the absence of collateral. To compound the problems of people who fall into this group they often do not have the necessary skills to compete in job markets.

After selection of the members, SHGs are formed with the integral participation of members. They will then design the bylaws of the SHG according to an initial group decision-making process, which is in practice the start on the road towards a feeling of ownership for the SHG process and responsibility for its undertaking. As an initial guideline members are asked to agree to a weekly meeting time and place, a set weekly rate of savings they will each contribute, the imposition of a fine for absence or late repayment of loans and an interest rate on those loans (MAYRADA, 2006)..

Very little, if any, research has been conducted on the establishment of externally-initiated SHGs in Ethiopia. NGOs, such as Kindernothilfe (KNH), USAID/Save the Children, USA, and others support small SHG programmes. However, the EKHCDP, in cooperation with Tearfund, UK has funded the establishment of SHGs as an alternative sustainable development and community empowerment approach in urban and rural areas (Tolosa, 2007; Getahun, 2008; EKHCDP 2009; Thomson, 2010; Integrated Urban Development Department [IUDD], 2010; Gilgal 2010). After working

with local partners for more than three decades, Tearfund adopted the SHG approach because the previous approach was a welfare-oriented approach which depended on external funding. Experience shows that when external funding terminates, the work does not continue due to the welfare approach that created dependency and killed people's own motivation to look for solutions to their problems. The unique feature of the SHG approach is its focus on the most marginalised groups that previously had little opportunity to improve their livelihood conditions, women in particular. Iddirs and SHGs are based on social capital and mobilise local resources and savings on these bases, but to various degrees. According to the EKHCDP Annual Report (2009) and IUDD (2010) Report, Tearfund has been funding the SHG development approach since 2002.

3.4.2 Function of SHGs

SHGs are small (between 10 and 20 people), socially and economically homogeneous affinity groups of poor people voluntarily coming together to save small amounts held in a common fund to meet members' emergency needs and to provide collateral-free loans to members (Reddy & Manak, 2005:8; Fernandez, 2006:8; and Kindernothife, 2008:12). Participating in a SHG requires mutual trust, group cohesiveness, and a spirit of thrift. Mutual trust is giving value to humanity regardless of the socio-economic condition of a member of the group without discriminating because he or she is very poor, illiterate, or unskilled. Instead it creates an opportunity to help an individual by sharing own experience and providing counselling services in areas of entrepreneurship and other life skills to cope with group activities and by encouraging self-development. Group cohesiveness has to do with organisation of the group, intimacy and sense of ownership and shared values. These values are interlinked with the spirit of thrift in transforming members' socio-economic living condition.

SHGs provide loans to members based on need; no collateral is needed because of the social capital-embedded trust. Repayments are made on a regular basis (with peer group pressure coming into play when regular payments are not made). Being in a group with people who relate to each other's experiences not only allows people to gain confidence, but it gives them a feeling that they can take action to solve their own

problems (Kindernothilfe, 2008:10; Reddy & Manak, 2005). The field research is expected to reveal the extent to which this approach is practised.

SHGs are perceived to empower people to help themselves; participation is believed to help members to establish a supporting network, thus ending painful isolation which is so common among those living in poverty. Meanwhile, the SHG is believed to have a direct impact on the target communities, improve livelihoods and living conditions; increase unity and social ties, providing healthy practices and motivating the social and financial emancipation of women. According to Thomson (2010), the social networks created through SHG membership provides a springboard for experiencing empowerment. Rooted in a foundation of social solidarity, women develop the capacity to exercise agency, as well as the confidence to express their needs and build their capacity. As SHG members support each other, they begin to address problems that seemed insurmountable previously. SHGs are essentially formed for the purpose of empowering the poor to take charge of improving the quality of their own lives. The process adopted for SHG formation has a major influence over the way the group evolves (Tools, 2007: 46).

The process begins with concretisation and awakening of people about their poor prospects, and the causes and consequences of poverty and development. This process goes on to the level of self-categorisation into different sets based on wealth ranking, for example, people who are in absolute poverty (the poorest of the poor) as the first category; the middle-level poor between absolute and relative poverty, while people in a better situation are categorised as living in relative poverty (MYRADA, 2006; EKHC-CCC and SHG Training Manual, 2008). According to Forndandaez (2006), SHG initiatives create options and opportunities for the effective use of credit to improve livelihoods in a sustained manner by reducing risk and providing appropriate infrastructure and inputs to increase productivity. Nevertheless, Forndandaez (2006) sees SHG as one-dimensional strategy in the search for poverty eradication that tends to place undue importance on credit provision while neglecting the other initiatives required for all-round development. His contention is that a one-dimensional strategy does not achieve the objective of promoting livelihoods.

However, Sinha (2009) consider SHGs as community-based savings and credit institutions that work for the sustainable wellbeing of the member households. These groups operate in multiple strata of society to provide self-reliance for individuals, households, and the larger local community. In theory, the SHG development approach is an alternative approach to poverty alleviation. In fact, this approach worked well in countries such as India and Bangladesh. In Ethiopia this is new and requires an empirical study before its effectiveness can be judged.

Different authors, for example, Girma (2004:16), Kumar (2006) and Seibel (2007:24) consider community-based SHGs an essential prerequisite for a successful community development process. As mentioned above, and in Chapter 1, section 1.2, as well as in Chapter 2, section 2.3.4, SHGs are individual members of the community forming a small group with saving and credit activities as entry points. Such group formation is generally launched by the active facilitation of professional, self-help promoting development agencies engaged in empowerment of the urban poor. Sinha (2009:4) states that because SHGs are member-managed and most members are rural women, SHGs are also institutions of empowerment. One of the differences between SHGs and iddirs are that in SHGs external agencies play a role organising, nurturing, training and assisting SHGs in developing management and financial skills.

SHGs are based in the community and exist for the purpose of socio-economic emancipation of the disadvantaged and marginalised found in the same geographical location (Worku, 2008:58; Sinha, 2009:30). Besides boosting the meagre financial economy of poor households from survival to profit-generating activities, SHGs effectively contribute to positive social change and improved quality of life. SHGs also serve as a platform for social development, if managed and implemented properly, and can play a significant role in empowering and transforming the social status of the poor (Tolosa, 2007). Tearfund's annual report (2010) indicates that through the SHG approach, people are transforming themselves and their families' lives by their own initiatives using the resources they have at hand.

3.5 SHDPOs

The Self-help Development Promoting Organisations (SHDPO) is the name that this study gives to specific organisations that are directly or indirectly involved in promoting self-help development (iddirs and SHGs), but they are not SHGs. Basically; SHDPOs can mean development actors including NGOs, government and other civil organisations. But all organisations do not play the role of SHDPOs in iddirs and SHGs. Since the concept of an adopted form of SHG is new, many development actors have not been adopted yet. Thus, it is essential to use the name SHDPO. For the sake of this study, organisations that are directly engaged in supporting or working directly with iddirs and/or establishing and empowering SHGs are referred to as direct promoters. On the other hand, organisations that provide technical and/or financial support to directly promoting organisations are referred to as indirect promoters.

3.5.1 Categories of Self-help Development-Promoting Organisations

As mentioned above, there are two types of self-help promoting organisations. These include indirect and direct promoters.

3.5.1.1 Indirect promoters

Indirect promoters are organisations that provide financial and technical support to their local counterparts. For example, UNDP, USAID, DIFD, GTZ, USAID, IMF, World Bank, Tearfund, UK and Kindernothilfe fall in this category (Harper 2002 & Sinha 2007 and 2009). Some of the above-mentioned organisations are often identified as multilateral or bi-lateral NGOs affiliated with government and other NGOs in programme support or co-implement larger programmes or support local partners' poverty alleviation projects. In recent years, many developing countries came to realise that the SHG approach is an effective poverty alleviation strategy, as seen in India and Bangladesh.

3.5.1.2 Direct promoters

Direct promoters are known as implementing organisations that are involved in iddirs' capacity building, and establishing and empowering SHGs. These organisations design projects and approach donor organisations for fund request. In some respects, they raise part of the project fund locally. In this regard, indirect promoters are the backbone for the direct promoters/implementers because without donor input, particularly the self-help aspect would not be promoted.

Among the direct promoters, religious-based organisations, including the Ethiopian Kale Heywet Church Development Programme (EKHCDP), MesertKirstos Church Development Agency and others that work in partnership with Tearfund, UK fall into this category (EKHCDP Annual report, 2009; Thomson 2010 & Tearfund Annual Report, 2010). On the other hand, SHG-related institutions, i.e. Cluster Level Associations (CLAs) or SHGs associations and Federation Level Associations (FLA) or CLA associations are direct promoters of SHGs (Harpe 2002; Sinha 2009 & Kindernothilfe 2008). CLAS and FLAs are SHG-related institutions which support SHGs technically and administratively. They play a decisive role in terms of linking SHGs with financial institutions and building their capacity in business development, management and conflict resolution (MAYRADA, 2006).

3.5.2 Promotion

Promotion can mean different things to different people. For instance, business promotion may mean introducing and holding marketing campaigns for a new product. Such campaigns can include advertising, lobbying, establishment of a new market, and other activities that will result in greater profitability for the business. SHG promotion is, however, different from this. For the sake of this study, promotion is related to the technical/capacity-building material and financial support provided by those development actors, for example government agencies, NGOs, civil society organisations and communities who have been engaged in motivation of self-help

movements to solve socio-economic problems with the ultimate poverty reduction as goal in mind. SHDPOs therefore are advocators of a self-help development approach, particularly a SHG approach, because it is considered an alternative pathway to socio-economic transformation in many developing countries. In India and Bangladesh self-help promoting organisations are recognised for local resource mobilisation, capacity building and advocating support for pro-poor activities (Pereira, 2000 & Sinha, 2009). In recent years similar activities are being undertaken in Ethiopia.

3.5.3 EKHC and Community Development

The EKHC, with direct Tearfund support, has taken the lead in promoting SHGs in Ethiopia. The EKHC was founded in 1927 through the efforts of the missionaries then called Sudan Interior Mission (SIM), now called Serve in Mission (Belete 2000). It is now the largest evangelical denomination in Ethiopia with approximately 7 million members and over 7 000 local churches. Its membership represents a diversity of socio-economic backgrounds in both rural and urban settings across the nation (Horn, 2007). The church has a combined spiritual and physical mission focusing on the spread of the Christian Gospel and to help through grassroots development initiatives (Yacob, 2010). Services are provided in many areas: rural development, health, education, food distribution, etc. (described in detail below). While the EKHC now includes churches in all of the Regional States, much of its activities have focused on Amahara, Oromia, and Southern Nations Nationalities and Peoples, Regional State (SNNPR).

The Ethiopian Kale Heywet Church Development Programme (EKHCDP), which is responsible for community development programmes, uses different approaches to meet the contextual needs of specific communities. The EKHCDP working relationship with communities is established through government offices and sometimes through the local churches. In this process, the community and political leadership both have a decisive role to play in creating a conducive environment to initiate different community-based development programmes, such as water, sanitation, health, education and training, integrated rural and urban socio-economic development, relief and rehabilitation, sponsorship and child-focused community development, and prevention

of harmful traditional practices (EKHC DP Annual Report, 2009). Through these programmes, the EKHC DP claims that it has served millions of people and gained a good reputation for its development services. The operational structure and programmes outlined below explain how this has occurred.

The EKHC Constitution (2010) outlines five different operational levels: 1) local churches, 2) sub-districts (the association of local churches), 3) districts (the union of sub-district associations), 4) zones (the union of districts), and 5) the General Assembly. The EKHC is governed by a board whose composition represents each level of the structure.

The EKHC has spiritual and development divisions. The spiritual wing is responsible for nationwide spiritual matters and is sub-divided into departments and sections, including outreach and discipleship, theological education, children, youth and women ministry. The development section, which is known as the Ethiopian Kale Heywet Church Development Programme (EKHC DP), is responsible for socio-economic development activities throughout the country. EKHC headquarters in Addis Ababa has its own operational structure and liaises with each operational level. The EKHC DP is divided into the following departments, overseeing programmes in each:

The Food Security Department (according to the departmental report of 2010) has been involved in a range of relief, rehabilitation and development activities for several decades. This department pioneered community development services in rural Southern Ethiopia before many NGOs were established and has given rise to the provision of many other multi-faceted services. For example, community members were taught how to cultivate fruit and vegetable gardens, including apple trees. Apple orchards have become a major source of livelihoods in the areas where they were established.

The cattle cross-breeding programme, blending exotic dairy bulls with domestic cows to increase milk production, was undertaken to supply milk to the towns of Durame, Lambuda, Camba, Chench, and Kuriftu at affordable prices. Farmers were providing training in livestock management, breeding, milk processing and nutrition. As

a result of the training, farmers' ability to control ticks and tick-borne diseases, manage livestock, and increase milk production (from one to nine litres/cow/day) provided steady streams of income. Moreover, the nutritional status of children improved (Friend and Getachew 2002 & Dalelo 2003).

- In Kucha and Maze-Kamba districts in SNNPR, the EKHCDP implemented small-scale irrigation schemes by diverting nearby rivers. As a result, farmers have been able to produce food year round without waiting for the rain. Agricultural extension services have also been provided to improve cultivation practices and to increase yields (EKHCDP Annual Report, 2009 & IWSP Report, 2010).
- Soil and water conservation programmes are critically needed because of environmental degradation and cyclical drought. According to the EKHCDP Annual Report (2009), more than 91 000 seedlings of various kinds were distributed and planted in degraded land in order to rehabilitate the environment in different parts of the country. However, sustainability is still a challenge because most of the interventions are dependent on external support.

The Health Service and HIV/AIDS Prevention Department has been operational since the denomination was established. Because of the high prevalence of HIV/AIDS in Ethiopia, the department has more recently focused on HIV/AIDS awareness creation and prevention, and improving the quality of life of those with the disease and their families by facilitating income-generating activities. Service providers, including peer educators/promoters and church leaders at various levels, underwent training to help in removing the stigma of infection in local communities and churches. This work was undertaken with different government agencies that operate on all levels and with community-based organisations (CBOs) and NGOs so as to harmonise actions and avoid repetition of efforts within the target areas.

The Health Service and HIV/AIDS Prevention Department Report (2008) states that the department works with CBOs, especially iddirs, because of their community roots. Iddir members form community care committees to help bedridden HIV/AIDS patients by providing food and palliative care in urban centres such as Addis Ababa, Hawassa, Soddo, Dilla and Jimma. Facets of the department's activities include

awareness campaigns, voluntary counselling and testing (VCT), training in income-generating activities, home-based care and support, care of orphans and vulnerable children (OVC), and training in reproductive health/family planning.

The Water and Sanitation Department uses a two-pronged approach to water development: surface water protection and drilling of deep wells. The former focuses on spring capping and laying pipelines to take water from streams to where it is needed, and the latter drills wells wherever surface water is unavailable.

By working together with the Kebele (local government), the integrated water and sanitation programme has provided safe water to over 1 200 000 people in Ethiopia (IWSP Report, 2010). As a result, the incidence of water-borne diseases has been reduced, women's workload in fetching water has been reduced, and more people have become aware of how gastro-intestinal diseases can be prevented.

The Child-centred Development Services Department focuses on providing for the needs of destitute children. By forming partnerships with several organisations, and using a child sponsorship approach, children living with their families and other relatives have been provided with food, clothing, educational equipment and medical services, largely in urban areas.

Increasing rural-urban migration over the past decade led the EKHCDP to establish an Urban Development Department. However, this migration pattern has produced very high urban unemployment rates that, in turn, have given rise to other social problems. To reduce the socio-economic problems of the urban poor, the Integrated Urban Development Department (IUDD) has established SHGs in several urban areas. The IUDD mobilises urban churches and communities to organise affiliation groups, encouraging them to accumulate working capital by saving from their incomes, and create businesses to make living. According to the IUDD report (2010), community initiated projects were commenced in Nazret, Addis Ababa, Awassa, Jimma, Arbaminch and other urban centres. In these centres 3 623 urban SHGs have been formed and the number of beneficiaries exceeds 72 000.

The Capacity Building Department is subdivided into two distinct but interrelated education and training, and community empowerment sections. The

Education Section is responsible for formal and non-formal education. The focus is not on running the school, but building the capacity of teachers and administrators to improve the learning environment in primary schools and to provide non-formal education (especially literacy and numeracy). According to the education sector director report (2010), in the past seven years, the EKHCDP has constructed 24 primary schools (and handed them over to government), and established 77 non-formal education centres (later transformed into formal primary schools). The department also supports 300 EKHC-owned primary and secondary schools.

The Training Section is responsible for the provision of training on a range of topics to the different EKHC structural levels, the largest of which is livelihood creation and sustainability through the establishment and support of SHGs. SHGs were originally launched by the Urban Development Department in Adama, a city approximately 2 hours south east of Addis Ababa. The approach was adapted to rural areas in 2007 after an exposure visit to MYRADA in India. According to the department's report (2010), since 2007 over 2551 SHGs with 41 795 members (24 115 male and 17 681female) have been established in rural areas. One of the rural adaptations made to SHG administration is the ability to collect savings in kind, e.g. to save grain when it is in abundance. This has allowed members to sell grain when it is scarcer and they can demand a better price (which is then placed in the SHG's fund), and to establish village seed banks that can be accessed by members.

3.5.4 Partnership with Tearfund

EKHC has implemented most of its development activities in partnership with Tearfund, UK. Tearfund was established in the UK in 1968 as a Christian international relief and development NGO. Its purpose is to alleviate poverty around the world. According to its 2006 strategic plan, Tearfund's goal is to alleviate poverty for 50 million people within ten years (2006-2016). To help reach this goal in Ethiopia, Tearfund uses a SHG approach and has been funding the establishment of SHGs.

Launched in urban areas in Ethiopia in 2002, SHGs built upon the approach widely used in Bangladesh and India. In 2006, Tearfund arranged for a number of EKHCDP Training Section staff to participate in a training exercise provided by

MARADA, India, on SHGs as a poverty alleviation strategy. Upon their return, the staff determined that the model required certain adaptations to be launched in rural areas. Out of the 2 551 SHGs currently operating in rural areas, approximately 200 exist in the districts Wonago, Shebedeno and Humbo included in the present study. These SHGs are not only involved in forming savings-based credit operations, but are also involved in group and household livelihood creation activities (Gilgal Mid Term Review, 2009; EKHC South Zone, Central South Zone, Wolliyta Zone and Gilgal Program Annual Report, 2010).

Tearfund also works with six other partners in accordance with the government's charity and society policy in Ethiopia by establishing and maintaining SHGs. The charity and society policy allows NGOs to prevent and alleviate poverty, work towards the advancement of the economy and social development, build capacity on the basis of long term development and promote equity of the nation (FDRE Charity and Society Proclamation No.621/2009). The Horn of Africa Regional Office Annual Report (2010:9) states that the six partners had established 6 300 SHGs with Tearfund's support. Total SHG membership is estimated at 94 500 people and impacts over half a million people. It is estimated that the ripple effect of SHGs in the rural economy in terms of job creation and investment in small scale businesses has benefitted over a million people. According to the Tearfund Annual Report (2010), the SHGs have total capital of around 12 million birr (£460,000). This study further investigates the extent of rural SHGs in relation to rural entrepreneurship and sustainable livelihoods.

3.6 CONCLUSION

Self-help is communities' survival strategy in situations where there is little or no formal social welfare system. Ethiopia is one of the countries that do not have a proper social security system. Iddirs and SHGs predominantly serve as alternative mechanisms to cope with such a deficiency. Although the self-help approach, particularly the iddirs have been particularly successful in Ethiopia for centuries, the literature does not say much about the efforts that the government's or other development actors made to empower and strengthen these community based organisations to increase their participation in the process of socio-economic transformation, particularly in rural areas.

Although in recent years, NGOs, and to some extent, governments have been promoting the self-help approach, particularly SHGs, as an alternative approach to poverty reduction, the support provided to these organisations is not sufficient.

The SHGs approach is critical to self-reliance because it shifts the mindset of people towards self-sustainment. Developing a saving culture by using the existing social capital is one means to break the vicious circle of poverty. Moreover, this is crucial in the three rural districts (Wonago, Shebedeno and Humbo) in Southern Ethiopia on which this study focuses; they are characterised as small land-holding, densely populated, large family, vulnerable, and above all, chronically poor. Since research concerning the significance of a community based self-help development approach to livelihood and poverty alleviation is scant, this study is aimed to fill the research gap of rural areas.

By using this and the previous chapter as background, chapter four presents the empirical evidence of the field research findings on iddirs and SHGs, and the extent to which these institutions transform social capital into entrepreneurship in the context of sustainable rural livelihood.

CHAPTER FOUR: RESEARCH FINDINGS ON IDDIRS

4.1 INTRODUCTION

Community initiated collective actions have given rise to long standing community organisations. Iddirs are most outstanding among these organisations in Ethiopia. Although iddirs existed for a long time, there is not much literature on the role they play in community empowerment and sustainable livelihoods, particularly in the utilisation of social capital in entrepreneurship promotion and development. Moreover, the informal nature of iddirs operations has not captured research attention and also, the level of policy support for iddirs' involvement in sustainable development is another area requiring more study.

During the past 50 years, Ethiopia was subjected to different regimes. The transitions between regimes were not smooth. In such conditions where power struggles and revolutionary practices were creating political instability, the role of iddirs in conflict resolution, peace keeping and encouraging community members to keep up with regular livelihood activities was significant. Besides the iddirs' own initiatives, there was little or no institutional or technical support by government or NGOs, particularly in the study areas. The lack of capacity-building support to these intuitions hindered them from utilising social capital effectively in poverty reduction endeavours, particularly in rural areas, where 84% of the population resides and poverty is endemic. This study differs from the studies previously examined in the empirical literature as its focus is on transforming social capital into entrepreneurship to enhance livelihoods.

The quantitative and qualitative data gathered for the purpose of this study was the result of fieldwork carried out over a period of nine months, between May 2011 and January 2012. According to the specific objectives of the study (see chapter one), information related to iddirs and other organisations have been documented. Empirical data were obtained from a variety of stakeholders in the three study locations, namely Shebedeno, Humbo and Wonago. There were 142 (114 male and 28 female) respondents from the selected iddirs, governmental organisations and NGOs. As

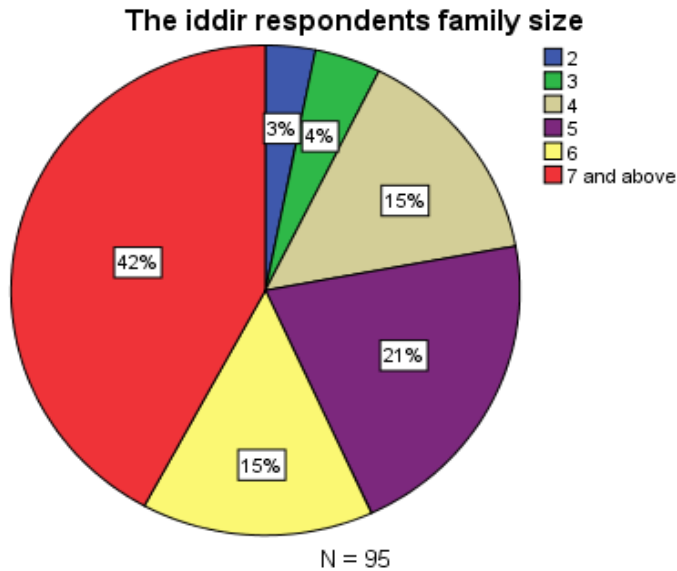
mentioned above, data were collected by using open-ended, semi-structured and structured interviews and various survey techniques.

This chapter has 11 main sections. It:

- delineates the demographic features, including family size, education occupation and annual earning of respondents
- presents the elements of an iddir, i.e. admission, joining age of members, reasons for joining, fees and interval of payment
- describes and explains the extent of gender equity in iddir membership
- analyses iddir bylaws and the awareness of members concerning norms and procedures
- analyses the extent of social capital with particular emphasis on trust, linkage, relationships and the role these play in promoting social and economic development and poverty alleviation.
- briefly analyses and explains iddirs' external linkage
- delineates respondents' poverty conditions
- looks at the extent of empowerment/capacity-building and the condition of microcredit services in terms of entrepreneurship promotion
- looks at iddirs' sustainability
- draws conclusion and ends with transition remarks for the following chapter.

4.2 DEMOGRAPHIC FEATURES OF RESPONDENTS

4.2.1 Family size



The iddir respondents' family size is described in figure 4.1 above. As the survey findings indicate, the respondents' family size varies greatly. Of the total sample, 42% have at least seven family members, while 21% have five. Fifteen percent of members had families of four and 15 percent had a family of six. Three percent have a family of two and four percent have a family of three family members. When analysed by location/district, most of the Shebedeno District iddir respondents have at least seven persons in their family. Most of the Wonago District respondents have a five person family. Most of the Humbo District respondents reported four person families. The largest family size is expected for the Shebedeno District because it has been identified as the most densely populated districts in the region. The Wonago District is also expected to show a similar trend because this district has the highest number of people per square km and is also known for its dense population. Additionally, the two districts have similar livelihoods and similar socio-economic and geographical features. Geographically, both are in the same agro-ecological zone and both produce coffee as a cash crop. Kocho made from enset is a staple food. Rural to urban migration in both districts is rather slow. However, ethnically, inhabitants of the two districts differ.

The family size of Humbo district respondents is lower than the national average of 5 persons per family. On the other hand, livelihood patterns of this district's inhabitants are different from the above-mentioned two districts because they rely mainly on seasonal field crops, such as corn, teff (a local grain used to make enjera, a national dish), sweet potatoes and others. It is a semi-lowland area affected by frequent drought. There is a high rural to urban migration, particularly, young people who look for employment opportunities. When sample families were asked to report the number of persons per family they reported those who were living with that family at the time of the survey without considering the family members living in another place. This could have contributed be one of the reasons for low member of persons per family.

4.2.2 Education

Table 4.1: The iddirs respondents' level of education

Level of education	Frequency	Percent
Illiterate	27	28.4
Literate but no schooling	11	11.5
Primary school incomplete	27	28.4
Primary school complete	5	5.3
Secondary school incomplete	22	23.2
Secondary school complete	3	3.2
Vocational training	0	0
Total	95	100

The level of education of the iddirs respondents is presented in Table 4.1 above. When respondents were asked about the level of education, varied responses were given. Of the total sample, 28.4% are illiterate, while 11.5% of them are literate but do not have formal schooling. 28.4% have some primary schooling, 23.2% have some secondary but incomplete schooling. Only 5.3 % completed primary school and 3.2% completed secondary school.

When the level of education is analysed with cross tabulation district by district, the higher percentage of illiterates are in the Humbo District (48%) compared to Shebedeno (22%) and Wonago (30%). Most of the Wonago iddirs respondents (44%) have some primary level education as opposed to those in Shebedeno (30%) and Wonago (26%). Most of the Shebedeno District iddirs respondents (45%) had some secondary level education compared to the Wonago (32%) and Humbo (27%) district respondents. Generally, the analysis indicates that the iddir respondents have a low level of education. Respondents in the “illiterate” and “literate with no schooling” categories exceed the UNDP’s human development index of 38% adult literacy rate for Ethiopia.

A number of factors, for example, access and affordability were responsible for the low level of education of iddirs respondents. Previously, in rural areas, schools were not available in many villages and it was hard for children to travel long distances. After access to education was increased, those who identified themselves as illiterate had already passed school age; most of them had married and had children. Additionally, those who reported having some formal education quit at one point, because they could not pay fees and buy school supplies as a result of abject poverty. Nevertheless, the findings did not indicate the role iddirs played in terms of literacy and supporting schools dropouts.

4.2.3 Occupation

The survey data concerning the occupation of iddirs respondents is as follows: Of the 94 respondents who gave reliable answers in all three locations or districts, 87.2% are farmers, while 8.5% work in private business firms and 4.3% are students. The

findings reveal that most of the iddirs respondents depend on agriculture for their livelihoods. These trends are similar for the Shebedeno and Wonago districts' respondents. Nevertheless, there is a slight difference regarding the Humbo District respondents, because some of them are employees of other businesses. Generally the findings support the literature, particularly the MOFED (2007) that indicates that more than 80% of the labour force in Ethiopia is involved in agriculture and this includes all family members. The other disadvantage from the occupants' point of view is the low level of education of most of the inhabitants. This sends the message that farming is an occupation considered for less educated people. The recent Ethiopian Government Growth and transformation Policy describes Agriculturally Led Industrialisation as a core strategic element of development; without the engagement of educated human power and agricultural innovations it is difficult to achieve food sufficiency and economic growth goals.

4.2.4 Annual earning

The primary source of income for 90% of iddirs respondents is agriculture. The three focus-groups responded similarly. Eight percent of the survey respondents reported trade as a primary source of income and 2% said they worked in government offices.

Table 4.2: Annual income of iddirs respondents

Amount in Eth birr	Frequency	Percent
Below 500	9	9.5
501 to 1000	20	21
1001 to 2000	12	12.6
2001 to 3000	9	9.5
3001 to 4000	5	5.3
4001 to 5000	6	6.3
5001 to 6000	11	11.6
6001 to 7000	17	17.9
More than 7001	6	6.3
Total	95	100

Respondents were asked about their average annual earnings. The findings are presented in Table 4.2 above. Of the sample, 21% report their annual earnings to be between birr 501 to 1000 and 18% as 6001 to 7000; 12.6% and 9.5%, earn between birr 1001 to 2000 and 2001 to 3000 respectively; 5.3% earn between 3001 to 4000, whereas 6.3% between 4001 to 5000 and 11.5% between 5001 to 6000. There are significant differences between the lowest and the highest income earnings. On the lowest side, 9.5% earn below birr 500, while 6.3% earn more than birr 70001.

In terms of annual average earning, location differences are even more than expected. For example, most of the Humbo respondents reported annual earnings under birr 500 and between birr 500 to 1000. Most of the Wonga respondents reported annual earning between birr 6000 to 7000. Location income difference is expected, particularly for the Humbo – because of droughts, farmer incomes are dependent in rainfall.

Peak and lowest income per month were reported as follow: In the Golola-alebo and Shoya areas October to December are peak income seasons, where as in Kolie November and January are peak earning months with a gradual drop as harvest declines. In Shoya, February to June are the lowest income months because grain supply is depleted. In normal years, July to September is average seasons because seasonal crops ripen. However, in drought years the gap extends to October.

The patterns are similar in the Shebedeno and Wonago areas, but different in Humbo area. In Golola-alebo and Kolie residents consume kocho made of enset during the low income months, because it is the only available food source in drought and low income seasons in the area. Additionally, people sell back some of their assets to buy food.

The coping mechanism in the Humbo area is different. The Shoya iddir focus-group said they cannot cope with the seasonal shortages on their own because the area is drought-prone and known for hand-to mouth-livelihoods. During such shortages government or NGOs distribute edible grains and cooking oil. Respondents indicated that some of these famines- are manmade because of a poor saving culture. People in this area consume a lot during harvest time and suffer during the low production season.

4.3 ELEMENTS OF IDDIRs

4.3.1 Admission

Joining iddir is based on one's own choice. 98% of the sample that gave valid responses indicates that people join iddirs by their own choice. Only 2% say that people join iddirs because of pressure to do so.

Table 4.3: Iddirs membership size

Size	Frequency	Percent
Under 10	1	1.1
11 to 20	1	1.1
21 to 30	8	8.4
31 to 40	7	7.4
41 to 50	8	8.4
51 plus	70	73.6
Total	95	100

The majority of the respondents (73.6%) reported membership of 51 or more. For example, the Shoya iddir has 50 members, while the Kolie iddir has 71. However, the Golola-alebo iddir which has 800 members deviates from the normal range, because, this iddir is community wide. Nonetheless, most iddirs encourage smaller numbers as such large memberships are complicated to manage.

4.3.2 Length of membership

To determine length of membership, respondents were asked to report when they became members of specific iddirs. Of the 95 respondents who gave valid responses, 88.4% reported that they joined more than three years before, whereas 9.5% reported that they joined between one and two years before; 1.1 % reported that they joined six months and 1.1 joined 2 to 3 years before. Newly married men are expected to join iddirs because after marriage they could not be considered dependent on their parents.

In creating cross tabulation, we see the Shebedeno and Wonago iddirs show similar trends. Most of the two districts' respondents (88%) reported that they joined iddirs three years ago. This does not reflect the age of the iddirs, but only an estimated time of membership. In Humbo, 28% of respondents had joined iddirs between one and two years before. According to the information obtained from the three focus-groups, iddirs are being formed at different times by different people; from time to time new people join or split from the original iddir and form new *ones*. On the other hand, this does not imply withdrawal from older iddirs, one can maintain membership in both, unless conflict arises.

4.3.3 The Age of Iddirs

Focus-group discussions in Shebedeno, Wonago and Humbo yielded the following information: The Shoya iddir was formed in 1981 by the villagers, particularly by those who were poor and isolated from resources. The Golola-alebo iddir was formed a "long time ago". One participant in his late 70s mentioned that this iddir was formed during King Minilk II, approximately, in late 1800s. The Kolie iddir was formed in 1994 with 12 people. The founders were a group of people who used to collect some money on a regular basis for Easter Holiday celebration. But later this group was changed into an iddir. The members of Kolie iddir were originally members of another iddir who later split from other and formed Kolie iddir. The oldest, the Golola-alebo iddir is more than one hundred years old and, the youngest, i.e. the Kolie iddir is 18 years old. The findings concerning the age of iddirs indicate an expected trend and reveal that they form at different times.

4.2.5 Reasons for joining

Respondents were asked to indicate reasons for joining iddirs. 78% of the sample said that solving social problems are the main reasons for joining. 22% joined iddirs to solve financial problems. Respondents associate their involvement in iddirs with informal insurance provision and handling funeral ceremonies. Also currently, some iddirs support HIV/AIDS victims and orphan and vulnerable children (OVC). However, such interventions are rare in rural areas.

Focus groups mention that social problems, including not having an extended social network and relationships to rely on when ill or facing calamity is disastrous. Relationships are meant to support members in times of funeral by donations such as prepared food for funeral attendants. Iddirs assist members during such incidences, particularly in rural areas where cash savings are seasonal.

According to the Shoya Iddir focus-group respondents, the aim of this iddir is to fight alienation, and social and economic problems. Nowadays, financial problems are overriding social problems due to the escalating cost of living, particularly when a household head or family member dies. Without a membership in an iddir, a person or family has to borrow funds from money lenders who charge high interest rates. If the borrower fails to pay on time, the interest rate increases excessively leaving the borrower destitute as well.

While social issues may be the motivation for some wealthy members to join, for the poor, membership is mainly for economic reasons. The Golola-alebo Iddir respondents (Nov. 11, 2011), agree with this perception. On a social level, participants comfort each other. However, comforting can be done in a group only if a significant number of people attend funeral ceremony which requires a significant amount of financial resources. At the time this iddir was formed, people were destitute, and even purposefully without announcing the death to people to delay the funeral ceremony until a few other people died so that they could hold funeral ceremonies collectively and share costs. Later, when livelihood conditions improved, members began to contribute ten cents on the day of a funeral ceremony. Since then, the Golola-alebo Iddir has begun organising individual funeral ceremonies. Recently, the current contribution has increased to birr 1 (one) collected on the day of funeral ceremony. Membership fees are attached to funeral ceremonies. In rare cases some iddirs lend some money to their members for consumption purposes, including for medical purpose and children's school fees.

Beyond providing an informal insurance scheme, iddirs provide in kind services, i.e., food, firewood and drinks, which otherwise would incur other expenses to the deceased's family. Members of the Kolie iddir said that although forming iddir and being

a member has become a community's norm, the emphasis is shifting from social to economic conditions. The Kolie iddir chairperson said that the crucial reasons they split from another iddir and formed Kolie iddir some 30 years ago was because the amount paid did not cover funeral and related expenses due to the rise cost of living. Unless one joins more than one iddir, he/she cannot afford to cover the expenses. The Kolie iddir provides birr 1000.00 (US\$ 57) when a male household head or his spouse dies. When a child or other close relative dies, the iddir pays birr 500 (US\$ 28). This amount is not enough to cover costs, so individuals join more iddirs.

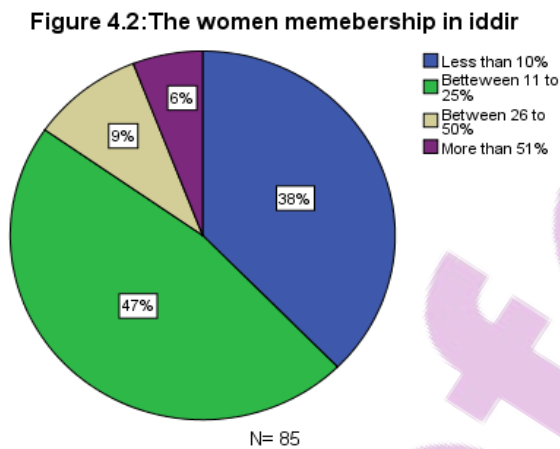
4.3.5 Fees and interval of payments

Payment of iddir fees is one way of strengthening the association and helps the members assume ownership. Basically each iddir decides its own fee. The findings show that 51.6% pay one birr, while 25.3% pay less than one birr. On the other hand, 9.5% pay four birr and 7.3% pay more than six birr (\$1 is Eth Birr 18.3). Concerning the interval of payment, 58.4% iddirs indicated that they collect membership fees every four weeks, 31.5% collect weekly and 10.1% collect fees every three weeks. When analysed by location, most of the Wonago District sample iddirs respondents (28 of the 32) indicate that membership fees are paid weekly, while in Humbo this frequency is less (9 of the 32). None of the Shebedeno iddirs respondents pay membership fees weekly. All respondents of Shebedeno (25 out of 25), and Humbo 23 out of 32 said fees are collected every four weeks. The amount paid greatly varies from iddir to iddir and location to location, while difference dues frequency of collection occurs.

The Golola-alebo iddir does not have a regular saving programme, besides paying one birr on the day of a funeral. The Shoya iddir does not have regular meetings, but fees (one birr) from each member are collected monthly. In a similar manner the Kolie iddir meets every four weeks and collects membership fees birr 10.00 (ten birr) from each member. There are no all-encompassing rules and regulations that govern iddirs. Each iddir is responsible for deciding on the amount and frequency of payment based on the local context.

4.4 GENDER EQUITY

The field survey findings concerning the gender equity of iddirs are presented in Figure 4.2. Gender equity in the succeeding section refers to women becoming members in male-dominated village or community iddirs. Of the total sample that gave valid responses, 47% report that women membership is between 11 to 25% and 38% report that women membership is less than 10%. However, 6% stated that women's membership is 51% or more.



In terms of gender equity, the perceptions of focus groups are similar. Both groups perceive that iddirs membership of husbands considered as wives are members. However, the reality is different. When a husband for some reason does not attend iddir meetings, a wife attends on his behalf. But women can only be members in men's iddirs when husbands die or divorce them and leave the home. Under such conditions women fully assume household responsibilities. There are also women's iddirs. Those women who join men iddirs are members of women iddirs, often known as hospitality iddirs because they are directly related to food preparation in the kitchen and funeral attendant's services.

4.5 THE IDDIRS BYLAWS AND LEVEL OF AWARENESS

The iddir bylaws are understood to be the constitution. Members of iddir committees are responsible for writing a draft. There are no all-encompassing guidelines to follow, but each uses bylaws to fit its condition while some write their bylaws in the form of minutes when members reach consensus. They then sign the bylaws. From that moment, it serves as the iddir's constitution. The presence of iddirs bylaws are one of the hallmarks of institutional capacity, because bylaws include rules of law which guide proper operations and functions of iddirs. The members' awareness concerning the iddir norms and procedures is a decisive factor, because iddir bylaws encompass the rules, regulations, social and monetary issues of associations, membership fees, punishments, etc. The extent of members' knowledge is an indication of network, transparency and information sharing. The following section will explain the issues related to the iddirs bylaws.

4.5.1 Bylaws

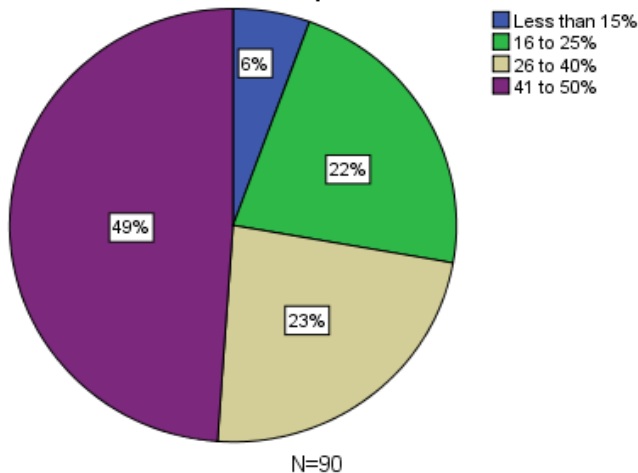
During the field survey respondents were asked to report the condition (presence or absence) of iddirs bylaws. Of the total sample that gave valid responses, 93% report that their iddirs have bylaws, while only 7% reported they do not. Respondents were asked about the legal status of iddirs, meaning whether their iddirs have registered and have been granted a registration certificate. Of the total sample, 77.7% said their iddirs were not officially registered and they do not have registration certificate. However, 16% reported that they do not know if their iddirs are registered and 6.3% said that their iddirs were registered. Two iddirs included in the focus groups, namely Soya and Kolie said they have written bylaws, but the third, Golola-Alebo iddir reported it did not. However, they said they did not make bylaws as their iddir was led by traditional norms.

4.5.2 Awareness of norms and procedures

The survey data concerning the respondents' knowledge is presented in Figure 4.3 below. Of the total sample, 49% stated that 41% to 50% of the iddirs members know the

norms and procedures of their iddirs, which means the majority of the members are unaware of norms and procedures. This trend implies the inadequacy of networking and information-sharing among members. This scenario can also be related to the level of education. The members who do not read and write may not have a copy of the bylaws and they do not have sufficient knowledge of the details of bylaws.

Figure 4.3: The iddir respondents knowledge about norms and procedures



4.6 SOCIAL CAPITAL

As discussed in Chapter Two, there are two forms of social capital: structural and cognitive. Structural social capital is defined as an institutional or formal and observable type of social capital that manifests itself with formal rules, sets of guidelines and procedures. Cognitive social capital is understood as intangible, but there are accepted sets of norms, trust and values that give rise to structural social capital. The iddir-related social capital is more informal, which means iddirs do not have an institutional hierarchy that provides legal support, but they are known for their bonding/horizontal relationships.

When respondents were asked about the condition of networks and relationships among iddirs members, of the total sample, 80% indicated the existence of a strong networks and relationships, while 20% indicated weak networks and relationships.

On the other hand, the focus-group participants in three locations indicate that their relationships are weak largely due to the incidence of conflict. Some members are breaking away from the larger iddirs and forming new smaller iddirs. The Kolie iddir focus-group respondents said they had strong relationships but they were gradually declining. In addition, the three focus groups were asked about their linkage and relationship with other organisations. As the findings show, none of the iddirs have formal relationships with government or NGOs. The lack of linkage to and relationships with other organisations, has created distance, and lessens productivity and innovation.

Respondents were asked to report on the extent of trust and harmony among iddir members in the last few years. One of the intentions of assessing trust and harmony is to reveal more about the status of conflict. In terms of trust, 62% of respondents reported that trust among iddir members has improved, while 38% stated that it has not. Trust is the glue that holds people together. The status of trust reveals expectations concerning individuals and groups, in terms of support when one needs assistance. Trust is also perceived as a social resource embedded in the social network, which can be utilised by individuals and groups in times of crucial needs.

Respondents were also asked about the status of harmony among iddir members. Of the total sample, 70% reported positively and 30% negatively. Focus groups indicate the presence of conflict; most of them are finance-related. For example, some Shoya iddir members took loans but failed to pay as per the agreement. The Golola-alebo iddir experienced a similar problem. The Kolie iddir faces disputes between individual iddir members.

The data from survey and focus groups support each other. Although significant percentages of respondents claimed that trust and harmony among iddir members have improved in the last few years, a substantial percentage of respondents indicated the lack of trust and harmony. Similarly, all the three above-mentioned groups reported that their iddirs experienced some sort of conflict, which indicates the weakening of social capital among iddir members. Although a substantial percentage of respondents confirmed improvement in social capital, particularly, trust and harmony, the reality on the ground does not confirm this.

4.7 EXTERNAL LINKAGES

As mentioned in chapter 2, section 2.2.6 and chapter 3.3, iddirs are longstanding and widely spread in all over Ethiopia. In this regard, assessing the condition of iddirs' links with other organisations helps better understanding of the institutional and technical support that iddirs receive. Information was obtained from the Cooperative Society Promoting Offices (CSPO) in the three study locations, because they are responsible for overseeing community-based originations. Information was also obtained from NGOs, including EKHC Community Development Managers and Coordinators. According to the CSPOs there have been little or no linkages between CSPOs and iddirs. They further note that government has its own guidelines on how to establish organisations and form groups. Iddirs were not formed according to CSPO rules/guidelines. If iddirs want to have CSPO support, they have to reform in accordance to CSPOs regulations.

NGOs respondents, such as Tearfund Horn of Africa country representatives and EKHC Community Development Programme Managers and Coordinators, reported the absence of linkages with iddirs because their organisations are not encouraging any iddir-focused development activities. Three focus groups also indicated that iddirs lack linkages with governmental and NGOs.

4.8 POVERTY STATUS

Poverty is often defined in terms of having a minimum level of income, such as a dollar or two dollar a day per person. Beyond such a measurement, poverty is indicated as a lack of adequate food, shelter, health, education and influences over decision that influence one's life. Poverty in Ethiopia is prevalent in both rural and urban areas with rural poverty being higher than urban. Because 80% of Ethiopians are dependent on agriculture as their main livelihood, severe arid conditions due to persistent lack of rainfall and other calamities make agricultural development difficult. Extremely poor people comprise small and marginal farmers. People lack coping mechanisms for facing drought-induced famines. The World Bank estimated that 77.5% of Ethiopians survive

on less than the revised figure of \$1.25 and roughly 39% of the population is living below the poverty line. Locally, poverty is not strictly measured on the \$ 1.25/day basis, but rated on local assets and wealth ranking.

Respondents were asked to rate themselves in relation to others in the community. 50% said they are the borderline, which means they are between poor and non-poor on average, 31.5% said they are poor, while 15.2% said destitute or very poor, but 3.3% non poor. These trends are expected of iddirs members because they are economically heterogeneous. Additionally, respondents were asked to rate the condition of poverty after they joined an iddir. Of the total sample, 50% reported that the condition remained the same, while 49.5% said it was a little improved. However, 2.1% said their condition worsened. The finding implies that, generally, poverty is persisting among iddirs members and specifically, it points to the insignificant role of Iddirs in poverty alleviation.

4.9 SOCIO-ECONOMIC EMPOWERMENT

4.9.1 Capacity building

In many instances the concepts of empowerment and capacity building are two sides of the same coin. Capacity building is a precursor to empowerment. Of the total sample of respondents who were asked about the condition of iddirs' capacity building, 96% responded that iddirs do not have capacity building/empowerment programmes, while only 4% indicated that they do. Three iddir focus groups, namely the Shoya, Golola-alebo and Kolie iddirs, were asked about capacity building. They confirmed that their iddirs do not have any kind of social or economic empowerment, besides the Shoya iddir focus-group respondents who mentioned that their leaders once attended an HIV/AIDS awareness creation workshop. In this connection, one of the Golola-alebo iddir focus group respondents' stated:

"I am an old man and a member of iddir all my life. But, I have not seen any endeavours to assist members in daily livelihood struggle, besides assisting during funeral ceremony. The poor are already dead while alive because of destitution. Iddir could have assisted the poor, if involved in poverty alleviation program".

To assess the condition of iddirs empowerment from another dimension, the respondents were asked about iddirs members' involvement in social and economic decision making. 50% of the respondents said that decisions are being made by the leadership only and 50% said that members are also included in decision-making. This is an expected trend because in many places iddir leaders are prominent figures in the community and members respect the leaders' decisions. However, this does not indicate the members' satisfaction concerning the decision-making process.

4.9.2 Entrepreneurship promotion

Entrepreneurship development and microfinance service has become the lifeline for socio-economic development and poverty alleviation in many developing countries, particularly Ethiopia. Entrepreneurship promotion rests on social capital. Iddirs' activities are collective and could promote other livelihood activities if adjusted in that manner. Bearing this in mind, a field survey was conducted to see the extent of iddirs' involvement in entrepreneurship promotion and micro-credit service provision. Respondents were asked about the condition of entrepreneurship: 52% responded that iddirs members are not involved in any other entrepreneurial or income generation activities besides farming, 48% reported they are involved in other entrepreneurial activities. Respondents were also asked about microcredit service. Of the respondents, 63.2% reported the absence of microcredit service, while 36.8% indicated that the service is available.

Respondents were asked about their experience in taking out a loan. The majority (51%) reported that members have had the experience, while 49% said they do not. In regard to the source of loan, 27% said they borrowed from iddir membership fees deposits, 30% from traditional moneylenders, 27% from different microfinance institutes, 13.5% from SHG microcredit, and 2.5% from other unidentified sources. As far as loan utilisation is concerned 55% of the loans were for consumption or medical treatment, while 43% were to pay off other debts. Only 2% used the loan to start or develop a small business.

4.10 SUSTAINABILITY

Respondents were asked about the sustainability of iddirs. Of the sample that gave a valid response, 93% said that iddirs are sustainable, whereas 7% said they are not. The Shoya and Kolie iddirs focus-groups participants agree because the iddirs have been in existence for generations. This is because if a husband dies, a wife and children inherit membership. The Golola-alebo iddir focus-group participants believe that their iddir is at risk, because new iddirs based on religion, ethnic or tribal affiliations split off from time to time. These trends are increasing because people go where they feel most comfortable. In other words, iddirs are becoming homogenous or affinity-oriented based on perceived by strong relationships and trust.

In terms of sustainable development and poverty alleviation, the survey result and the focus-groups interviews findings support each other. As mentioned in the above sections and in the literature Chapter 2, section 2.5.2, iddirs' roles in promoting sustainable livelihoods are limited for various reasons, including lack of awareness, networking and relationships and NGO and government. However, iddirs continue to play a decisive role in emergencies and in the informal pension and insurance provision.

11 CONCLUSIONS

This chapter showed that iddirs are an outcome of a community's own initiatives. They are long-lived, indigenous, community-based institutions, yet remain informal, institutionally weak and rudimentary. The findings show that iddirs operate traditionally following cultural patterns. This dimension is revealed by the gender imbalance or male dominance in membership. A potential question to be raised is: why women only or gender specific iddirs?

Although iddirs are known for emergencies and funeral-related social services. The study indicates the growing need for diversification of iddirs activities. The purpose of individuals joining many iddirs is not to widen the scope of social networks, but to create economic optins. This is considered an asset protection mechanism. Money

received from different iddirs members can protect an individual or family from selling household assets, including, an ox or a cow.

One of the unique features of iddirs in the study area is the existence of written bylaws. However, this contradicts the findings concerning the awareness of members of iddirs' bylaws and the norms and procedures, which revealed inadequate information sharing among members. The condition of social capital is another area of concern. The survey findings showed strong relationships and networks among iddir members. However, all focus groups indicated the presence of conflict. Similarly, the findings indicated the lack of network and relationship between iddirs and organisations that promoter them. Iddirs, according to this study, are not getting technical assistance from government or NGOs. Such conditions have made iddirs to be institutionally weak, and also without innovation.

The findings revealed that iddirs members are economically heterogeneous. At the same time, iddirs are more than ever becoming class, religion, ethnic or tribal specific. Such dynamism is creating social polarisation and a decline in sense of community. For this shift, a number of factors, political, social and economical are responsible. It is also feared that many community iddirs would likely disappear.

The data show that over 50% of iddirs' members are poor, even by local standards and also that iddirs are not directly involved in livelihood promotion activities. However, there are indications that iddirs provide microcredit services and the findings concerning iddirs' assistance in poverty conditions revealed a little improvement. Despite all, iddirs can be sustained because they are need-based and community-embedded. By keeping *these* findings in mind, the following chapter will present the field research findings on the extent to which SHGs transform social capital into entrepreneurship in order to enhance sustainable livelihoods.

CHAPTER FIVE: RESEARCH FINDINGS ON SHGS

5.1 INTRODUCTION

A small Self-help Group (SHG) based socio-economic development is being used as a platform in many developing countries. Although present in many Asian countries, particularly India and Bangladesh, where a group work model, such as for example, the SHG has been used for socio-economic development and poverty alleviation, it is new to Ethiopia. The intention of adopting and promoting the Indian model SHG is to bring about paradigm changes in socio-economic development. Social capital is the building blocks of SHGs. The aim is to enable community-based organisations to utilise social capital to mobilise local resources, transfer knowledge and use this knowledge to create their own agency to overcome the precarious conditions that overshadow individuals, households and the community at large. As mentioned above, since the self-help group work model is a recent innovation, it requires a deeper understanding and investigation to determine the role it plays in sustainable development and poverty alleviation. In light of this, an empirical study was conducted to ascertain the extent of community empowerment and sustainable livelihoods, and the utilisation of social capital in promoting entrepreneurship.

According to the specific objectives of the study (see Chapter one), appropriate data related to this research was collected from the SHGs respondents, government officials, i.e. employed in Cooperative Society Promoting Offices (CSPOs) and NGOs, including Tearfund, the Ethiopia Country Office and EKHC rural SHG coordinators by using semi-structured and structured interviews and focus-group discussions in the context of community empowerment and sustainable livelihoods.

The quantitative and qualitative data gathered for the purposes of this study were the result of fieldwork over nine months, between May 2011 and January 2012. Empirical data were obtained from a variety of stakeholders in the three study locations/districts, namely, Shebedeno, Humo and Wonago. There were 92 (54 male and 38 female) respondents comprised from the selected SHGs, government and NGOs. Of the respondents, 60 participated in the survey, 18 in three SHG focus groups

discussions in three locations (i.e. Tigat, Bruke-tesfa and Bethesida). Fourteen respondents represented government and NGOs.

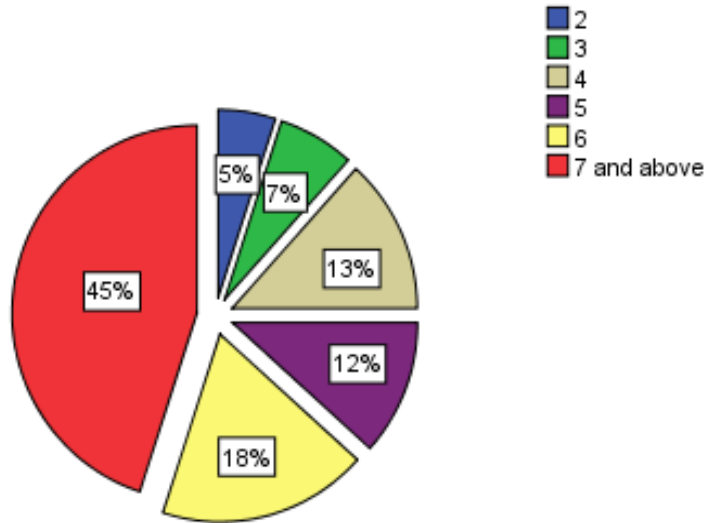
This chapter has 10 main sections. These are:

- ✚ Section one delineates the demographic features of SHGs respondents in relation to family size, education occupation and annual earning.
- ✚ Section two presents the elements of SHGs, i.e. admission, time of joining and age of SHGs, reasons for joining and saving amount and interval of payments.
- ✚ Section three describes and explains the extent of gender equity in relation to SHGs' members.
- ✚ Section four analyses the condition of SHGs' bylaws and the awareness of members concerning norms and procedures.
- ✚ Section five describes and analyses the extent of social capital with particular emphasis on trust, linkage, relationships and the role of social capital in socio-economic development and poverty alleviation.
- ✚ Section six explains the SHGs' external linkage.
- ✚ Section seven describes the poverty conditions of respondents in relation to non-SHG members in the community.
- ✚ Section eight looks at the extent of SHGs' empowerment/capacity building and the role of microcredit schemes in promoting entrepreneurship.
- ✚ Section nine describes and analyses the SHGs' sustainability.
- ✚ Section ten draws conclusion and ends with remarks leading to the following chapter.

5.2 DEMOGRAPHIC FEATURES OF SHG RESPONDENTS

5.2.1 Family size

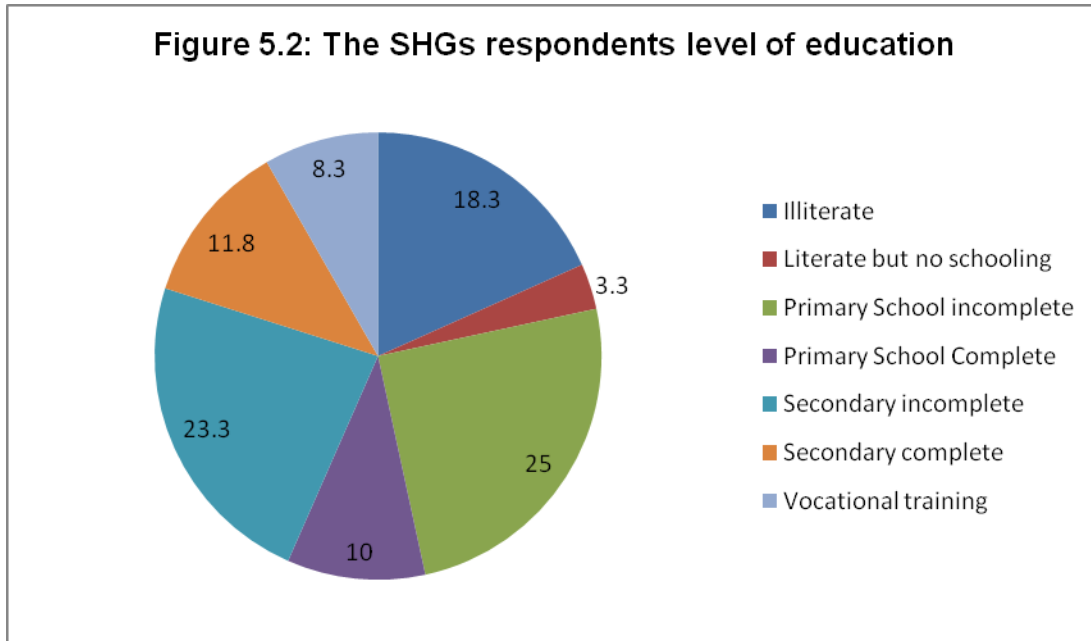
Figure 5.1: The SHGs respondents family size



N=60

The SHGs respondents' family size is described in figure 5.1.above. As the survey findings indicate, the respondents' family size varies greatly. Of the sample, 45% have at least seven persons in their family, while 18% have six; 12% and 13% respectively have 5 and 4 persons per family. On the other hand, 5% and 7% respectively have 2 and 3 persons per family. When analysed by location/district, most of the Humbo SHGs respondents have at least seven and six persons in their family. The Wonago District respondents have five and four persons per family. Humbo was not expected to exhibit the largest family size due to frequent droughts and rural to urban migration, of particularly young people who do so to escape hunger and to look for employment. The remaining two districts (Shebedeno and Wonago) which have similar socio-economic, geographical and livelihood features and slow rural to urban migration was expected to report larger family sizes.

5.2.2 Education



N=60

The level of education of SHGs respondents is presented in Table 5.1 above. Of the total sample, 18.3% are illiterate, 3.3% literate but do not have formal schooling. 25% have some primary school education, 23.3% have some secondary level of education but incomplete. 10% completed primary school, whereas 11.8% completed secondary school and 8.3% had vocational training after completing secondary school.

When level of education is analysed by district with cross tabulation, Humbo exhibit the highest number of illiterates (30%) compared to Shebedeno (15%) and Wonago (10%). On the other hand, most of the Humbo SHGs respondents have completed primary level education as compared to the remaining two districts. Most of the Wonago SHGs respondents (50%) have some primary level of education as opposed to the Shebedeno (15%) and Wonago (10%) districts. However, most of the Shebedeno district respondents had vocational training. The respondents under “illiterate” and “literate without formal schooling” categories are below the UNDP’s human development index (22% instead of 38%) for the adult literacy rate for Ethiopia. Nevertheless, the SHG respondents indicate low levels of education.

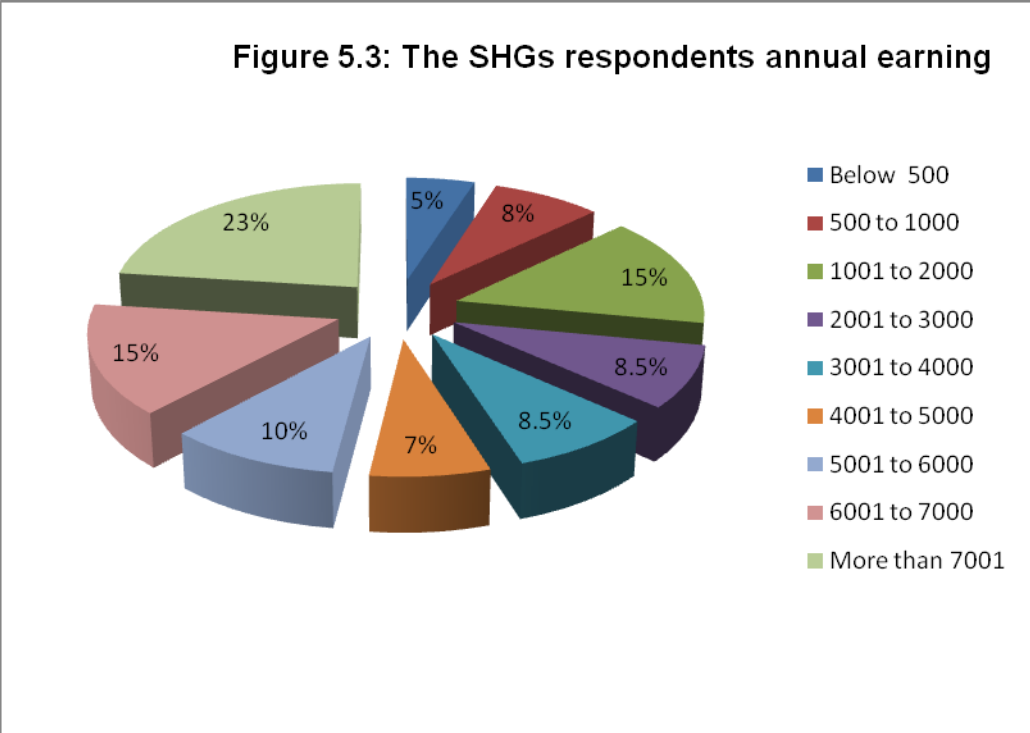
In rural areas, various factors are responsible for the respondents' low level of education. Obviously, where basic infrastructure and other facilities are lacking, education accesses is limited. When these are coupled with extreme poverty, it makes the situation worse. Even after education access was increased, respondents could not go to school because most of them had already married and engaged in various livelihood activities to help themselves and their families.

5.2.3 Occupation of SHGs respondents

The survey data concerning occupation of SHGs respondents vary. Of the sample, 63% are farmers, 27% work in private business firms, 7% work for the government and 3% are students. There are also slight location differences. In Humbo and Wonago, occupations are to some extent diverse. Although the majority are farmers, some work in the private business sector and work for the government. However, most of the Shebedeno respondents are farmers. When occupation and level of education is analysed, respondents with some primary and secondary education work in business firms, while those with vocational training work for the government and business firms. Most of the respondents with little or no education are farmers.

5.2.4 Annual earning

Respondents were asked to report the primary source of income. Of the sample, 64.5% stated agriculture, 22% trade, 10% salary and 3.5% daily wage. Likewise, information obtained from the three SHG focus groups participants, namely, Tigat, Bruke-tesfa and Bethesida supports the survey data.



N=60

The annual earning of respondents is described in Figure 5.3 above. Of the sample, 23% reported an annual earnings of more than birr 7001. On the other hand, 15% and 15% earn between 6001 to 7000 and 1001 to 2000 birr. Likewise, 8.5% and 8.5% earn birr 2001 to 3000 and 3001 to 4000 birr respectively; 10% earn birr 5001 to 6000, 7% 4001 to 5000, 8% earn between 500 to 1000, while 5% earn below 500.

In terms of annual earning, location differences have been noticed. For example, of the Wonago respondents, 25% and 30% reported annual earnings between birr 6001 to 7000 and more than birr 7001 respectively (birr is the local currency. Birr 18.3 is equivalent to \$1). On the other hand, 30% of the Humbo respondents reported more than birr 7001 compared to the Shebedeno respondents. The lowest earning, below birr 500 is reported in Shebedeno. Location differences in terms of annual earnings are expected. However, the Humbo respondents were expected to report lowest earning due to frequent droughts of the area.

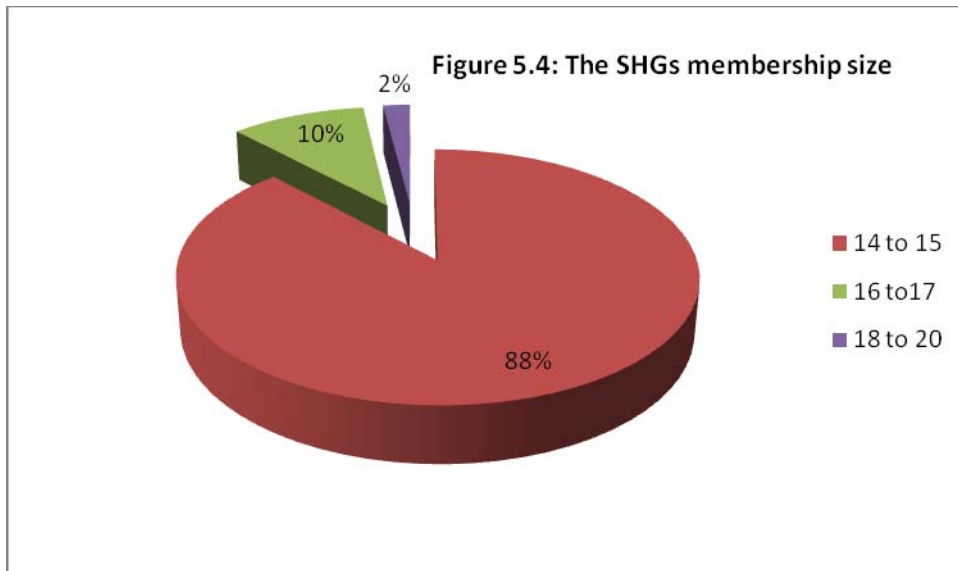
Peak and lowest income months are reported by SHGs focus group participants as follows: In Bethesida SHG area October to December is peak earning period with a gradual drop as the harvest declines. January to July is the lowest earning period. August to September is transition months because crops start to bloom and coffee beans begin to ripen. The Bethesida SHG participants say that they often find difficulty to cope with seasonal gaps because people in rural areas lack awareness about saving resources for difficult times. Resources are not abundant and the respondents and other community members consume most of their food grains during harvesting seasons, and then go hungry during the lowest earning times for eight to nine months. The participants state that it is difficult to cope with seasonal gaps on their own because of the frequent drought conditions in the Humbo area, even though the government and NGOs distribute food grains to assist during food shortages.

For Tigat and Bruke-tesfa inhabitants, October to January is the peak income season, while June to August is the lowest. In normal years, July to September is the average earning period because seasonal crops begin to ripen. However, in drought years the gap extends to October. The coping strategies are similar in Shebedeno and Wonago areas. Seasonal gaps are managed by consuming enset products, known as kocho. In addition, some people work in the nearest towns and coffee-processing enterprises as daily labourers to earn some income.

5.3 ELEMENTS OF SHGs

5.3.1 Admission

Joining SHGs are voluntary. Of the sample that gave valid responses, 97% respondents indicated that people join SHGs by their own choice. Only 3% said by persuasion.



N=59

Figure 5.4 above refers to the SHGs membership size. Of the sample, 88% reported that *SHGs* membership comprises 14 to 15 people. The focus group findings concerning the size of SHGs show similar trends. Two of the three focus groups, for example, Bethesida and Tigat SHGs, each comprise 15 members. But, the Bruke Tesfa SHG has 13 members.

5.3.2 Length of membership and the age of SHGs

To explore the length of membership, respondents were asked to report on when they joined specific SHGs. Of the 60 respondents who gave valid responses, 28% reported that they had joined more than three years ago; 30% had joined two to three years ago, and 30% six months to one year ago; 5% joined a year ago while 7% joined six months ago.

When analysed by location with cross tabulation, differences have been noticed. 85% of the Shebedeno respondents had joined SHGs more than three years ago, while 55% of the Wonga respondents had joined between six months to one year ago. However, 50% of the Humbo respondents had joined between two to three years ago. Information obtained from the three SHG focus group participants indicate that new SHGs are being formed all the time, because existing SHGs do not accept new members, but encourage them to form their own.

The information of the focus group participants concerning the age of SHGs resulted in the following information. The Bethesida SHG was formed in September 2009, after the Wolliya EKHC Zone SHG coordinator presented SHG creation awareness training. The Tigat SHG was formed in February 2009, after the members received SHG creation awareness training from the Central South EKHC Zone SHG coordinator. The Bruke-tesfa SHG was formed in October 2009 through a similar process. The findings concerning the age of SHGs indicate that most SHGs in the three study locations were formed since 2009.

5.3.3 Reasons for joining SHGs

Concerning the reasons for joining SHGs, the field survey yielded the following results. Of the sample, 72% said they joined for social and financial reasons, while 25% joined for financial reasons only, and 3% for social reasons only. The focus groups participants' perceptions varied to some extent. The Bethesida SHG (11 Nov. 2011) focus group participants said they joined for financial reason. According to the participants, the lack of saving had made them vulnerable to be exploited by the informal money lenders who charge high interest rates. The Tigat (November 1, 2011) and Bruke-tesfa (November 12, 2011) SHG focus group participants said they joined to solve social and financial problems. Generally, helping each other socially and supporting the members economically are the aim of joining.

5.3.4 Savings and interval of payment

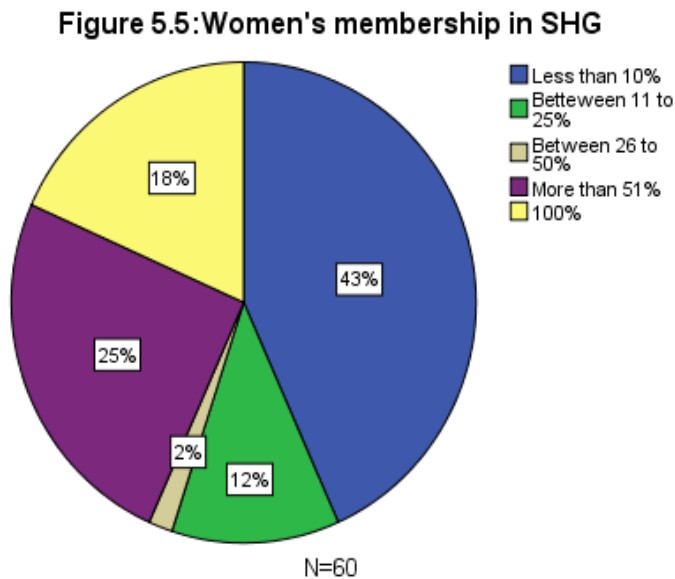
Savings are not only meant to strengthen the SHGs institutions, but to establish bases for microcredit schemes. Basically members of each SHG discuss and agree on the amount and interval of saving and elect a cashier that collects the savings. As far as the saving amount is concerned, 65% members save less than one birr, while 25% save birr 1 and only 10% birr four (\$1 is equivalent to Eth birr 18.3). Most of the savings are collected weekly.

Location analysis resulted in the following information. All the Humbo respondents (100%) save less than birr 1. 50% of the Shebedeno and 45% of Wonago respondents save less than birr 1: 50% of the Shebedeno respondents save birr 1 while 25% of the Wonago respondents save birr 4. According to the information obtained from

the three focus groups participants, the Bethesida SHG members save less than birr 1, while Tigat and Bruke-tesfa SHG members save birr 1 weekly. Besides regular saving, the focus group participants said their SHGs have optional or special saving. Special savings are meant to increase the amount of a loan when borrowed from the SHG microcredit schemes.

5.4 GENDER EQUITY

The field survey findings concerning the SHGs' gender equity is presented in Figure 5.5 below. Gender equity in the following section refers to women joining mixed SHGs (men and women) or women-only SHGs. Of the valid responses, 43% reported women membership in SHGs is less than 10%. However, 18% said 100%. 25% said more than 51%, 12% said between 11% to 25% and 2% between 26% to 50%.



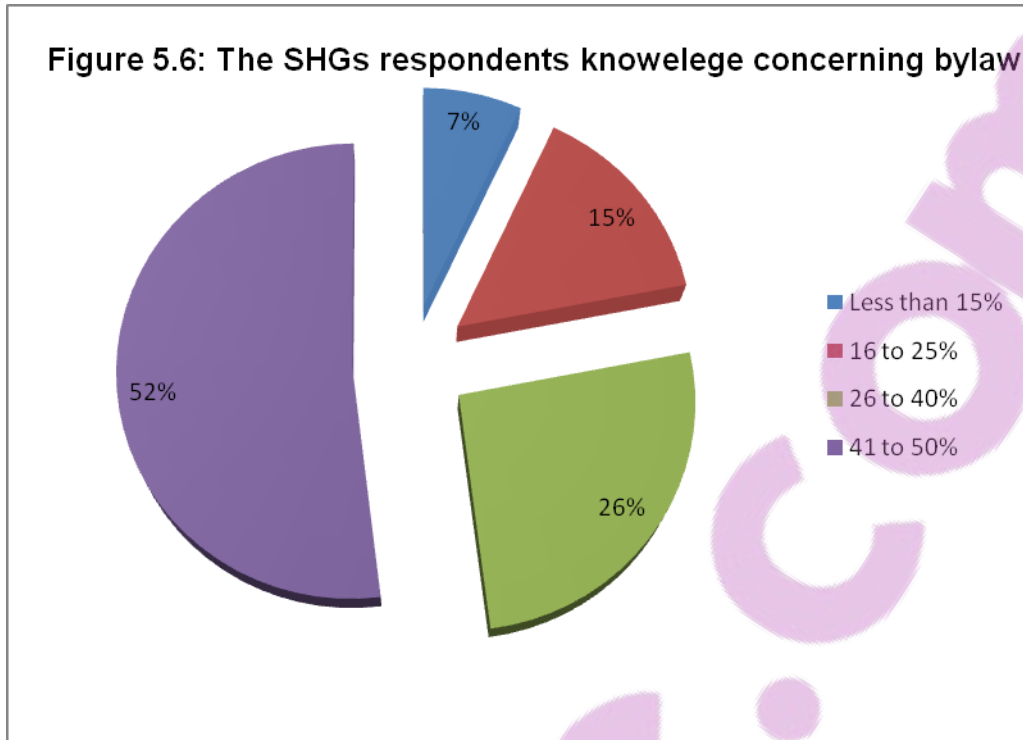
In terms of gender equity, the perceptions of focus groups participants are similar. For example, the Tigat SHG has 15 members (11 male and 4 female), the Bethesida SHG has 14 members (all male) and Bruke-tesfa has 13 members (10 male and female 3). As the finding indicates, SHGs memberships in terms of gender varies.

5.5 THE SHGs BYLAWS AND LEVEL OF AWARENESS

The SHG bylaws are written by SHG members. It can be regarded as user's manual for the SHG because it encompasses rules, regulations, social and monetary issues, including savings, loan management, microcredit schemes and other related issues. The status of the SHG bylaws is described as follows.

During the field survey respondents were asked to report on the condition (presence or absence) of SHGs' bylaws. Of the sample that gave valid responses, 85% said that SHGs have bylaws, while only 15% stated that they do not. The three SHGs' focus group participants said they have bylaws. On the other hand, respondents were asked about the legal status of SHGs and whether SHGs are registered and granted a registration certificate by the respective government offices. Of the sample, 60% said that SHGs are not registered and do not have a registration certificate 38% say they do not know and 2% say SHGs are registered.

The survey data concerning the SHGs respondents' knowledge is presented in Figure 5.6 below. Of the total sample, 52% said that 41% to 50% of the SHGs members know the norms and procedures of SHG. The implication of this is that half of the members are not very aware of norms and procedures.



N=58

5.6 SOCIAL CAPITAL

The literature review in Chapter 2 identified the different forms of social capital, namely structural and cognitive. Structural social capital is related to institutional or formal types of social capital that manifests in noticeable rules, sets of guidelines and procedures. Cognitive social capital, however, is identified as an intangible and commonly accepted set of norms, trust and values that give rise to formal social capital. The SHG-related social capital is informal, but there are some elements of formality because SHGs operate as institutions and most of them have written bylaws.

Respondents were asked about the condition of networks and relationship among SHG members. Of the sample, 81% reported that strong networks and relationship exist among members, while 19% reported weak networks and relationship. On the other hand, the Tigat SHG focus group participants reported that the relationship

among members has improved. Members trust each other not only in social matters, but also financially. One of the Tigat SHG focus group participants' said:

“When Tigat SHG was formed, members did not know each other very well. At that time, the concern was money and doubt about the faithfulness of members to return loan. With this fear, we tightened the bylaw by putting a ceiling on the loan amount not to exceed 70% of a borrower saving. But, as we get to know each other, our trust to members increased and we agreed to amend our SHG bylaw to allow individual members to take loan more than the amount they saved”.

The survey data concerning the extent of trust and harmony among SHG members in the last few years is described as follows. Of the sample, 95% reported an improvement of trust among SHGs members, while 5% did not. According to the participants, trust comprises assurance of support when one seeks assistance and confidence in access when needed. Moreover, the degree to which members of the SHG trust each other can be a reflection of the degree of openness, transparency and trustworthiness within the group which reflects increased capacity.

Respondents were also asked about the status of harmony among SHG members. Of the total sample, 85% report that there is harmony and 15% lack of harmony. A shared sense of belonging or the degree to which SHG members willing to tolerate differences amongst them and work together for a common purpose, increases when group members begin to harmonise with each other.

5.7 EXTERNAL LINKAGES

As mentioned in Chapter 2 section 2.2.6 and Chapter 3 section 3.5.2, SHGs are an emerging form of community-based organisation being promoted by NGOs and other development actors as an alternative approach to poverty reduction. SHG promotion is related to linkages and networking with the respective bodies in order to empower. Information obtained from the NGOs respondents, such as the Tearfund Country Representative for Ethiopia, EKHC Community Development Programme Managers and rural SHGs coordinators vary. According to the Tearfund Country Representative,

his organisation has a direct relationship and linkage with the EKHC by supporting SHGs' initiatives in Ethiopia since 2002. The EKHC Community development program key staffs confirm that they have direct linkage and relationships with SHGs.

Conversely, the CSPOs of the three study locations, Humbo, Wonago and Shebedeno say that they have no linkage and relationship with SHGs. According to the Bethesida and Bruke-tesfa SHGs focus groups participants, SHGs do not have a formal relationship with government and other NGOs, besides the EKHC. They hope that when SHG Cluster Level Associations (CLAs) are formed, this will create external lineage and relationships. The Burke-tesfa SHG focus group participants (Nov.11, /2011) however, say that they have a good relationship with the Keble (the lowest level of government administrative structure).

5.8 THE SHGs RESPONDENTS' POVERTY STATUS

In rural areas, conventional poverty measurements, for example, the World Bank poverty measurement of 1.25 or 2 dollar/day is rarely used. Locally poverty is measured by community members by using local wealth/assets, including observable physical, social and economic assets, such as animals, crops, size of land, type of house, estimated annual earnings and education. As mentioned in Chapter 1, section 1.1, 85% of Ethiopians are dependent on agriculture as main livelihood. Unfortunately severe arid conditions due to persistent lack of rainfall and other calamities make agricultural development ineffective. The SHG approach is meant to assist poor people to diversify livelihood activities in order to cope with such adverse conditions.

In terms of poverty with SHG assistance, of the sample, 51% reported that their conditions improved, while 42% said they remained the same and 7% said tier situation had worsened. In relation to non SHG members in the community, 55% of the sample said they are in borderline, which means they are between poor and non-poor, 27% said poor, while 15% said destitute or very poor, but 3% non- poor. When analysed by location with SHGs assistance, most of the Wonga respondents (60%) said their poverty condition remained the same and 20% said their conditions had worsened. The majority of the Shebedeno respondents (75%) and 55% of the Humbo said that their

living conditions were better. In relation to non-SHG members in the community, 80% of the Humbo, 75% of Shebedeno and 58% of the Wonago regions said they were border line. These trends are unexpected for the SHGs respondents because they were perceived as poor when they joined the SHG.

The condition of assets is the major criteria used to measure the extent of poverty in local context. A destitute individual or household may be landless or have land very small in size, approximately, one-fourth of a hectare and a small grass roof hut with a dirt floor, work for richer farmers as a daily labourer and earn between birr 10 to 20 or \$0.50-1 dollar/day. They may not have farm animals, cannot eat regular meals (breakfast, lunch or supper); they would eat as they get food and cannot send their children to school.

People in better poor category may have up to half a hectare of land, bigger grass-roofed house or in rare cases, a house with dirt floor and an iron sheet roof, one or two small animals (a cow or an ox in some cases), rent or lease land, fatten animals for others to share the profit, be involved in some other informal income-generation activities, can send some of their children to school and may eat one or two meals a day. Relatively better-off or rich people may have 1 to 2 hectares of land, a house with a tin sheet roof, in some cases with a concrete floor, one or two oxen, and one or two cows, can afford to send all the children to school, can buy some animals and give to the destitute or better-poor for fattening to share profit. They may have other means of income beside farming and able to eat at least 2 meals a day.

5.9 SOCIO-ECONOMIC EMPOWERMENT

5.9.1 Capacity building

Empowerment can mean capacity building of individuals and communities, guiding and supporting various social processes in order to enhance social learning. Empowerment and capacity building are interrelated and they are broad categories. As mentioned in Chapter 2 section 2.3, empowerment is the process of enhancing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes. Although there are no all-encompassing definitions for capacity

building and empowerment, the concepts cover individuals, institutions and communities depending on the specific aim.

Community-based organisations can be a platform to create networks and mutual responsibility that facilitate co-operation for mutual benefit through social capital. Social capital is linked to empowerment because it supports the process of learning through interaction and participation. In the process beneficiaries enhance their capability to initiate, plan, manage, undertake and make decisions that affect their lives.

Respondents were asked about the status of SHGs' capacity building. Of the total sample, 71% responded that SHGs have capacity building/empowerment programmes, while 29% reported that they do not. The three SHGs focus-groups participants, Bethesida, Tigat and Bruke–tesfa, said that they have received training on SHG principles and practices, for example, organising a SHG, saving, loan management and entrepreneurship. They say that the training has given them basic skills in managing resources, and increased their awareness about savings and work ethics. In this relation, one of the Tigat SHG focus-group participants said:

“Ethiopia is not a resource-poor country. In addition to its own resources, the country has been receiving money from the United Nations, International and local NGOs and also others for a long time. However, the money was received without know-how for proper utilisation. Nevertheless, the SHG approach begins with capacity building. If such strategies were in place, the money would have been utilised effectively and transformed people's lives”.

On the other hand, the three SHG focus-groups participants' were asked about the sufficiency of the training in terms of increasing awareness and building their capacity. All the focus group participants said that the training provided by SHG promoting organisation (EKHC) was not sufficient. Moreover, the respondents were asked to report about the effectiveness of the training in terms of enhancing skill and utilising it in their livelihood activities. Of the sample, 59% said that the training was effective, while 41% said ineffective. The effectiveness of the training relates to the utilisation of it in SHG- related socio-economic activities and those who responded that the training was effective, might have begun implementing it. In terms of SHG-promoting organisations, the Tearfund Country Representative for Ethiopia states that NGOs vary; some get funds and support the SHG movement. Others are still have a welfare mindset and

undermine the potential and sustainability of SHGs. Churches –again to varying degrees – to my opinion, have enormous potential resources to support the replication and development of SHGs, but more understanding is needed at a local church and community level to result in the healthy development of facilitators and financial support for the work.

The EKHCDP rural SHG program coordinators argue that most of the local organisations' capacity is limited. They depend on external assistance for beneficiaries' capacity building. On the other hand, most of the facilitators are volunteers; they work on and off. As mentioned above, the findings generally yielded results that showed that SHGs have capacity building programmes, but that they are insufficient in terms of content and trainers' capacity.

5.9.2 Entrepreneurship promotion

As discussed in Chapter 2 section 2.4.1 and 2.4.2, regarding aspects (conventional and alternative) entrepreneurship, creativity and innovation was identified as common features. The SHG principle promotes entrepreneurship and fosters the establishment of savings groups to generate capital, encourage self-reliance and create social capital through affinity groups. Affinity, trust and mutual support are essential for the success of micro credit groups on which the SHG principles and practices are built. Social entrepreneurship is based on these merits and develops capabilities, building relationships and mobilising resources to create sustainable social value which is given priority over generating profit. On this base, respondents were asked about the condition of entrepreneurship. Of the sample, 64% responded that SHGs members are involved in entrepreneurial or income-generation activities besides farming, while 46% reported they are not. The three SHGs focus-group participants said some of the members have been involved in informal income-generating activities, for example, cattle fattening, coffee, and butter, food grain, pottery products trading and knitting.

Concerning the SHGs microcredit schemes, of the sample that gave valid responses, 71% reported that SHGs have microcredit schemes, while 29% said they did not. Participants of the Bethsaida and Tigat SHG focus-groups stated that the SHGs microcredit schemes reduced their dependence on traditional money lenders. However,

some members still borrow from them because SHGs' savings are small (only birr 0.50 per week).

Respondents were also asked about their experiences when taking out loans. The majority (52%) reported that members have this experience, while 48% said they do not. Concerning the source of loan, 50% cited SHG saving-/microcredit, 22% iddir membership fees deposit, 22% other micro finances and 4% banks. In terms of loan utilisation, of the total sample, 47% said for consumption purposes, 50% to pay other debts and 3% for an unspecified purpose. According to the Tigat and Bethesida SHG focus-group participants, some group members took small loans, but were insufficient. On the other hand, the Bruke-tesfa SHG focus-group participants reported that SHG microcredit scheme have a great effect on private money lenders as the trend is moving away from the traditional money lenders to the SHGs microcredit schemes.

5.10 SHG SUSTAINABILITY

As mentioned in Chapter 2 section 2.5, the term “sustainability” was used in the narrow sense in association with environment, as described by the World Commission for Environment and Development (WCED). It states that sustainable development is a form of development that meets the needs of the current generation without compromising the needs of future generations. Since recent years, sustainability has become a condition for various sectors’ development practices. Sustainability means fostering a practical well-functioning balance between individuals, society, the economy and natural resources. In other words, sustainability means creating relationships between man and nature in a way that both can mutually benefit and coexist. Development can be sustained if people understand and are able to give their own meaning to it and voluntarily participate. The aim should rest on adaptive strategy, particularly on local knowledge. Rural SHGs can serve as platforms and utilise social capital in sustainable agricultural practices and various entrepreneurial ventures.

In terms of the SHGs’ sustainability, 93% of respondents say SHGs are sustainable, whereas 7% said they are not. The Tigat and Bruke-tesfa SHGs focus-

group participants contend that SHGs are sustainable because they do not depend on outside resources. Elaborating on this, they say that SHGs should be regarded as assets to be inherited by children, for they have the quality of sustainability. The Bethesida SHG focus-group participants, however, argue that even though SHGs are said to be sustainable, they do not solve immediate financial problems; because of meagre savings, SHGs do not have sufficient financial capital to loan to members. The SHGs prompting NGOs, including the EKHC rural SHG coordinators and Tearfund Country Representative perceive that SHGs are sustainable because they do not rely on external support. However, CSPOs representatives in the three locations, namely Shebedeno, Wonago and Humbo, are of the opinion that the EKHCDP promoted SHGs cannot be sustained due to the lack of CSPOs' support.

The Tearfund Country Representative and EKHCDP rural SHG coordinators perceive that SHGs are effective. They state that saving is one of the components of GDP that positively affects any country's economic growth at micro and macro level and will sustainably foster countries' economic development.

5.11 CONCLUSION

The SHG approach has been used as one of the socio-economic development and poverty alleviation strategies in India and Bangladesh, but it is new to Ethiopia. The intention of adopting SHGs is to establish sustainable bases for socio-economic development. Social capital is the building block of this approach. Through this effort, community-based organisations mobilise local resources and form their own agency to overcome the precarious conditions that threaten individuals, households and the community at large. The findings confirm low level education (over 50%). Limited access to education and financial problems are some of the factors responsible for problems related to education. The SHG approach is meant to work for the most destitute of the population. Savings of SHGs members are very low: 65% of the members save less than birr 1 or \$0.06 weekly which is unbelievably low. The majority of SHGs have bylaws. But the findings indicate that more than half (50%) do not know about SHG norms and procedures.

The findings indicate strong social capital (network, relationship, trust and harmony) among the SHG members. However, it does not show the effective utilisation of it in entrepreneurship development and promotion. The SHGs promoting NGOs are directly and indirectly affiliated with SHGs, while government bodies, particularly, CSPOs do not have this linkage. The SHGs members received capacity building training, though it was quite brief. However, the findings suggest the need for reassessing the capability and capacity of local trainers/facilitators. At the current stage, SHGs members seem not fully empowered.

Most of the SHGs members' entrepreneurship is agriculture-based. These include, cattle fattening, coffee, and butter, grain, pottery products trading and knitting. Although respondents believe that SHGs' microcredit schemes reduced their dependence on traditional money lenders, some members still borrow from them because SHGs' savings are small (on average birr 0.50 per week).

Concerning the SHGs sustainability, the majority of SHGs respondents and NGOs representatives believe that SHGs are sustainable. Contrarily, CSPOs representatives say that SHGs will not be sustainable because they lack government policy support. Some of the focus-group participants argue that SHGs cannot solve immediate financial problems. By keeping the key findings of the previous chapters (Chapters 4) and this chapter (Chapter 5) in mind, the next chapter will compare the key findings regarding iddirs and SHGs.

CHAPTER SIX

COMPARATIVE ANALYSIS OF KEY FINDINGS ON IDDIRS AND SHGs

6.1 INTRODUCTION

Social capital, empowerment and entrepreneurship are not stand-alone concepts. Rather, they are interrelated and if applied effectively, could result in sustainable livelihoods. The intention of this study is to assess the extent to which indigenous community-based iddirs and externally adapted SHG models transform social capital into entrepreneurship to enhance sustainable livelihoods. As mentioned in Chapter 2, empowerment is associated with individual or group capacity building to enable people to make choices and transform these choices into desired actions and outcomes. Social capital can be manifested through collective actions and popular participation in socio-economic activities and, in the process, can be transformed into empowerment. This can take place if for-profit/conventional and social entrepreneurs synergistically work in a manner that fosters sustainable livelihoods. This chapter compares and analyses the extent to which indigenous community based iddirs and externally funded SHGs generate social capital and community empowerment and transform social capital into entrepreneurship.

The research began with a primary and secondary literature review. Mixed (quantitative and qualitative) methods were used to collect field data. Quantitative methods were used to measure variables that were linked to the research problem. Qualitative methods were used to increase the understanding of empirical dynamics, options and perceptions to probe deeply into the issues.

Prior to the field data collection, the researcher generated a rigorous research design, complete with research instruments. Closed and open-ended questionnaires and interview schedules were developed in English and then translated into Amharic (the national language). Instruments were field tested for validity and thereafter adjusted. In each study location, two diploma level data collectors who had data-

collecting experience were trained by the researcher for three days on the use of the instruments.

There were 220 (166 male and 54 female) participants who were members of iddirs, SHGs, government and NGOs. Of the total, 155 participated in the survey, 51 in focus group discussions and 14 in key informant interviews. Field data collection were entered into an SPSS database (Statistical Package for the Social Sciences), and analysed by using basic descriptive statistics. Qualitative data were transcribed and analysed using Microsoft Office tools.

This chapter includes the following four main sections:

Section one compares the iddirs and SHGs respondents' level of education and analyses the data to determine its implication for occupation and earning.

Section two looks at the relationship between social capital and empowerment in iddirs and SHGs. It also analyses gender equity and the extent of empowerment, addressing gender-based socio-economic decision making.

Section three compares and analyses the relationship between empowerment, entrepreneurship, microcredit and loans in association with poverty and sustainable livelihoods.

Section four draws conclusions by summarizing the key findings of both institutions, and ends with transitional remarks for the discussion, the conclusion and recommendations.

6.2 LEVEL OF EDUCATION

Table 6.1: The Level of Education of Iddirs and SHGs Respondents

Level of education	Iddir (%)	SHG (%)	Variation (%)
Illiterate	28	18.3	9.7
Literate without formal schooling	11	3.3	7.7
Primary school incomplete	28.4	25	3.4
Primary school complete	5.3	10	4.7
Secondary school incomplete	23.2	23.3	0.1
Secondary school complete	3.2	11.8	8.6
Vocational school training	0	8.3	8.3

The illiteracy rate of iddirs respondents exceeds that of SHGs members by 9.7%. Similarly, the SHGs respondents that completed secondary school exceed that of the iddir respondents by 8.6%. Of the SHGs respondents, 8.3% had engaged in some sort of vocational training, but none of the iddirs respondents had. Because of their comparative advantage in education, some SHGs members had pursued employment opportunities in government and the private sector, but iddir respondent's livelihoods were limited to farming.

6.3 THE CORRELATION BETWEEN SOCIAL CAPITAL AND EMPOWERMENT

6.3.1 Social capital in the iddirs and SHGs

Social capital is the foundation of iddirs and SHGs; it also fosters interactions between internal and external agencies by playing an intermediary role and facilitates information exchange, networking and linking with the respective social and financial institutions. As mentioned in Chapter 2 section 2.2, the unique feature of social capital is that it increases with intensive use or can be an input/means to an outcome/end. Its transitory role may also result in other development initiatives. The findings indicate that the intention of joining iddir is largely for social reasons and financial problem solving (according to 78% of the iddirs respondents and 72% of SHGs respondents).

Although relationship building is a motivation for joining iddirs and SHGs, the data show a declining trend in trust among iddir members. This was cross-checked by asking both institutions' respondents to report on the status of trust. In this regard, only

62% of the iddirs reported an increase in trust among members, while 95% of SHGs reported likewise. The information obtained from the focus-groups, particularly the iddirs, supports this trend and explains that the lack of trust and harmony among iddir members are due to financial and personal disputes.

One of the issues that could be contributing to decreasing trust among iddir members is the membership size. Increase in membership size may result in a decline in social capital among members. A decrease in the size of membership may contribute to an increase in social capital, which is the case with SHGs. In small groups, members easily interact with each other, get the opportunity to share ideas and views, build relationships and trust each other. In doing so, they share information, get to know each other's capability and utilise talents whenever the need arises. In large groups, however, it is difficult to have an intimate relationship and build trust. Even in the meetings most of the members would not get an opportunity to participate in discussions and express their views. A few elite members may dominate the meetings. In the situation were few outstanding orators dominate, ordinary members would not get a chance to participate in the conversation. In such circumstances, some members might excuse themselves from the meeting and lose interest in attending.

Concerning external linkage, neither iddirs nor SHGs have links with CSPOs. However, SHGs to some extent have external linkages with NGOs, particularly with the EKHC. Such a weakness has contributed to iddirs in particular not having access to finance as well as technical support from the concerned organisations.

6.3.2 Gender equity and awareness concerning bylaws

The following table (Table 6.2) compares the status of gender inclusion in the iddirs and SHGs.

Table 6.2: Women's participation in iddirs and SHGs

Women participation (%)	Iddir (%)	SHG (%)	Difference (%)
Less than 10	38	43	5
Between 11to 25	47	12	35
Between 26 to 50	9	2	7
More than 51	6	25	19
All women (100%)	0	18	18

As the table indicates, there is a significant degree of variation in women's involvement in both institutions, although, overall, less involvement of women in iddirs than in SHGs. SHG involvement exceeds iddir involvement by more than 51% of women exceed the iddir responses of the same category by 19%. Conversely, none of the iddirs, but 18% of the SHGs reported women participation is 100%. SHGs often have mixed/male and female membership, but some are single sex only; iddirs have higher gender unbalances.

In terms of the iddirs' and SHGs' organisational development, the trend is somewhat distinct. In these two institutions, organisational strength is reflected by having or not having bylaws. In this regard, more iddirs (93%) than SHGs (85%) have bylaws. However, SHG members exhibit better understanding of the norms and procedures, because, the forming of a SHG initially begins with awareness creation and guidelines about writing bylaws.

6.3.3. Capacity Building in iddirs and SHGs

Iddirs have not received any capacity building aid from the government or NGOs. However, SHGs have received some capacity building from EKHC. In this connection, 96% people of the iddirs survey samples believe that they lack capacity building (supported by the focus-group responses). Conversely, 71% of the sample SHGs confirms having capacity building programmes and receiving awareness creation training on the SHG principles, including forming SHGs, saving, credit and loan management, and entrepreneurship. On the other hand, the SHG members argue that the training they had received had not deepened their understanding enough to effectively manage their business activities.

6.3.4 Socio-economic decision making in iddirs and SHGs

Decision making begins with inclusion and awareness creation. Through participation, power relationships change and people are empowered to make socio-economic decisions. Participatory decision making enables poor people to release their potential and realise their own agency in socio-economic development. This has been happened to some extent through community-based institutions, including iddirs and SHGs.

In terms of socio-economic decision making, 50% of the iddirs respondents and 11% of SHGs respondents said that socio-economic decisions are made by leaders. Conversely, 50% of the iddirs and 82.5% of SHGs said that socio-economic decisions are made by members. The above findings imply the dissimilarity of participation in the socio-economic decision-making process in both institutions. In the case of iddirs, to some extent, meetings are irregular. Some iddirs meet monthly, others irregularly as the need arises. On the other hand, iddirs have large membership, generally more than 50. In the situation where irregular meetings are held, most likely a few members attend. As a consequence, leaders could end up making most of the socio-economic decisions on behalf of the members. The SHGs' situation is different. They have regular weekly meetings, where they come together to collect savings, discuss socio-economic issues of the group and exchange information. The SHG's membership size is small, on average 15 members. These conditions might encourage more members to take part in socio-economic decisions. The influence of this on the larger community, particularly on iddirs is influencing to limit the number of members when they form new iddirs and forcing larger iddirs to split.

6.4 THE CO-RELATION BETWEEN EMPOWERMENT, ENTREPRENEURSHIP AND SUSTAINABLE LIVELIHOODS

As mentioned in Chapter 2 section 2.3, people's empowerment is related to their own ability and potential to make something happen that benefits them. Exercising their capabilities in activities organised and initiated by them enables them to achieve desired goals. One of the means of enhancing people's capacity is to identify their own deficiencies. When people organise themselves in affinity groups, they begin to believe and act on their own agency, making their own choices and transforming these choices into usable inputs, i.e. resources. Access to resources requires exploring different options. This can take place when people begin to realise their own capabilities and take practical action. One of the effective collective actions is joining a microcredit scheme. Iddirs' and SHGs' access to this resource varies. For example, 63.2% of the sample of iddirs do not have an iddir-based microcredit scheme, as compared to 71% of

the SHGs that do. However, SHGs respondents were not satisfied with the effectiveness of microcredit services because of the low amounts of loans available. The findings imply that iddirs and SHGs have been endeavoring to help their members in their social and financial needs. However, there are little indications that this instates engagement in larger community development activities that benefits non-iddir or SHG members.

6.4.1 The linkages between entrepreneurship and sustainable livelihoods

The primarily limiting factor for entrepreneurship development in the rural area is access to resources. Because the majority of rural people do not qualify for formal loans due to lack of collateral, most of the formal financial institutions do not provide what the rural poor need. A few better-off rural entrepreneurs do access financial resources from formal sources; however, such cases are limited. The lack of access to resources has led to a search for an alternative: social entrepreneurship. As an alternative to entrepreneurship focused on making financial profit, social entrepreneurship requires investing in social and human capital prior to investing in financial and other forms of capital.

Entrepreneurship and sustainable livelihoods are directly related. When businesses become effective and profitable, they create employment opportunities and enable individuals and families to increase income and eventually create wealth, reduce vulnerability and provide resistance to livelihood shocks. In other words, entrepreneurship increases or stabilises income and contributes to sustainable livelihoods – not only for the individual, but for the community at large. The findings concerning the involvement of iddirs and SHGs members in entrepreneurship greatly vary. However, more SHGs members (64%) are involved in informal rural entrepreneurship activities as compared to iddir members (48%). The types of businesses in which members are engaged include cattle fattening, coffee growing, making butter, growing food grains, making pottery products, trading and knitting.

With regard to taking up and repaying loans, both institutions show similarities. For example 51% of the sample iddirs and 52% of SHGs indicate that they have experience of taking up a loan. Iddirs mebers experience could be related to external

sources, i.e. microfinance institutes, because most iddirs do not have their own microfinance/microcredit schemes. Nevertheless, the SHGs members' experience could be related to internal access/group-based microcredit because more than half of the sample SHGs indicated that they have microcredit schemes.

Table 6.3: Comparing the iddirs' and SHGs' source of loan

Source of loan	Iddirs (%)	SHGs (%)
Iddir membership fee deposit	27	22
SHG saving based microcredit	13.5	50
Other microfinance	27	22
Bank	0	3
Traditional money lenders	30	0
Unidentified sources	2.5	3

Table 6.3 compares the iddirs and SHGs loan sources: 27% of iddirs members rely on iddir-based membership fee deposit, as compared to 50% of the SHGs members who rely on SHG savings-based microcredit; 30% of iddirs members use traditional money lending sources, whereas none of the SHGs members do. The SHGs focus-groups believe that saving-based microcredit schemes reduce member dependency on private money lenders, but iddirs members are still dependent. As far as loan utilisation is concerned, 55% of the iddirs and 47% of SHGs members' utilised loans for consumption or medical treatment; 43% of the iddirs and 50% SHGs members used loans to pay other debts; and only 2% of the iddirs but none of the SHGs members used their loans to start income-generating activities. The findings indicate similar trends of loan utilisation by iddirs and SHGs respondents. On the other hand, more SHGs respondents utilised loans to pay other debts. The implication of this is that some of the SHGs members might have accessed loans from other sources, possibly from other microfinance institutions, probably to start some of the above-mentioned informal income-generating activities and they might have used the loans they took from SHGs microcredit to pay other debts for informal business.

6.4.2 The extent of poverty of iddirs and SHGs

As mentioned in Chapter 5 section 5.8, respondents distinguish between different degrees of poverty. According to these norms, approximately 50% of the iddirs and 55%

of SHGs members are on the border of poverty or what they call better-poor. 15.2% of the iddirs and 3.3% of SHGs members are destitute or very poor, which means, they may be landless or own land very small in size, approximately, one-fourth of a hectare and a small hut with a grass roof and dirt floor, work for richer farmers as a daily labourer and earn between birr 10 to 20 or \$0.50-1 dollar/day. They may not have farm animals, cannot eat regular meals (breakfast, lunch or supper), eat what they get and cannot send their children to school.

With these institutes assistance, 49.5% of the iddirs and 51% of SHGs members' said that livelihood conditions have improved a little, but for 50% of the iddir and 42% of SHGs members, poverty conditions remain the same; an additional 2.1% of iddirs and 7% of SHGs members said that poverty conditions have worsened. Comparatively, iddirs members are poorer than SHGs members, with poverty more persistent among iddir members. This finding may indicate the minimal role the iddirs play in poverty alleviation, and the slightly better role SHGs plays in sustainable livelihoods and poverty reduction.

6.4.3 The sustainability of iddirs and SHGs and their roles in sustainable livelihood

Sustainable livelihoods are an effect of sustainable development. As mentioned in Chapter 2 section 2.5.2 and Chapter 5 section 5.9, development can be sustained if people are able to give their own meaning to and act on their own behalf in development initiatives. Participation begins with inclusion and awareness creation in a manner that combines development and sustainable livelihoods through the process of empowerment. This initially begins with creating awareness for people to realise the condition they are in and take action to break down the vicious circle of poverty and marginalisation. As mentioned in chapter 2, sustainable development is a socio-economic process characterised by fulfilment of fundamental human needs while maintaining the quality of the natural environment. This also requires a paradigm shift in the sustainable livelihood approach to development, i.e. taking systematic and integrative empowerment approaches.

Of the sample, equally, 93% believe in iddirs and SHGs sustainability. Both focus-groups and the NGO representatives agree. However, the CSPOs representatives do not believe in iddirs and SHGs sustainability because they believe that they lack support. They do believe in the iddirs roles in emergencies and in providing informal pension/insurance. SHGs focus-group participants doubt the SHGs' effectiveness in sustainable livelihoods and argue that even though SHGs are said to be sustainable, they do not solve immediate financial problems due to meagre savings and small loans.

6.5 CONCLUSION

This chapter has compared and analysed key findings on iddirs and SHGs. In terms of education, the SHGs members are relatively better off and some of them use this opportunity to pursue employment in government and the private sector. In regard to poverty status, iddirs members are poorer than those of SHGs. For example, 15.5% of the iddirs reported that they are destitute compared to others in the community as opposed to 3.3% of SHGs members in the same category. Some members' livelihoods have improved as a result of their involvement, particularly in SHGs, although at this point, the percentage is insignificant.

Although both institutions generally claim to have social capital, the analyses indicate that the social capital of SHGs is more than that of iddirs. For example, 95% of the sample SHGs and 65% of iddirs respondents believe that trust improved among members. In this regard, the iddirs focus-groups mention that their members lack good relationships, trust and harmony due to financial and personal conflict. In terms of external linkage, iddirs do not have any. However, SHGs have at least some linkage with SHG-promoting NGOs. Iddirs do not have capacity building programmes with government or NGOs. However, SHGs receive capacity building/training from the EKHC, but the SHGs focus group participants argue that they have not received enough training.

Although iddirs and SHGs do not have clear gender and development guidelines, the researcher assessed the extent of women's participation in both. Women's participation is higher in SHGs than in iddirs. In terms of socio-economic decision

making, 50% of the iddirs and 11% of SHGs decisions are made by leaders, but 50% of the iddirs and 82.5% of the SHGs members make their own socio-economic decisions. The findings also indicate that some iddirs and SHGs have meagre microcredit schemes. 27% of the iddirs members rely on iddir-based membership fees as deposits, as compared to 50% of the SHGs members that rely on the SHG saving based microcredit. On the other hand, 30% iddirs members use traditional money lending sources as compared to none of the SHGs members. As far as loan utilisation is concerned, both members utilised their loans for consumption purpose.

In terms of the iddirs and SHGs sustainability, equally, 93% of respondents, believe in the sustainability of these systems. The NGOs and CSPOs representatives support the respondents' views. However, the CSPOs respondents doubt about SHGs sustainability because they lack support and recognition. These institutions have great potential to promote rural social entrepreneurship development and enhance sustainable livelihoods, if empowered properly.

Based on the foregoing, the discussion, conclusion and recommendations appearing in the next chapter highlight the key findings in relation to the new knowledge gained and will make recommendations emanating from this research. In addition, the researcher will suggest possible measures that should be taken by all stakeholders, including policy makers, to eradicate the obstacles of CBOs, including SHGs to effectively be involved in rural entrepreneurship and sustainable livelihoods, and suggest potential research areas.

CHAPTERS SEVEN: DISCUSSION, CONCLUSION AND RECOMMENDATIONS

7.1 INTRODUCTION

In the past 60 years, Ethiopia has passed through different regimes and experienced different socio-economic and political conditions. For example, in the 1950s and early 1960s, modernisation was the dominant approach. The intention was the accumulation of capital and expansion of industries with an assumption that the developing world can copy a Western development model to solve their socio-economic problems. However, this approach did not work as well as assumed. Rather, it created deep dissatisfaction and public unrest which led to the overthrow of the Imperial Regime in 1974 by the Derg/military Force. The military government ruled the country until 1990 by instating a communistic economy. In this period poverty and other human suffering increased more than ever. Since 1991, the following Ethiopian Federal Democratic Republic of Ethiopia (EFDRE) Government has made major policy changes and liberalised markets. Consequently, the country has progressed socially and economically to some extent. According to the World Bank (2011), from 2004 to 2011 the Ethiopian GDP has grown and reached double digits; however, it showed fluctuations in some years. The trend since 2004 shows: 13.57, 11.82, 10.83, 11.46, 10, 7.9, 8, 8, 9.94, and 7.3 percent growth respectively. From global economics perspective, the growth is encouraging, yet poverty still persists in the country. In the meantime, the UNDP (2011) Annual Report positions the country at 174 out of 187 countries ranked in the report in 2011, and the country is still in the low human development category.

Over the years, neither the private sector nor the government provided a proper socio-economic safety net; the communities' self-help approach was used as an alternative approach to help the poor and marginalised to cope with livelihood shocks. Communities have taken such actions without waiting for the government or other organisations due to the acute nature of the problems. Despite the communities' eager

motivation, the government and other development actors did not seem to build on the good practices of indigenous knowledge. The lack of empowerment is one of the major problems that hinder iddirs and SHGs from utilising social capital effectively for sustainable livelihood. Regardless of the wide-spread existence of social capital in Ethiopia, its effective utilisation in community empowerment and sustainable livelihoods is a challenge. Different authors, for example, Grootaert and Bastelaer (2002); The World Bank (2002); Woolcock and Narayan (2000); Collier (1998) and others stress the importance of social capital in socio-economic development and poverty alleviation. With this theoretical background, this study examined the extent and correlations between social capital and rural entrepreneurship and the combined effect of these for sustainable livelihoods. The key lessons derived from this study are expected to pursue relevant paths, especially with respect to implementation of policies and adapting in iddirs and SHGs operations.

This chapter discusses the following five themes:

- Section one discusses the effect of social capital in community empowerment.
- Section two discusses the place of social capital in rural entrepreneurship development and promotion. Specifically, this section focuses on the extent of the iddir- and SHG-based microcredit schemes in rural entrepreneurship.
- Section three discusses the extent of iddirs and SHGs in sustainable livelihood and poverty alleviation and their effectiveness in sustainable rural livelihoods.
- Section four discusses the government policy support to CBOs, particularly the iddirs and SHGs socio-economic development endeavours. Meanwhile, this section identifies policy deficiencies or hindrances that affect the motivation of these institutions.
- Section five draws general conclusion by summarising the key findings and makes the way forward with recommendations emanating from the researchh.

7.2 THE EFFECT OF SOCIAL CAPITAL ON EMPOWERMENT

7.2.1 on the iddirs empowerment

The literature review in Chapter 2 described the multidimensional aspects of social capital and community empowerment in detail. For the sake of this section, the discussion focuses on their interrelationship. There is no doubt about the indigenous base of social capital at grassroots level. However, by its nature, social capital's function goes beyond the grassroots level, because it exists at macro, meso and micro levels. Although social capital functionally differs at each level, it provides interrelated and complementary services, depending on the intention of usage.

In Ethiopia, particularly, in the three study districts, iddirs and SHGs are among the main community based organisations that depend on social capital. These organisations have their own ways of utilising social capital which naturally existed far before any many scholars encountered the phenomenon. The empirical study made this aspect clear: for many years iddirs served as a community's survival or coping strategy. In the contemporary language, this could be referred to as a livelihood coping mechanism.

In discussing the iddir social capital, the main concern understands the notion that led the community members to collective action in the mildest of diminutive deficit of social capital. In rural areas, due to the stable nature of settlement, relationships are generally strong. People know each other and interact in conversations at coffee ceremonies or village meetings. The process of interaction may have led them to look for an alternative solution to common problems. For example, funeral services are one of the social problems that require financial capital. For such an incidence, members collect money to support each other. The mutual help not only assists victims in times of emergency but also protects them from selling a small asset. If people did not support each other, the victims would end up selling assets or could be forced to borrow money from the expensive traditional money lenders. Moreover, some of the iddirs have extended their service provision to other livelihood-related activities, i.e. support for loss

of productive assets, particularly, oxen or cows, or the accidental burning down of a house. This is another form of adoptive strategy and coping with livelihood shocks and recovering from them.

In terms of community empowerment, genuine participation plays a decisive role. The iddir-based participation can be referred to as authentic or participation as an 'end', because it is community's own context of participation. However, this form of participation has not been cultivated or nurtured by other development actors in a way that enhances empowerment. Not engaging such readily available community embedded organisations in socio-economic development can be regarded as a lost opportunity.

7.2.2 On the SHGs empowerment

The SHG approach is adopted by NGOs through development projects to initiate and speed up socio-economic development and poverty alleviation more effectively. The SHG approach is specifically interested in establishing working capital through a group-based microcredit scheme. The use of an adoptive/induced form of social capital may pose some danger because the beneficiaries might expect others, i.e. the promoting organisations to stimulate or push them to continue. Unless the process is internalised and owned by those who are involved, it easily declines. The capacity-building programme that NGOs provide to some extent have helped the SHGs group members to build relationships, exchange information and initiated saving-based microcredit. However, the challenge is the effective utilisation of the SHGs' social capital in socio-economic development.

As the study reveals, the main reason for joining a SHG is socio-economic problem solving. Through awareness creation, SHGs members organise in groups of 14 to 15. Such collectives initiate social capital and help the group members to empower themselves and release potential and energy to holistically transform their lives. The SHGs' participants have demonstrated participatory empowerment by involving members in decision making, inclusion of women in groups and by promoting savings.

From the SHGs perspective, the findings did not indicate strong social empowerment. Nevertheless, financial empowerment seems to be their priority.

7.2.3 The nature of decision making

Participation in decision making is one of the indicators of inclusion of the concerned participants. This can be reflected in different forms. For example, participatory approach initiates learning. As mentioned in Chapter 2 section 2.3.1.2, participation is a process in which people are directly involved by shaping decisions and taking part in development processes from the bottom up perspective (Nikkhah&Redzuan, 2003; Melkote & Steeves, 2009). This is because in the process awareness can be created; belongingness and sense of community can be enhanced. Moreover, the process of participation leads to self-actualisation, not because of the mere attendance of meetings, but through sharing of ideas and views learning takes place. As mentioned in the previous chapter, through participation, power relationships change and people are empowered to make socio-economic decisions. Participatory decision making enables poor people to release their potential; this has been put into practice to some extent through community-based institutions.

In terms of socio-economic decision making there are dissimilarities between the two institutions. In the case of iddirs, to some extent, meetings are irregular. The findings indicate that iddirs' socio-economic decision making is less participatory as compared to that of SHGs that involve most of the members in decision making. One of the factors that contributed to this is the regular weekly meeting that SHGs members attend. On the other hand, small membership size allows members to participate in group conversation and enables each to get chance of sharing. During the meeting members discuss socio-economic issues, share experiences and exchange information. In the case of iddirs, occasional meetings held are less participatory due to the large membership size. In such situation, leaders might end up making most of the socio-economic decisions on behalf of the members, which indicates participation as a means or essentially a static or controllable form of participation (Dalelo, 2006).

7.3 THE PLACE OF SOCIAL CAPITAL IN RURAL ENTREPREUNERSHIP DEVELOPMENT

7.3.1 Its impact on entrepreneurship

The main requirement of social capital in entrepreneurship promotion is the creation and use of common social and financial resources that are collectively owned by group members. In both institutions' cases, social capital is an initiator of common funds which is established through members' financial contribution. In theory, social capital based collective action is believed to create working capital and enable the members to access financial resources for enterprise development. The group-based microcredit scheme is based on the relationship, trust and group collateral oriented resource access aimed to enable the poor and deprived people to enhance their livelihoods. As the World Bank (2003); Hawkins (2009); Hoyman and Faricy (2009:11) mention, this can be manifested through various livelihood options and opportunities established and maintained through mutual dependency and exchange of entrepreneurial benefits-based trust and reciprocity, each of which facilitates co-operation, reduce transaction costs and may provide the bases for informal safety networks amongst the poor.

The assessment result concerning the conditions of the iddirs' and SHGs' microcredit schemes reveal variation. The majority of sample iddirs (63.2%) do not have iddir-based microcredit schemes and 52% are not involved in rural entrepreneurship activities. On the other hand, most of the sample SHGs (71%) has SHG-based microcredit schemes and a significant number of SHGs members are involved in some informal rural entrepreneurship activities. The difference between the two institutes is clear. Iddirs do not have capacity building programmes and do not have group-based microcredit schemes. The situation with SHGs is different. From the onset of group formation, they have received training about group-based microcredit and entrepreneurship development. However, the loaning form iddirs and SHGs did not lead to investing in entrepreneurial activities. Nearly all the microcredit loans from both were utilised for consumption purposes. Both institutes participants, particularly, the SHGs,

argue that the small loan taken from the group-based microcredit is meagre and not enough to start any entrepreneurial activities. This implies that the small group-based microcredit scheme is contributing towards business creation and employment to larger community and suggests financial support towards group based microcredit scheme.

7.3.2 Access to loans

In terms of loan access, the findings reveal that some of the iddirs and SHGs respondents have obtained loans from more than one source. In the case of iddirs, loan sources are traditional money lenders, other microfinance institutes, SHG-based microcredit and other unidentified sources, for example families, friends and relatives. On the other hand, the findings reveal a dual membership which means some members of iddir may have alternatives to loans. In this connection, 13.5% of the iddir members obtained loans from SHG micro credit, 27% from the iddirs membership deposit, 27% from other microfinance, 30% by traditional/informal lending and 2.5% from other undefined sources. As far as the SHGs loan sources are concerned, half of the SHG members (50%) obtain loans from SHG microcredit, 22% from iddirs membership fees deposit, 22% from other micro finance institution, 3% from the banks and 3% from other undefined sources. The main reason for considering an alternative loan option is the inability of iddirs and SHGs to provide sufficient loans. This might be related to low membership fees and little capital. For instance, the majority of the iddirs members pay birr 1 monthly. This means that a member pays birr 12 per year. When multiplied by the average of 50 iddir members, the total amount of money does not exceed birr 600/year or \$35.

On the other hand, most of the SHGs members save at most birr 1 per week and when calculated on a yearly basis it may not exceed birr 52 or \$3 per member. When multiplied by the average members of 15, it equals birr 780 or \$46. This amount is not enough for members to borrow and requires additional financial assistance. Nevertheless, the SHGs participants are still in the subsistence entrepreneurship category, running informal businesses depending on the temporary market and seasonal products.

Transforming social capital into entrepreneurship requires a cooperative approach, i.e., the involvement of development actors in enhancing the communities' endeavour to achieve their livelihood objectives, which require bringing in internal and external capabilities and resources, participatory capacity assessment and helping the groups with things that they do not get locally. In the case of SHGs, particularly iddirs, the findings do not indicate systematic and effective involvement of the promoting organisations. In regard to SHG, the EKHC is on the right track. However, there is no indication of financial support for SHGs group fund. Social entrepreneurship could have been facilitated if those churches that were affiliated with SHGs allocate some of their financial resources to SHGs' group funds.

On the other hand, the type of informal rural entrepreneurship activities that the respondents claimed to be involved in, do not indicate investing in any sustainable development activities, such as soil and water conservation, compost making and diversifying farm activities. Without systematic access to livelihood finance and technical support, self-sufficiency cannot be realised. Comprehensive livelihood finance for SHGs could be the alternative to enhance sustainable livelihoods. The current trend shows that small loans are being given, particularly for SHG members for a short duration with repayments beginning as quickly and frequently as possible.

7.4 THE ROLE OF IDDIRS AND SHGs IN SUSTAINABLE LIVELIHOODS

According to the operational definition of sustainable livelihood which was mentioned in Chapter 2 section 2.5.3, rural sustainable livelihood is a combined, diversified and integrated local resource based on-farm or and off-farm activity in which people are engaged to make living, especially income generation, environmental management, women's empowerment, education, health care, financial services, appropriate technology, etc. (Helmore & Singh, 2001; Warren, 2002). The aim of social capital-activated community empowerment is enhancing capabilities of individuals and groups in order to reduce vulnerability and ensure sustainable rural livelihoods. In this regard, the findings indicate that iddirs and SHGs to some extent have played a role to enhance sustainable livelihood. This has been proved by the formation of informal insurance to

protect the members from livelihood shocks during death, illness or loss of productive assets. On the other hand, besides struggling on their own, iddirs and SHGs do not have financial support from external sources. Even though these institutes are situated in the middle of the community, the lack of technical and financial support has undermined effectiveness of iddirs, but SHGs have played a better role in enhancing sustainable livelihood because they have some technical support from the promoting organisation. Generally, the findings reveal that iddirs and SHGs do not provide a comprehensive rural enterprise promotion services to their members, i.e. combining agriculture with business, natural resource management, skill building, access to finance and other related services. In the absence of these, enhancing sustainable livelihood is unlikely.

7.5 POLICY REVIEW IN RELATION TO IDDRS AND SHGs

7.5.1 The iddirs and SHGs linkages

One of the decisive roles of social capital is facilitating structural social capital with the concerned institutions. Institutional social capital has to do with a set of rules, procedures and creating networks and building relationship by facilitating bridging, inter-institutional networking and linkages. The intention is that the government enables social capital to play a facilitating role in bridging and linking iddirs and SHGs to the respective institutions to share information, and provide access to resources.

The study shows lack of linkage between iddirs and promoting organisations (NGOs and Government), but SHGs have some links with NGOs. But, the CSPOs lack relationship and linkage with iddirs and SHGs, indicates lack of support to iddirs and SHGs and weak employment of social capital between government and CBOs, which in turn weakens the institutional capacity of iddirs and SHGs.

Nevertheless, the government policy gives freedom of organisation to CBOs. For example, the 1998 Cooperative Societies proclamation allows volunteer associations and individuals who have similar needs to organise themselves for mutual support by pooling resources, knowledge and property. Theoretically, the policy seems supportive of the CBOs. However, the practical dilemma is that after iddirs and SHGs organised in

their own context and when they approach the CSPO for registration, it is then that the challenge began. They were told that they would be disqualified; unless they kept by the Cooperative Society regulations. This is a challenge to many CBOs, including iddirs and SHGs because, in the case of iddirs, most of them were formed before the Cooperative Society laws applied and they have their own organisational regulations and norms. This also applies to SHGs. The current policy does not give alternative registration options.

7.5.2 The NGOs' code of conduct and its implication

The 2009 Charities and Societies code of conduct allows NGOs to get involved in different socio-economic activities, such as prevention or alleviation of poverty or disaster, the advancement of the economy and social development, and environmental protection or improvement. However, the policy did not cover the NGOs' involvement in CBOs, including iddirs and SHGs. The government does not prevent forming CBOs, but the confusion is certification of these institutions. The findings reveal a dichotomy between policy and actual practice. Nevertheless, the implementation of the policies varies from region to region and from one area to another. However, policy implementation in the three study districts is similar.

7.6 CONCLUSION AND RECOMMENDATIONS

7.6.1 Conclusion

Social capital based poverty alleviation strategies are favoured because they allow for the collection and utilisation of socially embedded social, material and financial resources to alleviate multidimensional socio-economic problems. In this connection, there is evidence that social capital is being utilised in positive ways. The challenge, however, is diverting such social resource to enhance sustainable livelihoods.

It is evident that social capital in the form of networks, relationships, norms, values and actions is important in the joining and stay of individual members in iddirs and SHGs. Overall, it is noted that the rapid expansion of iddirs and SHGs, in particular,

have attracted the NGOs and churches due to the nature of community participation, as well as perceived social and economic importance, and influence. This study therefore has used the examples of indigenous knowledge-based iddirs and adoptive SHGs to examine their social capital in community empowerment and transformation into entrepreneurship. One of the insights gained from this study is the tendency of reducing social capital to financial transaction. Nevertheless, establishing an enduring relationship among the members and between institutions should not be undermined. On the other hand, the study reveals the need for the government to improve network and linkages with iddirs and SHGs. Doing this is crucial for creating an enabling environment for sustainable livelihoods in the three rural districts of SNNPR/Southern Ethiopia mentioned in this study.

In terms of education and annual earning SHG members are better off than those of iddirs. In this regard, more SHGs respondents completed secondary school and obtained vocational training. Consequently, they are able to diversify their income source and earn more than iddir members. The empirical evidence also reveals that the women's involvement in SHGs is higher than that of women in iddirs. In terms of socio-economic decision making, the findings show that in SHGs more members are involved in participatory decision making, which is one of the indications of empowerment. In the case of iddirs, leaders are still the dominant decision makers. The difference between iddir and SHG decision making can be determined by the level of empowerment which iddirs lack. The SHG level participatory decision making could be due to capacity building by the promoting organisation that facilitated training which might have helped them develop the habit of self actualization.

The findings indicate that some of the iddirs' and SHGs' members are involved in informal rural entrepreneurial activities. However, there is no indication of utilisation of micro loans taken from iddirs and SHGs for business purposes. In this regard, 97% of the iddirs and SHGs respondents used the microcredit loan for consumption and other related purposes. In the case of SHGs, the group based microcredit protected them from borrowing money from traditional money lenders in times of emergency. It is also realised that the loan obtain from iddirs and SHGs are small, taken for consumption purposes and in this case, assuming self- reliance is unlikely. Generally, the knowledge

gained from this study is that social capital has a limited role in social entrepreneurship development and promotion not because it does not have potential, but because of the limited role of promoting organisations. This study suggests a comprehensive approach of livelihood financing in a manner that promotes sustainable development in order to result in sustainable livelihoods. The small amount of group based microcredit by itself is not promoting rural entrepreneurship. On the other hand, the findings revealed that iddirs' and SHGs' members have more than options of accessing loans and used the loans obtained from iddirs, and particularly from SHGs microcredit scheme for consumption purposes.

Concerning the iddirs and SHGs sustainability, nearly 93% of both institutes respondents and focus-group discussion participants believe in the iddirs' and SHGs' sustainability. The NGOs representatives agree with this view. However, the CSPOs respondents have doubts about SHGs' sustainability because they lack government support and recognition. The CSPO officials believe that organisations that lack government recognition may not be sustainable.

This study has contributed to our understanding of the role of social capital in community empowerment and entrepreneurship development for effective sustainable livelihood. This can be realised if the approach is changed to comprehensive livelihood financing that puts agricultural development in the centre of sustainable livelihood, and through the systematic integration and cooperation of development actors. Moreover, transforming social capital into entrepreneurship requires a cooperative approach, i.e. combining internal and external resources and also comprehensive empowerment.

7.6.2 Recommendations

The recommendations of this study are related to the need for sustainable livelihood and poverty-alleviation strategies and pursue relevant paths. Specific recommendations are on policy issues. Programmes intervention and areas of further research.

Policy issues

- The Ethiopian government has different socio-economic and poverty alleviation policies. These policies generally acknowledge the involvement and contribution of NGOs and CBOs in development. Nevertheless the Cooperative Society Policy seems to hinder the motivation of CBOs, SHGs in particular. The project initiated SHGs and government promoted Cooperative Society regulations do not comply with the norms of iddirs and SHGs. Therefore the researcher recommends for constructive state, NGOs and CBOs participation in policy revision that acknowledges the iddirs and SHGs involvement and their contribution to sustainable livelihoods.

Programmatic issues

- Capacity building should entail literacy. Working with the rural poor is a challenge due to illiteracy. No matter how much social and financial empowerment is done, illiteracy undermines the effort. Even though the basis for iddirs and SHGs is said to be social capital, there is financial matters, for which the records of accounts need to be well maintained, with systems for verification and transparency in place. Illiterate group members find managing the accounting difficult.
- It is important to understand a more realistic economic differences and setting mechanism to reach the poorest through the SHG based systematic and comprehensive empowerment should be given a priority.
- There are some indications that the government approached iddirs for political purposes, particularly, to disseminate information because iddirs are community-based and stable institutions. However, in the study areas the findings reveal that there is no government and NGOs affiliated to iddirs. The researcher recommends that the relevant government offices or NGOs involved in rural development should involve iddirs in sustainable development by acknowledging indigenous knowledge whenever new

innovations are introduced; their effectiveness should be examined before they are implemented

- There is a need for intervention to support existing SHG based associations and collective actions. This calls for innovative and interactive processes that need to be initiated and sustained by both interventionists and entrepreneurs. Such processes have some promise of harmonizing supply-driven and demand-driven development of intervention programmes.
- The SHGs and iddirs empowerment should entail sustainable development and livelihood finance in order to make sustainable livelihoods real. Without such an integrated and systematic approach sustainable livelihoods could be an illusion.

7.6.3 Areas of further research

This study revealed the importance of social capital for initiating community based socio-economic collective actions in the three rural districts of Southern Ethiopia (namely, Shebedeno, Wonago and Humbo). On the other hand, the study showed the discrepancy between theory and practice: what has been described in theory has not been applied. Therefore, the researcher suggests further research on the following topics:

- The structure and effect of interaction between civil and government social capital. This will provide some evidence on the blending that can be developed to tap into the existing social capital of iddirs and SHGs to enhance sustainable development based entrepreneurship development in rural Southern Ethiopia.
- The extent of social capital, intervention and approach differences between cooperative society associations and SHGs in poverty-alleviation and sustainable livelihoods. This will help to establish the level of consensus and a practical response to the stipulations in policy documents.

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Annexure 1

Iddir/SHG Focus-Group Discussion Guide

Date of interview ----- code -----

1. Iddir/SHG institution details

1.1 Name of iddir/SHG _____

1.2 Location:

1.2.1 District:-----

1.2.2 Keble -----

2. Please tell us about your iddir/SHG?

- Who initiated it and was involved in the process?
- When and how was it established?
- Participants and selection criteria:
- What are the main reasons for joining or wanting to join (social or economic reasons)?

3 Do members of an iddir/SHG join other organisations, for example iddir or church or others or maintain SHG membership only? Please explain the reasons for your answer.

4. How do you relate to your iddir/SHG in terms of linkage with other organisations? Who do you closely relate to or associate with (Government, iddir, NGO like EKHCDP and others)?

5. What is your understanding of poverty in terms of cause and effect and how it related to iddir/SHG objectives?

6. What is the primary source of income of iddir/SHG members? When is the peak and low income season? How is the income of the household managed to fill seasonal shortages?

7. How have the traditional (borrowing from money -lenders) practices changed since you joined the iddir/SHG?
8. Does your iddir/SHG have bylaws? Is your SHG registered? Are you well informed about the government policy? How well does your iddir/SHG's approach fit into government's social, economic and poverty alleviation policy?
9. How would you characterise the quality of social network/ trust in your iddir/SHG, in terms of attending meetings and participating in socio-economic decision-making?
10. Can you tell us the key similarities and differences between iddir/SHGs ?
11. What sort of capacity building have you received on iddir/SHG functioning, regarding saving and credit, entrepreneurship, sustainable livelihood and others? Who were the trainers? What training delivery approaches were used? What do you think about the adequacy of the training? What does empowerment mean to you and how is it related to iddir/SHGs?
12. . Do you experience any conflict within the iddir/SHG? If yes, what sort and how are conflicts solved?
13. What types of socioeconomic activities/entrepreneurial activities are the members of the iddir/SHG involved?
14. What change have you observed in iddir/SHG members since you joined?
15. How do you see the iddir/SHG in terms of sustainable development and sustainable livelihood?
16. How do you categorize iddir/SHG members in terms of poverty? Very poor, poor average or well-off.
17. What is your perception of iddir/SHG in terms of poverty alleviation, sustainable development and livelihood?

Thank you very much for giving your time for this group discussion.

Annexure 2
Questionnaire for Iddir Members

Date of interview-----Code: -----

1 Personal detail:

1.1 District:- 1. Wonago 2. Shabadino 3. Humbo 4 Other

1. 2. Keble -----

1.3. Gender: 1. Male 2. Female

1.4. Marital status: 1 Married 2. Single 3. Divorced 4. Others -----

1.5. Family size: 1. 2 , 2. 3, 3. 4, 4. 5, 5. 6, 6. 7 and more

1.6. Level of Education 1. Illiterate 2. Literate no schooling 3 Primary incomplete 4. Primary complete 5. Secondary incomplete 6. Secondary complete 7. Vocational College 8 University

1. 7. Occupation 1. Student 2. Farmer 3. Private sector/trader 4. Government employee 5. Private sector 6. other -----

• **Iddir admission and related questions**

2. When did you join the iddir? 1. Less than 3 months ago 2. 3 to 6 months 3. 6 months to one year 4. One to two years 5. Two to three years 6. More than three years

3. Reasons for jointing the iddir 1. Economic 2. Social 3. Social and economic 4. Other, please specify

4. Is the iddir membership mandatory or voluntary 1. Mandatory 2. Voluntary. Please explain your response? -----

5. Do you attend iddir meetings? 1. Yes 2. No

6. How often do you attend iddir meetings? 1.. Every week 2. Every other week
3. Every three weeks 4. Every four weeks 5. I never attend iddir meetings

7. Does the iddir have saving program? 1. yes 2. no

8. If yes, how often? 1. weekly 2. every two weeks 3. every three weeks 4. every four weeks

9. How much do you contribute-----

10. What is the money used for?-----

11. What social issues/agendas do you discuss during iddir meetings? 1 social issues related to sickness or death of a member only 2 preventing harmful traditional issues 3 health issues such as HIV/AIDS 4 education 4 if you discuss other issues than those mentioned, please specify -----

12. How many members are in your iddir? 1. Less than 10. 2. 11 to 20, 3. 21 to 30, 4. 31 to 40 5. 41 to 50 6. more than 51

13. Does your iddir have bylaws? 1. Yes 2. No

14. What percentage of the members know the procedures, norms, and tasks of the iddir?

1. less than 20% 2. 21to 40% 3. 41 to 50% 4. over 51%.

15. What percentage of iddir members are women 1 Less than 10%, 2. 10 % and 25% 3 between 26% and 50% 4. More than 51%

- **Iddir income related questions**

16 Are you involved in any entrepreneurial activities other than regular farming?

1. Yes 2. No

17 Does your iddir have a microcredit program 1. Yes 2. No

18 Have you taken any loan? 1. Yes 2. No

19 From what source? 1. from iddir deposit 2. from private money leader 3. from other microfinance 4. from the bank 5. from IDDIR deposit 6. Others, please specify-----

20. How did you use the loan/the money? 1. I used it for consumption, for treatment, to pay debt or other related purposes 2. I used it establish and run a small business or entrepreneurial activities 3 other -----

21. How do you benefit economically by being an iddir member? 1. I started up micro/small business 2. I have taken loan to buy agricultural input, such as seed, or and fertilizer 3. I have taken a loan for medical treatment and to pay back debt to other people 4. 5. I have taken a loan to pay my children's education/school fee 5. There is no economic benefit 6. Other -----

22 What is your average annual income? 1. below birr 500, 2. birr 500 to 1000, 3. birr 1001 to 2000, 4. birr 2001 to 3000, 5. birr 3001 to 4000, 6. birr 4001 to 5000 7. birr 5001 to 6000 8. birr 6001 to 7000 9. over birr 7001

23. What is your primary source of income? 1. agriculture 2. trade 3. wages

4. other -----

24 What other income do you have? 1. Wages 2. Money received from relatives/family members as a gift 3. income from non-farm entrepreneurship activities 4. Other, please specify

25. Who decides when iddir members apply to take loan? 1 Representative of iddir
2. the whole iddir group .3. Facilitators 4. Traditional community leaders 5. 4
Other -----

26 How sustainable is your iddir? 1. sustainable 2 not sustainable, please
explain your response -----

26. How do you rate yourself in terms of poverty in relation to non-iddir members in
your community? 1. very poor 2. poor 3. average 4. well-off

27. How do you categorise iddir members in terms of poverty with iddir assistance ?
the same 2. worse 3. average 4. much better

28 Does your iddir have capacity building/training programmes for its members 1 Yes
2. No

29 If so, what type? 1. Training members in social welfare 2. Training its
members on HIV/AIDS awareness creation 3. Business creation/entrepreneurship
3. Others -----

30. Who provides the training to iddir? 1. Iddir leaders 2. Government 3. NGOs/
EKHC 4. No training is given 5. Other -----

31. How effective was the training 1. effective 2 not effective

• **Social Capital and Livelihood-Related Questions**

32 How strong is relationship among and between liddir memebbers ? 1. strong 2
weak

33. According to your perception, do you think over the last few years the level of trust
in iddir has become better, worse, or stayed about the same?

1 Better 2 The same 3 Worsen 4. Please explain your
resonse -----

34. Are the relationships among iddir memebbers generally harmonious or disagreeable?

1 Harmonious

2 Disagreeable 3. Please explain your answer -----

35. What relationship does social capital/social solidarity have with empowerment in iddirs? 1. unity, and solving common problems related to economy/finance at individual and community level 2. Solving social problems related to occasional

incidence associated with death 3. Caring for the sick and supporting the poor financially in times of difficulties 4. Iddir initiated financial capital and enterprise

movement .5. Supporting orphans and HIV/AIDS victims financially.

36. How do you rate social capital in your iddir? 1. very weak 2. weak 3 strong 4 very strong

Thank you for answering these questions

Annexure 3
Questionnaires for Self-help Group (SHG) members

Date of interview-----Code: -----

1 Personal detail:

1.1 District: 1. Wonago 2. Shabadino 3. Humbo 4 Other

1. 2. Keble -----

1.3. Gender: 1. Male 2. Female

1.4. Marital status: 1 Married 2. Single 3. Divorced 4. Others -----

1.5. Family size: 1. 2 , 2. 3, 3. 4, 4. 5, 5. 6, 6. 7 and more

1.6. Level of Education 1. Illiterate 2. Literate no schooling 3 Primary incomplete
4. Primary complete 5. Secondary incomplete 6. Secondary complete 7.
Vocational College 8 University

1. 7. Occupation 1. Student 2. Farmer 3. Private sector/trader 4. Government
employee 5. Private sector 6. other -----**SHG**

admission and related questions

2. When did you join the SHG? 1. Less than 3 months ago 2. 3 to 6 months 3.
6 months to one year 4. One to two years 5. Two to three years 6. More than
three years

3. Reasons for jointing the SHG 1. Economic 2. Social 3. Social and economic
4. Other, please specify

4. Is the SHG membership mandatory or voluntary 1. Mandatory 2. Voluntary.
Please explain your response? -----

5. Do you attend SHG meetings? 1. Yes 2. No

6. How often do you attend SHG meetings? 1.. Every week 2. Every other week
3. Every three weks 4. Every four weeks 5. I never attend SHGmeetings

7. Does the SHG have saving program? 1. yes 2. no
8. If yes, how often? 1. weekly 2. every two weeks 3. every three weeks 4. every four weeks
9. How much do you contribute-----
10. What is the money used for?-----
11. What social issues/agendas do you discuss during SHG meetings? 1 social issues related to sickness or death of a member only 2 preventing harmful traditional issues 3 health issues such as HIV/AIDS 4 education 4 if you discuss other issues than those mentioned, please specify -----
12. How many members are in your iddir? 1. Less than 10. 2. 11 to 20, 3. 21 to 30, 4. 31 to 40 5. 41 to 50 6. more than 51
13. Does your SHG have bylaws? 1. Yes 2. No
14. What percentage of the members know the procedures, norms, and tasks of the iddir?
1. less than 20% 2. 21 to 40% 3. 41 to 50% 4. over 51%.
15. What percentage of SHG members are women 1 Less than 10%, 2. 10 % and 25% 3 between 26% and 50% 4. More than 51%

• **SHG income related questions**

16 Are you involved in any entrepreneurial activities other than regular farming?

1. Yes 2. No

17 Does your SHG have a microcredit program 1. Yes 2. No

18 Have you taken any loan? 1. Yes 2. No

19 From what source? 1. from SHG deposit 2. from private money leader 3. from other microfinance 4. from the bank 5. from SHG deposit 6. Others, please specify-----

20. How did you use the loan/the money? 1. I used it for consumption, for treatment, to pay debt or other related purposes 2. I used it establish and run a small business or entrepreneurial activities 3 other -----

21. How do you benefit economically by being an SHG member? 1. I started up micro/small business 2. I have taken loan to buy agricultural input, such as seed, or and fertilizer 3. I have taken a loan for medical treatment and to pay back debt to other people 4. 5. I have taken a loan to pay my children's education/school fee 5. There is no economic benefit 6. Other -----

22. What is your average annual income? 1. below birr 500, 2. birr 500 to 1000, 3. birr 1001 to 2000, 4. birr 2001 to 3000, 5. birr 3001 to 4000, 6. birr 4001 to 5000 7. birr 5001 to 6000 8. birr 6001 to 7000 9. over birr 7001

23. What is your primary source of income? 1. agriculture 2. trade 3. wages 4. other -----

24. What other income do you have? 1. Wages 2. Money received from relatives/family members as a gift 3. income from non-farm entrepreneurship activities 4. Other, please specify

25. Who decides when SHG members apply to take loan? 1 Representative of SHG
2. the whole SHG group .3. Facilitators 4. Traditional community leaders 5. 4
Other -----

26. How sustainable is your iddir? 1. sustainable 2 not sustainable, please
explain your response -----

27. How do you rate yourself in terms of poverty in relation to non-SHG members in
your community? 1. very poor 2. poor 3. average 4. well-off

28. How do you categorise SHGmembers in terms of poverty with SHGassistance ?
the same 2. worse 3. average 4. much better

29. Does your SHG have capacity building/training programmes for its members
1Yes 2. No

30. If so, what type? 1. Training members in social welfare 2. Training its
members on HIV/AIDS awareness creation 3. Business creation/entrepreneurship
3. Others -----

31. Who provides the training to iddir? 1. SHG leaders 2. Government 3. NGOs/
EKHC 4. No training is given 5. Other -----

31. How effective was the training 1. effective 2 not effective

• **Social Capital and Livelihood-Related Questions**

32 How strong is relationship among and between SHG memebbers ? 1. strong 2
weak

33. According to your perception, do you think over the last few years the level of trust
in SHGhas become better, worse, or stayed about the same?

1 Better 2 The same 3 Worsen 4. Please explain your
resonse -----

34. Are the relationships among SHG members generally harmonious or disagreeable?

1 Harmonious

2 Disagreeable 3. Please explain your answer -----

35. What relationship does social capital/social solidarity have with empowerment in iddirs? 1. unity, and solving common problems related to economy/finance at individual and community level 2. Solving social problems related to occasional incidence associated with death 3. Caring for the sick and supporting the poor financially in times of difficulties 4. SHG initiated financial capital and enterprise movement .5. Supporting orphans and HIV/AIDS victims financially.

36. How do you rate social capital in your SHG? 1. very weak 2. weak 3 strong 4 very strong

Thank you for answering these questions

Annexure 4

Interview Guide to Iddir/SHG Promoting Organisations

Date of Interview-----code -----

1. Name of the organisation _____

Type of organisation (government/Non government, other)-----

Office location/city /town -----

Position -----Level of education -----

2. Gender: 1. Male 2. Female

3. Please tell us when and why your organisation was established?-----

4. How are you related to iddir/SHG and other SHG promoting organisations? Do you work directly with iddirs and or SHG?

5. What financial and technical support support do you provide to these institutions? 6. How does your organisation's policy/strategy relate to government's policy and SHG approach?

7 How effective do you think the iddir's and SHG's approach is in terms of sustainable development and poverty allivation in general? -----

8 How effective is the SHGs/iddir in terms of enhancing individual, household and community empowerment and self-reliance? Why and why not?

9. How sustainable do you think the iddir or SHG is Why and why not?

10.How does the government policy affect the movement of iddir/SHG negatively or positvely -----

11. How would you characterise the capacity of SHG promoting organisations, including local NGOs Churches, CLAs and the government -----

12. .Could you describe your relationship with the government? Have you had any experience in trying to get government assistance? -----

13 What suggestions do you make towards government's policy in terms of supporting iddir/SHG, Iddir promoting organisations

Thank you very much for taking your precious time to respond to these questions.