

**FARMERS' COOPERATIVES AND AGRICULTURAL DEVELOPMENT IN KWALI AREA
COUNCIL, FEDERAL CAPITAL TERRITORY, ABUJA, NIGERIA**

BY

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**A THESIS SUBMITTED TO THE SCHOOL OF POSTGRADUATE STUDIES
AHMADU BELLO UNIVERSITY, ZARIA**

**IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF
MASTER OF SCIENCE DEGREE IN RURAL DEVELOPMENT**

**DEPARTMENT OF GEOGRAPHY,
FACULTY OF SCIENCE
AHMADU BELLO UNIVERSITY, ZARIA
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JULY, 2014

Declaration

I declare that the work in this thesis entitled farmers' cooperatives and agricultural development in Kwali area council, federal capital territory, Abuja, Nigeria has been carried out by me in the department of Geography. The information derived from literatures has been duly acknowledged in the text and a list of references provided. No part of this thesis has been previously presented for another degree or diploma at this or any other institution.

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Certification

This project thesis entitled FARMERS' COOPERATIVES AND AGRICULTURAL DEVELOPMENT IN KWALI AREA COUNCIL, FEDERAL CAPITAL TERRITORY, ABUJA, NIGERIA by AGBENYOUR INNOCENT YAMUSA meets the regulations governing the award of the degree of Masters of Science of the Ahmadu Bello University, and is approved for its contribution to knowledge and literary presentation.

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Dedication

This thesis work is dedicated to my Lord and Saviour Jesus Christ, whose mercies and grace has brought me thus far.

Agbenyour Innocent Yamusa
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Acknowledgment

My profound gratitude goes to God for the fulfilment of His promise in making it possible to carry out this work.

This work would not have been possible without the contribution of many people who in one way or the other played valuable roles in the success of this thesis. Notably, I wish to thank my supervisors Dr, J. O. Adefila and Dr. R. O. Yusuf for not only guiding me and giving useful criticisms but also for finding time from their tight schedules to see me through the period of the thesis. My profound thanks go to Professor J. A. Ariyo and other Lecturers in the Department of Geography for imparting practical knowledge on me throughout my study. This study would not have been successfully completed without the maximum cooperation of those who assisted me in the field namely: Mr. Andrew, Mr. Emmanuel and Alhaji Yusuf of Kwali Area Council.

I am grateful to all the members of the registered farmers' cooperatives in Kwali area council for their time and patience, especially during the Focus Group Discussion, many thanks to the Director of Cooperatives at the FCDA and all other staff for granting me an unreserved access to data and other relevant materials for this study.

I wish to also express my sincere gratitude to my parents and siblings. Special thanks goes to my big sister Vera and her husband Dr Adaji, my uncle Idris Yamusa, for their belief in me and also for their unflinching support in the course of my Masters programme. I also wish to thank the members of the Post Graduate Fellowship, many of whom were guide post in the cause of my stay in Zaria. I sincerely thank Punshak and his colleagues at PRHI, Richard, Josiah, Joshua, Adeola, Emma Laah, Vershima Alkali, Dr J. G. Laah just to mention a few.

ABSTRACT

Cooperatives as voluntary social organizations have profound influence on socio-economic development all over the world. It empowers members to participate actively in meaningful business ventures, improved living condition, creating job opportunities, improved managerial skills and increase agricultural productivity. The study aimed at assessing the influence of the farmers' cooperatives on agricultural development in Kwali Area Council, Federal Capital Territory (FCT) Abuja, Nigeria. Moreover, it investigated the socio-economic status of the cooperatives, the reason for joining cooperatives, the attitude of the members and the constraints facing the cooperatives in the study area. Primary data were generated through the administration of 280 well-structured questionnaire by employing a purposive sampling technique. Focus group discussion (FGD) was adopted to collect data from relevant groups in order to supplement data generated from the questionnaire survey. The secondary data were generated from official gazettes, research reports, journals, text-books and online materials. Descriptive statistical technique was employed to summarize the data into tabular forms and calculation of the frequency, percentages, and averages. In addition, inferential technique such as the multiple regression was used to measure the degree of relationship between the farmers' cooperatives and agricultural development. The study revealed that subsidizing agricultural inputs (0.025), provision of market information (0.002) and building of social bonds and ties in the community (0.013) have positive correlation and significant at 0.05 alpha value. However, given the important role of credit, education and marketing of produce which all had positive coefficients but not statistically significant. The Chi-square technique revealed that P-values of education (0.001), years of farming experience (0.004), duration in cooperatives (0.001) and family size (0.003) were significant at 0.05 thereby rejecting the null hypothesis. The study also revealed that the capacity of the farmers' cooperatives to function effectively in the provision of services to members is limited, as (71%) of the respondents had never attended any form of training and (63.8%) have membership dues as their source of income. Over (50%) of respondents' perception of

farmers' cooperative is that it exists as a source of cheap loan from government. Lack of encouragement and support from government/development partners', lack of production requirement and poor understanding of cooperative activities were among the major constraints to cooperation reported with (98%), (95%) and (87%) respectively. The study concludes that, though farmers' cooperatives have the potential to contribute to agricultural development, there exist gaps and inadequacies that limit their fulfilling these roles. Based on the findings, the study recommends among other things that there is need to strengthen the capacity of farmers' cooperatives to meet the needs of members, create awareness in the community by mobilizing them through symposia, training workshops and organize seminars that can enhance administrative, innovative ideas and technical skills to make them self-sustaining.

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CHAPTER ONE: INTRODUCTION

1.1 BACKGROUND TO THE STUDY

Agriculture accounts for about 20 percent of GDP in the West African sub-region (World Bank, 2005); two thirds of the people derive livelihoods and 40 per cent of exports commodities come from this sector (World Bank, 2000). Despite the importance of the agricultural sector, its performance over the last 30 years has been disappointing: agricultural and food production per capita in West Africa has stagnated in the last ten years (FAO, 2005), yield of grain crops are less than half those of other developing regions in Asia and South America. If Africa is to feed itself, lift its people out of poverty and attain a satisfactory level of sustainable growth, the poor performance of its agricultural sector must be addressed. It is the dominant sector in the rural areas of Nigeria as it provides employment for about 60 percent of the work force (Manyong, et al 2005). For instance, less than 50% of the country's cultivable agricultural land is under cultivation particularly because smallholder and farmers who use rudimentary production techniques cultivate most of this land with resultant low yields. The smallholder farmers are constrained by many problems including those of poor access to modern inputs and credit, poor infrastructure, inadequate access to markets, land and environmental degradation, and inadequate research and extension services (Oluwatayo, *et al* 2008).

In an effort to overcome some of these issues, donor agencies and governments have re-emphasized cooperatives as a strategy to promote collective action to strengthen small holders' livelihoods by linking them to national and international markets. Cooperatives are defined as autonomous associations of persons who unite voluntarily to meet their common economic and social needs and aspiration through a jointly owned and democratically controlled enterprise (International Cooperative Association, (ICA) 1995). Cooperatives are

established by like-minded persons to pursue mutually beneficial economic interest and they provide a unique tool for achieving one or more economic goals in an increasingly competitive global economy. These goals include achieving economy of size, improving bargaining power when dealing with other business, purchasing in bulk to achieve lower prices and obtaining products and services otherwise unavailable. Develtere (1995), described cooperatives as a medium through which services like provision of farm input, farm implements, farm mechanization, agricultural loans, agricultural extension, members education, marketing of members farm produce and other economic activities and services are rendered to members. Cooperatives can be multi-purpose or focused on one area. An example of the latter is farmers' cooperatives. Grounded in theories of social cohesion and social capital, farmers' cooperatives provide small holder farmers with economies of scale by facilitating cheaper and more efficient access to inputs, production technologies, market information and markets.

Today in an era where many people (especially small-holder farmers) feel powerless to change their lives, cooperatives can serve as a strong, vibrant and viable economic alternative. They are based on the powerful idea that together, a group of people can achieve goals that none of them can achieve alone. It has being considered as a third force, an alternative and countervailing power to both big business and big government (ICA, 1995)

Agricultural cooperatives encourage members to engage in joint cultivation of food and cash crops among others. In view of the low financial capacity and high level of underdevelopment, an individual farmer cannot achieve the desires for large-scale production. It is therefore; in the farmers' interest that resources are pulled together so as to gain a tremendous collective advantage and thus widening the industrial base of the economy and the management techniques of the farmers (Enikaselu *et al*, 2005).

Group projects are increasingly being relied upon by national governments, bi- and multi-laterals and non-governmental organizations (NGOs) as the preferred model for rural development project implementation and poverty alleviation (Grootaert, 1998; Harris, 1997; World Bank, 1997). Thus despite the low performance of cooperatives, the World Bank (1997) claims they remain the preferred form of organization, and perhaps the only organization with which rural people are familiar (Hussi 1993:12). For instance, farmers' cooperatives societies are formed to bring in more agricultural inputs and product marketing services to members, increase competition in the agricultural service sector and provide savings and credit to members, among many other functions (Porvali, 1993). Small holder farmers stand a better chance with the formation of agricultural cooperatives.

The cooperative as a social organization began early in human development. Cheney (1999) opined that cooperatives were always inspired by the ancient doctrine of human fellowship, by the new spirit of social service and by a firm faith that the time would come when people would work for the whole community, instead of their own gains. Ghosh and Maharjan (2001), modern cooperatives started in 1904 in British India when the cooperative societies act was enacted. The purpose of the cooperatives at inception was to provide cheap credit to the farmers. Cooperatives was introduced into Russia in mid-19th century from Germany (Lohlein and Wehrheim, 2003), but the exact year was not stated. However, Lohlein and Wehrheim (2003) reported that by 1883, there were about 981 cooperatives in Russia. Those in rural areas are called credit cooperatives while those in the urban centres are refer to as credit union.

Furthermore, before Rochdale, cooperative pioneer societies had practised most of the Rochdale principles. Gates (1998) found profit sharing and surplus sharing cooperatives between workers and owners, as far back as 1795 and (as might be expected) the genius of the Rochdale cooperative was that they actually developed principles, which they then

practiced and popularised. Subsequently, following the guiding principles of cooperative promotions by the ICA, various cooperatives rapidly developed worldwide-both in developed and developing countries – and this made an immense contribution to social and economic development (ICA, 2008).

The evolution of cooperatives has shown that the cooperative movement has been influenced by its social and economic conditions. Cooperatives were created by their members to deal with their own difficulties, in relation to aspects of economic change (Fairbairn, 2004a). Djik (1997) summarised the historical reasons to set up cooperative firms, which included the need for counterbalancing power; to gain access to industrially produced goods and services; efficiency by economies of scale; risk management; and the improvement of members' income and the rural economy.

Illiopoulous and Cook (2004) over-viewed the historical development of farmers' cooperatives in America, and divided them into two main types which included 'traditional' cooperatives and 'new generation' cooperatives. Traditional cooperatives often refer to producer-owned, controlled with open membership, and risk capital generated primarily by means of retained earnings from member patronage and illiquid equity ownership rights. New generation cooperatives (NGCs) often adopt "a property rights structure that enables them to partially ameliorate the aforementioned constraints" (Illiopoulous & Cook, 2004). Cook and Burress (2009) further research also proposed a dynamic life cycle framework to show the evolution of agricultural cooperatives. This life cycle framework includes five phases of economic justification: organisational design; growth; glory and heterogeneity; recognition and introspection; and choice (Cook & Burress, 2009).

The early cooperative societies in Nigeria were established to facilitate cocoa farming which led to the establishment of the Cooperative Registrar of the Colonial Government in 1935.

Later, these cooperative societies began providing financial intermediation to members (World Bank, 2000). Eventually, multi-purpose cooperative societies were designed to simultaneously solve several problems facing members, such as input supply, farming and marketing of farm produce. Consequently one could arguably state that the need to reduce shortage of loans to the low income farmers among the members thus promoting agricultural development brought about cooperative societies in Nigeria (Oluyombo, 2010). The operation of cooperative within and outside Africa varies from one nation to another. In some countries, there are rules and regulations guiding the operation of cooperatives which they are expected to comply with. The regulation may require the cooperative to be under the direct control of the central bank of such nation or a separate agency may be created to monitor and control the affairs of cooperative depending on what the country deems acceptable to do (Henry and Schimmel, 2011).

The survival of cooperative societies in any country depends largely on the overall political and economic environment of such nation because cooperatives exist within the wider economy of the particular country where it operates (Calkins and Ngo, 2005). The practice of cooperative has grown over the years across the globe either as formal or informal institutions. The regulation of farmers' cooperatives is a function of the roles they are expected to perform in such economy vis-a-vis the level of economic development and poverty in such a nation (Oluyombo, 2010). Cooperatives with track records of prudent management and cohesive membership stand to play a major role in agricultural and rural development in Nigeria.

International organizations such as the United Nations (UN), the World Bank and the International Labour Organization (ILO) are convinced that agricultural cooperatives can play a vital role in achieving sustainable rural development. UN (2008) noted that

cooperatives are by nature concerned with democratic and human values, as well as caring for the environment.

Successive governments in Nigeria recognize that cooperative societies are essential for the development of the agricultural sector. This laudable goal was supported by the establishment of the Agricultural Development Programmes (ADPs) and the River Basin and Rural Development Authorities (RBRDAs). Both ADPs and RBRDAs always organize farmers under their programmes into cooperative groups for better co-ordination of the farmer's activities. The cooperatives approach to group action has been effectively utilised by these two programmes. Although, the primary objective of forming group farming cooperatives in ADPs and RBRDAs is to increase agricultural outputs, it has been possible to get them involved in marketing of their produce as well.

Farmers are the single largest group of users and managers of land, water, and other ecological resources throughout the world. Most small holder farmers regardless of gender require services and information obtainable through membership of agricultural cooperative. Such information includes appropriate technology and sound technical advice not only to increase their agricultural productivity and incomes but also to make farming and rural life richer and more sustainable. Herein lies the rationale why farmer's cooperative is deserving of research attention particularly in Kwali Area Council (Abuja) where major farming activities are taking place around the Federal capital territory of Nigeria.

1.2 STATEMENT OF RESEARCH PROBLEM

Small-holder farmers remain the bedrock of agricultural production especially in the developing countries including Nigeria. It accounted for over 90% of all agricultural output in

Nigeria (World Fact Book, 2011). The farmers are burdened with high cost of farm inputs, inefficient farming techniques, inadequate infrastructure, poor producers' prices and heavy constraints in obtaining credits and insurance. Benson (2004) remarked that the situation is further compounded by the general economic downturn and governments drive to remove all subsidies on inputs such as fertilizers, vaccines and foundation stock. Consequently, the cooperative option comes into focus as a viable way to effectively mobilize farmers to form groups and pool resources so as to become more effective in agricultural production.

In addition to the values and principles of cooperatives, Veerakumaran (2005) explained that cooperatives serve as fundamental tool for achieving food security at household level. Cooperatives are the best institutional intervention for attaining food security in any country. The developed nations like United States of America, Canada, Australia, almost all European countries and Socialist country like China have attained food self-sufficiency through cooperatives (Chambo, 2009).

Gertler (2001), using the probit model studied the potential impact cooperatives have in sustaining regional economies in Canada. The results show that cooperatives are practical vehicles for cooperation, collective action and they build and reinforce community, stabilize regional economies and provide a favourable climate for further investment. Cooperatives reduce inequality and promote equitable sharing of the cost and benefits of development. Cooperatives can promote economic democracy and the empowerment of marginalized groups- a hallmark of sustainable development and a precondition for shared responsibility.

Adefila (2012) examined the factors influencing the performance of farmers' cooperatives organization in Gurara Area of Niger state, Nigeria using multiple regression. The results from the regression analysis revealed that famers' cooperative organizations are variously involved in agricultural development and that factors' influencing their role performance

include annual income, experience in farming, leadership training and membership size. The author concluded that cooperatives in whatever form are seriously viewed as catalyst in the process of rural socio-economic development and the law should empower cooperatives to perform certain functions, such as strengthening their bargaining power as effective agents of socio-economic rural transformation.

Ojiako and Ogbukwa (2012) examined loan repayment capacity of small – holder cooperative farmers in Yewa North Area of Ogun State, Nigeria using regression technique. The results show that farm credits played vital roles in the socio-economic transformation of the rural economies. However, loan acquisition and repayment were characterized by numerous challenges including high levels of default among beneficiaries. The study concludes that promoting smallholder cooperative farmers' loan repayment capacity would require conscious use of policies directed at increasing loan size and farmers' farm holdings and/or reducing household size.

Similarly, Ofuoku and Urang (2009) assessed the effects of cohesion of farmers' cooperatives societies on loan repayment among members in Delta State, Nigeria using Spearman's rank order correlation analysis. The study observed that there was almost perfect positive relationship between rates of loan repayment perception and cohesion. Consequently, they recommended that extension agents should take advantage of the effect of cohesion on loan repayment to promote cohesion in upcoming cooperative societies.

In evaluating agricultural credit utilization by cooperative farmers in Benue State, Nigeria, Okwoche et al (2012), observed a significant difference between the agricultural output and income of farmers' before and after the utilization of loan acquired. The t-test analysis shows that farmers joined the farmers' cooperatives societies mainly to access credit. The study

recommended that the farmers should be adequately motivated with needed credit facilities as this will further enhance agricultural production.

However, considering various studies (Gertler, 2001; Veerakumaran, 2005; Ofuoku and Urang, 2011; Adefila, 2012; Ojiako and Ogbukwa, 2012; and Okwoche, 2012), this research will seek to assess the extent to which cooperative membership has transited farmers from subsistence to mechanized agriculture.

The study attempts to address the following research questions:

- (i) What is the current social and economic status of farmers' cooperatives in the area?
- (ii) What are the reasons for joining famers' cooperatives in the area?
- (iii) What is the impact of farmers' cooperatives on agricultural development?
- (iv) Are there constraints to agricultural productivity among cooperatives in the area?

1.3 AIM AND OBJECTIVES OF THE STUDY

The aim of the study is to assess the contribution of farmers' cooperatives on agricultural activities in Kwali Area council, Federal Capital Territory, Abuja, Nigeria. However, the specific objectives are to:-

- (i) examine the socio-economic status of the farmers' cooperatives in the study area
- (ii) identify the reasons for joining farmers' cooperatives
- (iii) assess the benefits members derive from their cooperatives
- (iv) assess the attitudes of members to farmers' cooperatives in the study area
- (v) assess the constraints of the farmers' cooperative organization to agricultural development.

1.4 Research Hypothesis

In the light of the foregoing research questions, the following hypotheses are posed:-

H_o There is no significant relationship between socio-economic traits of farmers' cooperatives and agricultural development in the study area.

1.5 SCOPE OF THE STUDY

The spatial scope of this study is Kwali area council Abuja, FCT (See Figure 1). The area is made up of eight districts - Kwali, Yebu, Pai, Ashara, Wako, Gumbo, Kilankwa, Yangoji, Kundu and Dafa, (see Figure 2). The content scope of the study focuses on the influence farmers' cooperatives have in gradual but sustained substitution of local implements with improved or modern ones and local species with improved ones. That is gradual transformation from subsistence farming culture to commercial farming.

The choice of the study area is centred on the fact that farmers' cooperatives are better and efficiently organized in those areas. In addition, the study area is dominated by poor peasant farmers who come together with the common goal of influencing the value-chain with respect to agricultural production, distribution, transfer and marketing. This study also covers cooperatives that had existed not later than five years.

1.6 SIGNIFICANCE OF THE STUDY

In recognition of the worsening food situation in Nigeria, successive governments have instituted different policies, programmes and projects directly or indirectly connected with agricultural production. These programmes include, the National Accelerated Food Production Programme (NAFPP of 1973), the Nigerian Agricultural and Cooperative Bank

(NACB in 1973) transformed to Nigerian Agricultural and Rural Development Bank (NACRDB) in the year 2000 to reflect the rural nature of cooperative activities in Nigeria (FGN Budget, 2000), the Agricultural Credit Guarantee scheme Fund (ACGSF of 1976), the Agricultural Development Projects (ADPs in 1975), Operation Feed the Nation in 1976), the River Basin and Rural Development Authority (RBDA in 1976), the Green Revolution in 1979 and very recently Presidential initiatives on food production, National Fadama programmes among others.

Despite these programmes, policies and schemes instituted by the government to improve agricultural development, the sector remains backward. Moreover, as governments around the world cut services and withdraw from regulating markets, there is the need to continuously evaluate strategy that involves the re-organization of rural producers into viable cooperatives (ICA, 2007). Cooperatives constitute the most appropriate institutional mechanism for reaching the millions of scattered peasant producers in the rural areas for ensuring their access to suitable markets and credit sources; for introducing new technologies; skills and development oriented attitudes; for protecting these peasant farmers from exploitation of the middlemen and money lenders and for ensuring effective participation by the peasants in the development process (Njoku, 1998). In other words, cooperatives are considered the most effective instruments for mobilizing the peasant farmers for rural development and for ensuring that they benefit substantially from the development process.

This study concentrates on variables of agricultural productivity that makes for agricultural development. This helps to trace the role of cooperatives to ownership of farm assets, enterprise assets, enterprise profitability and increase in farm income to determine their contribution to agricultural development.

This study seeks to contribute to the emerging body of knowledge on how best to make rural farmers' cooperatives to be more productive. It will deepen the understanding of the values and principles of cooperatives, incorporating them into competitive strategies, relying on cooperation, trust, loyalty as coordinating forces of economic activities and as sources of competitive difference in agricultural system.

The underlying argument of the study is that cooperatives, based upon some principles, represent a unique third way of social organization that enhances technology development and extension, market information and organization, and government policy. It is particularly useful in cases of simultaneous market and government failure to assure adequate credit, input delivery, technology training, output delivery and social development in poor areas of Africa (Brayerman, *et al* 1991).

The findings of this study will help to suggest to government and non-governmental agencies how social institutions like farmers' cooperatives could overcome the problem of low agricultural productivity and betterment of living conditions.

CHAPTER TWO: CONCEPTUAL FRAMEWORK AND REVIEW OF LITERATURE

2.1 CONCEPTUAL FRAMEWORK OF THE STUDY

There are some fundamental and technical concepts that demand for clarifications in the way they are being used in this study and they include: the concepts of development, cooperatives agricultural development.

2.1.1 Concept of Cooperative

The idea of people working together is the basis for the formation of cooperatives. The International Cooperative Alliance (ICA, 2010) viewed cooperative as an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise. This definition emphasises that cooperatives are based on the values of self-help, self-responsibility, democracy and equality (ICA, 2007).

Cooperative societies are community based, self controlled and self funded microfinance institutions (Simkhada, 2004) because they are meant to operate at the micro level in most cases to serve the low level strata of the economy, to people who in most cases lack access to formal banking system.

Cooperatives are financial organisations that are owned and controlled by the members and they provide savings and credit services to their members in the community (Sharma et al., 2005). Cooperatives are a form of microfinance institutions owned by group of people who are the members and they provide small scale financial services – majorly savings and loans – just like any other microfinance institutions to their members. This is different from the formal microfinance institutions such as the microfinance banks (MFBs) in Nigeria which are meant to serve the general public. Cooperatives are voluntary association that are

members owned, self managed and democratically controlled within a specific location (Adedayo and Yusuf, 2004). The existence of cooperative in a community suggests that they may be location bound or restricted which also apply to some formal microfinance institutions especially the MFBs in Nigeria with the microfinance policy delineating the operational locations of MFB (CBN, 2005) either as a unit MFB or a state-wide MFB.

Cooperatives are independent association of people who voluntarily unite to form a jointly owned and democratically controlled enterprise called cooperatives, to meet members' economic, social and cultural needs (Henry and Schimmel, 2011). Cooperative can be seen as an arrangement designed to improve the lot of individuals and enhance micro and small scale entrepreneurs both in the rural and urban areas in mobilising savings and accessing fund as loan as at when needed from the scheme. Cooperative societies are privately organised association of individuals of like minds who come together to operate a savings and loan program among themselves (Oluyombo, 2010).

Cooperatives are therefore owned and controlled by the members who voluntarily come together based on share value to meet members' needs. Cooperative is an association of individuals who voluntarily form a cooperative society (Lohlein and Wehrheim, 2003) who are united in their quest for the economic benefits of the members. Cooperative can be an intervention based on social intermediation in which poor people can mobilise their savings, link them with credit and finally become self employed (Singh, 2004). The social intermediation in cooperative societies includes training of members on different areas of vocations, health, literacy, business record keeping and management skills as found necessary. Social intermediation also include support for members in trouble such as sickness and those having essential social function to perform such as burials and weddings.

Cooperative is one of a range of financial arrangements designed to attract the poor as either borrowers and/or savers (Montgomery and Weiss, 2005). Cooperative is a microfinance arrangement to help the low income earners with financial services that will enable them to create wealth without any discrepancy as to the gender of such persons. Cooperative enables low income people to access financial and non financial services that are packaged in a manner that enable those who are unable to access formal financial services to access comparatively small loans, saving schemes and other services for working capital and income generation (Nathan et al., 2004).

Cooperatives are privately organised institutions that are owned and controlled by their members (Branch, 2004). One person, one vote is therefore applicable to cooperative societies because the association is jointly owned by the members. There is uniformity in membership class of cooperative members, unlike ownership of a limited company that can comprise of ordinary shareholders and preference shareholders. Cooperative is a voluntary group of people that work to meet members' common economic, cultural and social needs, using a jointly owned and controlled enterprises (Allahdadi, 2011). "They appear to be the most standardised informal financial institutions with well organised savings mobilisation strategy in the informal market" (Oloyede, 2008)

Cooperative societies, also known as credit cooperatives, credit unions, financial cooperatives, and savings and credit cooperatives could be government sponsored, members sponsored or program sponsored (Ghosh and Maharjan, 2001; Simkhada, 2004). Those names of cooperatives are used interchangeably in this study to mean the same. The government sponsored cooperatives are cooperatives established, owned and funded by the government to accomplish its economic objectives. Cooperatives that are established and owned by the individual members of the cooperatives are regarded as members sponsored cooperatives. Program sponsored cooperatives are established and owned by an existing

organisation which may be an NGO, bank, donor etc. with specific purpose of poverty eradication, targeted towards a particular group of people in a specified location.

Governments of different nations define and promote cooperatives according to their own social, cultural and economic conditions. In America, a cooperative is a business owned and democratically controlled by the people who use its services and whose benefits are derived and distributed equitably on the basis of use (USDA, 1997). In New Zealand, Cooperative Companies Act (1996) defined cooperative as an organization in which those who transact with the organization also own and formally control the organization, and derive significant benefits from those transactions over and above any financial returns they derive from their investment in the organization (Evans and Meade, 2006). In China however, the newly enacted farmers' cooperatives law defined cooperatives as a self-help organization which associated voluntarily and controlled by producers of the same agricultural products or service providers and users of the same agricultural business operations (Zhang, 1999).

The definition of cooperatives is built on four major words; first, they are formed by groups of people, who have a specified need or problem. Second, the organization is formed freely by members after contributing to its assets. Thirdly, the organization formed, is governed democratically in order to achieve desired objectives on equitable norms, and fourth, it is an independent enterprise promoted, owned and controlled by people to meet their needs (DFID: 2008). It is about peoples' organization to capture different opportunities in the economy where they can address their economic needs and aspirations. A cooperative can therefore provide a hub for organizing particular local economic interests and/or for protecting common pool resources (Simmons and Birchall, 2008a).

Farmers' cooperatives can therefore be defined as voluntary business associations formed by people (mostly farmers) of limited means through contribution of share capital that forms the

basis of sharing out the profits that accrue from the business (Wanyama, *et al* 2008). In developed countries, rural cooperatives have significantly contributed to the mobilization and distribution of financial capital, created employment, and constituted a forum for education and training, social welfare and poverty alleviation, and other socio-economic problems (Tanzanian Federation of Cooperatives, 2006). Farmers' cooperatives offer new opportunities for farmers to expand and strengthen their own organizations to reach their full economic and social potential. It is an organization created by people of common felt need and means to help their members both from a business point of view, as they enable private farmers to benefit from economies of scale and stimulate competition, and from a social point of view, since they encourage cohesion and cooperation at the community level.

There are three main types of Cooperatives: (i) consumer Cooperatives that enable members to buy or obtain goods or services close to cost prices (ii) producer Cooperatives that enable members to achieve higher profits through reduced input costs and better marketing, and (iii) worker or employee -owned Cooperatives that provide members with opportunities for employment and skills improvement (UN, 2009). Irrespective of the type, the Cooperatives business model operates on the same values and principles that confer to their members the triple benefits of ownership, control and utility. Cooperatives are classified as business and social enterprises (UN, 2009). Many key international development agencies such as the UN, World Bank, ILO and FAO recognize the enormous current and potential contribution made by cooperatives as social and business enterprises in terms of economic development, development of social capital including social inclusion, social integration and cohesion, gender equity, democratization, equity (fairness and justice), community development and environmental management (Birchall, 2008)

2.1.2 Agricultural Development

Agricultural development is an integral part of national development. It is that aspect of development that is related to agrarian reforms. Considering the contribution of agriculture to the socio-economic development of many countries, several scholars have postulated theories linking agriculture with national development. Agricultural development is defined as the process that creates the conditions for the fulfilment of agricultural potential. Those conditions include the accumulation of knowledge and availability of technology as well as the allocation of inputs and output. Therefore, agricultural development can be viewed as another area of development, which connotes improvement in the principles, and practice of agriculture given both human and material resources that will result in maximum output from a combination of minimum inputs (Ashley and Maxwell, 2001).

Agricultural development in Nigeria faces several constraints; the most critical of these include lack of appropriate technology, land tenure system, inputs problems, under developed marketing system, lack of finance and lack of coherent national policy framework. While most of these problems have generated a lot of interest and debate among academics and policy makers in Nigeria, much still needs to be done by the government in establishing tentative development projects and programmes for the achievement of national objectives. Again the most crucial, is provision of deliberate frame work for policy consistency in the execution of such agricultural development programmes (Nkang et al).

Today, when population is increasing so fast, there is the need to think more seriously about the improvement of farming methods in order to get increasing yield of food and raw materials to the society and industries. Afterall, (Komolofe and Joy, 1990) had remarked that agricultural development basically means getting more out of the soil in the farm of crops and breeding more live stock in order to meet the world's increasing needs. The things that need

to be developed includes the soil growing and harvesting crops breeding and raising farm animals, processing, packaging and storing.

However, Todaro (2009) viewed agricultural development as the transformation of agricultural sectors through three stages of agricultural production. The first is the low productivity, mostly subsistence pattern of production characterized by peasant farmers still prevalent in Africa. The second stage is diversified or mixed family agriculture, where a small part of the produce is grown for domestic consumption and a significant part for sale to the commercial sector as food in parts of Asia. The third stage represents the modern farm, with high productivity engaging in specialized agriculture geared to the commercial sector as obtained in many developed countries. Therefore, agricultural development can be described in terms of gradual but sustained transition from subsistence to diversified and specialized production.

Again, agricultural development was recognized as agricultural modernization as you have in irrigation schemes employing innovative ideas, modern techniques that dramatically reduces hunger and poverty and diversified the economy (Bill and Melinda Gates Foundation, 2009). In the context of Nigeria, agricultural development can be expressed as a gradual transformation from subsistence farming culture to commercial farming, from the use of inefficient farming methods to the use of more efficient farming methods and techniques. The process will involve the gradual substitution of local implements with improved or modern ones and local species with improved ones.

Agricultural development promotes the proper conditions for farming so that planting, harvesting and processing of crops can be done effectively, which ultimately can empower small holders and reduce poverty (World Bank, 2002). In Nigeria, problems with roads and infrastructure interfere with farmer's ability to sell his or her goods. Communication is

another component to agricultural practices. This is because in order for a farmer to know the type of crop they must yield to generate a profit, they need to know the market prices for the types of crops they are growing. Solving these problems is where agricultural development and government funding comes into play. For example, until some developing nations adopt aggressive funding programmes to improve harvesting conditions, agricultural development is limited. There are endowments and foundations, however, which earmark large sums of capital toward improving farming conditions in developing nations.

The implementation of a new technology may require new forms of social organization such as the grouping of peasants in peasant's associations to allow the distribution of inputs, and information on their application. These continuous efforts may affect peasant values, and, subsequently, goals. If this plan is successful, peasants may change their cropping patterns in favour of crops which proved more profitable (Birchall, 2004). This has effects on other parts of the farm, and may for instance, cause a reduction of animal husbandry. If the proceeds of animal husbandry belong traditionally to the women, as in some societies, this affects the internal relations of the family.

A change in land tenure affects in turn the power structure and may change the goal-setters in the society and, thus, the relevant goals (Serag, 1995). This example could be elaborated further. It all results in the recognition that the system approach reflects most closely the development process, and projects and programmes aiming at one isolated element of the system are dysfunctional. It is true that it often is very difficult to quantify the influence of individual elements. This, however, must not prevent understanding development as a system of interrelated changes which requires integrated instead of isolated measures. Development is one of the main goals that all communities try to achieve in order to improve the living standards of individuals in those communities (Mohamed, 2004). Farmers' cooperatives have

played an important role in rural development through development of agriculture. The agricultural cooperatives are considered to be the most important organizations that pay attention and try to support rural development in general and the agricultural development in particular through the activities and services achieved for the sake of farmers (Mohamed, 2004).

Levin (2002) remarked that although cooperatives are economic organizations in the first place, they also have social aims in addition to the economic ones they seek. They aim at developing the agricultural processes with its various fields as well as participating in achieving the rural development in villages. The role of the cooperative is not only confined to providing farm inputs such as fertilizers, seedlings and chemical materials, but also engaged in symposiums for the farmers to acquire necessary knowledge and skills on new technology that aims at increasing agricultural production and promoting rural welfare. The cooperatives also seek to urge members to participate in social activities (UN, 1990).

2.2 THEORETICAL FRAMEWORK

Cooperatives are driven by both social and economic concerns. They must also effectively respond to their market needs, be well-managed and financially self-sufficient and agricultural cooperatives are a significant form of business enterprise. In many respects, they are similar to the investor-owned, profit-maximizing firms that, along with other organizations such as households and government agencies, form the institutional framework for western economic theory (Cook, 1999). Yet, cooperatives also are distinctly different from investor-owned firms (IOFs). Cooperatives as a form of business organization are distinct from the more common investor-owned firms (IOFs). Both are organized as corporations, but IOFs pursue profit maximization objectives, whereas cooperatives strive

to maximize the benefits they generate for their members (which usually involves zero-profit operation (Nilsson, 2001). Agricultural cooperatives are therefore created in situations where farmers cannot obtain essential services from IOFs (because the provision of these services is judged to be unprofitable by the IOFs), or when IOFs provide the services at disadvantageous terms to the farmers (i.e., the services are available, but the profit-motivated prices are too high for the farmers). The former situations are characterized in economic theory as market failure or missing services motive. The latter drive the creation of cooperatives as a competitive yardstick or as a means of allowing farmers to build countervailing market power to oppose the IOFs. The concept of competitive yardstick implies that farmers, faced with unsatisfactory performance by IOFs, may form a cooperative firm whose purpose is to force the IOFs, through competition, to improve their service to farmers (Nilsson, 2001).

A practical motivation for the creation of agricultural cooperatives is related to the ability of farmers to pool production and/or resources. In many situations within agriculture, it is simply too expensive for farmers to manufacture products or undertake a service (Breimyer, 1992). Cooperatives provide a method for farmers to join together in an 'association', through which a group of farmers can acquire a better outcome, typically financial, than by going alone. This approach is aligned to the concept of economies of scale and can also be related as a form of economic synergy, where "two or more agents working together to produce a result not obtainable by any of the agents independently" (Sexton and Iskow, 1992). While it may seem reasonable to conclude that larger the cooperative the better, this is not necessarily true. Cooperatives exist across a broad membership base, with some cooperatives having less than 20 members while other can have over 10,000.

While the economic benefits are a strong driver in forming cooperatives, it is not the sole consideration. In fact, it is possible for the economic benefits from a cooperative to be replicated in other organisational forms, such as an IOF. An important strength of a

cooperative for the farmer is that they retain the governance of the association, thereby ensuring they have ultimate ownership and control. This ensures that the profit reimbursement (either through the dividend payout or rebate) is shared only amongst the farmer members, rather than shareholders as in an IOF (Bhuyan, 2007).

Chayanov, 1991; Dávila, 2002; and ICA, 2004) identified four main characteristics of agricultural cooperatives, that distinguish them from other types of economic enterprises: First, is the collective and democratic management of the organization –voting rights in the member’s general assembly allocated on a basis of ‘one man one vote’. Second, is the double condition of members as owners and patrons of the cooperative. Third, is the provision of agricultural activities and directly connected services to mainly benefit its member. Fourth, is the distribution of dividends among members allocated according to each members’ usage of the cooperative’s services.

In defining cooperatives and producer organisations one has applied the three basic principles developed by (DFID, 2010). First, is the user-owner principle and has to do with those who own and finance the cooperative are those who use the cooperative. Second, is the user-controlled principle and it has to do with those who control and use the cooperative. Third, is the user-benefits principle, relating to cooperative’s sole purpose to provide and distribute benefits to its users on the basis of their use. The principles are simple and flexible principles but encompassing latitude of practices such as open membership and one-member-one-vote or proportional voting. These basic cooperative principles can be found in the following organisational practices. Users typically control cooperatives by democratic decision-making structures. Capitalization of cooperatives is created by direct investments, retained patronage refunds, and per-unit capital retains. Benefits are realized by returning net income (or surplus) to patrons in proportion to use, by receiving/paying fair prices, and by gaining access to markets, supplies, and services. In sum, a cooperative has been viewed as a “user-owned

and controlled business from which benefits are derived and distributed on the basis of use” (Dunn, 1988)

The Cooperatives sector school (Harte, 1997) remarked that the role of cooperatives was to cater for the social and economic needs of society that the state, the private sector, big capitalist enterprises and small family businesses may not be able to satisfy. It therefore; recommends that successful organization and management of cooperatives must combine the desirable approaches of other enterprises such as the service spirit of the state, the efficiency of the capitalist enterprises, the entrepreneurial culture, independence of the private sector, the proximity and social touch of family business.

2.2.2 The Cooperative Model and Agricultural Development

Bijman (2003) identified three main factors that determine the success of cooperatives in agricultural development. These factors relate to (a) position in the food supply chain, (b) internal governance, and (c) the institutional environment. These three factors (Figure 1) constitute the three building blocks of the analytical framework adopted in this study in order to explain the impact the cooperative model could have in agricultural development.

The position of cooperatives in the food supply chain refers to the competitiveness of cooperatives vis-à-vis its partners, such as processors, wholesalers and retailers. It also refers to the strategy that the cooperative follows in choosing a particular position in the food chain. Internal governance refers to the decision-making processes adopted, the role of the different governing bodies, and the allocation of control rights to members and professional management (Cook, 2012). Further, the internal governance refers to issues such as the organisational structure of the cooperative enterprise (e.g. the formation of holding and daughter companies).

Figure 1 Factors affecting cooperative performance and competitiveness

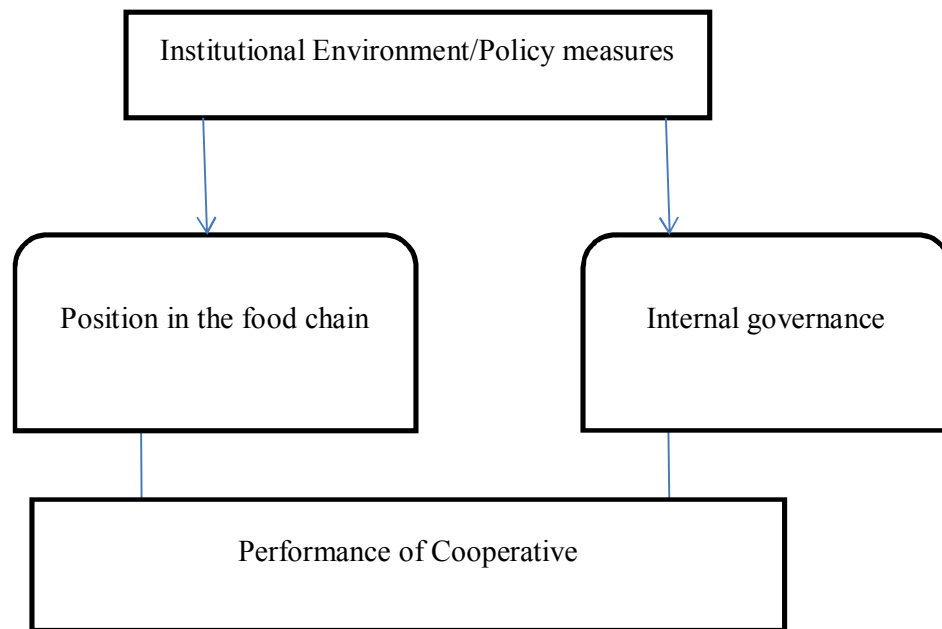


Figure 1. Adapted from Bijman, 2003

The institutional environment refers to the social, cultural, political and legal context in which cooperative operates, and which may have a supporting or constraining effect on the cooperatives' performance. History is an important ingredient of the institutional environment. For example, positive past experiences of cooperative development usually have resulted in the generation of trust and has boosted social capital –both necessary for efficient operation of the cooperative as well as for establishing new cooperatives. Legal aspects of the institutional environment, such as taxation and competition laws, are equally crucial in fostering or deterring cooperative development (Bijman, 2003).

Potential benefits from the cooperative model include: allows like-minded people to provide themselves with desired goods and services at a reasonable cost. The traditional democratic control model of "one-man-one vote" means decisions are made by all members, and prevents one person or a small group of people from getting control. Income generated by the cooperatives remains in the community. Profits not reinvested in the cooperatives are

allocated proportionally and paid back to members based on their volume of business. Limited liability of members, that is, members / owners liability is limited to the amount of the value of their shares plus any shares that have been purchased but are unpaid. Permanence - A cooperatives enterprise continues even if members / owners leave. The cooperative movement provides educational and networking opportunities at a local, regional and international level (ICA, 2007).

2.3 THE ROLE OF FARMERS' COOPERATIVES IN AGRICULTURAL DEVELOPMENT

A cooperative is a widespread and important governance structure within the agricultural sector. The cooperative sector worldwide is comprised of approximately 800 million members in over 100 countries and it is estimated to account for more than 100 million jobs around the world (ICA, 2007). Agricultural cooperatives in particular, account for 80 to 99% of milk production in Norway, New Zealand and the United States; 71% of fishery production in the Republic of Korea; and 40% of agriculture in Brazil (ICA, 2007). Cooperatives are an important form of organizational structure in many agricultural markets. For example, in the EU, cooperative firms account for over 60% of the harvest, handling and marketing of agricultural products, with a turnover of approximately 210,000 million euros (Gertler, 2001). Furthermore, over 50% of global agricultural output is marketed through cooperatives (Bibby& Shaw, 2005). There are several benefits that farmers receive from being part of a cooperative organisation.

a. Provides access to markets

Cooperatives are helpful in overcoming access barriers to assets, information, services and input and output markets. For example, Hovhannisyan, Urutyan and Dunn (2005) identified

that American farmers, in milk marketing cooperatives, were able to pool products of a specified grade and quality and therefore they were better able to market milk to large scale buyers. They further argued that cooperatives were able to move their products to distant markets and thereby expand their opportunities for milk sales. Agricultural cooperatives have played an important role in helping small-scale farmers to cope with competitive and fluctuating markets and high transaction costs and to achieve economies of scale, through bulk selling, in order to meet market demand (Clegg, 2006)

Agricultural cooperatives have also ensured that farmers are easily identified by traders and this has helped to reduce the cost of market search, because it easily links them to the traders (Oke et al., 2007). Holloway et. al. (2000) found that cooperatives are helpful when it comes to farmers overcoming access barriers to the marketing of high value products and large quantities. Many business prefer to buy from larger farmers, rather than small-scale farmers because the small-scale farmer's produce is not reliable, when it comes to producing the correct quantities (Kirsten & Sartorius, 2002). This provides farmers in cooperatives with better opportunities to participate in the supply chain and to also be able to compete with larger farmers, for market opportunities.

b. Increased Bargaining Power

Agricultural cooperatives are helping farmers to gain a competitive advantage and hence, this increases their opportunities to participate in the market (Olumboy, 2010). A practical motivation for the creation of farmers' cooperatives is sometimes described as "overcoming the curse of smallness". Cooperatives, being an association of a large number of small farmers, acts as a large business entity in the market, reaping the significant advantages of economies of scale that are not available to its members individually.

Cooperatives have also increased the bargaining power of farmers, since they all 'speak with one voice' (Onumah, 2007). Due to economies of scale (or other factors that limit

competition) a cooperative has market power, which would be an incentive for the farmers to become part of the organization and thereby avoid price exploitation. Cook (1995) indicated that cooperatives, on such cases, would help to increase margins and provide market assurance, and can also play the role of ‘competitive yardstick’. For example, Kodama (2007) when analysing coffee cooperatives activities in Ethiopia, found that the existence of cooperatives in the coffee market had led to improving the purchasing price offered by private traders, due to competition with the cooperatives. All these measures tend to increase farmers’ incomes.

c. Poverty Reduction Strategy

In relation to the social aspect of development, a cooperative presents an important model, which can address the problem of social exclusion of the poor and disadvantaged who lack access to opportunities in a liberalized market economy (Birchall, 2004). Cooperatives encourage local participation and inclusion which is central to poverty reduction. This has been reflected in the UN guidelines, related to cooperatives in social development, as quoted by Bibby and Shaw (2005:17)

Governments recognise that the cooperative movement is highly democratic, locally autonomous but internationally integrated, and a form of organisation of associations and enterprises whereby citizens themselves rely on self-help and their own responsibility to meet goals that include not only economic but social and environmental objectives, such as overcoming poverty, securing productive employment and encouraging social integration.

In addition, it holds guide symposiums for the farmers to acquaint them with the necessary knowledge and skills about the agricultural new methods that aim at increasing the agricultural production and, therefore, promoting the rural society (World Bank, 2005b).

From this discussion it can be noted that cooperatives represent a powerful development strategy, which can enhance the competitiveness of small-scale farmers and also address market failure. Cook (1995) observed that United States farmer’ cooperatives aggregate

market shares had been increasing steadily, thus agreeing with ICA's forecast that cooperatives would become the farmers' integrating agency, as the industrialization of agriculture continues to evolve.

2.4 AGRICULTURAL POLICIES IN NIGERIA

In Nigeria, agricultural policy framework has gone through a number of evolutionary processes and fundamental changes. These changes reflect the changing character of agricultural development problems and philosophical stance of government on the content of agricultural development and its roles in the development process of Nigeria. Manyonget *al*, (2005) identified three phases of agricultural policy namely: pre-structural adjustment, structural adjustment and post structural adjustment periods.

2.5.1 Pre-Structural Adjustment Programme Era

The pre-Structural Adjustment Programme era (pre-SAP) was characterized by maximum government intervention in the form of multidimensional agricultural policies, programmes, and projects designed to facilitate agricultural marketing, reduce agricultural production costs and enhance agricultural production prices. These are incentives for increasing agricultural production and to strengthen the economic positions of independent farmers (Daramola and Adebisi, 2004).

Notably among these measures according to Anyanwu *et al*, (1997), includes River Basin Development Authorities (RBDAs) in 1963 which was aimed at catering for the development of land and water resources potentials of Nigeria for agricultural purposes and general development. Later in 1984, it became River Basin and Rural Development Authorities (RBRDAs). The National Accelerated Food Production Project (NAFPP 1973), with its main objective to accelerate the food production of six major food crops; namely, rice, maize,

millet, sorghum, wheat and cassava. Rural Banking Scheme (1975) was to achieve geographical dispersal of banks to ensure penetration into rural areas, which was expected to assist in their transformation through mobilized rural savings and provision of loadable funds.

Operation Feed the Nation (OFN) 1976, mainly to increase food production and eventually to attain self sufficiency in food supply. Agricultural Input Subsidy (1976) which covers fertilizer, seeds, agro chemicals, and tractors hire services to reduce production cost and induce adaptation of technology. Commodity boards (1977) were established to promote the production, marketing and stabilization of prices of some export commodities as well as that of food items. Agricultural Credit Guarantee Scheme (ACGS 1978,) was aimed at increasing the level of bank credit to agricultural sector through provision of guarantee by the central bank of Nigeria (CBN) in respect of loans granted for agricultural purposes by any bank in accordance with the provisions of 1977 ACGS Act (Manyong *et al.* 2005).

Other programmes include the Agricultural Development Programme (ADPs) (1974), Land Use Decree (1978) and Green Revolution (1979). All these have their success and setbacks that have affected the agricultural landscape differently.

2.5.2 Structural Adjustment Period

It was asserted that, the need to restructure Nigerian economy so as to solve its economic crises gives impetus to the adoption of Structural Adjustment Program (SAP) in July 1986. The programme was based on neo-liberal economic principles. Therefore in this period, agricultural sector adjustment was guided by the philosophy underlying the structural adjustment programme (Anyanwu, 1997).

According to Ajakaiye, (1997) Agriculture was recognized as; Essentially a private sector business and the role of government must be largely facilitating and supportive of private

sector initiative; the agricultural economy should be as free of government administrative control as possible and market forces must be allowed to play a leading role in directing the economy; the agricultural economy should be more inward looking and self reliant by depending more on local resources while also ensuring self-sufficiency in food production and the supply of raw materials to industries; the agricultural economy should serve as primary revenue for the diversification of export. The major sectoral policies for agricultural development in the SAP period include:-

The author further remarked the, the National Agricultural Research Project (NARP) was created in 1991 to fund priority agricultural research, strengthen agricultural research institutions and strengthen the agricultural research extension farmer linkage. The National Agricultural Extension and Research Liaison Services (NAERLS) 1987. This body was charged with planning and coordination of agricultural extension liaison nationwide and for conducting research on technology transfer and adoption.

The National Agricultural Land Development Authority (NALDA) established in 1991, it has the mandate of giving support for land development and the promotion of the optimum utilization of nation's rural land resources. However, it was later scrapped.

National Directorate of Employment (NDE) 1986, was created to promote employment programmes including training youth for agricultural programmes. The National Agricultural Insurance Company was established in 1987 to operate and administer the Nigerian Agricultural Insurance Scheme. The company was expected to tackle the problem of small farmers' inability to satisfy the collateral requirements of banks when asking for loans which tend to hinder agricultural investment. People's Bank of Nigeria established in 1989 to (a) provide basic credit requirements to under privileged Nigerians in both urban and rural areas who could not normally benefit from the service of orthodox banking system due to their

inability to provide collateral security and (b) accept savings from the same group of customers. The bank has now been merged with the Nigerian Agriculture Cooperative and Rural Development Bank (NACRDB) which become Bank of Agriculture (Balogun and Otu, 1991).

2.5.3 Post Structural Adjustment Period

In this period, there were various policy initiatives sets by the government in support of agricultural sector development in Nigeria. These include for example; Small and Medium Enterprises Equity Investment Scheme (SMEEIS, 2001), Refinancing and Rediscounting Facility (RRF, 2002), Macro Finance Policy 2005, and the Agricultural Credit Support Scheme (ACSS, 2006), (CBN, 2007). However, most importantly are what was contained within the framework of New Agricultural Policy.

2.5.4 The New Nigerian Agricultural Policy

According to Manyong et al, (2005). In 2001 a new policy document was launched as the New Nigerian Agricultural Policy. The New Agricultural Policy (NAP) was more focused and has better articulation than previous agricultural policies. The policy was designed with the consideration of various stake holders, as well as the short and the long term development requirement of Nigerian agricultural sector. Hence, impasse was made not only in achieving greater level of agricultural output but also processing and marketing of such agricultural output produced.

The key features of the New Agricultural Policy (NAP) shows the priority area government intends to focus on to promote agricultural development. Evolution of strategies that will ensure self-sufficiency and improvement in the level of technical and economic efficiency in food production. This is to be achieved through (i) the introduction and adoption of improved

seeds and seed stock, (ii) adoption of improved husbandry and appropriate machinery and equipment (iii) efficiency utilization of resources (iv) encouragement of ecological specialization, and (v) recognition of the roles and potentials of small-scale farmers as the major producers of food in the country.

Reduction of risk and uncertainties in agriculture to be achieved through the introduction of a more comprehensive agricultural insurance scheme to reduce the natural hazard factor militating against agricultural production and security of investment.

A nationwide unified and all-inclusive extension delivery system under the ADPs, active promotion of agro-allied industry to strengthen the linkage effect of agriculture on the economy. Provision of such facilities and incentives as rural infrastructure, rural banking, primary health care, cottage industries etc. to encourage agricultural and rural development and attract youths to go back to the land, Rafindadi (2008).

2.6 FACTORS AFFECTING THE OPERATION OF COOPERATIVES

Some factors have been identified to account for the success and failures of cooperative enterprises. Sexton and Iskwo (1988: too stale for the present study) identified three critical key factors necessary for the success of agricultural cooperatives, as organisational, financial and operational. The author, after surveying 61 USA agricultural cooperatives, identified factors, such as open membership, accepting non-member business and employing full time management, correlated with self-understood success.

Banaszak (2008), for instance, conducted an empirical survey with 62 Polish farmers' cooperatives organizations, whose main aim was to organize joint sales of output produced individually by their members. The authors identified four factors that contributed to cooperatives success as leadership strength; group size; business relationship amongst

members and a member selection process during the group's formation. Cook and Burress (2009) identified in terms of financial performance, such as net margins, member commodity prices, return on equity and sales growth (Cook & Burress, 2009). The success or failure factors of cooperatives have been classified in this study as governance as external and internal to the cooperatives.

2.6.1 Governance Structure

Rhodes (2007) summed up governance from the view point of public administration, as governing with and through networks. Governance in a cooperative is simply defined as involving decision-making process and the capacity to implement decisions which should represent the interest of the group of people (Chibanda, *et al* 2009).

Governance of member organisations, such as cooperatives, can be very challenging, but it is also very important for the continuity of the cooperative. Cornforth (2004) argued that governance of cooperatives is a complex, inherently difficult and problematic activity. The boards of cooperatives face conflicting roles in trying to control and provide direction to the running of their organisation.

The challenge within cooperatives, especially those developed with a traditional structure, which is still a common cooperative form in developing countries, is that they suffer from a number of disadvantages. The problem inherent in the traditional cooperatives includes free-riders, horizon, control and influence cost problems (Cook, 1995). These problems have given rise to doubt about the sustainability of these cooperatives.

The nature of cooperatives as business enterprises, also requires a democratic process of governance. This requires the active participation of the members in important decision making process. Several studies have revealed the effect of un-democratic processes on

member participation. Osterberg and Nilsson (2009) found that there was significantly higher member disloyalty, when members were dissatisfied with their cooperative's management. Borgen (2001) reported that a member is seen to be more loyal to decisions in which s/he has participated actively, rather than decisions which were forced on him/her. Osterberg and Nilsson (2009) observed that members considered democratic control to be more crucial, and further argued that this indicates that members regard the cooperative as a social institution, as much as an economic one. This shows the importance of having a well-functioning democracy within cooperative governance. The more members participate in their cooperative, the more they will be committed to their cooperative.

2.6.2 Commitment of Members

Members of cooperatives are also patrons, that is, they are suppliers or buyers: but at the same time they are owners of the organisation. Their decisions to increase or reduce volume (and even withdraw from the cooperative) have great implications on the cooperative's survival. Therefore commitment of its members is very important for the successful performance of a cooperative. Fulton & Giannakas, 2001 defined member commitment as "preference by members for something that is offered by the cooperative and not by other alternative organizations e.g. IOF". There are several factors that contribute to members' commitment such as the benefits that members receive from the cooperative (Osterberg & Nilsson, 2009); participation in the governance of the cooperative; and the cooperative's ability to translate members' needs into decisions (Fulton & Giannakas, 2001).

The other factor is heterogeneity amongst members, which would affect their decision making, since it would be more difficult for management to consolidate the diversity in their member's interest – for the benefit of all (Cook, 1995). This may bring in passivity of those who feel that their needs are not being addressed as argued by (Osterberg & Nilsson, 2009).

A number of studies have pointed out that excessive heterogeneity of membership has contributed to a breakdown in cooperative action (Cook, 1995; Seabright, 1997). Members should be able to see the cooperative as addressing their needs. Cook (1995) concluded that cooperatives must be increasingly aware of these feedback effects and manage them accordingly. The authors noted that the success of the cooperative, as being an effective agent for members, is likely to result in increased member commitment.

2.6.3 Managerial Skills

Cook (1995) identified the principal reason for the difficulties in managing agricultural cooperatives, as the challenge to bring to into line conflicting membership interest, in addition to being responsive to the market, which is a unique characteristic of cooperative enterprise. He further suggested that this requires more organizational, communication, resource allocation and other leadership skills, than is required by Investor Owned Firms in the same market. Most leadership roles would require a person to have the technical, conceptual and interpersonal skills and knowledge of business enterprise, because the management of farmers' cooperatives relies heavily on their expertise. Studies have shown that a lack of adequate skills in management has contributed to cooperatives failure. Keeling, Carter & Sexton, (2004) conducted a study of the Rice Growers Association in California and found that the closure of this organization was primarily due to a lack of board oversight and education, coupled with ineffective management and passive membership. Nyoro and Nguigi (2007) identified that successful cooperatives had staff and a management committee, with relatively higher qualifications than the unsuccessful cooperatives. Management with required skills will be able to strategize on business volume; type of product and product quality; and for competing with other players in the market.

Competent leadership will encourage members to take decisions, based on their values and it should be able to balance the internal and external tensions, in order to create enduring groups. Creation of strong groups can also be developed through the building of interpersonal relationships, as a source of strength (Bhuyan, 2007). However, members will participate if they are involved and motivated through efficient communication skills (Borgen, 2001). Competent leadership should be able to engage the group in an efficient communication process to ensure members express their views.

2.6.4 Risk Management

Agricultural production is prone to several risks, such as price volatility and natural disasters. Natural disasters include drought, floods and the outbreak of pests and diseases. Strategies to mitigate the risks associated with the production and marketing of agricultural produce will prevent cooperatives from sinking or losing a year's margin. Zeuli (1999) proposed three strategies, which cooperatives can use to mitigate price and through-put risks. Firstly, cooperatives can strive for larger, more diverse and geographically dispersed memberships. Secondly, they can diversify their product line in order to avoid relying on the supply and revenue of one raw product. Lastly, they can go into joint ventures and strategic alliances.

However, these strategies would have a cost attached to them and their importance will depend on whether the mitigation effects are valuable to the farmer members; and also the ease of implementation (Zeuli, 1999). Poulton, Kydd and Dorward, (2006) argued that it is difficult for farmers, especially the poor, to pay for insurance, since their loans tend to be large, in relation to their income and assets and this may place them in a more dire situation of needing to finance the loan, without an increased income and assets and this may place them in a more dire situation of needing to finance the loan, without any increased assets or income from the venture.

2.6.5 External Influence

Cooperatives in developing countries are comprised of resource poor farmers, which make external assistance necessary, especially in the formation process, for the group to achieve any economic gains. Hill, Nel and Illgner (2007), in a study on the impact of external support, identified that support had significantly improved the rural livelihood of the community and it had facilitated cooperatives' access to markets for their produce.

However, external interference in the organization's management can have significant impact on the sustainability of a cooperative. Chambo (2009) argued that cooperative policy and legislation, in Africa, is not participative, since the state is generally the promoter of cooperatives. This situation results in a small amount of ownership, with minimal share contribution from members and it is seen as being state controlled. The author further argued that such type of cooperatives finds it difficult to be competitive and attract qualified management.

External assistance also can create 'dependency syndrome' which can then affect the success and sustainability of the cooperative. Government or donor funding may compromise control, by the imposition of agendas and by the politicisation and this may lower commitment on the part of members (COPAC, 1995). Rnakin and Russel (2005) argued that cooperatives are being pushed into different directions by interested stakeholder, including farmers, governments, business interests and various agencies. The author further argued that this may result in the interest of smallholders being lost in competitive rush-induced market activity. Studies have warned of cooperatives engaging in too many, or over-ambitious activities (Stringfellow, Coulter, Lucey, Mckone, and Hussain, 1997), which encourage them to scale-up too quickly, in addition to interference that interacts with them as development agent, rather than as private enterprises (Doward, *et al* 2008).

In addition, assistance may also contribute to free-rider and adverse selection problems as this may attract members that are after the benefit and not committed to cooperative success. (Chibanda, *et al* 2009) observed that some farmers were forming cooperatives as a way of accessing governments' grants other than forming a business organization.

2.6.6 Government Policies

In developing countries, most of the population is poor. In attempting to address consumer needs, governments may come up with policies that may harm cooperatives. A government's policy and intervention may affect the pricing of products, depress producer prices and which would have an adverse effect on food production (Meyer & Larson, 1997). Such policies as seen in Nigeria during the post Structural Adjustment Programme era include price ceilings, high import and export taxes and parastatal marketing monopolies (Meyer & Larson, 1997).

The implementation of a pricing policy, especially in developing countries, has been undertaken with a variety of contradictory motives aimed at protecting consumers (as well as producers) from price instabilities (Doward, *et al.*, 2008). The critics of government intervention in pricing argue that this may lead to a failure to realise the benefit of competition, by rewarding inefficient operations. (Fulton, 2004) claimed that uniform pricing for all economic regions would increase regional income differentials, by disadvantaging those areas with less favourable natural and infrastructural conditions and rewarding better endowed areas. Another point of criticism is that government failure to set efficient prices, due to a lack of adequate information, may negatively affect producers (Doward, *et al.*, 2008). Those who argue for the interventions are more interested in the effects of food security, nutrition and economic growth (Myers, 2006), which may be biased towards consumers, rather than producers.

2.6.7 Regulatory Framework

Weak legal and regulatory frameworks, which rarely enforce contracts or punish those who breach contracts, affects the farmers' cooperatives (Nyoro & Ngugi, 2007). This opens up to corrupt and manipulative behaviour, and a weak regulatory environment also makes cooperatives vulnerable to exploitation by deceitful businessmen. Fafchamps (1996) identified that, due to weak formal contract enforcement mechanisms, there is a great deal of mistrust amongst the players. This increases the transaction costs, Coulter and Onumah (2002) also identified that the lack of supportive regulatory framework and disabling policies are amongst the issues that affect the development of market institutions, such as cooperatives.

2.6.8 Marketing System and Infrastructure

The context in which a cooperative operates will have a greater impact on the participation of farmers within that cooperative. Evidence from the literature indicates that market failure contributed to the success of most agricultural cooperatives (Cook, 1995; Hansmann, 1999; Torgerson, 1997). Cooperatives that operate under less competition are, therefore, more likely to succeed.

Whilst some form of market failure is a necessary condition for cooperative formation and success, the extent of that market failure can also be a hindrance to the cooperative's success. Depending on the type of market failure, especially in developing countries, the formation of a cooperative may not provide the solution on its own, without other interventions. A market which is not transparent – and without any price discovery mechanisms – may be more complicated for a primary cooperative to pick up (Doward, *et al.*, 2008).

Gabre-Madhin (2006) emphasised that ‘getting the market right’ requires a plan, in which incentives, institutions and infrastructures, are aligned. Sexton (1986) identified several forces that shape agricultural markets, with financial crisis as the most significant. The other factors included price and income volatility, due to reduced government involvement, an increase in competition and fewer and larger marketing firm sectors. As a result of these external forces, cooperatives would have to evolve with changing times and environment as argued by Cook & Burrell, (2009).

2.6.9 Loan default

Ojiakwo and Ogbukwa classified into five factors affecting loan repayment to include: individual/borrower-specific socio-economic and demographic factors; farm/firm/business-specific characteristics; lender/lending institution specific attributes; loan characteristics; and markets-related, institutional and environmental factors. Empirical studies had showed that non-repayment of loan might be as a result of a borrower’s inability or outright unwillingness to repay (Nawai and Shariff, 2010). This had underscored the distinction between two identified possible reasons for loan default, namely, strategic default or default due to a negative economic shock (Tedeschi, 2008). Strategic defaulting is associated with a borrower’s willful decision to default, even when the benefiting business enterprise yielded enough revenue to effect repayment (Udoh, 2008) while default due to negative economic shock was often unavoidable (Tedeschi, 2008).

Among the commonly reported individual/borrower-specific socio-economic and demographic factors is the borrowers’ age, marital status, family/household size, income-annual gross or net farm/non-farm income, level of education, gender, experiences – including experiences in farming, credit use, cooperative membership and other related economic activity (Afolabi, 2008; Oladeebo and Oladeebo, 2008; Oni *et al.*, 2005).

The widely reported farm/firm/business-specific characteristics that affect loan repayment include the farm size, amount of business investment (Oke *et al.*, 2007), use of improved technology, profitability level (Oke *et al.*, 2007), degree of loan diversification (number of inputs bought with loan)

The lender/lending institution specific characteristics that affect loan repayment had been reported to include number of visits by loan officials (Oke *et al.*, 2007), threat imposed by the lending institution (Nawai and Shariff, 2010;) regular monitoring and performance assessment (Nawai and Shariff, 2010), loan disbursement lag or number of days between loan application and disbursement, provision of non-financial services such as training, basic literacy and health services by lending institutions. Godquin (2004) emphasized that the provision of non-financial services such as training, basic literacy and health services has a positive impact on repayment performance

The most reported markets-related, institutional and environmental factors include availability and accessibility of improved innovations and management practices, availability and accessibility of tractor for mechanization, number of days per month group members meet (Oke *et al.*, 2007), size of the borrower's cooperative/farmers' group (Oke *et al.*, 2007), penalties for lateness to group meetings (Oke *et al.*, 2005), crop failure (Afolabi, 2008) and poverty level (Oke *et al.*, 2007). According to Oke *et al.* (2007), both penalties on lateness to group meetings and poverty were among the several factors that had significant negative influences on repayment capacity of borrowers.

CHAPTER THREE

STUDY AREA AND METHODOLOGY

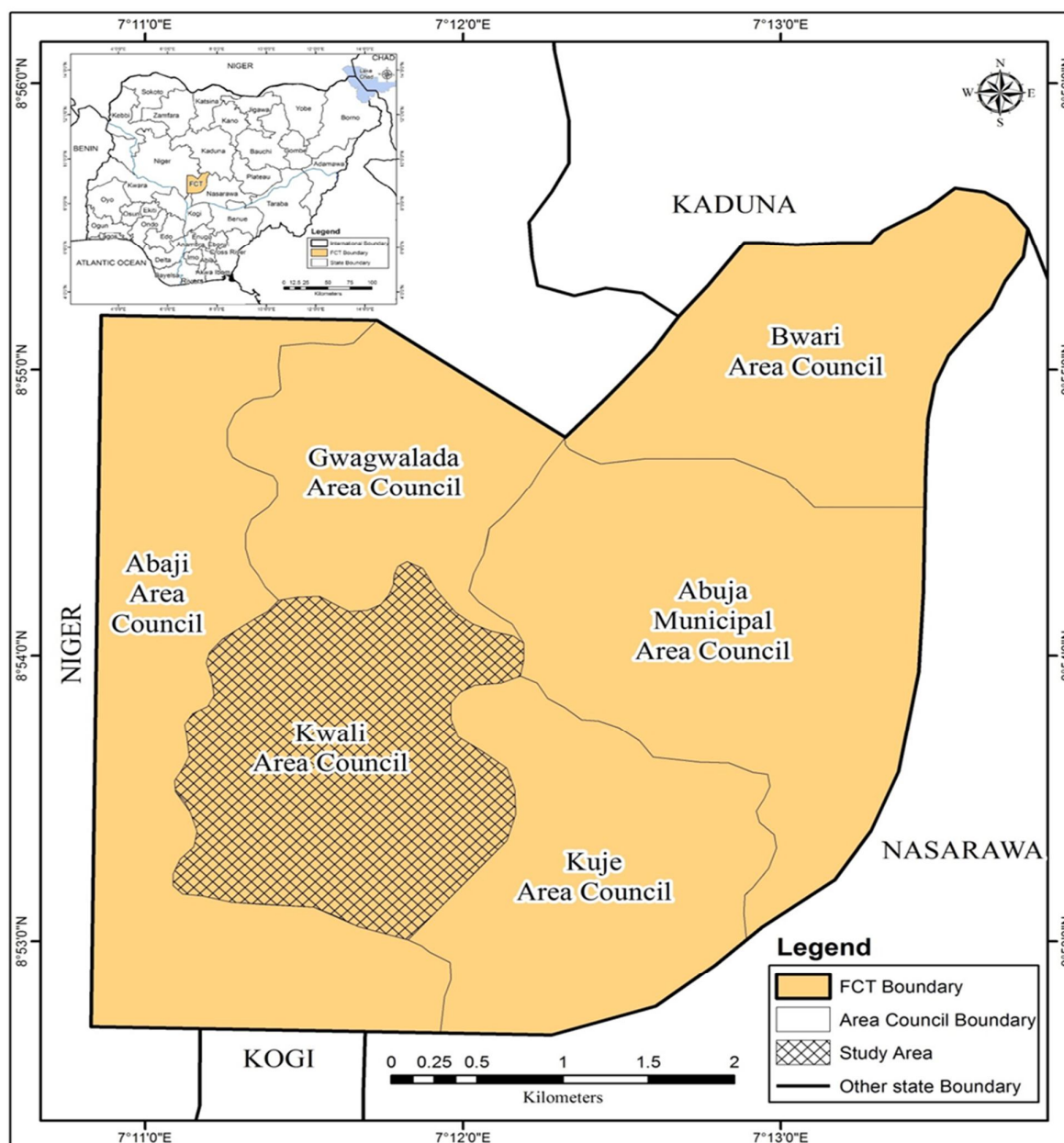
3.1 THE STUDY AREA

3.1.1 Location

The study area is located between Latitude $8^{\circ}28'$ - $8^{\circ}54'$ North of the Equator and Longitude $6^{\circ}50'$ - $7^{\circ}13'$ East of the Greenwich Meridian. It is among the six area councils that make up the Federal Capital Territory (FCT) Abuja (see Figure 2). The area council is situated at the South-Western part of the FCT. It is bordered to the north by Gwagwalada, to the east by Kuje and to the west by Abaji area councils respectively. The area comprises of eight districts (See Figure 3) and has a total land area of 1,700,400 Km².

3.1.2. Relief and drainage

The FCT is an area made up of hills with dissected terrains and undulating plains. It has the lowest elevations 70 metres above sea level particularly in the flood plain of River Gurara. It is from this floodplain that the land rises irregularly in the eastern, northern as well as north-western directions. The relief occupies about 48 percent of the total land area of the FCT. The Gawu hills found in the area consist of a complex of massively dissected rock outcrops that rise between 230 metres and 610 meters above sea level. The summit of this massif is an undulating surface and it is bounded in all sides by ridges and scarps that descend into the surrounding plains. There are many streams that radiate from it in all directions notably Rivers Usuma and Gurara (Balogun, 2001). The study area is drained by River Usuma which is an important tributary of River Gurara and is the largest and major river within the study area.



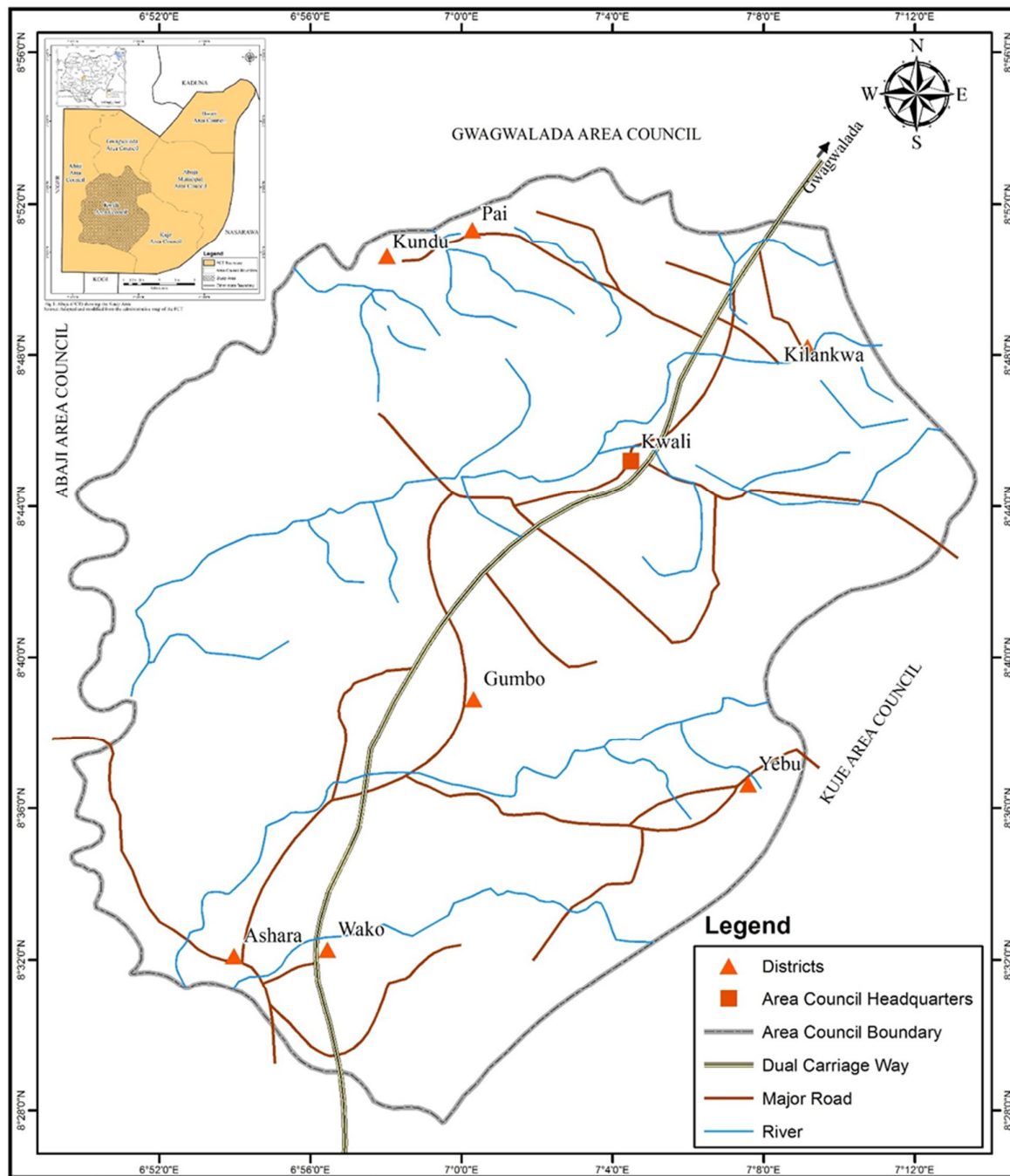


Fig. 2: The Study Area showing Districts.
Source: Abuja Geographic Information System (AGIS).

3.1.3. Climate

The FCT climate is the hot, humid tropical type. It is such that its elements have ranges that are transitional from those of the southern and northern parts of the country. The area has distinct wet (March - October) and dry (November - February) seasons with average annual rainfall of 1358.7mm and mean temperature range of between 20.70C - 30.80C (Balogun, 2001). Rainfall play a vital role with respect to agricultural activities within the study area and most farming activities highly depend on rainfall (Balogun, 2001). About 60% of the annual rains fall during the months of July to September.

Relative humidity (RH) is lowest in the drier months of November to March, with about 10% being recorded in February. This could rise to a maximum of 95% in August. The Climate favours the production of a wide variety of crops, which include legumes (groundnuts, soyabean, lima bean , bambara nut and pigeon pea); cereals (maize, millet, sorghum and rice), solanecious crops (peppers, tomato, garden eggs and ginger); tree crops (guava, cashew, mango, orange and paw-paw); and root and tuber crops (yam, sweet potatoes, cocoyam and cassava). For livestock production, the animals that are mostly kept are swine, goats, sheep and poultry. Hunting and bee-keeping are also practised.

3.1.4. People and Occupation

The main ethnic groups in the area include: Bassa, Gbagi, Hausa/Fulani and Ganagana and a sprinkling of other ethnic groups (Kwali Spotlight, 2007). The area is mainly occupied by small scale farmers who grow crops such as yam, rice, melon seed, cocoyam, cassava, and millet. The council area has a population of 85,837 (NPC, 2006). The settlement pattern is disperse, with the indigenous cluster type of settlement mainly in Kwali area are the Yebus, Ledas, Danganas and Shedas

The main livelihood of the people is subsistence agriculture, of which 90% is rain-fed and about 10% with irrigation. Livestock rearing and apiculture (bee-keeping) are also common. Other income generating activities include hired labour, mainly in small towns, and the irrigation schemes, selling of charcoal and fire-wood, brick making, petty trading, and vegetable gardening on irrigated land. Women do most of the agricultural activities. Men are largely involved in other income generating activities in and out of the vicinity. There is serious concern about the environment. The forest is being depleted, owing to the massive burning of charcoal, which intensifies deforestation.

Several small-scale industries exist. Black-smiting, basket making, furniture making are found and these provide employment for the people. In addition, transportation business and trading in various goods are also other sources of economic activities.

3.1.5 Soil

The alluvial soil of Iku plains, gleysols and fluvisols are noteworthy in the study area. The soils are complex in their degree of taxonomic variations. The drainage conditions of the soil depend on the depth of water table. The colour of the soils is modified by mottling due to poor drainage. The area has clayish and sandy loam soil texture with occasional swampy areas used for *fadama* (irrigated) farming. There are the upland soils of the ferruginous red tropical type, often derived from crystalline acid or sandy rocks and contained high proportion of silt. They are most suited for cereal and tuber crops production (Balogun, 2001)

The lowland soil, called *fadama*, is found either in areas of low depressions with fairly high water table or along the banks of rivers and streams. They are heavy, blackish and fine-textured and of partly alluvial origin. They are of high fertility, and unlike the upland soils which can only support rain-fed agriculture, *fadama* soils hold high moisture, or can easily be

irrigated for year round crop production. However, the upland soils predominate (Balogun, 2001)

The area is mainly occupied by small holder farmers who grow crop such as yam, rice, melon seed, cocoyam, cassava, beniseed and millet.

3.2 METHODOLOGY

3.2.1 Reconnaissance Survey

A reconnaissance survey was carried out in order to familiarize the researcher with the study area and the activities of the cooperative societies as well as a spot assessment of some phenomenon regarding the socio-economic operations in the study area. It gave a firsthand knowledge about the study area. This was carried out in April, 2012.

3.2.2 Data Selection

In line with the stated objectives, the study collected data from the registered cooperatives represented by the executives and some non-executive members. In this regard, data collected for this study included:-

- i. Data on socio-economic characteristics of the farmers' cooperators in the study area;
- ii. Data on the reasons why farmers join cooperatives;
- iii. Data on the impact of farmers' cooperatives organization on agricultural development;
- iv. Data on the constraints of the farmers' cooperatives to agricultural development
- v. Data on the attitude of farmers to farmers' cooperatives in the area

3.2.3 Sources of Data.

a. Primary Sources of Data

The study made use of data from the questionnaire survey and it constituted the major research instrument for this study. However, oral interview was conducted among the members of the cooperatives in the study area. Also, focus group discussion (FGD) was carried out in order to collect additional information on the research problem. This supplemented by field observation which helped in the gathering of relevant data on the socio-economic status of the farmers' cooperatives.

b. Secondary Sources of Data

The secondary data was obtained from related textbooks, journals, published articles, documented materials, magazines, conference proceedings, official gazettes, federal office of statistics, related ministries and agencies. The ministries concerned are the Ministry of Commerce and Industry and Ministry of Agriculture and Rural Development. Other relevant information was also sourced from publications of the United Nations, World Bank, International Cooperative Alliance and National Bureau of Statistics.

3.2.4 Sample Size and Sampling Technique

The population for this study comprises members of all the farmers' cooperatives societies in Kwali Area (see Appendix 4). The list of the registered farmers' cooperatives was obtained from the Federal capital development authority which numbered forty and this constitutes the basis for drawing the sample size. In each of the cooperatives, the Chairman, Secretary ($40 \times 2 = 80$) and other five members ($5 \times 40 = 200$) to make a total of 280 samples that were purposively selected for the study. A random selection of members was done. The criterion for choosing the cooperative member that made up the respondent was active membership

measured by payment of dues and attendance at meetings especially in the two years preceding this survey. However, at the time of data collection on the field, ten respondents were not available thus, reducing the sample size to two hundred and seventy (270).

3.2.5 Method of Data Analysis

Descriptive and inferential statistics were used in the analysis of data. Descriptive statistics used include the mean, median, mode, standard deviation, frequency and percentages. This was used to summarize the socio-economic and demographic variables of the respondents. It was used in analysing objective i) ii) and iv).

Multiple regression is an extension of simple linear regression. It is used when we want to predict the value of a variable based on the value of two or more other variables. The variable we want to predict is called the dependent variable (or sometimes, the outcome, target or criterion variable). The variables we are using to predict the value of the dependent variable are called the independent variables (or sometimes, the predictor, explanatory or regressor variables). Thus the regression model is expressed as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + \dots + b_9X_9 + e$$

Where:

Y = Impact of membership of farmers' cooperatives (measured by percentage change in income and production i.e. Y=1 if positive and Y=0 if otherwise)

a= constant term

X₁ = granting credit facilities to members

X₂ = enlightenment and educating members

X₃ = introducing new farming ideas and techniques of farming

X_4 = providing market information system

X_5 = providing agricultural inputs at subsidized rates

X_6 = organizing agricultural exhibitions, seminars and workshops

X_7 = building and strengthening of community ties and bonds

X_8 = fund raising for agricultural activities

$b_1 - b_8$ = regression coefficients

X 's = as already defined above

e = error or stochastic term

All statistical analysis was performed mainly by using the SPSS version 19 and all tests were at 0.05 level of significance.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION OF THE RESULTS

4.1. INTRODUCTION

Analysis is done in subsections including socio-demographic characteristics of respondents, socio-economic structure of farmers' cooperatives, reasons for subscription to cooperatives and measurement of impact of farmers' cooperatives in agricultural development.

4.2. SOCIO-DEMOGRAPHIC ANALYSIS OF RESPONDENTS

The analysis of socio-demographic characteristics of the farmers' cooperatives in the study area was presented in Table 4.1. It revealed mean age of 45.3 years and about (41.9%) of the respondents falling above 50 years old indicating that most of the farmers are still in their productive and active capacity (Table 4.1). There is dominance of men in agriculture in the study area as (66.7%) were men. The marital status of the respondents revealed that (69.3%) of them were married hence had family responsibility. The literacy level of farmers is appreciably high considering the sum of adult, primary, secondary and tertiary education, however, only (23.0%) of respondents had secondary education and above. This is acceptable on the ground that education affects the way farms are managed as well as overall crop production (Nkang, et al; 2009). Educational level plays a good role in adoption of new and innovative production methods and undertaking risks.

Table 4.1 Socio-Demographic Characteristics of Respondents

Variable	Frequency (N=270)	Percentage (%)
Age of Respondents in years		
1 – 30	34	12.6
31-39	56	20.7
40-49	67	24.8
50-59	54	20.0
Above 60	59	21.9
Gender		
Male	180	66.7
Female	90	33.3
Marital Status		
Single	34	12.6
Married	187	69.3
Divorced	31	11.5
Widowed	18	6.7
Education of Respondents		
No formal education	91	33.7
Adult education	48	17.8
Primary education	69	25
Secondary education	37	13.7
Tertiary education	25	9.3

Source: Field Survey, 2013

The years of farming experience were investigated and it revealed that (60%) of respondents have been farming for about 10 years while only (3.7%) of the farmers' have spent between 31-40 years. Indeed, experience goes along with skill acquisition, which is fundamental to efficiency and effectiveness in any job operation. The result implies that most cooperative society members have acquired reasonable years of experience in farming which have spread effects on agricultural development. It is essentially an indication that farmers with more experience would likely adopt innovative ideas and techniques that would enhance increase in agricultural productivity (Trechter, 1996).

Table 4.2 Distribution of Respondents by Farming Experience, Years of Cooperative membership, Farm size and Income

Variable	Frequency (N=270)	Percentage (%)
Farming Experience (in Years)		
1-10	108	40.0
11-20	120	44.4
21-30	32	11.9
31-40	10	3.7
Duration of cooperative membership		
Less than 5	58	21.5
5-9	175	64.8
10-14	35	13.0
15-19	2	0.7
Farm size (hectares)		
Less than 2.5	176	65.2
2.5-5.0	60	22.2
Above 5	34	12.6
Income		
Less than 50,000	135	50
50001-80000	65	24.1
80001-110000	17	6.3
110001-140000	22	8.1
Above 140000	31	11.5

Source: Field Survey, 2013

Results from table 4.2 further show that more than half (64.8%) of respondents joined cooperative organization some 5-9 years ago, while less than (20%) have over 10 years membership experience. This suggests that farmers' cooperatives are still growing in Kwali area council and need all the support and mobilization from stakeholders to ensure farmers understand the benefits that can accrue from group formation.

The study also revealed that a large proportion of the farmers (65.2%) have farm size below 2.5 hectares, while only (12.6%) of the respondents have above 5.0 hectares. This suggests that most of the respondents are small scale to medium scale farmers. This buttresses CTA (2000) assertion that the agricultural sector has been left largely in the hands of poor and

subsistence farmers. These are farmers whose average holding is about 1.0-3.0 hectares who cannot benefit from economies of scale hence resort to cooperative organization.

The income range of the farmers' cooperatives is also presented in Table 4.2. It showed that (50.0%) of the farmers' had income level less than ₦50,000, while (24.1%) had income of about ₦50001-₦80000. In addition, 6.3 and 8.1% had annual incomes of ₦80001 – ₦110000 and ₦110001 – ₦140000 respectively. Only (11.5%) have ₦140001 income and above. The mean income of the cooperatives is ₦85, 121.05k. This is an indication that income earnings by the farmers' cooperatives are still meager for meaningful agricultural development.

By classifying the managers of the cooperatives according to their level of experience measured by the number of years working in the cooperative, data presented in Table 4.3 shows that while only (41.3%) have less than 5 years of experience, (53.8%) have 6-10 years' experience. However, 5.0% of respondents have over 10 years' experience. These results refer to the increasing level of experience of the farmers' cooperatives as they have sufficient period to acquire great experiences in the field of the farmers' cooperatives and to adopt innovation in the field of agriculture.

In the area of training, measured by the number of training courses attended (71.3%) of the executives did not have any form of cooperative training courses since the beginning their leadership in cooperative till now, while (28.8%) have attended training ranging from 1-5 as cooperative leaders. The results, in turn, refer to the low level of managers' training. This can hardly promote agricultural development and adoption of innovation that can help increase the lot of the small-holders. These results corroborate that of Prakash (2000) that cooperatives have even greater potential for coordinating self-help actions, but this potential needs the support of cooperative education services.

4.3 The socio economic characteristics of executives of farmers' cooperatives in Kwali area council

Variable	Category	Frequency (N=80)	Percentage (%)
Experience level			
	0-5	33	41.3
	6-10	43	53.8
	11-15	4	5.0
Training level			
	No training	57	71.3
	1-5	23	28.8
Years of Existence			
	0-10	50	62.50
	11-20	15	18.75
	21-30	12	15
	31 & above	3	3.75
Membership strength			
	0-50	19	23.80
	51-100	53	66.30
	101-200	8	10.0
	201-300	0	0
Source of Income			
	Group farming	19	23.8
	Membership dues	51	63.8
	Levies	8	10
	Loans	0	0
	donations	2	2
Reason for Group formation			
	Friends/neighbours	8	10
	Village/community head	8	10
	Extension workers	50	62.5
	Mass media	6	7.5
	Religious organizations	8	10

Source: Field Survey, April, 2013

The years of existence of the farmers' cooperatives revealed that about 62.5% of the members have been involving in agricultural activities for between 1-10 years. This period shows that the cooperatives are still growing. In addition, about 19% and 15% of the cooperatives have existed for 11 to 20 years and 21 to 30 years respectively.

The membership strength of the farmers' cooperatives is presented in Table 4.3. It shows that (10%) had large enrolment size of 101 to 200 while (66.3%) and (23.8%) of them had a membership size of between 51 and 100 persons, 0 to 50 persons. This membership size is adequate for cooperatives to mobilize and harness resources towards increasing productions.

The farmers' cooperatives were also classified according to the money accruing from collective sales and farming in the 2012 farming season. Results show that Abwaminaje, Yam sellers, Edogbo, Fogbe, Tungan, Bawudo, Kpakulukuki have budgets less than ₦50,000 annually, while 23.8% have between ₦50000 and ₦100000, only (10%) have above 100000 Naira. Given the precarious situation of these cooperatives, they have become so dependent on government. It was further observed that majority of the cooperatives have members share capital as their major source of revenue. These results refer that (67%) of the farmers' cooperatives suffer from lack of finance and insufficiency of budget. This, in turn, agrees with the results of previous studies (Ortmann and King, 2007; Adefila 2012; Okwoche *et al* 2012) that the greatest obstacle that the farmers' cooperatives face in Nigeria is insufficiency of fund necessary for financing the required activities for farmers and achieving agricultural development.

The observation of 62.5% of the reason for forming cooperatives being influenced by extension workers is worrisome. For cooperatives to be competitive, they must be established on the basis of genuine problem-solving cooperation and not on the priming of any external force like the government. This is essential for any cooperative to be successful and vibrant. The World Bank (1993) remarked that cooperatives originated from government policy and directives rather than people's common interest and own motivation. By serving as instruments for implementing government socio-economic policies, the failures of state policies found expression in the cooperative movement. Cooperatives essentially concern

self-help response by members to perceived needs. In order to be sustainable therefore, the organizations must reflect and respond to the needs of their members.

Table 4.4: FARMERS' REASONS FOR JOINING COOPERATIVE SOCIETIES

Reasons	Frequency*	Percentage* (%)	Rank
Access to credit	260	96.3	1st
Access Input at cheap price	230	85.2	2nd
Produce price determination	147	54.4	3rd
Direct marketing of produce	138	51.1	4th
Access to information extension services	117	43.3	5th
Exchange of experience/ideas	114	42.2	6th

Source: Field Survey, 2013

*Multiple Responses Recorded

The responses of the respondents to the reasons for joining farmers' cooperative in the study area are presented in Table 4.4. The responses were ranked according to the degree of importance given by respondents for joining farmers' cooperative. The strongest of them is access to credit which ranked 1st (96.3 per cent) in the list of reasons for joining farmers' cooperative. This is probably because credit constitutes a major challenge to increasing agricultural productivity in the country, given the vital role it plays in agricultural transformation and rural development. According to Ojo (1998), one problem confronting small scale enterprise including that in agriculture is inadequate capital.

Another major reason for joining farmers' cooperative is access to input like fertilizer, improved seedlings, technological diffusion and agricultural infrastructures and this ranked 2nd (85.2%) in the list. This view was very much corroborated in the FGD, as respondents chorused fertilizer and improved seedlings as a bane to agricultural productivity thereby making farming unprofitable for the mass of small scale farmers in the area. Ranked 3rd is

produce price determination (54.4%), followed by direct marketing of produce (51.1%) and access to agricultural information and extension services which were ranked 4th and 5th respectively. 42.2% of respondents identified exchange of experiences and ideas as reasons for joining farmers' cooperative organization.

Individual farmers have need that they want to satisfy through cooperative membership. The greater the extent to which the various farmers' cooperatives societies as groups satisfy the needs of their members, the more they get involved with the groups (Ogionwo and Eke, 1999). The data implies that the members of the farmer's cooperative societies had the aforementioned need to seriously satisfy. This is in consonance with Ofuoku (2008) who asserted that some fish farmers in Delta State, Nigeria realized their disadvantages of limited access to extension services, reliance on middlemen for marketing (who also dictate the price) of their produce, high cost of input and lack of opportunity to share experience and ideas. The dissemination of improved practices for farming is problematic for extension agents as the farmers are scattered all over the state. This is expected to affect a lot of their (farmers) operations. These aforementioned reasons served as the basis for the formation of the farmers' cooperatives societies.

Table 4.5 RESPONDENTS PERCEPTION OF FARMERS' COOPERATIVES

Statements	Strongly Agree		Agree		Undecided		Disagree		Strongly disagree	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
That most farmers in the village are in a good relation with farmers' cooperatives	11	6	87	45	15	8	50	27	27	14
The farmers' cooperatives extend their activities to all farmers in the village	-	-	39	21	53	28	63	33	35	18
The farmers' cooperatives supplies agricultural innovations and agricultural production requirements in suitable prices for farmers	11	6	21	11	48	25	77	41	33	17
Some of the farmers' cooperatives activities are exclusively provided to executive members and their relatives	-	-	13	7	68	36	69	36	40	21
farmers' cooperatives can solve agricultural problems of farmers in suitable time	-	-	6	3	53	28	75	39	56	29
farmers' cooperatives exist only to help gain access to cheap government loans and subsidies	-	-	22	12	48	25	50	26	70	37
farmers' cooperatives exist to promote rural development	59	31	94	49	14	7	21	11	2	1

Source: Field Survey, April, 2013

4.3 FARMERS ATTITUDE TO COOPERATIVE

The scores in respects of attitudes of the cooperatives to their respective cooperatives were presented in Table 4.5. There was a divergent opinion expressed by sampled cooperatives. While about 45.79% agreed that farmers are favourably disposed to cooperatives, 26.32% of cooperatives disagreed. There is therefore the need to strengthen farmers' cooperatives in Kwali area council to enable them provide better services to their members. Also, 33.16% of

respondents disagreed while 20.53% agreed with the capacity of farmers' cooperatives to supply its activities to all farmers in the village. This is understandable given that the major source of finance for cooperatives in Kwali area council come from members share capital which in all is not able to procure the required productive inputs. Similarly, 40.5% of respondents disagreed that farmers' cooperatives are able to transfer innovations for agricultural development, however 11.1% agreed to the statement. There is therefore the need for regular training, workshops and symposiums for farmers' cooperatives.

Also, when the perception that cooperatives provide services for members and the household is analysed, 36.32% and 6.84% of respondents disagreed and agreed respectively. Majority of respondents (39.47%) disagreed with the statement that farmers' cooperatives can solve agricultural problems of farmers in good time. This is not surprising, given the present socio-economic status of these cooperatives, only 3.16% agreed with the statement. Most respondents disagreed (26.32%) that farmers' cooperatives exist only to assess cheap loans from government, while (11.58%) agreed. However, results from the table also shows that majority of respondents (49.37%) are of the view that cooperatives exist to promote rural development, while only (11.05%) disagreed. Agricultural cooperatives play an important role in supporting small agricultural producers and marginalized groups such as young people and women. They empower their members economically and socially and create sustainable rural employment through business models that are resilient to economic and environmental shocks (FAO, 2012).

4.4 CONSTRAINTS TO EFFECTIVE COOPERATION

Respondents were requested to list their main constraints to the attainment of their production objectives. The results presented in Table 4.6 shows they identified poor access to credit

(46.3%) and lack of infrastructure (18.5%) as their main constraint, followed by inadequate support from government (13.0%) and poor extension support (11.1%). Poor road network (7.7%) and low managerial skills (3.4%) were also identified as part of the constraints to effective cooperation in the study area.

Table 4.6 Constraints to cooperation in the area

Constraints	Frequency	Percentage (%)
Lack of managerial skills	10	3.4
Lack of Infrastructure	50	18.5
Poor access to credit	125	46.3
Poor extension support	30	11.1
Inadequate support from government	35	13.0
Poor road network	20	7.7

Source: Field survey, April 2013

The reliance on government for support can hardly promote enterprise and competitiveness and as such calls for increased education, more facilitation and empowerment to evolve vibrant and genuine problem solving cooperatives. Porvali (1993) reported that the reasons for poorly developed cooperative savings and credit activity in most states in Nigeria can at least be partly linked to the initial motives behind the formation of cooperatives. The primary motive to cooperate has been and still is the promise of cheap credit from external sources. A major factor also identified as constraints is poor infrastructural facilities, 18.5% identified this as a challenge. Infrastructure is the live wire of productivity, when absent or inadequate every effort at agricultural development would not be optimized. There is also the challenge of training earlier mentioned in this study. Poor management of cooperatives occasioned by lack of training is evident in all the cooperatives sampled. There is therefore the need to train and enhance the capacity of the leadership of cooperatives in Kwali area council if they must contribute to agricultural development.

Table 4.7 Multiple Regression Analysis of Benefits of Farmers' Cooperatives on Agricultural Development

Variables	Coefficient	Standard Error	T -values	P>/t/
Constant	1.800853	0.429833	4.19	0.000
Granting credit facilities to members (X ₁)	0.0061756	0.0795775	0.08	0.938
Enlightenment and education of members (X ₂)	0.0323959	0.0741781	0.44	0.663
Introducing new farming ideas and techniques of farming (X ₃)	-0.0422974	0.0823448	-0.51	0.608
Subsidizing agricultural inputs to farmers (X ₄)	-0.1750536	0.0774877	-2.26	0.025**
Organize agricultural exhibitions, seminars and workshop (X ₅)	0.0747633	0.0772234	0.97	0.334
Support and supply of farm activities (X ₆)	-0.0314205	0.0833207	-0.38	0.706
Fund raising for agricultural activities (X ₇)	0.294221	0.0809512	3.63	0.000**
Providing market information system (X ₈)	0.2258133	0.073295	3.08	0.002**
Building and strengthening of community ties and bonds (X ₉)	-0.0315919	0.0700958	-0.45	0.013**

Field Survey (2013)

Number of Observation = 270; R-squared = 0.7829; Adj R-squared = 0.7754; F-statistic = 6.48

** Significant at 0.05 probability level

4.5 BENEFITS OF FARMERS' COOPERATIVES ON AGRICULTURAL DEVELOPMENT

The regression result presented on Table 4.7 reveals R-squared of 0.78, implying that 78% of changes that occur in agricultural development could be explained by the independent variables included in the equation. The F-value is 6.48 and this is significant at 1% level of

probability. Considering $p > |t|$ values for all the variables included in the equation, only X_4 , X_6 , and X_8 and X_9 are significant and they are all significant at 5% α -levels; having confidence interval of 95% each. The implication of these from the finding is that increase in the level of any of the explanatory variables with positive sign, X_7 and X_8 in this case will influence positively the impact farmers' cooperatives would have on agricultural development, whereas the explanatory variables with negative sign, X_4 and X_9 will exert a negative relationship on farmers' cooperative in agricultural development. Several literatures (Idachaba, 1992 and Salimonu 2007) remarked that despite the huge expenditure on fertiliser subsidies, farmers access to fertiliser remain as high as prices also remain high and that the policy implementation is still defective. Building of community ties and bonds (X_9) being negative is at variance with the findings of Bacon (2005) that, farmers build kin and friendship networks as their principal defense in case of a shock. Thus, social networks also increase strategy possibilities and may reduce feelings of stress. However, granting credit facilities to members (X_1) and enlightenment, education of members (X_2) and Organizing agricultural exhibitions and workshops (X_5) have positive coefficients, but have no significant statistical effect on the dependent variable.

From the foregoing, it suggests that majority of farmers' cooperative members are yet to benefit appreciably from these services. Furthermore, farmers' cooperatives in Kwali area council have made no impacts in the mainstream value chain agriculture for which members joined the cooperative. For example, the regression coefficients for granting credit facilities to members (X_1) and enlightenment and education of members (X_2) were positive, though not significant. This implies that while, credit and education are vital variables in agricultural development, farmers' co-operators in Kwali area council do not have adequate credit facilities. Oladejo (2008) and Oke (2007) observed that farm credit is an indispensable tool

for achieving socio-economic transformation of the rural communities. If well applied, it would stimulate capital formation and diversified agriculture, increase resource productivity and size of farm operations, promote innovations in farming, marketing efficiency and value addition while enhancing net farm income.

The results above also show the degree of influential power that the explanatory variables do have upon the rural people in respect of the impact cooperatives have on their members. The result indicates subsidizing agricultural input to farmers, providing market information system, building and strengthening of community ties and bonds and fund raising for agricultural activities are strong and statistically significant variables that describe the benefitting impact of farmers' cooperatives in Kwali area council at 5% level of significance.

A major finding from the FGD is that the motive for cooperative formation is majorly influenced by extension staff of government agencies notably local government council who promised them loans and improved seedling. The result of this is farmers' cooperatives that are heavily dependent on government support. This has further affected the level of impact farmers' cooperatives have on agricultural development in Kwali area council. Contrary result by Holmgren (2011) found that cooperative improve members' well-being and members are satisfied with the cooperative movement. However, Jainaba *et al.* (2005) suggest that lives of cooperators have not been impacted positively.

The level of significance of X_9 is in harmony with the finding of Tsekpo (2008) that the absence of social protection schemes in the informal sector make people to look up to cooperatives societies as a source of solidarity in times of need. Adjei *et al.* (2009) found that clients reduce vulnerability to crises such as illness due to the responsive support of other

members. Other things that brought satisfaction are the cordial relationship among members, and their ability to invest and yet meet other financial needs.

Table 4.8 Summary of Chi-square value between selected socio-economic variables and farm output

Variable	X ² value	DF	P-value
Education	24.3	4	0.001**
Years of farming experience	18.9	8	0.004**
Duration in cooperative	4.601	4	0.331
Age	23.1	8	0.078
Marital status	26.5	4	0.019
Family size	20.5	2	0.001**
Farm hectares	21.56	8	0.003**

** Significant at 0.05% level

4.6 TEST OF HYPOTHESIS

Data in Table 4.5 show that there was a significant relationship ($X^2 = 24.3$; $P \leq 0.05$) between farmers' educational status and farm output. Similarly, farming experience ($X^2 = 18.9$; $P \leq 0.05$); all showed significant relationship. Education helps in adopting improved agricultural innovations which could translate to higher yield and income. This agrees with Elsie (2006); FAO (1995); and Sivaram (2000) that farmers level of education play a significant role in the participation of members in cooperative activities as well as influencing their benefits from such cooperative societies especially in accepting and applying innovations in the area of mechanized farming that could translate to increased yield for the farmers. Another variable with significant positive influence on farm yield is farm size ($X^2 = 21.56$; $P \leq 0.05$). That agricultural yield could increase with increases in sizes of farms is not surprising. The implication is that as sizes of farmers' farm holdings increased, they become more inclined towards commercialization and more likely to adopt improved technologies and farm management systems. The results from the study also revealed existence of positive influence of family size ($X^2 = 20.5$; $P \leq 0.05$) and farmers' output. Afolabi (2008) found a positive

relationship between family size and farm output and attributed it to respondents extensive utilization of family labour in the farming activities. Further analysis show that there was no significant relationship between age ($X^2 = 23.1$; $P \leq 0.05$), marital status ($X^2 = 26.5$; $P \leq 0.05$), and duration in cooperative ($X^2 = 4.601$; $P \leq 0.05$).

Given the above results, the hypothesis is hereby rejected hence; there was a significant relationship between socio-economic traits of farmers' cooperative members (education, farming experience and duration in cooperative and family size) and agricultural yield. These results are in line with the findings of Appleton & Arsene (1996), which revealed that personal characteristics such as age, marital status and duration in cooperative of co-operators, even though important, are not sufficient to account for significant influence on farmers' yield.

CHAPTER FIVE

SUMMARY, RECOMMENDATIONS AND CONCLUSION

5.1. INTRODUCTION

This concluding Chapter deals with the summary of the research findings, implications of the study, recommendations and concluding remarks.

5.2. SUMMARY OF FINDINGS

The aim of this study is to assess the role farmers' cooperatives play in agricultural development in Kwali area council, FCT, Nigeria. The socio-economic status of the respondents shows low capacity to achieve agricultural development. The study showed that a major problem facing farmers' cooperatives is lack of training for executives and the low benefits derived by members. It was further proven in the focus group discussion that farmers' cooperatives lack the capacity to compete in enterprise that can bring about benefits for their members.

The study revealed that most farmers join cooperatives to access credit (96.3%) and to access input at cheap price (84.2%). However, only 24.7% were satisfied, and 2.10% not satisfied. This is a pointer to the need to increase the capacity of cooperatives to provide more services to members. While there exists a favourable attitude towards cooperative in the area, there is the need to enlarge the capacity of farmers through more mobilization and enlightenment campaigns.

The study identified lack of government support as a major constraint to cooperation and this is followed closely by lack of access to credit. Moreover this calls for serious enlightenment and education of members and putting in place strategy that will put farmers' cooperatives on the part of self-sufficiency independent of external support. A major constraint identified is

poor infrastructure. These have the potential effects on the full realization of the farmers' cooperatives to contribute to agricultural output.

Further findings arising from focus group discussion include the absence of felt essential needs to the survival of the spirit of cooperative. Secondly, the proportion of agricultural crop marketed through cooperative is low and there exist lack of active membership. Regarding marketing of agricultural inputs, the government has retained a central role in the distribution of fertilizer- the major input commonly sourced by most farmers. The cooperative in Kwali area council have had little or no impact in this respect. This might not only be generally attributed to small size of farmers' cooperatives, but also members of these societies are, smallholder farmers, thus putting farmers' cooperatives in the position of helpless buyers like any other individual. This has reflected in the negligible impact of cooperatives on agricultural produce marketing which is controlled entirely by private traders in and around the area.

The multiple regression analysis revealed that, while increase in credit facilities could promote agricultural development given the positive coefficient, the farmers' cooperatives had no significant impact on the provision of these facilities to the members. However, they have impact on members in the areas of subsidy of agricultural inputs, fund raising, marketing of produce and building and strengthening of community ties and bonds. This leaves much to be desired as farmers' cooperatives. The main thrust that underlies the selection of farmers' cooperatives as instrument of agricultural development is that under certain socio-economic conditions, cooperatives allow individual farmers to overcome constraints that prevent them from raising productivity. In theory, agricultural cooperatives represent the opportunity for small-holders to become part of an organization that renders economic advantages to them. The Chi-square analysis show that socio-economic variables

like farm hectares, education and years of farming experience were significant at 0.05 alpha value.

One of the findings was over dependence on government for support . The rural farmers possibly need more things such as reduction of cost by wholesale purchase, improvement in quality of product and perhaps a greater entrepreneurial spirit. And these are independent of loan provisions. This requires the immediate attention of the government to provide the necessary infrastructural facilities and training scheme in management, production, marketing and sales that will easily expose the rural dwellers to other economic information and modern equipment that may lead to reduction in cost of production and prepare them to make more sales.

5.3 RECOMMENDATION

There are a lot of information that can be derived from this study which can be of immense use for the policy makers and socio-economic planners in this country. The cooperatives in Kwali are operating as isolated entities and with low volume of business. The presence of an apex body at national and district level would help to consolidate these small volumes and enable the cooperatives to benefit from economies of scale and also meet the buyers' required volumes.

There is growing need for enhancing members' technical skills and regular training in cooperative knowledge to help them gain a better understanding of the cooperative's function. This will improve the quality of member's participation and steer the cooperatives toward success. A sustainable institution like farmers' cooperatives must be given greater financial and policy importance for the future

The Federal Capital Development Authority (FCDA) needs to provide a special financial policy to support local farmers' cooperatives development. This policy should ensure

farmers' cooperatives easy access to capital. Following the result of the study, majority of the farmers lacks sufficient capital for productive ventures and individual well-being.

The Kwali area council on its own part can involve local non-governmental organizations (NGOs) and research training institutes in providing technical and cooperative training services according to cooperative needs. Training is better delivered by the use of a participatory approach with a focus on practice. This kind of partnership will help demonstrate advance technology which would be useful for the cooperatives especially if provided on request.

Although the cooperatives' are intended to be autonomous organizations, stakeholders must support them with administrative and marketing ideas and technicalities, which are beyond their capabilities. Once this is in place, government can begin to gradually withdraw support to the point where they can be self-sustaining.

In addition, there is the need for concerted efforts by the government to provide infrastructural facilities such as tarred road, electricity and drinkable water to the rural areas so as to improve their economic well-being. This may impact positively on their business since the time lost due to none availability of these three infrastructural facilities in all the study sites can be channelled to productive use in farming which may also increase their income, improve standard of living and further reduce poverty as household and enterprise income increases

During planning of agricultural development, governments coordination and cooperation in the roles of both agricultural cooperatives and other agro-related organizations, in order to enhance their abilities and the organizational effectiveness in agricultural and rural development is key.

5.4 CONCLUSION

There is low pace of the farmers' cooperative contribution to agricultural development in Kwali area council. This fact makes it necessary, that these cooperatives be strengthened in order to form more efficient, self-dependent economic bodies, which are capable of running themselves administratively and financially. If these cooperatives are given more economic and organizational freedoms to make them less dependent on the central cooperatives, especially in obtaining and distributing the production inputs, there is hope for better performance.

From the findings, it can be deduced that while cooperatives have the potential to impact on agricultural development, they can equally be a source of voice and representatives of the poor masses. It is believed that cooperatives can indeed be the engine of economic growth and development. However, the cooperatives still need some support especially in the area credit, marketing and extension services before they can be left to stand on their own. The present make-up of farmers' cooperatives in Kwali lack the capacity and capabilities to offer competitive services to their members that will make them a better option for farmers. This is because cooperatives essentially concern self-help responses by members to their self-perceived needs. Action from any source that obstructs such processes of self-help, self-administration and self-direction is inimical to genuine cooperative development and acts as a constraint upon it. This was the conclusion of the World Bank study (Hussi et al., 1993). This is still the conclusion twenty years later. Nigeria has not followed the path many other countries have followed with regard to farmers' cooperatives development and the role they play in agricultural and rural development.

Based on the evidence gathered from an examination of the benefits members of farmers' cooperative receive from their organization the conclusion of this study is that the conditions

are not yet present for the emergence in Kwali of a set of local economic institutions built around self-help and farm ownership and control.

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APPENDIX 1: QUESTIONNAIRE SURVEY

DEPARTMENT OF GEOGRAPHY AHMADU BELLO UNIVERSITY, ZARA QUESTIONNAIRE

This questionnaire is designed to obtain information for a research study titled: **Farmers' Cooperatives Organization and Agricultural Development in Kwali area council, FCT, Nigeria.** This questionnaire is designed to obtain information for a research study. I solicit your support to provide adequate and accurate information as all information provided will be used for academic purpose and treated confidential.

Thank You

Innocent Yamusa
MSC/SCIE/13041/10-11

SECTION A: SOCIO-ECONOMIC CHARACTERISTICS OF THE RESPONDENTS

Please provide information or tick [] where appropriate

1. Cooperative name:
2. Ward : _____
3. Gender of respondent: () Female, () Male
4. Age of respondent: 0-30 (), 31-45 (), 46-60 (), 61+ () Years
5. Marital status: single () Married () Divorced () Widowed ()
6. Educational level: No formal education () Adult education () Primary education ()
Secondary education () Tertiary education ()
7. Primary occupation: Trading () Farming () Artisan Others ()
8. Family size: 1-3 (), 4-6 (), 7-9 (), 10-12 () 13 and above ()
9. Total area of farm land owned in hectares: < 2.5 (), 2.5-4.9 (), 5.0 ()
10. Agricultural experience level of farmer: 0-10 (), 11-20 (), 21-30 (), 31-40 (), 41
and above
11. Farmer' membership duration in farmers' cooperatives: 0-5 (), 6-10 (), 11-15 (),
16-20 (), 21 and above () Years.
12. What is the tenure type for your land: a. Inheritance () b. Leasehold/rent c. gift ()
d. Exchanged () g. Others _____
13. In what way has being a member of farmers' cooperatives affected you? a)
Changes in income b) Changes in diet c) Changes in production d) Changes in
working methods e) Not at all- (f) Negatively
14. What is the yield per hectare from your farm in the last one year _____

15. Approximately how much do you earn from farming in a year (in naira)

16. What percentage comes from your membership of farmers' cooperative _____
17. How can you describe your income sources since you joined farmers' cooperative
(a) there has been improvement (b) Things are worse (c) No change in my income sources
18. In case of some improvement what can you attribute this improvement to?
(a) Good business (b) membership of cooperative (c) good rainfall and harvest (d) More transfers from relatives (e) Other specify _____
19. In case things are worse what can you attribute this change to?
(a) Failing business (b) Poor rainfall or harvest (c) Some unexpected event like theft in business, fire, sickness etc (d) low support from farmers cooperative (e) Other Specify _____
20. Do you belong to any other group apart from a cooperative group? Yes () No ()
21. If yes, which other group(s) do you belong to _____
22. How much does your cooperative help you in relation to the other groups? a) Less () b) Same () c) More ()
23. What are your reasons for joining cooperatives? Tick as appropriate by ranking those benefits that you never enjoyed before joining cooperative?

Reasons for joining cooperatives	TICK ALL THAT APPLY
Access to information/extension service	
Direct marketing of produce	
Produce price determination	
Access input at cheap price	
Access to credit	
Exchange of experience/ideas	
Any other reason?	

24. Please, Tell me which activities achieved by the agricultural cooperative in the last one year, which you have benefitted and what is your satisfaction degree about each activity

Activities	If yes: what is your satisfaction degree about each activity		
	Satisfied	Fairly satisfied	Not satisfied
A- granting credit facilities to members			
B- enlightenment and educating members			
C- introducing new farming ideas and techniques of farming			
D-providing market information system			
E- subsidizing agricultural inputs to farmers			
F-organize agricultural exhibitions, seminars and workshop			
G- building and strengthening of community ties and bonds			
Fund raising for agricultural activities			
Others(please Specify)_____			

25. What is your major source of income for your farming activities: formal institution () Informal lenders () farmers' cooperatives () Friends and relatives () Personal savings () Others ()
26. Farmer attitudes towards the farmers' cooperatives: Please, do you agree with the following statements?

The statements	Farmers opinion				
	Strongly disagree	Disagree	Undecided	Agree	Strongly agree
That most farmers in the village are in a good relation with farmers' cooperatives					
2. The farmers' cooperatives extend their farmers in the village					
3. The farmers' cooperatives supplies agricultural innovations and agricultural production requirements in suitable prices for farmers					
4. The farmers' cooperatives supplies agricultural information, agricultural innovations and agricultural production requirements in a suitable time for farmers					
5. Some of the farmers' cooperatives activities are exclusively provided to executive members, their relatives and friends					
6. farmers' cooperatives cannot solve agricultural problems of farmers in a suitable time.					
7. The farmers' cooperatives exist only to help gain access to cheap government loans and subsidies					
8. farmers' cooperatives exist to promote rural development					
Others :					

22. What are the most important problems and obstacles that the agricultural cooperative faces nowadays? And what are your suggestions for solving these problems?

The problems and obstacles	Suggestions for solving these problems and obstacles
1	
2	
3	
4	
5	
6	
7	

APPENDIX II

SECTION B: FARMERS COOPERATIVE EXECUTIVES

Name of the executive.....Name of the village.....

Job Title: Name of the District.....

1) Executive educational level: (a) No formal education () (b) Quranic education () (c)

Adult education () (d) Primary education : () (d) Secondary education ()

2) Executive experience level: 0-5 () 6-10 () 11-15 ().....Years

3) Executive Training level:

Number of training courses in the work field of agricultural cooperatives.....courses

1. Cooperative name:

2. Ward :

3. Gender of respondent: () Female, () Male

4. Age of respondent: 0-30 (), 31-45 (), 46-60 (), 61+ () Years

5. Marital status: single () Married () Divorced () Widowed ()

6. Educational level: No formal education () Adult education () Primary education ()
Secondary education () Tertiary education ()

7. Primary occupation: Trading () Farming () Artisan Others ()

8. Family size: 1-3 (), 4-6 (), 7-9 (), 10-12 () 13 and above ()

9. Total area of farm land owned in hectares: < 2.5(), 2.5-4.9 (), 5.0 ()

10. Agricultural experience level of farmer: 0-10 (), 11-20 (), 21-30 (), 31-40 (), 41
and above

11. Farmer' membership duration in farmers' cooperatives : 0-5 (), 6-10 (), 11-15 (),
16-20 (), 21 and above () Years.

12. What is the tenure type for your land: a. Inheritance () b. Leasehold/rent c. gift ()
d. Exchanged () g. Others

13. In what way has being a member of farmers' cooperatives affected you? a)
Changes in income b) Changes in diet c) Changes in production d) Changes in
working methods e) Not at all- (f) Negatively

14. What is your annual income(naira) : 10,000-50000(), 51000-100000(), 100001-
150000(), 151000+ ().....

15. Do you belong to any other group apart from a cooperative group? Yes () No ()
()

16. If yes, which other group(s) do you belong to

17. How much does your cooperative help you in relation to the other groups? a) Less ()
b) Same () c) More ()

18. What are your reasons for joining cooperatives? Tick as appropriate by ranking
those benefits that you never enjoyed before joining cooperative?

Reasons for joining cooperatives	TICK
Access to extension service	
Direct marketing of produce	
Produce price determination	
Access input at cheap price	
Access to credit	
Exchange of experience/ideas	
Any other reason?	

19. Please, Tell me which activities achieved by the agricultural cooperative in the last one year, which you have benefitted and what is your satisfaction degree about each activity

Activities	If yes: what is your satisfaction degree about each activity		
	Satisfied	Fairly satisfied	Not satisfied
A- granting credit facilities to members			
B- enlightenment and educating members			
C- introducing new farming ideas and techniques of farming			
D-providing market information system			
E- subsidizing agricultural inputs to farmers			
F-organize agricultural exhibitions, seminars and workshop			
G- building and strengthening of community ties and bonds			
Fund raising for agricultural activities			
Others(please Specify)_____			

- 6) Date of agricultural cooperative establishment. 19.....
- 10) Total numbers of farmers' cooperatives members. Members.
- 11) Number of female members. Members.
- 12) Cultivated area (agricultural area) in the villages which are benefiting from the farmers' cooperative activities. hectares
- 13) Selection method of the farmers' cooperatives executives. () election () Honorable records "recommendation "
- 14) How regular do you hold your meetings a) weekly () b) monthly() c) seasonally() d) annually ()

15) What is the source of finance for the farmers' cooperatives?

1. Member shares (subscription)	() Naira
2. Profits from buying agricultural production requirements	
3. Finance from Ministry of agriculture	
4. Duties from issuing agricultural certificates and for agricultural services	
5. Revenues from hiring agricultural machines	
6. As a gift (people contribution)	
7. International finance from agricultural cooperative	
Other Resources:	
Total finance from all resources in naira	

16. Do you think that this finance is enough for achieving agricultural cooperative activities?
() not enough () fairly enough () much enough

17. If this finance is not enough, what is the requested finance? _____ naira

18. What are activity fields of farmers' cooperatives? (Tick all that apply)

() field crops production	() Vegetable production
() Fruits production	() Medicinal and aromatic plant production
() Animal production	() Poultry production
() Export of agricultural products	() Local marketing of agricultural products
() Agricultural machinery	
Activity fields number _____ fields	

19. The building area of the agricultural cooperative. _____ m²

20. Is the building area suitable for achieving its activities and functions? () suitable () fairly suitable () Unsuitable

21. Do you think the farmers are satisfied with cooperative activities? () satisfied () fairly satisfied () not satisfied

22. Do you have any suggestions for development of farmers' cooperatives? () yes () No

23. If yes, name them

1.	2.
3.	4.

24. What are the most important problems that farmers' cooperatives face today? And what are your suggestions for solving these problems?

The problems and Obstacles	Suggestions for solving these problems
1.	
2.	
3.	
4.	
5.	
6.	
7.	

25. Please indicate which activities achieved by your farmers' cooperatives in the last one year and the percentage of beneficiaries from the total number of farmers' cooperatives members.

Activities	Achievement of the activities	
	No	If Yes: What is the percentage of beneficiaries from the total number of farmers' cooperatives members?
A. Granting credit facilities to members:		
B. Enlightenment and educating members		
C. Introducing new farming ideas and techniques of farming:		
D. Providing market information system		
E. Subsidizing agricultural inputs to farmers		
F. Organizing agricultural exhibitions, seminars and workshop		
G. Building and strengthening of community ties and bonds		
H. Fund raising for agricultural activities		
I. Others (please specify)		

26. What are the types of support cooperatives receive from government?

Type of support	
Technical support	
Managerial support	
Financial support	
Quality management support	
Crop insurance	
Others	

27. Do you have any binding business relationship/contract with traders or processors of your agricultural products? Yes [], No []

28. Types of business relationship (Tick): 1= buying and selling agricultural product, 2 = processing agricultural products, 3= buying/selling and processing
29. Who initiated the relationship? 1= A farmer, 2= farmers' cooperatives, 3= individual trader, 4= trader group, 5= NGOs/INGOs, 6=CBO, 7=FBO, 8= Government official, 9= Village leader
30. Are there any ways by which government officials interrupt the smooth running of your cooperative? Yes () No ()
31. Kindly list, in order of severity, the problems confronting your organization in achieving her objectives.

APPENDIX III: CHECK LIST FOCUS GROUP DISCUSSION GUIDE

- Scope of activities
- Location and reach of cooperative
- Recruitment strategies
- Existing affiliations and networks- support received from such networks
- Key challenges to farmers' cooperatives growth
- Requirements for membership
- Governance and management of cooperatives
- How would you describe your experience in participating in the cooperative?
- In what ways did the cooperative make members' life better?
- In what ways did the cooperative make members' life worse?
- What changes do you expect in the program?
- What is your comment about the cooperative?

APPENDIX IV
FARMERS' COOPERATIVE NAMES AND DISTRICT

DISTRICT	COOPERATIVE NAME
KWALI	Ego Farmers' Cooperative
	Nakowa Farmers
	Abawa Women Farmers
	Abwaminaje farmers' Cooperative
	Yam Growers Cooperative
	Progressive Farmers
	Young Farmers Cooperative Society
	Women farmers Cooperative
PAI	Gbedogun Tukarwa
	Shekwaga
	Dabi Zaiwaigi
	Lelei Rice farmers
	Great Pai farmers
	Sheda Yam farmers
YEBU	Shekwo Young Farmers
	Tezhi Women Farmers
	Kwaita Cooperative farmers
	Ebba Cooperative Farmers
ASHARA	Untutua Abassa
	Akapo Cooperative Farmers
	Mangu Rice Farmers

Kugbzodo Farmers

Dangara Cooperative farmers

WAKO

Kazo Nazo Farmers

Yan lambu Farmers' Cooperative

Kpakulu Kuki farmers

Abegyi Farmers

GUMBO

Bukpe Farmers' Cooperative

Emigu Cooperative farmers

Piri Ganagana

Ubosharu farmers

KUNDU DAFA

Tungan Sarki Farmers

Dafa Apex Farmers

Gomani Farmers

Shekwosiya Farmers

KILANKWA - YANGOJI

Bawudo Farmers' Cooperative

Ashilatu farmers' Cooperative

Cassava farmers' Cooperative

Kilankwa Yam Farmers

Yangoji farmers' Cooperative