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FINANCING OF WOMEN COOPERATIVE BY THE BANK OF AGRICULTURE (BOA) 2009-2014

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ABSTRACT

This study examines the role of Bank of Agriculture (BOA) in financing women cooperatives in Enugu state. The specific objectives include: to find out how many women cooperative groups obtained loans between 2009 -2013; to ascertain the effectiveness of such loans; to ascertain the pressure faced by women co-operative groups and to proffer possible solutions to enhance women co-operative groups in Enugu State. The study showed that: most of their members are poor; the level of education is low; there are internal friction and participation in group activities; some bank managers are corrupt. Recommendations were made. They include; women co-operatives should not divert loans to other uses; seminars, workshops should be used to improve their low level of education; the women co-operative groups should not invest their fund in high risky ventures; the banks should also monitor the usage of the loans they give.

Keywords: Financing, Women cooperative, Bank and Agriculture.

INTRODUCTION

Co-operative is an autonomous association of persons united voluntarily to meet common economic, social and cultural needs and aspiration through a jointly owned and democratically controlled enterprise [1].

Women co-operatives are also looking for opportunities to increase their income, most of which they spend on basic family needs. Women's

assess and control over resources will affect the extent and mode of performance in carrying out their responsibilities [2].

The main objectives of rural development are to increase the per capital output and income of rural families and check the rate of rural urban migration by providing the rural population with basic amenities services such as water, electricity, health education and job opportunities [3].

The knowledge about rural women is essential in all aspect of policy formation, planning and implementation of programmes directed towards the goals o f rural development [4]. This is why Nigeria Agricultural Co-operative and Rural Development Bank (NACRDB) now known as Bank of Agriculture (BOA) is financing rural women as this will lead to the socio-economic development [5].

In the effects made by the government to finance women cooperative groups during the food and Agricultural Organization (FAO) sponsored world food summit of 1996, world leaders from 186 countries adopted the Rome Declaration on World Food Security and a plan of action. These international agreements specified that the role of women in agriculture and food security must be emphasized, in order to create the enabling political, social and economic environment required for the eradication of hunger and poverty [6]. Under the commitment of the World Food summit plan of action agenda, government committed themselves to;

- Support and implement commitments made at the 4th world conference on women that a gender perspective is mainstreamed in all policies.
- Promote women's full and equal participation in the economy including secure and equal access to and control over credit, land and water.
- Ensure that institution provide equal access for women

- Provide equal gender opportunities for education and training in food production, processing and marketing.
- Focus research efforts on the division of labour and on income access and control within the household.
- Gather information of women's traditional knowledge and skill in agriculture, fisheries, forestry and natural resources management.

FAO's plans of Action for Women Development (1996-2001) ensures that gender issues include giving women equal access to and control of land and other productive resources, increasing their participation in decision-making and policy making reducing the work load on women and enhancing their opportunities for paid employment and income.

The United Nation Development (UNDP) Report (1995), [7], also states that GDI (Gender-related Development Index) ranking can be different in different situations, as is shown by the following conclusion of a recent survey:

- Regardless of the level of development achieved by the respective economies, women play a pivotal role in agriculture and in rural development in most countries.
- Gender equality does not depend on the income level of a society. What it requires is a firm political commitment, not enormous financial wealth.

Facilitation role of the ICA and its development partners. Since the establishment of the ICA regional office in New Dell, in 1960, efforts have consistently been made to initiate and promote programmes aimed at emancipation of women and their involvement in the organizational and business activities of co-operatives [8]. This has been done a long chain of seminars, discussions which have been carried out with the collaboration of its member-organizations and development partners. In

agricultural co-operatives sector, some of the most recent initiatives have been as follows:

- A series of technical meetings and conferences were held which had taken note of the recommendations of United Nation (UN) and other international conferences and initiatives on women in co-operative development.
- A series of specialized training courses for rural women leaders in agricultural co-operatives, on yearly basis, with financial support of the government.

The reasons for the failure of these women co-operatives development programmes include:

- A low level of participation by the poor. Rural poor are often denied a voice in the formation and even in the execution of a poverty programme.
- Programmes have tended to rely on grants and subsidies as the main tools for serving the poor.
- Too little attention has been given to strengthening the negotiating capacities of the poor, to enhancing their power to participate meaningful in policy formation and in the market place.
- Most poverty alleviation programmes have a single sector of intervention and have failed to confront the multi-dimensionality of poverty. Priorities usually have been set from the outside, thus being supply-driven rather than demand driven and unable to respond to the particular needs and potentials of the poor.

Financial institutions, government should know that women play an indispensable role in farming and in improving the quality of life in rural areas. Equitable access for women co-operative groups to educational facilities would certainly improve their performance and liberate them from

their marginalize status in the society. Women co-operative groups should be assured supply of farm inputs (quality seeds, chemical fertilizer, and credit and extension service) [9]. Necessary information and guide should be provide for women co-operatives by BOA to ensure that loans obtained are used for production activities and not diverted to house needs/problems [10].

STATEMENT OF THE PROBLEM

Women cooperatives is one of business enterprise like every other business enterprise, it needs finance to survive. In most cases women cooperatives are unable to finance most of their projects, because they are usually formed during a period of hardship in the economy, they are hardly formed when things are going down or in a period of less boom in the economy and as such unable to carry out all their social and economic activities. It is widely discovered that many of our cooperatives organizations completely die or collapse as a result of inadequate finance to run them.

Members of the women groups which cannot finance their activities through share capital, savings, entrance fees etc. in most cases have to be financed of banks and other financial institutions.

The researcher's wishes to know the role played by the BOA (Bank of Agriculture) in financing women cooperatives with these problems:

- Some women cooperative groups are solely formed to get credit from BOA only to disband after disbursement of fund. This is where trial period of some months of savings is necessary.
- Less of efficiency and autonomy that is brought about by interference of government and their agencies. This leads to loan diversions and misappropriation of prepayments.

- Irresponsible leadership characterized by lack of transparency and honesty in their dealings.

OBJECTIVES OF THE STUDY

The general objectives of the study are to examine the role of BOA (Bank of Agriculture) in financing women cooperatives in Enugu State.

The specific objectives are:

- To find the demographic characteristics of women members.
- To find out how many women cooperative groups obtained loans between 2009-2013.
- To ascertain the effectiveness of such loans.
- To ascertain the problems faced by women cooperative groups.
- To ascertain the interest rate on loans and loan repayment trends
- To proffer solution to enhance women cooperative groups in Enugu State.

RESEARCH QUESTIONS

- What are the demographic characteristics of women cooperative group members?
- How many women cooperative groups obtained loans between 2009-2013?
- What is the effectiveness of such loans?
- What are the interest rates on loans and loan repayment trends?
- What are the problems encountered by women cooperative groups in obtaining loans from BOA?
- What is the possible solution to enhance women cooperative group in Enugu State?

METHODOLOGY

In this research, both primary and secondary data were used. Primary data came from questionnaire, interview and observation. The secondary data came from publications of Central Bank of Nigeria and Bank of Agriculture, Library's textbook, journals, newspapers and magazines.

POPULATION OF STUDY

The population of the study is 2384 in number; it includes the members of the ten (10) women cooperative groups that were selected from the study, the staff of Bank of Agriculture (BOA) Enugu Branch Office.

Table 1: Membership of the selected women societies

S no	Name of women cooperatives	No. of members	%
1	HILL VIEW AMORJI WOMEN COOPERATIVE	86	4
2	UGO BU EZE NIKE WOMEN FMCS	475	20
3	GOD'S VINEYARD (ENUGU) WOMEN COOPERATIVE	298	13
4	CHIKWADO OGANIRU WOMEN COOPERATIVE	278	12
5	OKWUKWE BU IKE (NKPOLOGU) COOPERATIVE	170	7
6	ENUGU DRYFISH WOMEN SOCIETY LTD	295	12
7	NWANNE DIN A MBA WOMEN COOPERATIVE	140	6
8	OTU OFU OBI DU WOMEN FMCS LTD	125	5
9	EZIOKWU BUN DU WOMEN FMCS LTD	200	8
10	ANE ANAKA (OGBETE) WOMEN COOPERATIVE	272	11
11	STAFF OF BANK OF AGRICULTURE	45	2

TOTAL	2384	100
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Source: Field Survey, 2014.

SAMPLE OF POPULATION

In the area of study, there were 68 women cooperative groups out of which ten (10) were random sampling technique. The total members of the 10 societies were 2339, the staff and officers of Bank of Agriculture were 45, making it a total population of 2384. To get the desired sample size, we used the Taro Yamani formula.

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

Where n = sample size

N = the population under study

E = acceptable error limit (5%)

$$\begin{aligned} n &= \frac{2384}{1+2384(0.05)^2} = \frac{2384}{1+2384(0.0025)} \\ &= \frac{2384}{1+5.96} = \frac{2384}{6.96} \\ &= 342.5 = 343 \end{aligned}$$

SOURCES OF DATA COLLECTION

There are two sources of data used in this study; they are primary and secondary sources.

Primary data: Primary data consists of responses collected from respondents through questionnaires and oral interview. As regards to the collected data, the primary sources of data are the respondents and those interviewed. The questionnaire was prepared and administered based on the

assessment of the levels by which the (BOA) have financed women cooperative groups in the study area.

Secondary data: For the purpose of this study, the secondary data were obtained from textbooks, magazines, newspapers and periodicals, journals, workshop and seminar papers.

METHOD OF DATA PRESENTATION AND ANALYSIS

The data were analyzed using tables and percentages in determining the result.

DATA PRESENTATION AND ANALYSIS

Three Hundred and Fifteen questionnaires were properly filled out of the three Hundred and Forty-Three (343) sent to the respondents. The analysis and computation was based on Three Hundred and Fifteen questionnaire returned. The response rate is 92%, which the researcher consider reasonable.

DISTRIBUTION OF LOANS TO WOMEN COOPERATIES IN ENUGU STATE BY BANK OF AGRICULTURE

The table below shows the distribution of loans given to the women cooperatives in Enugu state by the Bank of Agriculture for their different projects.

Table 2: Distribution of loans given to the women cooperatives in Enugu state

Year	No. of loan	Loan given ₦	Cumulation ₦	Amount repaid ₦	Amount standing
2009	51	185000	185000	-	-
2010	63	200000	385000	120000	265000
2011	89	250000	635000	330000	305000
2012	112	300000	935000	500000	435000
2013	140	350000	1285000	834000	451000
Total	455	1,285,000	3425000	1784000	1,456000

Source: Bank of Agriculture (BOA) 2014.

From the above table, we can see clearly that Bank of Agriculture was able to disburse the total sum of N1, 285,000 to the women cooperatives in five years and the women cooperatives were unable to repay back the sum of N1456000 which the women cooperatives owe the Bank of Agriculture as outstanding dept.

INTEREST RATE OF THE LOANS RECEIVED

The table below shows distributions of the interest rates paid by the members of the women cooperatives that received loans.

Table 3: Interest rate of the loans received

Year	Interest rates
2009	8%
2010	10%
2011	12%
2012	12%
2013	12%

Source: Field Survey, 2014.

The table above clearly shows the interest rates paid by the women cooperative groups who received loans for agricultural activities from 2009 to 2014.

The table below shows the amount channeled toward the different agricultural project of the women cooperatives within the five years of operation from 2009 - 2014.

The table above shows that total sum of ₦108,000 channeled towards the crops, they use a total of ₦155,000 for livestock production, ₦132,000 was used for fish production, ₦95,000 oil production.

Table 4: uses of loans

Year	Crops		Livestock #		Fish		Marketing		Palm oil	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
2009	15,000	14	18,000	12	20,000	15	10,000	11	13,000	12
	18,000	17	21,000	14	25,000	19	40,000	42	17,000	15
	20,000	18	55,000	35	10,000	8	20,000	21	28,000	25
	24,000	22	28,000	18	35,000	27	10,000	10	25,000	22
	31,000	29	33,000	21	42,000	31	15,000	16	29,000	26
Total	108,000	100	155,000	100	132,000	100	95,000	100	112,000	100

In the year, 2010, ₦18,000 was used for crop, ₦21,000 livestock production, ₦25,000 for fishery, ₦40,000 for marketing while ₦17,000 for palm oil processing.

In the year 2011 ₦20,000 was used for crops, ₦55,000 was used for livestock, ₦35,000 for fish ₦10,000 for marketing activities, ₦25,000 for palm oil processing.

In the year 2013, the sum of ₦31,000 was used for cultivation of crops by beneficiaries, ₦33,000 for livestock production, ₦42,000 for fish production, ₦15,000 for marketing activities, ₦29,000 for palm oil processing.

Problems encountered by the management of BOA in financing women cooperatives in Enugu State

The table below shows the percentage of the different problems encountered by the Bank of Agriculture in financing women cooperatives in Enugu State.

Table 5: Percentage of the different problems encountered by the Bank of Agriculture in financing women cooperatives

s/no	Problems	Respondents	Percentage %
1	Diversion of loans	111	35.2
2	Loans default	98	31.1
3	Poor management	58	18.4
4	Others	48	15.2
	Total	315	100

Source: Field Survey, 2014.

The above table shows that diversion of loans from its original use of other uses is the major problem faced by the bank. This is represented by 35.2% in the above table, 31.1% indicated loan default, while 18.4% and 15.2% said that their problems are poor management and others respectively.

PROBLEMS ENCOUNTERED BY THE WOMEN COOPERATIVES IN THEIR ACTIVITIES

The table below shows the problems faced by women cooperative groups in carrying out their activities. The table shows that level of education and old age are the major problems of the women cooperatives. This is represented by 32% followed by irregular approval of loans with 28% and internal friction and high interest rate are both 18% while 5% of the respondents and that their problems are others not mentioned in the above table.

Table 6: Problems Encountered by the Women cooperatives in their activities

S no	Problems	Respondent	Percentage
1	Low level of education and old age	101	32
2	Irregular approval of loans	88	28
3	Internal friction	57	18
4	High interest rate	55	17
5	Others	14	5
	Total	315	100

Source: Field, Survey, 2014.

Low level of education is a major problem of the women cooperative groups. This leads to their low human capital formation and their margined propensity to save is low.

Most of the members are old and not adapt to modern innovation or ways of doing things, because they have to unclean what they already know.

Also they face the problems of bureaucratic, bottleneck, whereby most of the farmers end up not getting loans due to too much procedure the management of the BOA encountered. Finally, is the problem of mismanagement or irresponsible leadership characterized by lack of transparency and honesty in their [dealings](#).

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

The following are the summary findings from the foregoing:

- Low level of education and old age, majority of members are old and illustrate that most women cooperatives draw their membership from people, the age of 40 and above, who are not usually in the position to change their methods of cultivation or their ways of life unless they have to unlearn which in most cases is difficult.
- Another factor militating against the successful expansion of women cooperatives in Enugu State is the nature and characteristics of the members. Most of them are poor and economically weak.
- Internal friction and participation in group activities: Most of the women cooperatives in the area of study suffer from the problem of internal friction which is inherent in women cooperatives.
- The bank also suffers the problem of loan default: Most of the women cooperatives are formed to get loans from the bank (BOA) only to disband after disbursement of fund.

- Corrupt manager: The bank suffers the problem of corrupt manager and officials.
- Women cooperative groups also suffer from inadequate capital; as they are usually formed during the period of hardship in the economic, smallness of share capital and entrance fee which cannot finance or facilitate their activities.

CONCLUSION

The BOA has three (3) ways in which it finances the women cooperatives that are micro credit. These are non-collateral loan that do not exceed N250,000 per member of the group, ECOWAS fund accelerated fish production and the international fund for Agricultural Development (IFAD) project.

However, the women cooperatives in Enugu state are unable to utilize this opportunities very well due to their poor management internal friction, low membership, the diversion of loans and inactive participation by members, the activities of women cooperatives in which they belong.

The bank also suffers from inefficient follow-up of the borrower to ensure proper utilization of loan funds.

Conclusively, an attempt has been made to suggest a possible way in redressing some constraints or problems encountered by both women cooperatives and the bank (BOA) on financing.

With proper training orientation and follow-up of women cooperatives group by the bank (BOA), it will facilitate development of the economy, mutual beneficial relationship between the group and the bank, social progress of the people thereby contributing to international peace and security. With the help of BOA, the women cooperative groups will go a long way.

RECOMMENDATIONS

- To solve the problem of low level of education and old age, the women should be encouraged to join the cooperative societies when they are young and also they should be made to understand the long run benefit of education and training which includes the tendency of seminar, workshops and so on, as this will help them in the practical aspect and reasoning.
- The women must learn to control their temper whenever they are angry during meeting, this will go a long way to reduce the rate of internal friction in the group. It will also enhance cooperation, diligent, increase in productivity. As there is a saying “united we stand, divided we fall”
- Women cooperatives should not divert loans to them to specific purpose i.e private/household problems and it is difficult to repay such loans.
- The problem of inadequate capital can be solved when the women cooperative groups invest whatever loan they received into low risky venture e.g agricultural and non-agricultural projects, as this will increase their income and they will be economically strong. Proper accounting records and audit should be kept/made to ascertain the growth and activities of the business. A business without proper documentations of accounts cannot know the cash inflow and cash outflows. Thereby, finance management will be poor and when this happens, it bounds to low/inadequate capital or bankrupt.

- The bank should make extensive efforts to follow-up the borrower, as this helps for proper utilization of loan funds.
- Group pressure and fear of expulsion from the women cooperative group will discharge the members from dividing loans. Trial periods some months of savings with the BOA are necessary because some women cooperative groups are solely formed to get credit from BOA only to disband after the disbursement of funds. Loans should be given to groups and not individual members of the groups to mitigate credit risk, reduce transaction cost to bankers and participating women cooperative rural saving mobilization and improvement in management skills of beneficiaries.
- Government should involve women cooperatives, in other words hear their own view in formulation of policy and programmed planning as this will motivate and affect them positively. When this is done, policies and programmes will be based on demand-driven and not supply driven which will also lead to economic growth and development.

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