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## **Program Highlights**

Over the past many years, a great amount of financial resource has been provided in the form of credit to support agricultural production and increase productivity as well as to create employment opportunity in urban and semi-urban areas.

Delivering financial service to poor households, by increasing income, consumption and empowerment of disadvantaged groups have been viewed as one of the tools to break the vicious cycle of poverty. Thus, the Government of Ethiopia had secured loans and grants from International Fund for Agricultural Development (IFAD) and the African Development Bank (AfDB) to implement the seven years Rural Financial Intermediation Program I (RUFIP I) which had been started in July, 2003 and completed by June 30, 2010.

Development Bank of Ethiopia (DBE) has been designed as a lead program implementing agency by both parties. i. e, the Government of Ethiopia and the Financer to coordinate and manage the RUFIP I through PCMU which is currently

incorporated under External Fund & Credit Management Directorate has achieved the intended results as witnessed by subsequent interim and project completion evaluation made by the financer as well as the Government of Ethiopia.

Rural Financial Intermediation Program II (RUFIP II) has been designed to scale up the significant progress in access to financial services made RUFIP I successful.

It is generally aimed at enhancing access to demand driven financial services for 6.9 million poor rural households in Ethiopia through nationwide network of formal Micro Finance Institutions (MFIs) and Rural saving and Credit cooperatives (RUSACCOs) as well as their unions providing credit support so as to bridge their liquidity gap, support the growth of savings and loan portfolios of rural Financial Institutions.

RUFIP II has two major components; credit line and capacity building and the total cost of the program in the seven years is Birr 4.2 billion ( USD 248.05 million). IFAD contributes 41% of the total cost

As it had been remembered, RUFIP II Program Coordination & Management Unit (PCMU) in collaboration with that of AEMFI had conducted a sort of case study on some program beneficiaries and updated the first E-news letter regarding the program at the end of June, 2017. Fortunately, the first case study was focused on those beneficiaries who have borrowed from MFIs and showed significant livelihood progressive changes.

Once again, PCMU has conducted a case study on some beneficiaries and assessed to see the impact of RUFIP II program on the livelihood of the society in its operating area so far. Unlikely that of the previous one, this assessment focused on some selected Rural saving & credit cooperative unions and those individuals who have borrowed from Rural saving and credit cooperatives. Accordingly, the second news updates regarding RUFIP II beneficiaries has been organized in such way and to begin with let's see the two selected saving & credit cooperative Unions;

1. **Jabi Saving & credit cooperative Union:** the union is locating in Amhara regional state W/Gojam zone, Jabi woreda, Finote selam Town and 02 kebele. It has been established on July 04, 2006 with an initial capital of Birr 85,000.00 and has been registered as well as licensed by Amhara Regional Cooperative Promotion Agency as per the cooperative societies` proclamation no 147/1991.

During its establishment, Jabi union had a total affiliated membership of 25 primary cooperatives, which is composed of 13 multi-purpose cooperatives, 8 saving & credit cooperatives, 3 irrigation cooperatives and 1

consumer cooperative with a total individual membership size of 14,773 of whom 1,386 are female.

Ato Yilkal Tamane is the manager of the union and expressed about the status of the union. According to the manager, Jabi union is currently provide different financial products for the society and the union's membership has reached to 114 primary cooperatives with individual membership size of 99,153 of whom 28,696 are female.



Manager of the Union, Ato Yilkal Tamane while explaining about his union's functions in chart.

Jabi saving & credit cooperative union has borrowed Birr 5,973,653.00 from RUFIP II program Year three and regularly paid its loan as per the stipulated agreement with program coordination and management unit which is currently incorporated under External Fund & Credit Management Directorate-DBE.

According to the union's manager, by mobilizing internal as well as external sources, Jabi SACCOU has provided a loan service with an interest rate of 12%-15% to its member saving and credit cooperatives which is composed of individuals who demanded loan for different projects like; agriculture, irrigation, petty trade, house construction, animal fattening etc.

Accordingly, the total asset and capital position of the union has reached to Birr 22,686,102 and 5,829,160.00 respectively as of June 30, 2017. He added, "during establishment, the union's operating area had been limited only Jabi Tehna Woreda. However, its woreda coverage has currently reached to 5 woredas. Moreover, it has opened a branch office at Denbecha woreda in addition to its head office to improve its service provision."

The union has currently built its own ground plus Two (G+2) building at Finote selam Town

## 2. **Lidet Saving & Credit Cooperative Union:**

This union has been established on March 24, 2007 in Amhara Regional state, South Gondar Zone, Lay Gaint woreda, Nefas Mewcha Town Kebele 03. During its establishment the union had a total of 18 Affiliated member primary cooperatives with a total membership size of 8,919 individuals of which 1,221 are female. It had started its operation with an initial capital of Birr 141,000.00 and currently provides different financial services to the society such as saving mobilization, loan provision, micro insurance and the like.

and used as its head office. "The union's progress is impressive from time to time and it has created job opportunity to about 11 individuals including me" said, the manager Ato Yilkal.



Head Office of the Jabi Saving & Credit Cooperative Union

According to the audit report for the year ended on June 30, 2017, the union's total asset has reached to Birr 63,642,573.83 including its G+2 building and its equity balance has been show as Birr 14, 005,047.63.

Lidet Union is the one among the most beneficiaries of both RUFIP I & II programs and borrowed a total of Birr 16,896,334.00 from RUFIP credit lines.

Ato Alebachew Workie is the union's manager and expressed that, currently the total membership of Lidet Saving and Credit Cooperative Union has reached about 166 primary cooperatives as of February 2017. From the total members, 104 saving and credit

cooperatives, 42 multi-purpose cooperatives, 3 seed multiplication cooperatives, 5 consumer cooperatives, 2 vegetables & fruits cooperatives, 1 multipurpose union, 1 animal development & marketing cooperative and 2 house construction cooperatives. He added “ the total individual membership size to these primary cooperatives has reached to 223,284 of whom 60,275 are female.”



**Lidet Savin & Credit Cooperative Union Head Office**

According to the information obtained from the union, it provides a loan service for its members that have individual members with different business types like; crop production, petty trade, purchase of production machinery etc.

Accordingly, the union disbursed a total of Birr 156,654,955.9 up to February, 2017.

“To improve its service delivery, Lidet saving and credit cooperative union has extended its operational office via opening additional branches. Accordingly, 3 branch offices have been opened at Debre Tabor, Simada and Tach

Gaint woredas. Besides, the union created various employment opportunities and currently it has 32 recruited employees of whom 8 are female.” Said the manager Ato Alebachew

**Ato Abunu Mesfin** is among those individuals who have been interviewed during the case study. A 27, youth Abunu is a residence of Guangua Woreda & Tiru Birhan Kebele which is located in Amhara regional state Awi administration zone. He is a member of Mocha saving and credit cooperative established in his kebele in 1999 E.C. This RUSACCO is a member of Wura Saving & Credit cooperative Union that has been benefited from RUFIP credit lines.

Abunu is among the affiliated members of Mocha RUSACCO and initially he used to save Birr 10.00/month in the RUSACCO. After he raised his deposit to Birr 1000.00, Abunu borrowed Birr 3,900.00 to buy two oxen. Then by using his oxen, he ploughed and produced 46-quintal of maize. “After I repaid the loan by selling this maize, I became the owner of these two oxen which have been bought by the loan so far” Said, Ato Abunu.

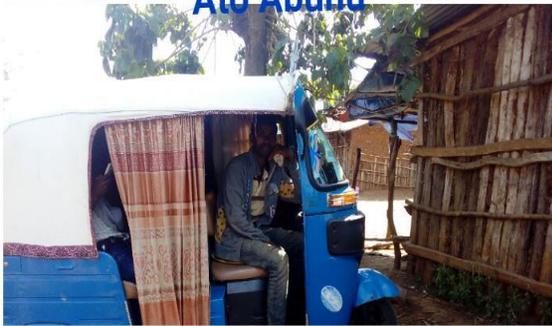
For the second time, he produced 32 quintal of Maize. Meanwhile, he sold his oxen to Birr 12,000.00 and his Maize to Birr 16,000.00 and increased his monthly saving to Birr 300.00 per month.

Then after, he has borrowed Birr 33,000.00 from Mocha RUSACCO and collaborative with his two friends Abunu bought a Bajaj. After, 18 months, his friends want to do other activities. Therefore, Abunu and his friends have sold their Bajaj. Thus, Abunu earned a profit of Birr 32,000.00. Since he has settled his previous loan, Abunu borrowed Birr 70,000.00 from Mocha SACCO for the third round and bought his own three-wheel vehicle Bajaj to Birr 99,000.00 in 2008 E.C.

After he used for a year, Abunu has sold his Bajaj to Birr 120,000.00 and again bought the other new Bajaj to Birr 126,000.00. Then he settled his third loan



Ato Abunu



Youth Abunu Mesfin

Nowadays Abunu is a father of two children and his monthly income is about Birr 3,000.00 as well as **his total asset has reached about Birr 150,000.00**. Once again, he has borrowed Birr 85,000.00 from Mocha RUSACCO for the fourth round and planned to buy one additional Bajaj.

"I have no words to express about the benefit of this RUSACCO just it's the backbone of my livelihood and I will keep it throughout my life," said, Youth Abunu.

**Ato Desalegn Asfaw** is another individual member to Mocha RUSACCO. Ato Desalegn and his spouse W/ro Yehizbalem Worku are teachers who reside in Guagngua Woreda, Tiru Birhan Kebele and they used to live in a rental house. Ato Desalegn is one of the affiliated

members and currently he is the chairperson of the RUSACCO.

"Actually I did not perceive the usefulness of the RUSACCO when I joined in it but not to disappoint the promoter, I began to save 20 Birr/month in the RUSACCO," said Ato desalegn.

Ato Desalegn has borrowed Birr 5,000.00 from Mocha RUSACCO in the 1<sup>st</sup> round and planted Eucalyptus on ½-hectare of land and repaid his loan from his monthly salary. After he settled his first loan, he has borrowed Birr 15,000.00 for the 2<sup>nd</sup> round and again planted Eucalyptus on 1-hectare land obtained from his family. Then for the second time, he settled his second round loan and borrowed Birr 24,000.00 for the 3<sup>rd</sup> round and now he bought an ox to Birr 4,700.00 in addition to planting Eucalyptus.

After a while, Ato Desalegn sold his ox to Birr 8,000.00 and earned a margin of Birr 3,300.00. Once again, he bought an ox to Birr 5,000.00 and sold to Birr 6,500.00 and again he had a margin of Birr 1,500.00.



Ato Desalegn and his wife W/ro Yehizbalem

Ato Desalegn is expanding Eucalyptus plantation on an area of 5 hectares of land and the previous year he sold some of his Eucalyptus to Birr 115,000.00. Apart from his livelihood, Ato Desalegn created employment opportunity to his son-in-law via buying a Bajaj.

According to Ato Desalegn, his livelihood is improving due to the financial access with reasonable interest rate. "I used to manage my family in a rental house so far but nowadays I have constructed a certain rooms and generate additional income via renting these rooms in addition to construct my own house," said, Ato Desalegn. He added that, he and his spouse W/ro Yehizbalem together deposit Birr 800.00 per month in Mocha RUSACCO. Currently, he is the father of 3 children and one of his child is in grade 11 student.

***The estimated total asset of the two spouses ranges from Birr 1 to 1.5 million nowadays. "Thanks to our RUSACCO my family could avoid the subsistence life which has been used to manage by our monthly earned small scale teachers` salary so far. As the will of God, I will buy my own Isuzu by the near future," said the previous teacher and potential investor Ato Desalegn.***

Another individual beneficiary of rural saving & credit cooperatives is **Youth Kefale Gashe**. He is a residence of Amhara Regional State, Awi Administration Zone, Dangila Woreda and Giza Medhanialem kebele.

Kefale became a member of Medihanialem Rural Saving & Credit Cooperative in 2005 E.C. This RUSACCO is on its side a member of Soser Saving & Credit Cooperative Union as well as directly benefited from RUFIP credit line. As a member, youth Kefale started his saving by depositing Birr 100.00/month.

After a while, he has increased his monthly deposit Birr 500.00/month in Medhanialem RUSACCO. Thus, after two years, he has

borrowed Birr 120,000.00 from the RUSACCO and then bought a Bajaj in 2008 E.C.



**Youth Kefale Gashe**

Currently, Kefale is a father of one child and manages his family by the income generating using his Bajaj. According to the information obtained from him, his monthly income is Birr 6,000.00 and his total asset is estimated About Birr 150,000.00.

"The existence of the RUSACCO and being its member helped me create my own job as well as livelihood of my family is improving well," said, youth Kefale.

**Ato Kassa Nibret, 39, is** another beneficiary and a member of Medhanialem RUSACCO. Like that of the previous individual, he is a residence of Giza Medhanialem kebele and became a member of the RUSACCO since its establishment.

Ato Kassa is the owner of grain warehouse and currently constructed a mini hotel in his residence. In this business, he manages his family whom has seven members including five

children. Among the children, two of them are grade 12 students.

For the first time, Ato Kassa had borrowed Birr 30,000.00 from Medhanialem RUSACCO to the purpose of grain marketing and after two years, he has settled his loan.



**Ato Kassa Nibret Standing in front of his Mini Hotel**

Once again, Ato Kassa has borrowed Birr 135,000.00 from Medhanialem RUSACCO for the 2<sup>nd</sup> round and he expanded his grain trade. Right after settling his second round loan, he has borrowed Birr 270,000.00 and constructed his own mini Hotel besides grain trading. The mini Hotel has started its operation since November 12, 2009 E.C that serves the society in several aspects. His achievement became roll-model and contributes more to create awareness in the society regarding the benefit of saving and credit cooperatives.

Besides improving the livelihood of his family, Ato kassa Nibret created employment opportunities for six individuals and he manages both of his business the grain marketing and the mini Hotel. Currently the total asset position to his business is estimated to Birr **2-2.5 million** as well as income generated by his business estimated as Birr **10,000.00/month**.

*“Financial access through RUSACCOs is the backbone to improve the livelihood of the society as well as poverty eradication in rural areas. However, the demand and supply is not compatible still,” said Ato Kassa.*

Another beneficiary of financial access through RUSACCOs, is **Ato Temesgen Mihret** who is among the affiliated members of Anidnet saving and credit cooperative which is by its side a member of Jabi saving and cooperative union. Ato Temesgen is a residence of Amhara Regional State, W/Gojam Zone, Jabi Woreda at Finote selam Town. He is a teacher and affiliated member of Andinet RUSACCO. As Jabi RUSACCOU is among the beneficiaries of RUFIP II credit lines, Anidnet SACCO is indirectly the beneficiary of RUFIP II since it is a member of Jabi saving and credit cooperative union.



**Ato Temesgen Mihret inside his home**

*“When my wife passed away nine years ago, it was tough time to me to manage four children with a minimal income from teaching profession. The whole burden brought to me and I have faced many obstacles for that matter. Even I used to plough to fulfill the demand of the family in addition to teaching,” said, Ato Temesgen and added that “the turning point to the livelihood of my family was the financial access through Andinet saving and credit cooperative”*

As a member, Ato Temesgen has borrowed Birr 3,000.00 from Andinet saving and credit Cooperative for the first time to fulfill the demands of his family and educate his four children. Then after he has settled his first loan, and borrowed Birr 5,000.00 for the 2<sup>nd</sup> round and still he used to for different family consumptions including his four children education expenses. Similarly, after settling his 2<sup>nd</sup> round loan, once again he has borrowed Birr 30,000.00 from the RUSACCO and constructs his own house.

Gradually, the livelihood of Ato Temesgen has improved and he had borrowed Birr 50,000.00 for the 3<sup>rd</sup> round and constructed different rooms which are used to rental purpose. After awhile, he has generated additional income from his rental rooms and educated his children well.

“Even I have faced many obstacles, gradually I have improved my family’s livelihood and nowadays, thanks to God three of my children graduated and employed. Currently, two of them are members of Andinet RUSACCO and the owner of 340 and 500 shares respectively” said, Ato Temesgen.

Ato Temesgen together with his two children have borrowed Birr 120,000.00 from Andinet RUSACCO for the 5<sup>th</sup> round in a group lending methodology and constructed additional rooms for rent. Nowadays, his monthly net income estimated as Birr 4,000.00 as well as his total asset position has been estimated to Birr **1.6 – 2 million**.

*“After many scarifications, the livelihood of my family is currently in a good position and thanks to God I met my se goal. The only thing what makes me very sad is losing my spouse,” said, Ato Temesgen.*

W/ro Anchinalu Emre, 49, is the last individual to this case study and she is among the beneficiaries of financial access through rural saving and credit cooperatives. She is a widow and a mother of two children. W/ro anchinalue is a residence of Amhara Regional State, W/Gojam Zone, Jabi Woreda and Mankusa Town.

She is a teacher, taught for 30 years and an affiliated member of Simret saving & credit cooperative which is a member of Jabi saving and credit cooperative union. Simeret RUSACCO had been established in 1995 E.C and during the cooperatives establishment W/ro Anchinalu has contributed Birr 20.00 as a registration fee.

W/ro Anchinalu has borrowed Birr 120,000.00 from Simret RUSACCO for the first time to construct 9 rooms. After awhile, each room has been rented to Birr 300.00/month and generate a total of Birr 2,700.00/month which enables her to settle her first round loan.

Nowadays, two children of W/ro Anchinalu namely; Amanuel Getachew, 17 and his young sister Elshaday Getachew, 14 had joined Simret RUSACCO. Accordingly, she & her two children together have borrowed Birr 240,000.00 in a group loan methodology, she has constructed seven additional rooms, and each room will be expected to rent from Birr 300.00 500.00 per month.



W/ro Anchinalu Emre, one of the beneficiaries of RUSACCO

Currently, the total asset of W/ro Anchinalu is expected from Birr **1.8- 2.3 million** and her net income is Birr 5,000.00 per month.

*W/ro Anchinalu said that, " when I was a teacher, even I don't have any knowledge about the bank account rather I used to spend my low salary simply for daily consumption. After I became a member of Simret RUSACCO, my saving habit is totally changed and I became ambitious to improve more. Thanks to God! I am in a good position regarding asset building. With the will of God, I plan to build my own building in the new future. Finally, what I want to tell you is that, everything is the result of financial access though Simret RUSACCO."*

**By: Melese Taye M & E Officer**