FINANCING RURAL DEVELOPMENT PROJECTS THROUGH COOPERATIVE SOCIETIES, A CASE STUDY OF ANAMBRA CO-OPERATIVE FINANCINGAGENCY (ACFA)

BY

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DECLARATION

I, NKECHI GOLD AZURU hereby declare that this thesis is composed and written by me, and that it is a record of my own research work. It has not been presented in any previous application for a higher degree. Sources of informations are indicated in the references.

NKECHI GOLD AZURU (Miss)

SEPTEMBER, 1986

CERTIFICATION

This Thesis "FINANCING RURAL DEVELOPMENT PROJECTS THROUGH CO-OPERATIVE SOCIETIES: A CASE STUDY OF ANAMBRA CO-OPERATIVE FINANCIN G AGENCY (ACFA) by Nkechi Gold Azuru meets the regulations governing the award of the degree of Master of Science in Rural Development of Ahmadu Bello University. It has been read and approved for its contribution to knowledge and literary presentation.

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DEDICATION

This Project is dedicated to my dear son Uzochukwu Princewell Oluwamuyiwa.

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I wish to acknowledge my gratitude to all my teachers for their dedication to duty and, tolerance and persnations which has made it possible for me to complete this academic exercise. I am particularly grateful to my project master DR. J. M. BABA for his tolerance, and support throughout my studies, and to Dr. J. Gana who encouraged me to take this topic of this thesis.

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ABSTRACT

The issue of credit in agricultural production has attracted the Study of several writters on Rural Development. Among these writters are Arua (1980) Lele (1975) Mellor (1966) King (1977), Rana (1973) to mention but a few. King (1977) and Mellor (1966) observed that one of the major sources of credit to farmers in Kano State, N.E. State and part of India have been the local money lenders, and Merchant traders.

Various rural communities, states and International Organisation (such as the world Bank) have undertaken various strategies to solve problems assocated to low credit in production activities of the peasant farmers. These strategies include land use policy formulation of Agricultural Development Programmes, and formulation of Co-operative movements.

Lele (1976) expressed litter disappoint that very little of the credits set up for the peasant farmer in several East African Agricultural Development Programmes actually reached the poor farmer for which they are meant, but rather the bulk of such credits went to the large scale enterprises. One of the reasons advance for the land advanced of credit to the peasants is that the farmers do not pursess the needed security or collateral to qualify them for credit.

Farmers co-operatives societies have therefore emerged to take unianimous decision on problems affecting farmers. They have through amalganiation of their resources aimed to build their own capital for employment into production and/or to attract

credit from external sources. It is on this basis that Wharton (1970) contend that co-operative societies have high potentials for channelling credit to the farmers.

The problem of this study therefore is to examine with a case study of the Anambra Co-operative Financing Agency(ACFA) limited to what extent this Apex Co-operative society has solved the problem of credit in the rural areas of Anambra State.

Although constrained by limited resources, ACFA has made a remarkable progress in channelling credit to the farmers in Anambra Local Government Areas. With a total disbursement of N4,096,901·00 and N5,628,163·19 credit to her affiliated Co-operative societies between 1976 to 1980 - 85 respectively ACFA has displayed high potential for credit distribution.

The major set backs of ACFA are her limited channels of credit distribution and organisational strategies. Over 90 percent of ACFA credit are channelled through food production and yet this is a business that is subjected to fluctuating physical and economic factors that often renders it impossible for farmers to meet their set targets, and renders repayment of loan impracticable or delayed. The implication is that non-repayment of loans narrows doms ACFA'S chances of obtaining more credit from her creditors, or building her own resources.

Most of the organisation and implenentation programmes for ACFA credit are left in the hands of the Divisional Co-operative Officers. ACFA has only a main office located at Enugu, this

fact is not unrelated to the problem of late disbursement of credit, and repayment behaviour of some of the societies. Regular interraction and monitoring of credit is a very important aspect in achieving the objectives of credit institutions. It would enable the institution to come to grips with the problems of the beneficiaries, identify them and plan adequately to find solutions to such problems and guard against them. Hence, there is need for the setting up of sub-office which would liase the activities of the primary societies and the DCo with the Head Office.

There are areas in which Co-operative societies have shown remarkable response to credit repayment. Those are Onitsha Ogbaru, Anambra LGAS, parts of Awgu and Abakiliki LGAS. For such areas there is need to increase the investments in production as well as identify other farmers problem which ACFA can assist in solving. But for areas of low food production potentials, ACFA should survey their other potentials for investment and channel her credits into those avenues.

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Abbrevations Definitions and Glossaves

ACFA	-	Anambra Co-operative Financing Agency.
CCBN	-	Co-operative and Commerce Bank Nigeria Limited.
NACB	-	Nigerian Agricultural and Co-operative Bank.
DCO	-	Divisional Co-operative Officers.
OFO	-	Igbo Sacred Bounding of the Community.
Adashi	-	Periodic contribution between members or groups of friends or society.

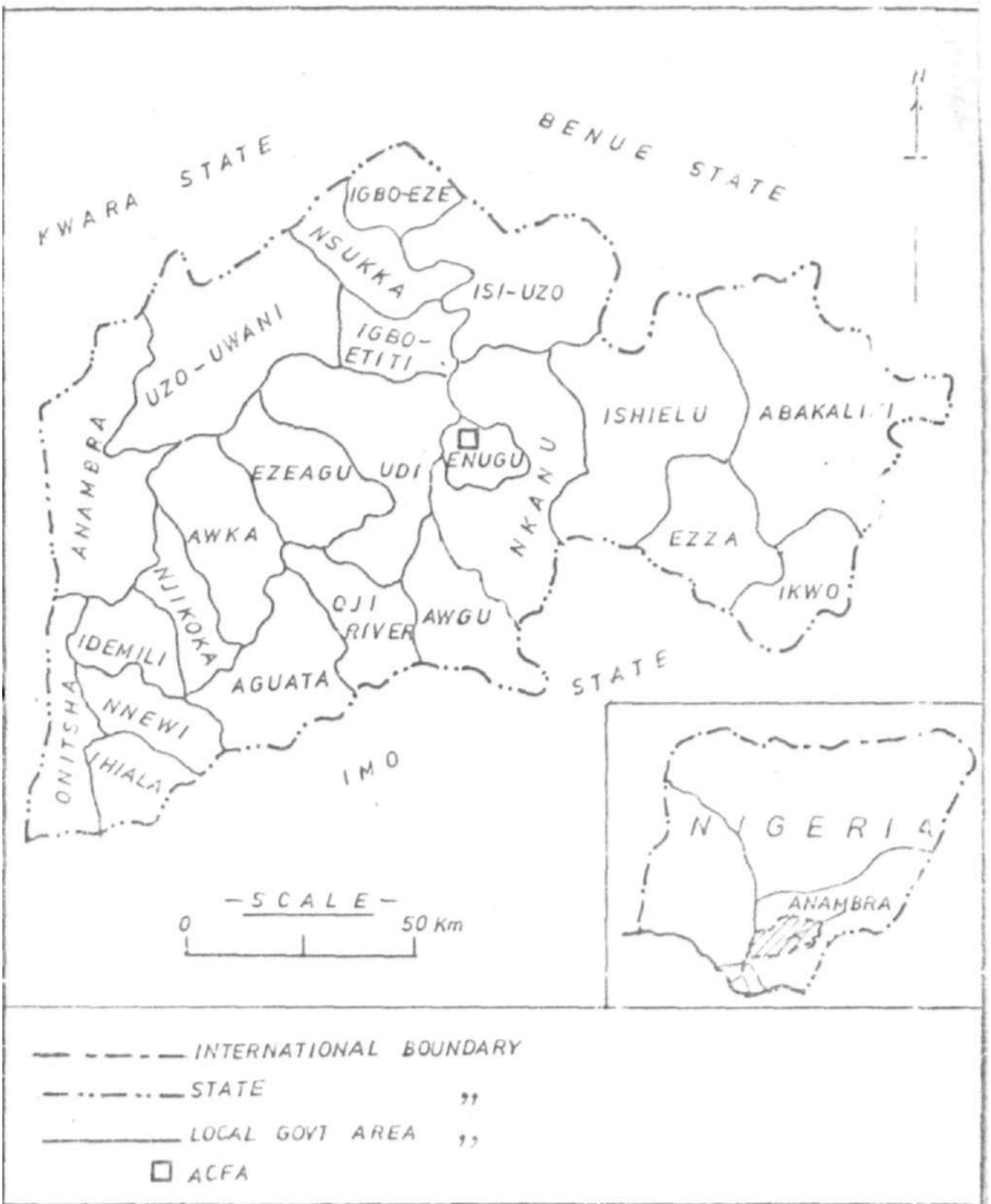


FIG. 1 ANAMBRA STATE : THE LOCAL GOVT AREAS AND THE LOCATION OF ACFA

Source:- Base Map Federal Survey (1970)
Field work (1988)

CHAPTER ONE

INTRODUCTION

1.1. Statement of Problem

According to de Wilde et al (1967)

> "it is surprising how much development has taken place in Tropical Africa with comparatively little or no credit".

Even where such credits have been provided through formal financial institutions, it is a known fact that little of this actually reaches the farmers. (Lele, 1975) observed that lack of collateral and other security requirements has been a major constraint in farmers obtaining credits from financial institutions. For instance 80 per cent of the farming population in Ethiopia were observed to have not been eligible for credit from Agricultural and Industrial Development Bank (AIDB). And even in Tanzania one of the major conditions for obtaining credit from the agricultural financial institution was that production should be for export crops (Lele, 1975). Various rural communities, and state government aware of these problem of credit in the rural areas have undertaken various strategies to solve these problems. One of such strategies is through the formation of co-operative Organisation and Societies in which the rural people amalgamate their resources together to generate more income, or take unanimous decision on production activities of the farmers or pull their resources together to attract external assistance and thus eliminating the constraints of lack of collateral.

The problem of this study therefore is to examine using the case of the Anambra Co-operative Financing Agency (ACFA) Limited how far she has tackled the problem of low credit in the rural

areas of Anambra State, and also to identify what problems and constraints she is confronted with in the achievement of this goal and to discuss the possible solutions to such constraints.

1.2 Review of Related Literature

In this section the researcher examines briefly various strategies adopted by various countries of the world to solve the problems of finance confronting their rural populace.

Included in these strategies are Land Reform Policies and Land Use Acts, Pricing Polices in favour of Agricultural products, Rural Development and Agricultural Development Programms/Schemes to mention a few.

(a) Land Reform Policies and Land Use Acts

Various countries of the world have adopted Land Reform Policies, and Lard Use Acts to increase farmers access to land for production. These polices include in Israel the Moshavim, the Kolkhoz in the Soviet Union the Communes in China to mention a few. Krache et al (1957) however observed that some of the leaders of the communist government (e.g. in the Soviet Union) have used the collectivisation strategy as a channel for exploiting the rural resources (land) to which the peasants have strongest attachment. However, the reverse is the case in the Chinese Commune System, where the main objective is to mobilise the peasantry as a whole against the so called feudal elements (e.g. Laye land owners) (Kraehe, 1957).

Similarly in Sudan the Land Use Act of 1905 was instituted to prevent the farmers from alienating their lands to the sheikhs, and the large scale enterpreneurs (Gaitshel,

1959). In Japan, Land Reform policies which came in the post war period enabled farmers to obtain clear title to their farms (Rana, 1973). In Nigeria, the Land Use Decree of 1978 provided among other things that it shall be lawful for a Local Government, in respect of land not in an urban area "to grant customary right of occupancy to any persons or organisation for the use of land on the Local Government Area for agricultural, Residential and other purposes ---" (Arua, 1980, Macdowell 1966).

In most of these Land Reforms and Land Use Acts, the aim is to increase the poor man's access to the basic means of production - land. The advantage the rich people have over the poor is their greater access to credit. They could, without the intervention of these land Use Acts buy over most of the lands from the poor. As good as the Land Use Acts and policies are as strategies for solving rural poverty, however, there is the need to provide the farmers with the initial credits or matching ground to assist them to take-off production.

(b) Market Mechanism (pricing polies)

Pricing polices in in favour of particular areas of production constrainst have also been sort as solution to the farmers low capital base. In Norway and Switzerland high prices have been placed on dairy produce, and special subsidies given to mountain farmers to augument their cost of transport and so on (O.E.C.D., 1964). In Nigeria, ceiling prices had been placed on cash crops such as groundnut, oil palm produce and cocoa.

The first implication of such pricing policies is that they only give limited benefits to the low income farmers because for most agricultural products, demand is inelastic i.e. the quantity demanded varies with price). Higher prices gives rise to lesser demand and hence tend to reduce farmers income. In the case of ceiling prices for the cash crops, the demand on these cash crops have been determined by oversea market and hence ceiling prices have often been impracticable because of price fluctuation (Helliener, 1966).

Market Mechanism:(Marketing Boards)

Another market mechanism adopted is the Marketing Boards. This is one of the earliest institution esstablished in West African countries during the colonial administration to increase farmers potential for handling the marketing of their farm produce - an effort to eliminate the erosion of farmers income by the middlemen. The middlemen take advantage of the scarce financial resource of the peasant farmers to buy off farmers products at farm gates prices which are relatively low and sell these products in urban and major centres at higher prices, accumulating high profits to themselves. The Marketing Board was therefore set up to stabilise the farmers income through accumulation of Trading Surplus. Such profit by the Board could be advanced to the farmers on need.

One of the crucial problems the Marketing Board faced was that of price fluctuation. Under this condition it was impossible to stabilise the farmers income. In addition, mis-management of trade surplus by the management of the Board, and over dependency of Regional Governments on the

revenue of Marketing Board for solving non-agricultural problems all culminated in the failure of the Board to meet the aspirations of the farmers (Helliner, 1966).

(c) Development Programs

Agricultural Development projects, and Agricultural Credit Schemes could be considered efforts to tackle problems of scarcity of finance in the rural sectors. These strategies often lay emphasis on improvement of production of agriculture through provision of credits, capital tools (e.g. tractors) and inputs such as fertilizer.

In Kenya for instance "special Rural Development program (SRDP)" and Agricultural Finance Corporation (AFC) were specific programs for increasing rural incomes and to provide the rural sector among other things with the needed finance for production. Similar institution such as the NACB, the Industrial Development Centre (IDC) and Small-scale Industry Credit Scheme (SIC) in Nigeria are programs set up to assist small-scale rural industries with finance, investment guidance training and other services. Some of these programs have failed, some recorded success in various areas while others performances are yet to be determined.

In Kenya the AFC credit records in 1971 showed that 88 percent of the gross loans outstanding had gone to large scale farmers. Despite the increasing proportion of funds earmarked for small farmer in the same year over 70 percent of AFC's loan missed the bulk of farmers (Lele, 1975).

Similarly although the NACB and the IDC in Nigeria are nearnt to serve the rural interest, they are urban-located. (Baba, 1986). The researcher's Industrial Training personal field experience in 1985 in one of the Agricultural Banks in Nigeria showed that less than 25 percent of loans issued to farmers went to the small-scale farmers while over 70 percent went to large scale farmers who constituted less than 80 percent of total borrowers in 1983 and 1984 in the state. And, infact, the bulk of the rural farmers were not benefiting because about 60 percent of the small-scale farmers were part-time farmer civil servants who have used their regular monthly salary as part of their collateral to obtain Bank loans.

In Nigeria, the Central Bank Rural Branch Schemes are some of the efforts of the Federal Government mobilise resources for rural borrowers. Each Commercial Bank is required to open a number of Rural Branches before she is permitted to open any new branch in the urban centres. In addition each Rural Branch is to lend as from 1986, not less than 40 percent of the total deposits mobilised in a Rural Branch to people living in such Rural Area (CBN Monetory Guidelines, 1986). Furthermore the CBN prescribes lending rate to Commercial and Investment Banks which would enhance higher productivity in all sectors including the rural sectors.

But the problem lies on the fact of implementation of such prescriptions. Often the limits and conditions of loans are unrealistic for any rural peasants participation. For instance as been observed by Baba (1986), the Agricultural credit quarrantee scheme makes provision for a maximum of ₦50,000 for an individual client, and a co-operate body

may be given loan of up to one million naira. This actually is only an avenue for such credits to drain into the hands of the large-scale industrial enterpreneurs who may not use these to to implement effective rural projects.

Most farmers do not have sufficient collateral for large loans regulations and condition of credit for farmers should be such that they attract them rather than scare them.

1.3 Origin and Aims of Co-operative Movement

Co-operation is one of the earlies forms of organisations found among all societies from the time man settled on earth. Co-operations were initially in forms of self-help, mutual aids and assistance between age groups, pie-groups, families, communities and so on. Such mutual aids could be for exchange of labour as noted by Abraham et al (1957) that Co-operatives existed even among the early settlers in America who offered help to new settlers to get them established.

However, the formal Co-operative Movement began in 1844 in England with the Rochdale Pioneer Co-operative societies in a town of Rochdale. This society was made up of weavers at the Weaving industries in Rochdale Town (Onuoha, 1976). In Germany, in the first-half of 19th century Raiffaisen and Schulez Delitzch began to organise people for self-help. This brought into being Co-operative Movement in Germany. Raiffaisen ideas spread to India and Asian countries (Rana, 1973)

In Canada, Desjardins profoundly influenced by Raiffersen's idea started a "Causse Popularie" at Devis, the influence of the Canadian Co-operative Movement spread into the United States (Onuoha, 1975).

In Africa Modern Co-operative Movement was introduced in the 19th Century at the early stage of colonial administrations. And according to Ing Jiri Hodis (1971) "agricultural Co-operatives in Africa originated in two distinct periods: (i) Late colonial administrative era, (ii) post independence and after liberation period".

African Co-operatives of the first era were established mostly under the direct influence of the colonial administration especially in the African countries where significant white settlement existed. The main objective was to seize and utilize all production opportunities offered by the government and to foster over-sea trade.

In the second era Co-operatives, the states appear to have major control of the Co-operative Movements creating a kind of Co-operative of the "TOP-DOWN" type. This differed from the principles on which the Rochdale Pioneer Co-operatives were established.

Co-operative, according to Onuoha (1975) was born out of human suffering, degradation and deprivation of legitimate rights of access to means of living. In addition Co-operative is built on socialist idealogy, on the principles of equity, self-reliance democracy and struggle for liberation from the

dominance and exploitation by the well-to-do members of the society.

As in the case of the "Rochdale Pioneer Co-operatives", the industrial workers formed co-operative to protect the interest of the workers (labour) and present a common front to eliminate the problem of low wages and exploitation of the owners of capital.

Rochdale, one of the industrial towns in England had 25,000 inhabitants mostly illiterate who had been displaced from their farmlands by the new techniques in agricultural production heralded by the Industrial Revolution technological packages. Several of these workers lived in misery and poverty. The workers in protest carried out a strike in 1843 against their employers. In 1844, a group of 28 members of the weavers headed by Charles Harverlu formed the Rochdale Pioneer Co-operative.

Similarly in India, co-operative movement was introduced as a defense organisation for dealing with the problem of rural indebtedness to money lenders, and landlords. The All-India Rural Credit Survey Committee in 1954 recommended the setting up of "Village Co-operative Societies", and this was adopted in 1958 with the aim of improving the supply of inputs, and credit to the farmers (Rana, 1963).

1.4 Case Studies

(a) Developed Economies

Co-operative societies in parts of Europe have arisen to generate more income through amalgamation of farmers resources

and through collectivisation programs. Collectivisation originated as a communist ideology and strategy in which state farms and collective farms are set up. Practicalisations of collectivisation vary both with nations and their political ideologies.

In Bulgaria, on the eve of the second World War there were 28 voluntary collective farms embracing 4031.9 Lectares or 0.1 percent of the aviable land. Modern Free Co-operative moremment came into being with the promulgation of the law on co-operative Association on the 7th or February 1907. Initial co-operations were single purpose co-operatives and emphasis was to provide through co-operative societies and commassation of scattered holdings more realistic solution to the problems of finance to the farmers (Stillman, 1957).

The 'Peoples Bank' was established to provide finance to small peasant proprietors and Agricultural Credit Associations. The activities of these Association include Co-operative purchase of farm Machinery, the organisation of Co-operative 'general Stores', etc. One of the state - controlled financial bodies for co-operatives is the Bulgaria Agricultural and Co-operative Bank.

In periods of economic stress as in 1930, 1935 and 1944, the government consolidated the peasant's debts to the state and private Banks, reduced interest rates from 8 to 4 percent and condisioned as much as 50 percent of the coperative's outstanding credits. The effect of 1907 Co-operative Law was

the formation of 28 voluntary co-operatives embracing 1077 members and som 4000 hectares of arable land by 1939. (Stillman, 1975).

Furthermore, co-operative farmers diversified in their production. Between 1910 and 1923, there occured a shift in productimn emphasis from cereal to intensive cultivation of industrial crops such as tobacco. Between 1910 and 1923, area under cereals cultivation declined by 13 percent while land devoted to tobacco rose from 7800 to 60,000 hectares. Other crops diversified into include cotton, silk and sugarbeats.

The major threat co-operative movements in Bulgaria faced is the ideological pressure of collectivisation strategy. The channel of inpressing this ideology include school curriculums and political parties. The 1944 coup d'etat by which Bulgaria Communist Party seized power led to the abrogation of the 1907 Law on Co-operatives Association.

This led to the promulgation of a new decree for the formation of TKZS or Labour co-operative Agricultural Farms which was introduced in 1952. This restricted the peasants to single purchase and mandated the contribution of their lands for mutual cultivation. The third stage in the development of co-operative movement in Bulgaria is the establishment of private credit co-operatives Societies. This has between 1930 and 1938 issued a total of £379.7 thousand to 1490 members. These societies undertake to supply credit to her members, as well as mutual aids and assistance to Building co-operatives.

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In Australia co-operative movement existed in rural areas of Australia as early as 1960s. Though none of the pioneer organisation survived, they laid the foundation for what is known as the modern co-operatives in Australia. One of these co-operatives is the Westralian Farmers Co-operative Limited (Wesfarmers) in Perth. (Rana, 1973).

Wesfarmers financial strength was built through share capital and equity shares. It was owned by 15,000 shareholders most of who are farmers. It carried out traditional farmers co-operative functions combined with investment activities which provided funds for growth of the society. The obligations of Wesfarmers include the following:-

(i) Provision of an efficient organisation of marketing farmers produce.

(ii) Supply of essential farmers needs such as fertilizer, seedlings, tractors etc.

(iii) of maximum long term return on capital investment. (Rana, 1963).

In a nut-shell Wesfarmers aimed at solving the financial constraints facing the farmer members.

Turn-over of the group was more than A$100 million a year. Its surplus on trading in 1970-71 was of the order of of A$2 million. The surplus in part was distributed to share-holders and members of the co-operative. The remainder was employed in the company to finance members whose farming enterprise have been severely curtailed by bad season or

adverse marketing conditions. The remaining is left in the society's account to achieve a healthy financial structure necessary to alttract outside assistance.

Members have benefitted in the following ways:-

(i) Rebate and dividend shares Wesfarmer have paid rebates of more than A$2 million to its members in past ten years.

(ii) Marketing facilities, storage packaging and valuing services.

(iii) Provision of goods and services at moderate changes (e.g. hardware farm equipments insurrance etc).

(iv) Provision of advisory services through trained porsonnel who call on the farmers to discuss their production marketing plans and pass latest informations available for production and marketing.

Wesfarmers has also paid out more than A$2.25 million an commission to the Regional co-operatives and ploughed back more than A$2.75 million into reserves which will be used to benefit both present and future farmer share-holders. (Rana, 1963).

Obviously this case study illustrates the fact that through co-operatives and amalgamation of limited resources peasant farmer can minimise the financial constraints, and expand their resources and their productive capacity.

In Japan the rural co-operative existed before 1900. They were co-operatives whose objective was to meet the farmers credit needs for the purchase of such inputs as fertilizer and to organise marketing of farm products librate them from the interseption of the middle-men, and extortion of the money lenders. (Rana, 1963).

Then at this early stage of co-operative movement, rural co-operative societies were single-purpose handling either credit or marketing activities but not the two.

A turn in event of co-operative movement came with the amendment of 1900 Co-operative Law in 1906, allowing the societies to undertake multipurpose business. This led to progress in co-operative societies in Japan. A multipurpose co-operative in Japan conduct many businesses simultaneously. A society could conduct credit together with purchasing and marketing business, or credit together with mutual assistance, guidance etc. The effect is that the various needs of the farmer members are attended to.

In 1970 there were 6083 multipurpose co-operative societies undertaking short-terms, long-term and medium-term credit businesses. Since 1960 the effect of growth in Japan's economy include decrease in farming population as members of farming failies move into the urban centre to take up employment and carry out tertiary and secondary activities. This was not a healthy situation for the growth of co-operative movement in Japan. The government also observed that there

was lack of improvement in the living standard of farming families compared with their counterparts in other sectors. Hence in 1961, a new Agricultural Basic Law was enacted to give assistance to co-operative farmers in ther operations.

A distinction was made between totally or wholly and partly co-operative farms. Wholly co-operative enterprises specialise in dairy farming, rice growing. Such distinctions enable special grants to be offered to the societies (OHO Schiller, 1978). To further improve the standard of living of the farmers, the National Congress of Agricultural co-operatives adopted a policy of amalgamation of multipurpose co-operative societies. This policy aimed at reducing the number of co-operative societies to 2339 by 1975, for effective assistance to co-operatives societies.

Farming Complex concept was introduced in Japan co-operative movements. By 1970, 317 of such models of farm complex were created. Under this system an integrated system of production and marketing of agricultural and livestock products is carried out by group farming, through supporting activities of group of farmers, through establishment of warehouses, processing plants slaughter houses, provision of chain stores to supply goods to the farmers.

The result of this stage of development in cooperative movement in Japan is that "agricultural co-operatives became self-sufficient in supply of funds and were able to give loans to their members without external support (Hoyndon, 1967).

An example of such progress was recorded for the Miyata Agricultural co-operative society (ACS). Maiyata ACS was found in 1948 and covered the farmers in Miyata village area. The area under cultivation for the society as at 1973 was 5000 hectares. The societies share capital rose to 80,000 yen through launching a three-year business expansion campaign. Facilities owned by the society for the members include pig feeding centres, agricultural production material selling centre. Balance of members saving as at end of 1965 fiscal year was 417 million yen. Total amount of loans to members in 1965 was 184 million yen but rose up to 578 million yen in 1970.

Such gigantic stride into prosterity by co-operatives in Japan can partly be explained by the advancement in the industrial sector which is closely linked with enlarged market - oriented agricultural system. The planning of the rural production system is not done in isolation. The government gave special loans and subsidies for projects which are geared to modernisation of agriculture. These subsidies are called "privileged loans". Besides, shortly before the industrial take off, the government enacted a land Reform policy which enabled farmers to obtain a clean title to their farmlands. (Rana, Op.cip p.45). Thirdly amalgamation and co-operation through the farming complex permitted the farmers to build up their resources.

(b) Some African Examples

In Tanzania there are two types of co-operatives which

are especially related to the rural development of Tanzania: marketing co-operatives and Jjamaa villages. The Ujamaa scheme is a settlement scheme set up by the Tanzania government in 1957/58. The design was for regrouping about a million scattered farm settlements into large groups (Ujamaa villages) for the benefit of providing the farmers with common servies which their low financial resources cannot afford them. This would lead to improving the living standard of the masses in the rural sector.

However by 1971, it became apparent to the Tanzanian leadership that the goals of Ujamaa were not being acheved as rapidly as hoped (Lele, 1975). One of the reasons advanced for this failure of the scheme was the lack of adequate horizontal integration programs since allocation of budgets and programs for villages, and personnel deployments were done by the sectorial Ministry in Dares-Salam. (Lele, 1975).

Secondly there was inadequate and late supply services to the farmers for their production. Thirdly such regrouping of settlements often increased distance-to-work for the farmers who had been moved from distant settlements into Ujamaa villages, so that in frustration some of the farmers had to return to their original settlements leaving the village co-operative settlement.

Cliffe (1970) observed that the contradictions of the Ujamaa strategy of centralisation with the cultural practise of the Masai, for instance, made the working of the village co-operatives in Hadza and Sanduwe impossible. Similarly the

continued influence of those local Chiefs and elites who had had control of access to land in the past presents great obstacle to the creation of Ujamaa co-operatives in Rungwe

The legal foundation backing up co-operative movement in Tanzania was the Co-operative Societies Ordinance of 1932. One of the characteristic features of East African modern co-operative institution is that the committee members in a co-operative society or union are usually elected on the basis of local constituencies - a village or division etc. Hence a committee member is there to fight for his own interest or that of his constituents. This renders the process of co-operative which should be autonomous and for the interest of the members difficulty. (Cliffe, 1970).

The second feature of modern co-operatives in Tanzania is the presence of government control in which the government has taken over 16 co-operatives unions in 1968 on the grounds of mismanagements and embezzlement.

The co-operative societies in Tanzania were mainly for marketing function. One of the pioneer co-operative marketing society was the Kilmanjaro Native Co-operative Union (KNCU) whose main function was that of marketing of farm cash crops (e.g. coffee). The KNCU worked in collaboration with the Moshi Native Coffee Board (MNCB) established in 1937 for the purchasing of Native Coffee in the rural districts of Tanzania, the later being aimed at eleiminating the low prices offered by the middlemen to farmers.

When the MNCB was dissolved KNCU took over its function. KN CU was made up of mainly farmers. It grew in size as well as in profit. In 1935 it had about 22 thousand producers with an estimated total acreage of 9380 acres. (Westergaard, 1970).

A second co-operative Union in Tanzania is the Bukoba Co-operative Union. This together with KNCU controlled the bulk or Sale or Coffee in Tanzania. KNCU has also engaged in other activities than these of credit. It supplied farm inputs and library equipments to societies. It built middle school for training of the children of members. It has also built attractive resources and given credit to members for them investiment.

Although the main function of co-operative societies in Tanzania is marketings there are Apex societies, the National co-operative and Development Bank, the banker to the co-operative movement, which finance the purchase of crops until reinbursed by the final buyers, and the National Development Credit Agency which handles finance development giving short term loans, providing working capital and providing medium term a long term loans to primary societies and unions or co-operative movement. (Westergaard, 1970).

In Sudan the British Colonial Administration identified two major problems facing the farmers: Low finance and little access to land. In order to stop further appropriation of land by the large scale foreign investors and by the Sheikh

(village heads) a land Use Act was promulgated in 1904 to restrain farmers alienating their lands.

For the problem of finance, the British colonial officials had set up credit co-operatives in Tokar Delta in 1921 and in 1927. This experiment however failed because of lack of interest on the part of the farmers. Secondly the farmers were highly indebted to money lenders especially in the dura cropping areas of Sudan.

In 1930, the Co-operative Agricultural Companies (CAC) were set up in the Northern Province. The sole purpose was to purchase and operate pumping equipment and maintain irrigation canals for the benefit of the farmers. The CAC incorporated elements of both co-operatives and private companies. (Bardeleben, 1973).

The second stage in development of co-operative came in 1965 when the government raised the status of co-operatives to Ministry of co-operatives and labour. To further assist the farmers, Agricultural Bank was founded in 1959 to finance the co-operative societies. With this institution, co-operative Unions of small holders were given priority in the credit volumes issued. It supplied 51 co-operatives with credit amounting to £S108, 981 in 1964/65, and in 1965/66, 102 Societies had received £S55,557. (Bardeleben, ibid).

One of the Societies that came into being during this era was the combine Harvestor - Co-operatives set up in 1964/65 fiscal year. The purpose of this society was to purchase

combine Harvesters for Wheat harvesting for the farmers, especially along the Gezing lands. Since the harvesters were costly and could not be afford by the peasant farmers. Its second objective was to provide an advisory services for the member co-operatives. The combine - Harvester co-operatives started with an initial share capital £S5800. The co-operative worn the confidences of the manufacturers of the combine harvester and were allowed to buy those tractus on hire-purchase. By 1967/68 the number of co-operatives had increased from one (in 1964/65) to 44. And total reserves have also increased to the benefit or the co-operative farmers. (see table 1.1).

Table 1.1: Illustrating the Performance of the Combine-Harvester Co-operatives (in Sudan)

Table 1.1

Year	No of Combine Harvst.	Membership	Share capital (£S)	Reserves (£S)
1964/65	1	-	5,000	-
1965/66	25	21,121	26	2,393
1966/67	36	22,080	29,821	12,346
1967/68	44	22,580	68,267	15,365

Source: (Bardeleben, 1973).

In addition the Combine Haversters Co-operatives have made her reserve remarkable progress in its share capital. This has increased from the initial £S5,000 in 1964/65 to £S68,267 in 1967/68 a remarkeable Average annual increase of about £S15,750. Average share per member for different co-operatives are given as follows:-

Table 1.2: Illustrating Progress in Capital formation among Co-operative Societies (in Sudan)

Co-operative Types	Average(LS)	Share per member
Year	1965/66	1967/68
Mechanised Crop Production	30.1	56.3
Pumping Scheme Crop	13.3	19.7
Multipurpose Crop	8.5	12.2
Consumer Crops	6.5	7.2

Source : Bardeleben, (1973).

Although these figures in table 1.2 are small and they do not give any idea about spration distribution; they show a remarkable progress in capital formation among the members of primary co-operatives.

Ghana:

There are, however, sev ral cases of cooperatives societies which have not succeeded in tackling the financial constraints for their members. An example is reavised by Miracle and Seidman (1968) in Ghana. Prior to the Establishment of Co-operatives by the colonia administration in Ghana, farmers financial constraint compelled them to pledge their crops and mortgage their economic trees for financial assistance. Borrowing from money lenders was done at exhobitant interest rates.

In 1929, C. Auchinleck, the director of Agriculture conceived the idea of starting a co-operative movement in the then Gold Coast. The first co-op ratives started in 1928 were

established for cocoa marketing. (Digby, 1970). Members had to pay subscriptions for capital (e.g. equipments) purchased. These were "co-operatives - from-above" because all accounting, sectorial activities, weighing and inspection of products were performed by officers of Department of Agriculture. In addition the colonial government established a Co-operative Bank in 1946, which provided funds to member Societies enabling the to extend less expensive credits to farmers being guanrantered by the Government.

Amounts of credits advanced to the co-operatives and their repayment response are shown in Table 1.3. As is shown in the table both the amount of loans issued to the society and their outstanding loans increased in almost a geometric progression with succeeding loan period.

Table 1.3: Financial Needs of Farmers Co-operatives in Ghana and Repayment Behabiours

Year	Loan Issued	Loan Received	Loan Outstanding	c/o Increase 1945-46
	(K)	(K)	(K)	
1945-46	11,414	10,991	2,616	100(Base Yr)
1949-50	86,940	77,287	17,812	14
1952-53	194,166	269,635	70,018	29
1955-56	470,875	418,671	290,579	31

Source: Miracle and Seidmana (1968).

In 1945-46, and in 1949-50 loan periods, about 20 percent of loan issued were outstanding and in 1952-53 less than 10 percent. These figures indicate the existence of financial constraints on farmers which co-operatives wish to tackle.

(c) Nigerian Case Studies

In Nigeria as in the other African Countris considered in previous peragraphs, a formal establishment of co-operative movement took place during the colonial era in the middle thirties of this century.

Prior to the establishment of these modern cooperatives there had existed co-operatives among the rural farmers. These were established in forms of Self-Help Organisations (SHO) (Mosedoni and Akinbode, 1972; Kings, 1977). A self-help group may comprise people of the same age group who exchange labour among members for bush clearing, ridging, planting and harvesting, and thus reducing the financial burden that could have been created without co-operative organisation.

The establishment of modern co-operatives followed a Report on the Introduction of Co-operative Society into Nigeria submitted in 1934 by C.F. Strickland. This idea was further strengthened by the enactment of the first Co-operative Society Ordinence in 1935 (Laditan, 1970). In this report Strickland stated that introducing co-operatives into Nigeria was,

> "not only a matter of increase or improved crops nor even of credit to cultivators who wish to change their farming methods, valuable and necessary though association for those purposes will be. It is also a question of urban and rural thrifts, of co-operative building of labour

> contracts ..... the preservation and expansion of handicrafts, the organisation of individuals for a better diet, for precaution against disease ..... of the extension of education .... and the spreading of better customs".
>
> (Arua, 1980).

The initial cooperatives were cooperative marketing societies. This followed the recommedation by the Nowell Commission that the adoption of co-operatives is the best way of marketing the farmers cocoa (Ceuntogun, 1971) and thus generate high income for this farmers. In 1936, Mr. Haig from Moor Plantation in Ibadan was set to survey the potentials for co-operative societies in Northern Nigeria. But in general the initial co-operatives were for marketing of cash crops (e.g. cocoa, groundnut, palm oil and palm kernal, rubber). Membership of cooperatives was small as well as their share capitals. Those were major reason for their financial constraints (Nwosu, 1975).

In 1940, the Association of Nigerian Co-operative Exporter (ANCE) was set up to finance the export of Cocoa and other produce by members. It was assigned with the responsibility of making the necessary arrangements for shipments of cocoa, and stimulating production of cocoa. It also acted as financial intermediary between individual Union (or society) and the Bank for West Africa (BWA, now First Bank) which advanced funds for the purchase of cocoa by societies

(funds usually guarranteed by the government at 4 percent interest). When the ANCE experienced short-fall in marketing produce in 1945-1946, and in 1957 it became necessary to create Regional (Co-operatives with the Nigerian co-operative Federation Limited as an Apex Organisation that over heads the Regional Co-operatives (Nwosu, 1915). Thus in this situation act Regional Co-operative sought ways of tackling problos of their members.

Western Nigerian Co-operatives

The government of the then Western Region identified lack of sufficient finance as one of the limitation of co-operative movement hence invested £1 million in two major private undertakings associated with the co-operatives movements, the Co-perative Bank of Western Nigeria and the Cooperative Supply Association (Hellioner 1966). These two institutions were assigned to attend to the financial needs of the farmers co-operatives, lending funds to them and organising programs to onlighten the farmers in methods of production and use of credit. According to Osuntogun (1971).

> " "Farmers co-operatives in Western Nigeria have contributed a great deal in helping the members in getting rid of their obligations to produce buyers".

He also observed that of all the financial assistance from various source only the loans given by the co-operative societies were tied directly to agricultural production. He,

He, however noted that lack of loyalty of members to the societies is not only accountable for the inadequate capital growth among the societies, but gave rise to the erosion of the societies strength in the control of trade on cocoa. For instance after over 35 years of operation the co-operative share in cocoa marketing was 17.35 percent while that of indigenous firms was 69 percent. The reason for this failure of the co-operative are due to the following problems:-

(i) poorly developed facilities for transportation,

(ii) storage, handling packaging and processing of products (e.g. cocoa).

(ii) the weak bargaining position of the producers.

(iii) disunity among members disloyalty of members to their society.

(iv) mismanagement of co-operative funds by officials and members.

(Osuntogun, 1971)

Co-operatives in Northern Nigeria

Co-operatives in the northern part of Nigeria have been initially concerned with credit and marketing, societies for crop production activity came later. Prior to the formal co-operative institutions the farmers have solely relied on financial assistance from the local money lenders, group contribution adashi or offered their labour in return for financial assistance from the well-offs.

King (1977) observed that credit formed an important factor for the formation of co-operative societies among

the peasant farmers in Kano and the then North Eastern State. In some of the villages, in the absence of formal credit institutions such as the Banks, and Credit Associations, the co-operative societies have had to rely strongly on informal credit institution such as money lenders, and Produce Buyers.

From table 1.4 about one third of the value of loans obtained by Gwaram villagers came from the money lenders, and about one fifth from Produce Buyers. In Shonomo about half of the farmer's loan is obtained from the Produce Buyers.

One of the features of the co-operatives in these two states is the the dominance of the well-to-do or ruling class, Thus creating a kind of "co-operatives-from-above" This feature is probably dominant because of the traditional kingship system that exist in these areas which gives sole ri. rights to heads of villages to take decision for others or his subjects. The opinion of village heads is highly respected.

In Shonono for instance, a singe man has dominated the cooperative society since its inception in 1960 being the president, the co-operative buyer, while his son is the co-operative secretary. In another case, a Shonono co-operative society refused the participation of an ex-school master so that he does not over-ride the viallage head. Similarly in Dakwara the village head, a member of the co-operatives, although he does not run it, all actions require his agreement. The co-operative is run by the village head's "prime minister" (or the Waziri) the single producer buyer is the son of Waziri. With such characteristics

of the co-operatives, it is not likely that credit distribution would not, only be concentrated in the hands of the few well-to-do or ruling class but the majority of the rural farmers would have to be perpertually tied to the favour of the elite.

Even where the co-operative credit associations exist and expected to provide such credit facilities as farm imputs (e.g. fertilizer) members have had to fall back on the local credit institutions because of the irregularities in the supply of such credits by the association. For instance credit which was given partly in form of fertilizer was observed to have arrived very late by farmers co-operatives in Mingi. By the time it arrived most farming decision had been taken over 70 percent of the co-operators in 1973-74 planting session had obtained loans from informal credit institutions (King, 1977). Table 1.4 illustrate the dependence of co-operators (farmers) on other sources of credit.

Table 1.4: Average Value of Loans from Informal Credit Sources by State and by Village (1973-74)

State/Village	Value of Loan	Money Lenders	Produce Buyer	Rich Men	Close Friends
Kano					
Darkwa	313.00	25.75	-	16.40	16·40
Gwarzo	800.00	14.00	40.00	-	54.00
Shonono	267.00	6.00	100.00	-	18.67
North Eastern					
Gar	381.00	10.00	18.00	-	40.00
Gwaram	394.00	110.00	75.00	22·00	20·00
Mingi	1243·00	-	14.00	57.50	54.27

Source : King (1976).

Evidently credit play important role in rural productivity, and hence requires to be disbursed timely to make for effective utilization of such credits.

Co-operatives in Eastern Nigeria

In eastern provinces of Nigeria the primary co-operative societies mostly found are Marketing, Thrift and credit, community-farms farmers co-operative, producer, consumer and multipurpose co-operative societies. Financing of societies is through government assistance (grants and loans), bare capital of members, apex co-operative financing Agency, government financing institution (e.g. NACB) and the Commercial Bank especially Co-operative Bank of Eastern Nigeria. Finance was one major constraints to societies.

For instance one of the Co-operative Palm oil Marketing Societies constrained by flow finance for production, applied to the then Eastern Nigeria Development Board for financial assistance. The Board formulated a co-partnership policy with the society for the construction of oil mills and sale of the mills to co-operative societies, and grated her a loan of £2,000 (approximately ₦4,000.00) to be repayed at interest rate of 3 percent in 10 years (Agom Eze, 1976).

The Co-operative Bank of Eastern Nigeria was set up in 1961 to play the role of the Bankers of the Co-operative Societies. Co-operative Union of East Central State was established in 1970. Between 1970-70 there were 962 co-operative societies in the then East Central State with

total membership of 49,747 and capital formation of ₦46,698.00. In 1972-74 the co-operative size had risen to 1,104 with a membership of 69,628 and capital formation of ₦1,463,912.00. In 1974-75 the society numbered 62,047 with capital formation of ₦1,653,189.35.

As at 31st March 1975, share capital had risen to ₦2,700,000.00 and savings Deposit to ₦10,000,000.00 and a Reserve of ₦200,000.00. At this same period, the East Central State Development Association (parent ACFA) had issued a total of ₦162,000.00 to co-operative societies in the state. CCBN and N ACB had issued ₦500,000.00 and ₦1.4 million to ECSDA, respectively and ECSCBNA had received ₦0.3 million.

One of the problems identified among primary societies in the state it that of low repayment of credit. Most of the

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One of the problems identified among primary societies in the state it that of low repayment of credit. Most of the societies have been found to be indebted to their creditors. Part of the reason for this repayment behaviour was the changes of currency after the Nigerian Civil War in which the illiterate farmers lost their currency by the hands of those they entrusted their funds to. Table 1.5 gives account of loan repayment behaviour of four major society types.

Table 1.5. Loan and Repayment Behaviour of E.C.S.

Co-operatives as at end of 31st March 1981.

Societies	Amount of Loans obtaine (£)	Repain Amount (£)	Outstanding (£)
Thrift and Credit	16,241	1,368	14,873
Farmers Multipurpose	9,193	1,686	7,507
Community Farms Farmaers Co-operative	761	92	669
Co-operative Farmers Multipurpose Societies	847	-	847

Source: Agom Eze (1976)

In order to investigate and retrieve outstanding loans from all debtors to Government Institions and Establishment, the Anambra State has set up the Awete Panel in 1986.

One of the Co-operative financing body, the CCBN, also launched a share drive in September, 1986, calling on primary societies to increase their share capital which until now stood at 7 percent against Government share of 88 percent.

Each primary society is to increase her share capital with CCBN to a minimum of N1,000.00. Co-operative Councils are to increase their share capital with CCBN to N5,000.00 while the apex organisation such as ACFA and AWCA are to increase their share capital with CCBN to N50,000.00. This strategy was designed to reduce the dependence of CCBN on external aids, reduce the control of Government which has up

Co-operative Societies, and increase her financial strength for confinuous support to the Co-operative Societies. By April 1986, the CCBN had paid a subvension of a minimum of ₦50.00 to a maximum of ₦300.00 to her share-holders.

1.5 Background to the ACFA Limited

The Anambra Co-operative Financing Agency (ACFA) Limited is an apex co-operative organisation established on the 3rd of June 1976, and registered under the co-operative societies laws of Eastern Nigeria on the 4th June 1976, (Ibeziako, 1981). Prior to the establishment of ACFA, primary co-operative societies with the support of the then Eastern Nigerian government had set up in 1964 the Co-operative Bank of Eastern Nigerian (CBEN) to serve as bankers of the co-operative societies.

After the Civil War, however the creation of States resulted in the spliting of the assets and liabilikities of CBEN among the three new states carved out of the former Eastern Nigeria. In 1971, it was obvious that CBEN could not tend appreciable support to co-operative members that set it up. (Agom Eze, 1976). A charitable organisation, the Catholic Relief Service (CRS), came to the rescue of the co-operative farmers by forming the "Rehabilitation through Co-operative Fund". She attracted funds from overseas, and raised the initial capital which the society invested in a revolving Loan Funds for Co-operatives in East Central State. The CRS worked together with the administration of the co-operative Division of the Ministry of Trade and Industries of the East Central State.

The Co-operative Division supplied the machinery (or man-power) for the operations (such as supervision and

advice to farmers). The CRS then functioned as the East Central State cooperative Rehabilitation Association (ECSCRA). Later it was renamed ECS Development Association (ECSDA).

Among the objectives of the ECSDA were the following:-

(a) to mobilize funds for the rehabilitation of co-operative societies,

(b) to procure machines and machinery equipments and accessories as raw materials for distrilution to co-operative societies a reasonable prices,

(c) to do anything to increase the earning capacity and ultimatoly improve the standard of living of members of co-operative societies in East Central State (Ezeanozie, 1984).

After the creation of Anambra and Imo States in 1976, the ECSDA was split into the Anambra Co-operative Financing Agency (ACFA) for the Anambra State and its counterpart the Imo State Co-operative Financing Agency (ISCFA). Both agencies shared the assets and liabilities of the parent Association ECSDA.

ACFA is affiliated to both the Co-operative and Commerce Bank of Nigeria (CCBN) and the Nigerian Agricultural and Co-operative Bank (NACB). CCBN and NACB are at the present, the two main funding bodies of ACFA. Other sources of fund are through share capital and registration fees of affiliated primary societies in the state.

By 1981, ACFA had a total membership of 645 affiliated societies which had raised a total share capital of N159,876.00

and a development fund of ₦103,635.96. In addition to the share capital and development fund the organisation has attracted a total loan of ₦5.8 million from Nigerian Agricultural and Co-operative Bank (NACB) Limited, a floating over-draft facility of ₦450,000.00 from then Co-operative Band of Eastern Nigeria Limited and ₦65,000.00 from the Federal Ministry of Agriculture and Natural Resources for on-lending loans to Co-operative Societies.

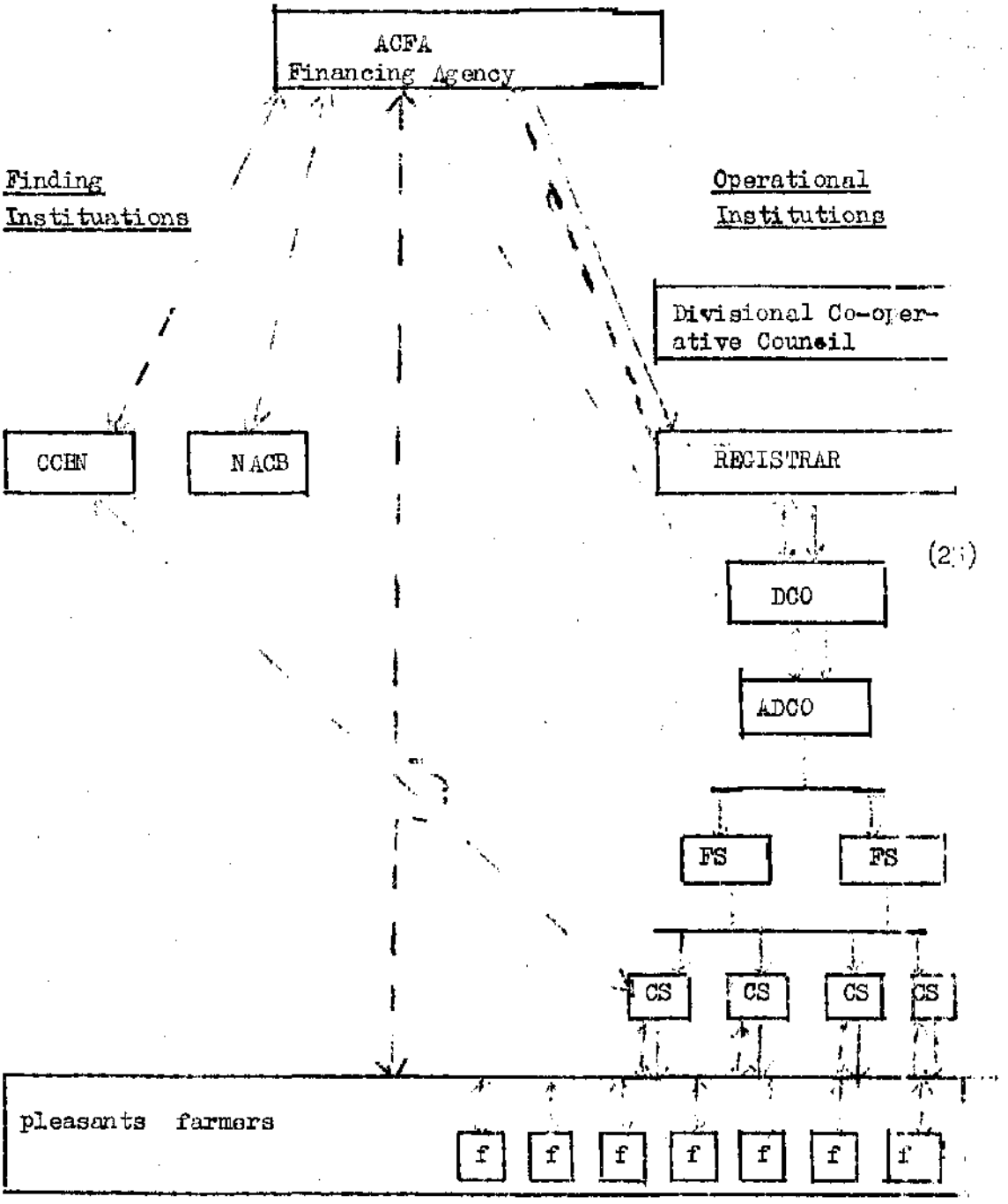
To supervise, monitor and administer her credits ACFA worked in conjunction with the Co-operative Division of the Ministry of Trade and Transport. At the Apex of Divisional Co-operative Council is the Registrar. The main funding bodies are NACB and CCBN. Figure 1.0 illustrates the organisational relationship of these bodies.

Each primary society affiliated to ACFA is expected to own a minimum share of ₦100 with the CCBN as well as have account with the CCBN. Disbursement of approved loan to a primary society usually goes through the CCBN.

The Co-operative Divisional Officer (DCO) in each Local Government Area together with his assistance (ADCO) and Field Staff (FS) supervise and monitor the production performance of the primary societies in their LGA. By these functions, the DCO knows the capabilities of their farmers. Moreover the DCOS and their staff cross-check and balance the accounting records of the societies, more especially those of the illiterate farmers.

Fig. 1.0: Organisational Relationship Between ACFA

NACB. CCBN & Divisional Co-operative Council



Sources: fieldwork (1986)

DCO - Divisional Co-operative Officers
ADCO - Assistant Divisional Co-operative Officers
FF - Field Staff
CS - Co-operative Societies
F - peasant farmers.

Flow of organisational Instruction
Inter-relationship linkage

Based on the knowledge of the performance of the farmers, the DCO could recommend a society affiliated to ACFA, for financial and any other assistance on their business. Such recommendation would have to go for an approval of the Registrar. The recommendation is the passed to the Financial Control Committee for their approval. Membership of the Committee of annually elected members of the primary societies and officials of ACFA and NCFA and NACB.

1.6 Aim and Objectives of Study

The broad aim underlying this study is to examine the impact of credit on rural development.

Objective

The above stated aim would be studied under the following specific objecties:-

(i) to identify the sources of credit in rural production among the farmers.

(ii) to determine the channels of credit utilization.

(iii) to identify the relationship between level of credit and the standard of living of farmers.

1.7 Hypothesis

The assumptions underlying this study are as follows:

(1) that the Co-operative Societies are effective channels of credit distribution to the rural populations.

(2) that co-operators attain higher standard of living than non-co-operators.

(3) that credit provided through ACFA is evenly distributed over the entire state.

1.8 Methodology

The researcher has obtained informations from both primary and secondary sources for this study.

Primary sources of information include personal interviewing of the farmers, administration of questionaries and talking of measurements.

For the administration of questionaires twelve co-operators each from four Co-operative Societies were selected by random sampling, while 25 farmers (non-co-operators) were selected from the list of farmers with the Zonal Office Ministry of Agriculture in give LGAS. Out of a total of 365 questionaires administered 215 completed questionaires were returned.

The questionaire has therefore been administered to both co-operative affiliated to ACFA and non-co-operations in five selected Local Government Areas (LGAS). The selections of the LGAS was based on level of achievenuess of the co-operative societies. The activeness of a society is measured in terms of its ability to repay ACFA loans and qualify for fresh loans. To erase bias one LGA with less active co-operative societies is chosen, it is Awka LGA Two LGAS with moderately active societies are selected, they are Awgu and Abakiliki while two LGAS with active co-operative societies are chosen, they are Anambra and Onitsha - Ogbaru LGAS.

Through interviews and observations information has been collected in respect of farmers assets, such as rentable houses, petrol station, market stalls, warehouses, types of buildking etc. Other informations include number of children trained in various fields, degree of nobility measured in possession of bicycles, motor-cycles, motor-cars.

Other people interviewed include the officials of the ACFA Limited, the officials Ministry of Agriculture and the Divisional co-operatives in the LGAS. Informations obtained from these officials include:-

(i) the response of farmers in the state to the formation of co-operative societies.

(ii) the farmers main attraction to the formation of co-operative societies (e.g., access to credit, farm inputs, "essential commodities" etc.

(iii) the level of credit advance.

(iv) the preconditions for credit advancement.

(v) the repayment behaviour of farmers to Field measurements are taken on farm-sizes farmoutputs, distances from farm to compound market and processing centre.

Secondary Sources

These include base map from the Ministry of Lands and Survey, Enugu Library resources of published and unpublished related literatures on co-operatives, ACFA and other institutions that function to channel credit to farmers.

1.9 Scope and Justification of Study

This study limits its findings and analysis to the farmers in Anambra State. The co-operative societies considered are only those whoch are affiliated to the ACFA limited.

The justification of this study rest on low-availability of extensive literatures on the performance of the co-operative societies in Nigeria especially in Anambra State in finding solutions to credit problems of the rural people as compared with the works of Rana, (1973) Lele (1975) Mellor (1966) etc., Osuntogun (1971) King (1977) on other parts of Africa, Asia and Nigeria.

Second stimulating factor for this study which rest on the Wharton (1970). Contention that co-operative societies have high potentials for channelling credits to farmers gave the research the curiousity to examine the case study of ACFA to see how far this contentions is met by a society whose primary objective is to finance Co-operative Societies in the state.

1.10 Analysis of Data

Based on the assumptions underlying the study, informations obtained are put together and statistically tested using the following tests wherever applicable:-

(a) Chi-Square

(b) F - Tests

(c) Anova - Test.

CHAPTER TWO

BACKGROUND SETTING OF THE STUDY AREA, AND DEFINITIONS OF CONCEPTS

2.1 Location

The Anambra Co-operatives Financing Agency (ACFA) Limited is established in Anambra State of Nigeria. It has the only office and Headquarter located at Enugu, the State Capital.

Anambra State is bounded in the North by Benue State, on the South by Imo State, on the South-East by the Cross River State. (see Map 1.0). In its latitudinal location, Anambra is bounded by latitude $6^{\circ}\ 35^{1}$ North, and $7^{\circ}\ 07^{1}$ North latitude. It is also bounded by $6^{\circ}\ 35^{1}$ E longitude and $8^{\circ}\ 30^{1}$ E longitude. As such it lies within the tropics.

2.2 Physical Characteristics

A consideration of the physical characteristics of the study area have been taken in order to expose the physical environments and possible constraints to the rural production.

(a.) Climate

In terms of climate, most part of Anambra State falls within the humid tropics. Total annual rainfall ranges between 1750 mm in the Northern areas of the study area to over 2000 mm in the South and South-Western areas of Onitsha and Ogbaru LGAS of the State.

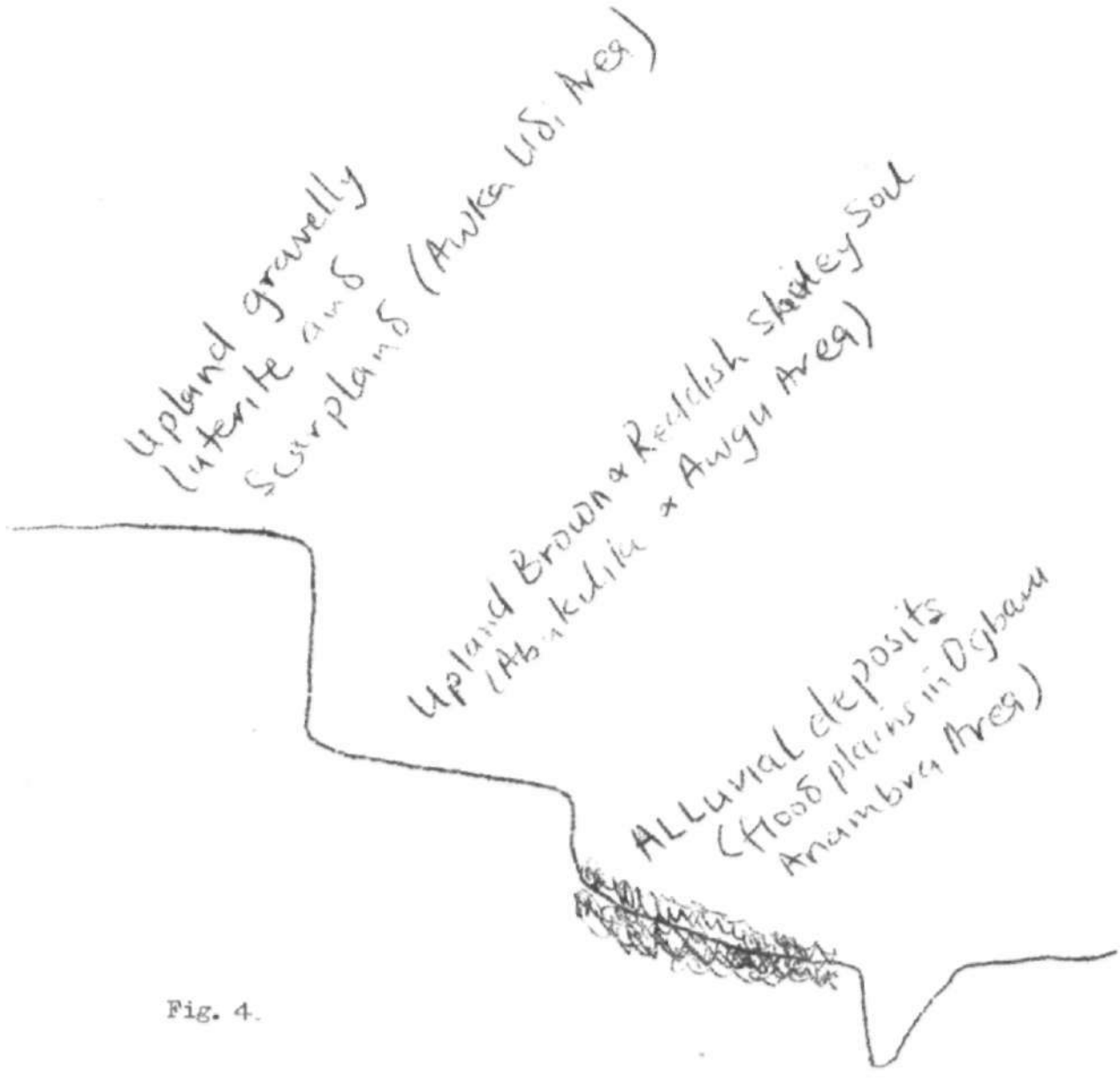


Fig. 4.

Cross-Sectional Vew of Soil
Distribution pattern in the State

It therefore requires three to five years of fallowing and/or addition of artificial fertilizer for it to produce any significant output. This therefore poses constraints on availability of land for cultivation and sufficiency of credit or funds for the purchase or farm inputs.

On the flood plains are rich alluvial : river deposits, while the upland is gravelly and lateritic soil low in plant nuitrients. The farmers have recognised the potentials of the flood plains of the Anambra river, Niger river and Idemili rivers, and have also used them. Esp cially on the lower flood plains of the Anambra river and Ogbaru areas of the Niger flood plains and Idemili flood plains yam and rice are intensively cultivated on the flood plains. Planting of yams starts between November and December on this flood plain. The upland is most suitable mainly for the cultivation of cassava, maize and cocoyams.

2.3. Demographic Trend

Anambra State is part of the densely populated Ibo land (or South Eastern Region) of Nigeria. Population densities range between 400 to 900 persons per square kilometer. Population census figure for 1963 estimated the then East Central State of Nigeria to be 12.4 million, and a growth rate or 2.5 percent for the urban centres and 5.0 percent for the rural areas.

The implications of such population growth are land fragmentation in already existing small-holdings and "land-Hunger" (Ogbonna, 1974), According to Floyd (1969) there problems arise because "the land belongs to a group of kin, a family or clan, the

membership of which include not only the persons alive at any particular time but persons dead and person not yet born".

2.4 Socio-Cultural Setting

Socially the Ibo-society is vertically structured according to ancestral membership, according to age and lineage to the family. The Kingship system is virtually unrecognised. Land belongs to the community who allocates it to individual families to take care of. The strong legal binding is the long-aged laws or the land (nso ala or ofo). All members of the community respect the sacredness of the community ofo.

In the present condition of population pressure on land, the traditional communial system is breaking down, being replaced by individual ownership of land. (Ogbonna, 1974). Modern method of production is now being introduced by the Agricultural Extension workers and other development agencies. Farmers Cooperatives Societies have emerged to put farmers resources together for greater productivity. The success of the cooperative societies is the issue of investigation in this study.

2.5 Definition of Concepts

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2.5 Definition of Concepts

For a full appreciation and understanding of the problem of this study brief elaborations on some of the key concepts used in this study is considered necessary.

(a) The Concept of Rural Society

There is no concensus as to what a rural society is. 'Rural' has been defined in various ways, of relevance to this study are the definitions of rural society from the point of view of settlement size, occupational characteristics and mode of production.

A rural society has varied in size between developed and developing countries of the world. Whereas a rural settlement (or country side) in European Countries is characterised by low population densities the rural settlement in the developing countries (Africa, Asia, etc.) have been characterised by relatively high densities. In the latter, the rural settlement could be described as the baby factories of the world from where surplus population drift into the urban centres. The immediate implication of this is the struggle to bring a balance between the limited rural resource and the large number of consumers.

In terms of occupational characteristics, Rural society perform mainly primary activities such as farming, fishing, mining etc. These functions are carried out and determined by the dynamic nature and caprices of natural elements of rain, sunshine wind and so on. The rural population therefore is often left in a precarious position of insufficiency of production out-put.

In terms of mode of production rural societies adopt traditional mode of production. They use simple tools such as knives, hoes and satchets. They practise slash and burn to clear the farm for production. This simple mode of production makes for low

productivity since production depends very much on manual strength rather than on automation and machines.

(b) Rural Development Concept

The concept of 'Rural Development' emerged in the 70s when it became obvious that the Economic Growth Approach has failed to solve the rural problem of rural to urban migration, inequality poverty and hunger.

The Economic Growth Approach was adopted in the 60s and early 70s by most developing countries of the world. This strategy was transmitted through the Green Revolution and other similar programmes. Although these strategies increased production for the third world countries like India, Brazil, they also created other problems. Being characterised by capital-intensive mode of production and large-scale production the Economic growth strategy accelerated inequality in income distribution. It gave rise to displacement of labour thus creating unemployment to labour. Its emphasis on production of cash crops led to the neglect of food crops which led to insufficiency of food production and hunger.

Hence this brought about the rethinking along the line of development as a concept of Rural Development. Rural development according to Uma Lele (1975) therefore should be seen as

> "a strategy for improving the living standard of the masses residing in rural areas, and making the process of their development self-sustaining".

Similarly Mabogunje (1980) emphasised that Rural Development is concerned with

> "the improvement of living standard of low income populations residing in Rural Areas on self-sustaining basis through transformation of the spatial structure of their production activity."

The present economic situation of the world calls for a serious view of rural development concept. Rural Development should be concerned with a mobilization of rural resources (human-physical etc) in order to transform the rural areas (which is the incubent scources of national survival) into more efficient and productive base not only for the survival of the rural masses but for the survival of the nation as a whole.

(c) <u>The Definition and the Principles of Co-operatives</u>

As contained in the Recommendation No. 127 of the International Labour Conference of 1966, Co-operative Society is

> "an association of person(s) who have voluntarily joined together to achieve a common end through the formation of a democratically controlled organisation making equitable contribution to the capital requirement and accepting a fair share of the undertaking in which the members actively participate". (Harrision, 1982)

Various types of co-operatives societies can be identified. The categorisation of co-operatives into types could be based on the number or type of functions of the society. Thus we could have single-purpose co-operatives, multi-purpose co-operatives, marketing co-operatives, credit co-operatives, purchase and consumer co-operatives.

The principles of co-operatives is embodied in the definition of co-operative societies given about. The principles of co-operatives are not constituted laws, rather they are rules, guidelines and regulations for effective operation of co-operative societies which were adopted by the pioneer co-operative societies. These principles basically are:-

(i) voluntary membership

(ii) democratic control

(iii) acceptance of equal share or risks and benefits by members of the society

(iv) active participation of members for the progress of the society.

It may be observed that in practise some societies deviate from the principle identified above.

(d) Definition of Credit

Credit is often used interchangeably with finance. According to Furness (1975) credit can be defined as the means by which transactors are enabledt to acquire commodities against a promise to pay. Credit therefore would include both material credit such as working tools, services, incurance, seedlings etc, as well as cash.

It is under the above defined concepts that the investigator examines the role of ACFA in credit distribution among farmers in Anambra State.

Table 3.1

Sources of Credit to Farmers in the Five LGAS (Percentage of Respondents in the LGAS)

Sources of Credit	Awka	Awgu	Anambra	Abakaliki	Onitsha	Total %
Pledging of land and Tree	10	15.0	10.6	12.3	11.6	10.2
Local Money Lender	NE	1·0	0·5	NE	NE	0·8
Share Cropping	NE	NE	25·2	20·4	8·5	10·5
Esusu or Group contribution	60·2	75·4	55·6	45·5	52·5	56·3
Commercial Bank	5.0	1·0	1·2	1·6	3·2	2·2
ACFA Limited	28.5	35.5	30.2	35.5	31.6	30.5
Relatives	10.5	11.6	8.5	12.0	14.6	10.5

Sources : Fieldwork (1968)

NE - No Response

of 1.0 percent and 0·5 percent (in Awgu and Anambra respectively) that this source of credit is utilized. This contradicts the experience of Mellor (1966) among farmers in India and the experience of King (1977) among farmers in then NE state and Kano state of Nigeria where money lenders and Merchants were observed to have played significant role in the supply of credit to farmers.

Farmers in the area of study contend that interest rates of money lenders range between 50 percent to 100 percent, and hence they avoid money lenders.

Share Cropping

This is identified as source of credit among farmers in three LGAS Anambra, Abakaliki and Onitsha. None of the respondents is a co-operator. In the share-cropping system products at harvest are shared at a ratio of 1:1 between the farmer and the creditor. 10.5 percent of respondents have identified this as their sources of credit.

Commercial Banks

Three commercial banks have been identified as sources of credit by farmers in four of the five LGAS. These Banks are ACB Limited, Union Bank and CCBN Ltd., while CCBN is identified in all the five LGAS. However the total number of farmers benefiting from this source makes up only 4.4 percent of the total respondents.

As to the reason for the low utilizations of the Banks as sources of credit, the response to four suggestions given in the questionaire (see Appendix A Q 24) are as follows:-

(i) Lack of surtee or collateral factor received the highest rated value of 590 or 85 percent.

(ii) Low saving and low income factor received the second highest rated value 448 of 55 percent while

(iii) 105 were scored for either inability to repay previous loans and lack of awareness of the existing credit facilities.

Relatives

In all the five LGAS, farmers contend that their last resort for credit is internally from among their relatives, (Umunna). On the average 10·5 percent of total respondents obtained credit assistance from their relatives, farmers contend that amount differ with need and how much a relative can offer. They also contend that no interest is charged. Repayment is usually at convinient time.

Primary Co-operative Societies

The main objective of Co-operative movement as spelled out in the previous chapter is to protect and serve the interest of their members. To what extent the farmers have looked up to Co-operatives as source of credit has been investigated through oral interview and questionaires (see Appendix I No. 10).

The response to the objective of farmers participating in Co-operative movement has been statistically analysed. The analysis reveals that the top rated objective with a mean value of 4.88 and standard deviation of 1.90 from assumed mean of 3.0 is "To Gain Access To Credit". (see table 3.2).

Table 3.2

Objective of Farmers Participation in Co-operative Movement

Objectives	RATED VALUES					U	SD
	5	4	3	2	1		
To Gain Access To Credit	110	15	-	-	-	4.88	1.90
To Consolidate Farmlands	-	-	-	28	97	1.22	1.33
To Gain Access to Farm Inputs eg. fertilizer)	10	55	13	32	15	3.10	1.22
To Market and Distribute Products	5	10	66	40	4	2.77	0.82
To Gain Access to Essential Commodities (eg, Rice)	-	45	46	25	9	3.02	0·92
Total	125	125	125	125	125		

Sources : Fieldwork (1968)

U = Mean
SD = Standard Deviations from Assumed Mean 3.0

The second rated objective with a Mean value of 3.10 and Standard Deviation of 1.22 is "to gain access to farm - inputs (eg. fertilizer)". The objective with lowest rated value is "to consolidate farmlands". This analysis reflects high credit obligation of societies to their members.

The question as to whether the co-operators expectations have been met is investigated. Analysis of the response reveal that three expectation of the co-operations have received attention in 1985 and 1986. They are access to Essential Commodities" such as rice and Milk, access to farm inputs such as fertilizer at subsidised rate, and access to credit through ACFA. Out of 125 respondents, each of 25 co-operators received a total amount less than ₦200 from ACFA, and each of 40 respondent co-operators received amount less than ₦300, while each of 20 respondents co-operators received less than ₦500, in 1985.

As at 31st December 1985, the Agbagugu multi-purpose Co-operative society in Awgu LGA issued loans to the tune of ₦117,600 to ninety of her members. Outstanding loan as at April 1986 is ₦92,000. Similarly, Chukudozie Ogbukuba FMCS in Onitsha LGA with a membership of 27 co-operators have obtained a total of ₦30,226 credit from ACFA. The fundamental principles guiding ACFA in credit distributions to primary societies are firstly that the society must be affiliated to ACFA which implies the society has share capital in ACFA. Secondly the society is not indebted to ACFA in respect of previous loans received. The society must be able to pay the interest on loan issued at the time of receiving

the credit. Thus members of Co-operative societies put their financial resources together which acts as part of their collateral to obtain ACFA loan.

ACFA's Role as Source of Credit to Farmers Cooperatives

Out of the 125 Co-operator respondents 41.2 percent received credit from ACFA in 1986. ACFA acts as a credit borrowing institution for the primary societies affiliated to her. Table 3.3 itemizes the number of Co-operative societies that have benefited from ACFA credit since 1980/81 fiscal year.

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ZARIA, NIGERIA.

Table 3.3 Loans Issued by ACFA Ltd April 1980 - December 1985

Fiscal Year	No of Beneficiary Societies	Total Amount Issued
		₦
1980/81	113	908,120·50
1981/82	92	578,292·00
1982/83	99	921,300·00
1983 (9 month)	75	570,476·00
1984	108	1055,600·00
1985	152	1594,347·31
Total	639	5628,163··19

Sources : Fieldwork (1986)

Further detailed account of the distribution pattern of the credit to farmers in the LGAS of the State is shown in table 4.2

3.2 Sources of Credit to ACFA

The Agency's Bylaws outline following Sources of funds.

(a) Share Capital

(b) Application fees of member societies

(c) Grants or Donations

(d) Deposits by members and non-members

(e) Loans, grants and materials received directly or indirectly from Humanitarian organisations such as the Co-operative for American Relief Every where (CARE), Banks etc. (Ibeziako, 1984)

Since the inception of ACFA, in June 1976, main sources of funds have been NACB Ltd., CCBN Ltd. and funds raised through members share capital and registration fees. In 1981 ACFA had raised a total share capital of ₦159,876·00 and attracted a total loan of ₦5.8 million from Nigerian Agricultural and Co-operative Bank (NACB), a floating over-draft facility of ₦450,000 from the co-operative and commerce Bank Nigeria (CCBN) and ₦65,000, from the Federal Ministry of Agriculture (share of Nigerian Agricultural Credit Guarrantee Scheme allocation to Anambra State).

Since 1981/82 fiscal year ACFA has received a total loan of ₦306,515.22 from CCBN in 1981/82, and in 1982/83 ₦81,392.70 from NACB and CCBN respectively. In addition she has received a floating over-draft of ₦450,000, a sum of ₦212,795.81 in 1983 and ₦360,728.00 in 1985 from CCBN.

The problem associated with these major funding bodies include their high and fluctuating interest rates. The CCBN loan was obtained at compound interest of 9 to 10 percent in 1981. The interest rate has risen to 12 percent in the 1986 fiscal year. The NACB loan is obtained at simple interest rate of 9 percent.

The implication of this fluctuating high interest rate is that over-due loans accumulate high servicing amounts which accrue to the debit of ACFA. This makes repayment of loan more difficult.

The problem of relying on the share capital of primary societies lies in the relatively limited funds.of the farmers. Most of the primary societies have small membership ranging between 10 members to 50 members and share capital between ₦10 to ₦100 per member Capital Share for registration into ACFA was ₦100 as at December 1984 and has only risen to ₦500 in the past one year. The member of Co-operative Societies affiliated to ACFA was 645 in 1981 and has risen only to 918 in 1986, an annual growth rate of about 8.4 percent. The implication of the small size of ACFA affliated societies and small size of primary societies is that the capacity to generate sufficient capital base for the running of ACFA is not adequate so as to eliminate the reliance on external sources of credit.

Principles and Patterns of Credit Distribution

An ACFA-affiliated Co-operative Society is required to meet three conditions before it is qualified for ACFA Credit. Firstly, the society must not be indebted to ACFA. Secondly, the project for which the credit is being sought must be a viable project which has been accorded recommendation by the DCO and the Registrar. Thirdly, the society must deposit the interest on the approved loan for the initial year of the grant.

Once a society receives a credit and repays her loan she qualifies for a second level of loan which is usually higher in amount than the previous loan. ACFA credit records show that credit distributed among societies would vary from one society to another because of the difference in the size of the membership of the society. Credit also varies with different types of projects.

Hence as shown in table 3.4 society 'A' receives higher credit on repayment of previous loan. Amount of credit issued for Rice Mill plant is much higher than amount issued for Rice and Cassava production because the former project (2) has high viability than the latter project (1). The average share of members of society (x) would be less than those or society (Y) because of the difference in the size of the societies. This is one of the variation in distribution pattern of ACFA credit.

3.3 Spatial Variation in pattern of Credit Distribution

To investigate the spatial variation in ACFA credit distribution the records of credit distribution to fifteen

Table 3.3 Amounts of Credit Distributed by ACFA for various uses as from 1981 to 1985

Year/Purpose	Food Crop Production	Agro-based small scale Industry	Poultry/Fishery livestock	Marketing Distribution	Land Estate	Total
1980/81	(106) 849,000.00	(6) 39,120·00	-	20,000·00	-	(113) 908,120·00
1981/82	(85) 513,341.00	54,951.00	-	-	-	(92) 578,292·00
1983 (9 months)	(71) 497,441·67	23,034.71	-	10,000·00	40,000·00	570,476;38
1984	(106) 1,025,600·00	(1) 10,000;00	20,000·00	-	-	(108) 1,055,600·00
1985	(146) 1,442,110·68	(1) 10,025·00	-	(3) 132,000·00	(1) 10,211·58	(152) 1,594,347·31
Total(as at end of 1985)	(609) 5,193,493·35	(19) 138,041·21	(4) 74,390·00	(5) 162,000·00	(2) 50,211·58	(639) 5,6218,163·19
% age of Total credit issued	92.9	2.5	1.3	2.9	1.0	100·00

Sources : Field Work (1986)

(9) No. of Beneficiary Societies.

Table 3.4: Illustrating Variation In Loan Issued and Distribution Pattern

Project	Size of Membership Years	Purpose	Amount ₦ K	Comment
1	60 (1975)	Crop prod. (Rice and Cassava)	6048.00	
2	65 (1975)	Rice Mill plant Installed	39543.00	
3	65 (1977) (x)	Rice production	15000.00	Average share (₦230)
4	28 (1977) (Y)	- do -	15000.00	Average share (₦535)
5	43 (1981) (A)	Rice and Cassava production	5000.00	1st Loan Repaid fully
6	43 (1983)	- do -	10000.00	2nd Loan

Source: Fieldwork (1986).

randomly selected Co-operative societies in each of the five LG/s has been analysed. /nalysis of these records reveals spatial variation in /CF/ distribution over the five LG/s. Three zones can be identified.

Zone /. - /rea of High Response to Repayment of /CF/ and area of high credit distribution.

Zone B - /rea of medium response to /CF/ credit Repayment and hence /rea of medium credit distribution.

Zone C - /rea of low response to /CF/ credit repayment, and hence an area of low credit distribution.

From the analysis of the d. ta in Table 3.5 the researcher has designated Onitsha and /nambra LG/s as Zone /, /wgu and /bakiliki as Zone B and /wka as Zone C.

ZONE /. is an area in which at least 60 percent of the fifteen sample Co-operative Societies have paid their loans promptly and at least 40 percent obtained their third loan. The emphasis on the level of loan lies on the fact that each level of loan is usually higher than the preceeding loan issued. The Co-operative Societies in this categories are found in /tani, Otuocha, Oguaniocha, Umeze, /nani. (See Table 3.6).

ZONE B include area in which the Co-operative have not repaid as promptly as in Zone /. Here less than 60 percent but over 40 percent have repaid their credits from /CF/. /bout 20 percent have obtained their third loans. These societies include Co-operative Societies in Nenwe, /gbaogugu, Obiofia, Egwudinagu, Ndeaboh, /bakiliki in /bakiliki and /wgu LG/s.

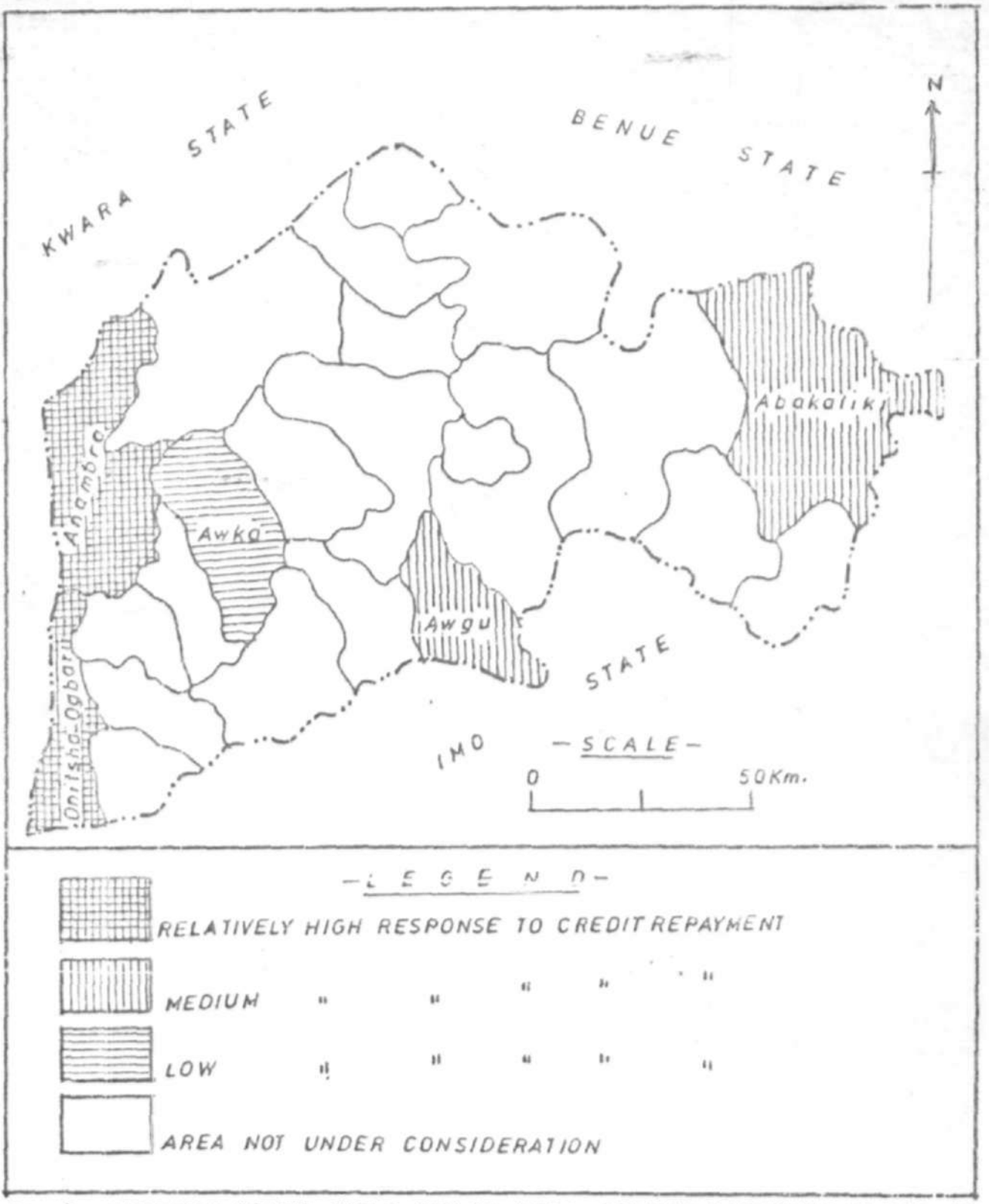


Fig 2 ANAMBRA STATE FIELD STUDY AREA SPATIAL VARIATION IN FARMER RESPONSE TO CREDIT REPAYMENT IN THE FIVE LGAS

Source:-Base Map Federal Survey (1970)
Fieldwork (1986)

ZONE C include areas of low repayment, and low production and less acquisition of ACFA loans. Here among the fifteen Co-operative Societies, 40 percent or the Societies have repaid their loans and less than 20 percent received their third level credit. (see map 2).

However, within this generalised spatial pattern of credit distribution and repayment behaviour, there still exist some Societies that have fallen below or risen above the general pattern in the LGAs. In Awgu for instance, three Societies have identified the problem of low repayment among their farmers as resulting from channel of credit utilization. They have therefore shifted their emphasis from food production to marketing and other investments, with less emphasis in food production. So that farmers are given Society loans not only for food production but for marketing purposes.

Among these Societies are Obinagu Agbaogugu fmcs, Chinedu Awgu fmcs, Nenwe Co-operative marketing society. Agbaogugu fmcs has issued a total of ₦117,600 to her members as at April, 1986. Her minimum share capital has increased to ₦160.00. Total share capital of the Society was ₦21,031.00 as at end of 1985.

In Onitsha-Ogbaru and Anambra LGAs, there exist some Societies that have not performed so well, Two of the Societies in Anambra LGA have been unable to repay their loans since 1977, following incidents of flood disaster that destroyed their crops for two consecutive farming sessions.

On the other hand, there exist in all the LGAs Societies who have not repaid their loans due to internal instability in

their Societies, embezzlement and mismanagement of Society's funds. These types of Societies constitute less than 5 percent of all the Sosicties considered in each of the LGAs.

Other problems associated with credit repayment vary from one LGA to another. Problems commonly identified by farmers in all the five LGAs include:-

(i) High interest rate charged on loans obtained from the Apex Society.

(ii) Late disbursement of credit from ACFA.

(iii) High cost of inputs , such as seed-yams, especially at the late time of receiving loans.

(iv) High cost of living which affects cost of labour, cost of transport, cost of processing and cost of catering for the family.

High interest charges on credit is identified among the pressing problems of credit repayment by farmers in all the LGAs. ACFA interest charges has increased from 10 percent in 1984 to 15 percent in 1986. The Agency again charges penal interest of 3 percent for over due loans. The Agency however, explained that her charges have increased as a result of the charges from the principle funding organisation. For instance, both CCBN and NACB interest charges have increased from 8 percent in 1984 to 12 percent and 9 percent respectively. As a result, 90 percent of the Societies charge 17 percent interest on ACFA loans they give to their members.

Late reception of credit is identified not only by Co-operators, but non-Coperators who benefit from the Anambra supervised Credit Schemes, as a major constraint to loan repayment. As at April, 1986, all farmer in these LGAs were yet to receive approved credit from ACFA and Ministry of Agriculture in the State for agricultural production. Yet the most suitable time to planting yams and cassava crops in these areas is between Janurary and February. Planting crops later than March jeopardises the chances of high productivity. The implication of disbursing loans late is clear. The farmers do not only stand the chances of low production, but spend more than they necessarily would have spent on inputs, such as seed-yams. April is regarded as the beginning of 'hunger months' (unwu)[1] when most farmers have ploughed back their savings from previous year harvest into the current production. Prices of seed-yams and other food crops at this time rise up 50 to 100 percent, a tuber of yam sold in Janurary at 50kobo would be causing ₦1.00 or more in April.

High cost of living is a problem that is faced by every one in our Society today. The implication on implentation of credit is that most of the credit received are utilized on payments for labour, transportation and processing. Labour cost has risen from maximum of ₦1.00 a day's (1984) job to over ₦3.00 and ₦5.00 in several LGAs at present. Similarly, the farmers have to spend more of their resources to tend their families and all these encroach into the credit acquired.

Problems unique to several areas in the study area include the problem of poor accessibility roads, especially Abakiliki in Anambra and Onitsha-Ogbaru LGA and parts of Awgu LGAs. For instance, in Onitsha LGA, the road from Onitsha to her hinterlands of Odekpe, Ohifa, Osamiri and Ogbaru villages, is a distance of less than 30 kilometres. Travelling limit in rainy season along this road is less than 20 kilometres. From Onitsha to Atani is a distance less than 15 kilometres, yet it takes vehicles over 1 hour to ply this short distance. The - effect of such road is that farmers sell off their products at cheaper price to middle-men from Onitsha, Asaba and Benin. Similar situation prevail in Anambra and Otuocha in Anambra LGA. Here farmers as in Onitsha face also the problem of ferrying products across the Idemili and Anambra rivers, over to the main land, and along very bad motor route.

Implication of the Repayment Behaviour to ACFA and the Primary Societies

The implications of non-repayment and late repayment of credit can be discussed from two view points; the effect on the borrower (primary societies) and the effect on the lending agency. A sample of record performance of fifteen Societies in each of the five LGAs is shown in table 3.7 to illustrate the effect of late repayment of credit on the borrowers.

Table 3.6: Illustrating Credit Performance of some Co-operative Societies in Zone A (1977 - 1985)

LGA	Name of Society and Membership (99)	No. of Loans	Purpose/Average Performance	Total Credit Rec'd (₦)
Onitsha-Ogbaru	Obeagwe Umueze fmcs (52)	3	Fishing, Crop Production PR	33,210.00
"	Orabuilie Afani fmcs (57)	3	Crop Production	87,000.00
"	Corner Stone (Ogbaru) fmcs (80)	3	Crop, Prodn. Fishing PR	44,870.00
"	Ugabueze Ogwaniocha fmcs (60)	3	Crop Produn. PR	45,000.00
Anambra	Umuleri fmcs (30)	3	Crop Prodn. PR	45,000.00
"	Ofuobi Ofuocha fmcs (19)	3	Crop Prodn. PR	23,000.00
"	Umuleri (NAFPP) fmcs (27)	3	Crop Prodn. PR	23,500.00

Sources: Fieldwork (1986)

Prodn. = Production
PR = Prompt Repayment

Table 3.7: Loan Repayment Behaviour among the fifteen Co-operative Societies within the five LGAs.

LGA	Total Credit Fund 1976-1980 (₦)	% of Total (A) (%)	Outstanding as at end of 1983 (₦)	% of loan Issued(%)	Interest(12%) Penal CG(3%) (₦)
Anambra	89,140.00	18.4	32,000.00	35.9	12,480.00
Onitsha	110,347.75	22.8	11,000.00	9.9	4,950.00
Abakiliki	134,588.00 1*	27.8	96,252.00	71.5	14,709.50
Awgu	49,000.00 2*	10.0	15,000.00	30.6	22,050.00
Awka	101,252.00	20.9	32,688.00	32.3	43,313.40
Total	484,427.00	100.00	186,940.00		97,502.90

Sources: Fieldwork (1986)

1* = Excludes ₦93,132.00 for installation of 3 Rice.

2* = Excludes ₦23,563.00 for installation of 1 Rice Mill.

CG = Charges

As illustrated in Table 3.7, the inability to repay loans by the Abakiliki Co-operative farmers is evidenced by the fact that 71.5 percent of loan had been outstanding for over five years of its disbursment. Similarly, in Anambra, 35.9 percent of loan issued to farmers was still outstanding after over five years of its collection. And Awka had 32.3 percent of loan issued to pay.

Over-due loans against the Societies attracted a service rate (penal interest) of 3.0 percent against the Societies. And this makes the position of repayment even more. (see Table 3.8).

Table 3.8: Over-due Loans against Co-operative Societies from 1980/81 to 1985

Year (1)	No. of Indebted Societies (2)	Total Issued (₦) Loans (3)	Over-due Outstanding Loans (4)	(4) as % of (3)
1980/81	417	908,120.00	2,224,509.42	244.9
1981/82	116	578,292.00	3,263,655.60	564.4
1982/83	474	921,300.00	2,594,725.56	281.6
1983 (9 months)	570	570,476.38	2,824,969.17	495.2
1984	475	1,055,600.00	2,609,039.12	247.2
1985	427	1,594,347.31	2,256,441.93	141.5
Total		5,628,163.19		

Sources: Field Work (1986)

It is evident from table 3.8 that it pays a Society to repay her debts promptly. For instance, the over-due outstanding loan against 116 Society in 1981/82 constitute over 500 percent of the total loans issued.

Late repayment of credit decreases the chances of a Society paying up her debt and her chances of obtaining any further credit. Take for instance, Abakiliki LGA. Instead of only paying ₦15,162.32 interest on principal amount, late repayment of credit has meant paying this expected interest as well as a penal interest of ₦14,709.50. Similarly, Awka LGA have to pay in addition to interest amount of ₦43,313.40. The four Societies would require to pay in addition to a total interest of ₦44,809.56 a sum of ₦88,973.00 which is approximately twice the interest amount.

The effect of this on ACFA is that the rate repayment of credit reduces the Agency's lending turnover. Secondly, it prevents the Agency from settling the funding institution of the Agency (CCBN and NACB).

As demonstrated in table 3.9 ACFA Ltd., has not been able to obtain any more credit from NACB Ltd., after 1982/83 funds (Table 3.9). The problem is further compounded by the fact that the interest rates on loans have not remained constant. Whereas, NACB interest rate was 6 percent in 1981, it has increased to 9 percent in Jamurary, 1985 to present 12 percent, CCBN interest rate has also increased from 9 percent to 10 percent in 1985, with the increase in interest rate ACFA's debts increases.

Table 3.9: ACFA Loans from Funding Institution By Fiscal Year (1981/82 - 1985)

Funding Boby	Present Inst. Rate (1986)	1981/82	1982/83	1984	1985
NACB Ltd.	12% (Simple Rate)	-	1,711,648.00	-	-
CCBN	10% (Compound Rate)	306,515	81,392.70	360,728	-

Sources: Field Work (1986)

3. Channels of Credit Distribution by ACFA

The distribution channels for ACFA credit are her affiliated Co-operative Societies in Anambra State. As at 30th April, 1986, there were 918 primary Societies affiliated to ACFA. The various channels of credit distribution is tabulated in Table 3.10.

The channels of credit distribution include the following:-

(i) Food Crop Production

(ii) Agro-based small-scale industries.

(iii) Poultry/Fishery/Livestock.

(iv) Marketing/Distribution of Products.

(v) Land Estate.

As is evident from table 3.10, the channels of credit distribution are food crop production, Agro-based small scale Industries, Poultry, Fishery, Livestock, Marketing and Distribution of produce and Land Estate. The bulk of ACFA credit goes to food crop production. This channel or sector has enjoyed the highest quota of ACFA's credit to a tune of ₦5,193,494·55 as at end of 1985. This makes up 92·3 percent of total credit of ₦5,628,163·19 issued by ACFA, between 1980 and 1985. In addition, 95·3 percent of ACFA affiliated societies are engaged in food production. Food crops for which loans are issued include rice, cassava, maize and yam.

Agro-based small scale industry and marketing and distribution business have received 2.5 percent and 2·9 percent of ACFA credit, respectively. Fishing, livestock and poultry received 1·3 percent.

Unlike the experience of the Co-operative Societies in Japan discussed in previous chapter, the credit distribution pattern in Table 3·10, expose the marginal diversification of our rural economy into agro-based industrial development and other businesses away from food production business.

Agricultural food production is a business most vulnerable to the dangers of pest, diseases, weather failures, and fluctuation of market demands. Such heavy investment of ACFA credit could amount to placing the capital strength of ACFA in danger of instability.

3.5 Channels of Credit Utilization by Beneficiary Farmers

Six uses of credit among farmers in the five LGAS have been identified. They are for purchase of seed-yams, and cassava stems, payment of labour wages, processing of farm products, transportation of products, acquisition of additional lands and purchase of fortilizer (artificial)

Purchase of Seed-yams and Cassava Stems

The amount of credit utilized for purchase of seed-yams vary with size of farm mounds and total size of farm lands devoted to various crops. The amount also varies from one LGA and another.

In parts of Abakaliki and Awgu LGA (which include Uduma, Ndeaboh, Izzi, Amaoji, Agbogugu) Co-operators and non-Co-operators adopt large-sized yam mounds (2·5 m by 2·5 m by 2m to 3m). Each large-sized yam heap takes 6 large-size seed-yams at 70 kobo to N1·00 per seed yam. Total cost of seed-yam in such a farm range between N1,800 and N2,000.

In other parts of these LGAS such as in Nnewe, Agbaogugu and in Nibo, Nise, Umudioka, Amanife, Achala, Umuezede, Umunagu in Awka LGA, farmers adopt small-sized mounds (1·5m by 1·5m by 1m). Cost of seed yams for each mound range between 30 kobo and 50 kobo.

Total cost of seed yams per acre of yam farm-land range between ₦280 and ₦500.

In Anambra and Onitsha LGAS, farmers adopt a unique method of land preparation. Although, yam mounds are small (not larger than 1·5m by 1·5m by 1m) these mounds contain in addition, a hole of 2·25m radius and approximately 0·5 meter depth at the central portion of the mound below the earth surface. This is in order to permit the penetration and size enlargement of the new yam. Prices of seed yams in Odekpe, Anam and Otuocha area by April were as low as 30 kobo for the smaller-sized seed yams (less than 30cm length) and 70 kobo for the bigger-sized seed yams (over 30cm length). This reflects the relative high productivity in yam crops of these LGAS.

In all the LGAS, Cassava stems are hardly purchased, except on rare occassions, such as times of drought or disease outbreak as in 1981 when there was the outbreak of millibud attack on cassava crops. Then cassava sten in 1982 and 1983 where said to have cost up to ₦2·00 a bundle of about 100 sticks of approximate length of 2 meters. However, farmers in Awka and Awgu contend that they have used up to ₦5·00 cassava stems on an acre of farm-land to preserve their previous crops and ensure better yield.

Purchase of Fertilizer

This is identified as a channel of credit utilization in Abakiliki, Awka and Awgu LGs. A 50 kg bag of fertilizer is obtained from the community leader who is a member of the farmers council in each community at a subsidised rate of ₦10·00. Total cost of fert.

fertilizer per acre of yam or cassava farm is estimated at a maximum of ₦50·00 and minimum of ₦40·00.

Labour Employment

In all the five LGAS, labour has been identified as channel of credit utilization. Two forms of labour are required at least twice in each cropping season, they are male-labour and female-labour. Male labour is utilized during preparation, of land for planting and during harvesting for harvesting and conveyance of products from farm to home. Female labour is utilized for weeding which must occur at least twice in each cropping season.

Two aspects of labour wages have been identified in all the five LGAs. They are the payment of wages in cash and the payment in kind. For labour wages on yam farms, cash payment is calculated either on day-work basis or through the number of mounds prepared for the farm. Payment on day-work is ₦5·00 in all parts of the LGAs, but in Onitsha-Ogbaru LGS it is ₦3·00. In Awgu, and Abakiliki LGAs, labour wages calculated on the basis of number of mounds prepared is ₦2·00 per large mounds and 50 kobo for a small mounds. Preparation of small mounds in parts of Anambra and Onitsha vary from 30 kobo in the lowland villages to 50 kobo on the upland villages.

Females labour required for weeding is on days-worked basis. Each day worked last from morning till 12·00 noon at least. Day-labour wage is up to ₦3·00 in Awgu, Abakiliki and Awka, as low as ₦2·00 in Onitsha-Ogbaru and parts of Anambra LGA. Usually, two weeding sessions are carried out on yam farm before harvest while for cassave, three or more weeding sections is required.

Minimum number of male-labour required per hectare for farm preparation in yam production is 10 persons per a day. So that similar number of female labour is required for each session of weeding on hectare of farmland. A total cost on a single acre of farm land (for farm preparation) is over ₦400·00

In Odepke, Atani and Osamiri in Onitsha-Ogbaru LGA and in Anam in Anambra LGA, labour cost is relatively cheap, because of the influx of migrant labour from across the Niger river and its distributaries into these areas. These migrant farmers engage in both fishing and arable farming. They farm small portions of land obtained from the natives offer their labour at relatively low cost and use part of their time in fishing. Cost of labour for preparations on acre of land for yam production is not more than ₦3·00 a day and cost of harvesting of yam is 10 kobo for each heap. These migrant labour live in temporary huts along the banks of the river.

Labour cost vary with type of crop production. The labour cost for an acre of yam is less than labour cost on an acre of rice farm. Cost of labour on rice farm for both preparations and planting, and weeding is calculated on days-worked bases, and area covered by end of the day and not on the basis of mounds.

Most farmer replace part of the high labour cost by services of relations and members of their families. The researchers field experience reveal that 80 percent of farmers do not keep records of these expenditures or their output. This might partly explain why some farmers do not repay their loans. Payment of labour wages is done in piece meal and harvest and sales of products are done in like manner, so that permanent and accurate recorded statistics are not available on both inputs and outputs, statistics and measurements are all estimated.

Processing (Specifically Rice-Milling)

This is another important channel of credit utilization among co-operators in Uduma, Agbaogugu, Ndeaboh, A maogu in Awgu LGA, in Odengbo, Ngbabo, Abakiliki in Abakiliki LGA, Nzam and Anam in Anambra LGA, Odekpe, Ohita, Atani in Anambra and Onitsha LGAs, and in Amanuwo, Njikoka-Achala in Awka LGA.

Cost of milling rice is calculated in bushels at ₦2.00 a bushel[1] of milled rice or in 100-kgm bag. For an acre of rice farm, harvest range between 25 to 30 bags of unmilled rice. A bag contains 4 basins (i.e a bushel) of un-milled rice. Total cost of milling production from an acre of rice farm range between ₦200 to ₦240. Rice farmers in all the LGAs contend that they mill their rice in small quantities at a time in order to sell and derive money for harvesting and milling the rest of their yields.

Transportation of Products

Transportation cost vary with distant from farm to compound, and with mode of transport. For non-distant farm of less than and up to 2km from compounds farmers in Onitsha LGA, Uduma in Awgu LGA and Anam in Anambra pay 20 kobo per basin of yam conveyed from farm to compound. While they pay 10 kobo per basin of rice.

Transportation by vehicle is usually done for distant farm at maximum of 50 kobo per kilometre for basin of yam, from farm to home or from home to market. Cost of transportation by vehicle for a bag of rice for a distance of 5 kilometres is 50 kobo.

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1 a bushel = 100 "cigarette" cups

A third mode of transportation is by wheel-barrow (or mini-truck). This charges 50 kobo for conveying a truck load of yam tubers or a 100kg weight of rice for a distance of not more than 2 kilometres. A fourth mode of transportation is by boat or ferry across the river to the main land. This costs ₦1.00 for a ferry load of yams in Odekpe and Ohita in Onitsha LGA.

Analysis of amounts of credit utilised for different farm inputs and production processes is shown in table 3.10.

Table 3.10: Average Cost of Inputs and Production Processes among five farmers in each of Three Villages in Awgu LGA (per Acre of farm land)

Inputs & Process	VILLAGES		
	Nenwe (₦)	Agbogugu (₦)	Uduma (₦)
Labour	85.00	60.00	220.00
Seed-yams	180.00	150.00	500.00
Transportation	40.00	16.00	60.00
Rice Milling	80.00	100.00	120.00
Addition or acquisition of Extra farm land	50.00	20.00	-
Fertilizer	50.00	30.00	-

Sources: Field Work (1986)

Table 3·11

Average Cost of Inputs and Production among five farmers in Villages of Anambra and Onitsha LGAS (in Naira)

Inputs Process/ Village	Odekpe	Osamiri	Ohita	Anam	Ojoto	Otuachi
Labour	60·00	60·00	40·00	70·00	55·00	50·00
Seedyams	180·00	200·00	220·00	150·00	120.00	100·00
Fertilizer	NIL	NIL	NIL	NIL	NIL	NIL
Transportation	23·00	18·00	12·00	12·00	15·00	10·00
Addition of land	-	-	-	-	-	-

Sources : Field work (1986)

Note:

(1) Labour exclude family assistance and wages in kind discussed above.

(2) Seedyams exclude farmers savings from previous harvest.

A summary of table 3.11 makes it evident that major channels of credit utilization in all the LGAS is for purchase of seedyams. Second major channel of credit utilization is for labour followed by rice milling in areas where this is performed. The least channel of credit is for acquisition of farmlands.

3.6: The Relationship between credit and living standard of farmers

A third objective of this study is to identify the relationship between level of credit and the standard of living of the farmers. To investigate this relationship, the researcher

With a degree of freedom of 16 calculated $X^2 = 25.54$, tabulated $X^2 = 32.00$ at 0.01 significant level and 5 degree of freedom at 0.05 significant level and 5 degree of freedom tabulated $X^2 = 26.29$. Hence we cannot reject the Null Hypothesis, so we accept that there is a significant difference in the distribution of farm holdings among farmers in the LGAs.

The second step is to investigate if there is a significant difference between assets of farm holdings among credited co-operators and non-credited farmers in a particular LGA. The analysis of the data in table 3.14 is investigated using X^2 test and on a Null Hypothesis that there is no significant difference in the assets of farm holdings among the two categories of farmers in Anambra LGA.

Calculated X^2 is 3.89, with a degree of freedom of 5 and at 0.05 significant level tabulated X^2 is 11.07. Since 3.89 is less than 11.07, we cannot reject the Null Hypothesis. Therefore, there is no significant difference between size of farm holdings among farmers in same LGA. Rather the difference observed in previous test can be explained by the uneven distribution of population over the regional space making more lands available to some LGA than others. Similar test is carried out for the other LGAs and gave similar result.

Table 3.14 Farm-holding distributed among credited and non-credited farmers in Anambra LGA

Farm Size (acre)	Credited Farmers		Non-Credited Farmers		Total
0.1-8.0	-		3	(1.5)	3
8.1-12.0	8	(7.0)	6	(7.0)	14
12.1-24.0	10	(11.0)	12	(11.0)	22
24.1-48.0	3	(4.5)	-	..	3
48.1-100.0	3	(1.5)	2	(1.5)	3
100.1 and above	1	(1.5)	2	(1.5)	3
Total	27		27		54

Source: Field work

3.6 The Relationship between credit and living standard of farmers

The third step in the investigation of the relationship between level of credit and income measures the correlation between amount of credit and the level of income. In this investigation, the researcher has applied the Pearson's Product Moment Correlation Coefficient method on data table. The measure of correlation is devoted by r. y. represents Income X represents credit.

$$r = \frac{\sum XY - \frac{\sum X \cdot \sum Y}{n}}{\sqrt{\left(\sum X^2 - \frac{(X)^2}{n}\right)\left(\sum Y^2 - \frac{(\sum Y)^2}{n}\right)}}$$

Summary of analysis is as follows:

X	Y	$\sum XY$	$\sum X^2$	$\sum Y^2$
125.08	170.3	922.97	665.42	1331.25

$$r = + 0.88$$

This coefficient indicates a high degree of positive correlation between level of credit and farmers income.

Table 3.14 Farm Income and Loan of twenty-six Farmers in Abakiliki LGA (1984) Rounded Figure (100)

Income (y)	2.00	3.00	5.00	6.00	3.50	6.00	7.50	6.50	10.00	7.00	4.00	5.00	5.60
Loan (X)	2.28	2.50	2.75	3.50	3.95	4.20	4.50	5.00	5.30	5.55	5.60	5.85	6.10
Income (y)	11.00	10.50	10.50	4.20	3.50	6.00	5.00	11.50	2.50	7.50	9.00	10.00	8.00
Loan (X)	8.00	7.00	7.00	2.50	2.50	4.00	5.0	7.0	1.50	4.50	6.00	7.00	6.00

Sources: Field Work (1986)

Relationship Between Level of Credit and Farm-output

It has been noted in the last chapter that there is partial variation in the distribution of ACFA credit over the five LGAS resulting from farmers response to repayment of ACFA Loan. On this base the researcher has examined the farm outputs from the three designated zones: A, B, C to investigate the relation between the outputs and the resulting from credit distribution.

One-way Analysis of Variance Test (ANOVA) is applied for this investigation based on a Null Hypothesis that there is no significant difference in the farm incomes of farmers in the three zones: A, B, C identified in earlier paragraphs. The test is applied on the incomes generated from four crops: yam, cassava, maize and rice by 15 farmers each in the three zones.

The result of the analysis is given as follows: For Awka LGA mean income from yam is ₦239·86, Ogbaru ₦803·33 and Abakiliki ₦506·33

Table 3.15 : Result of One-Way ANOVA

Source of Cariation	dt	SS	MS	F
Between treats	2	2.38354E+06	1·19177E+06	46·09
Within treats	42	1·08598E+06	25856·7	
Total	44	3·46952E+06		
For Cassava:				
Between treats	2	1·05254E+06	526269	28·26
Within treats	42	781694	18611·8	
Total	44	1·83423E+06		

For Maize

Between treats	2	78563·4	39281·2	13·119
Within treats	42	125757	2994·21	
Total	44	204320		

For Rice

Between treats	2	1·90754E+06	953772	72·57
Within treats	42	551948	13141·6	
Total	44	2·45949E+06		

While tabulated F at 5 per cent significant level is 3·23 and 5·18 at 1 per cent significant level. Since Cal F is greater than tabulated F value in all cases we reject the Null Hypothesis and accept that there is a significant difference in the income of farmers in the three zones.

In order to verify in which LGAS there exist the significant difference the Least Significant Difference test LSD applied. This verifies within sample difference.

$$LSD = t_{42,5\%} \times SE$$

$$SE = 58.7159$$

$$t = 2·021$$

LSD = 118·66 at degree of freedom or 42 and 5 per cent significant level.

Table 3.15(ii)

	Awka (1)	Ogbaru (2)	Abakiliki (3)	LSD
Yan	239·66	803·33	506·33	118·66
Cassava	309·33	600·00	250·00	100·68
Maize	152·00	204· 6	102·33	40·38
Rice	114·33	240·00	600·00	84·59

Table 3.15(iii)

Result of Analysis (Between LGAS)

Income on	1 & 2	1 & 3	2 & 3
Yam	Sg·D	Sg·D	NSg·D
Cassava	Sg·D	NSg·D	Sg·D
Maize	Sg·D	NSg·D	Sg·D
Rice	Sg·D	Sg·D	Sg·D

Sg·D = Significant Difference

NSg·D = No Significant Difference.

From this analysis it is evident that the various LGAS excels in production of different crops. Ogbaru excels in production of yam and cassava. Awka excels in production of cassava while Abakiliki excels in production of yam and rice. These results are worthy of note to the Agency so that it knows areas of the states who specialise in the production of the various crops and advance their credit for such.

A third yard-stick used by the researcher to measure the relationship between level of credit and standard of living is by examining the level of formal education of Co-operators and non-Co-operators.

Table 3·16 Distribution of Co-operators and non-Co-operators by Highest Level of formal education attended

Level of formal Education	Awgu		Awka		Abakiliki		Total	
	C	NC	C	NC	C	NC	C	NC
Primary School	7	8	10	12	22	17	39	35
Secondary School	2	4	-	2	5	3	7	11
Higher School level	5	2	8	1	2	-	15	3
Adult Education	8	-	6	-	-	-	14	-

Sources : Field Work (1986) (NC=Non-Co-operative, C=Co-operators

From the analysis of data in table 3·17 the number of co-operators that have attended secondary and Higher formal Education is 27 which constitutes 12·50 percent of the respondents. The number of non-coperators in this class is 11, constituting 4·4 percent whereas the number of co-operators with at least secondary education is 45 or 20·6 percent.

In Awgu LGA, 60 percent of the respondent Co-operators are civil servants (especially teachers and ex-service men). The relatively low participation of the illiterate farmers in co-operative movement can be partly attributed to their lack of awareness of the benefits of Co-operative movement rather than suspicion. 5 percent of the non-co-operators interview at Amaoji, Obuofia in Awgu, and in Anam, Umueze, Otuocha farmers contend that they prefered to work independently.

Furthermore, the general opinion of non-co-operators about co-operative movement in all the LGAS is that membership is for the elites, the rich and educated people in the villages. Such allegation are justified by the fact that to become a member of a society, the farmer has to purchase some share capital of the society which range between N50·00 to N100·00 in most of the societies. Secondly before a society is given credit by either CCBN or any other Banks, the society has to provide a collateral and in the case of ACFA loan, the society has to deposit in advance interest on the principle amount.

Thirdly, the organisation and running of a co-operative society requires quite a reasonable knowledge in writing, and reading, and communication with the credit officials. Most of the presidents of the societies are the enlightened members of the village rather than the chiefs (ie. emirs or village heads) as is the case in the Northern part of Nigeria (King, 1977). Hence in Awka and Abakiliki, most of the Co-operators are civil servants, ex-civil servants, and traders with basic primary education.

A fourth yardstick for measuring the relationship of credit on standard of living is to examine the assets of credited Co-operators and those of non-Co-operators as shown in table 3·17

Table 3·17 Numbers of farmers owning various Assets (as at 1984)

LGA	Bicycle		Motor-cycle/ Motor-car		Bakery/ Block Ind.		Wheel Barrow		Radio/ Television	
	C	NC	C	NC	C	NC	C	NC	C	NC
Awka	5	9	3	1	2	-	6	3	7	8
Awgu	7	8	6	3	1	-	3	-	10	9
Abakiliki	12	10	4	-	-	-	5	-	7	5
Onitsha	11	17	7	9	2	1	7	5	10	12
Anambra	5	2	5	2	-	1	6	2	8	6
Total	52	46	25	15	5	2	27	10	42	42

Sources : Field Work (1986) C = Credited Co-operators
NC = Non-Co-operators

In terms of bicycle and radio/television, there is no significant difference in the ownership of such assets by non-co-operators and credited farmers. But in terms of motor-cycle/motor-car and wheel-barrow, there is a significant difference in ownership of such items, especially in Abakiliki LGA, Awka and Anambra LGAS. In one of the villages in these LGAS only one farmer has a motor-vehicle (motor-car) and he was not resident in the village.

In addition to these, individual assets, co-operative farmers have benefited from various project owned collectively by their co-operative societies, for the benefit of members and for

strengthening their societies. Such assets include Rice Milling, plant, Ware-houses, Petrol Station, Market Stalls, Co-operative Shops, Public enlightenment and Civic centres.

For example, in Awgu, the Awgu FMCS has five market stalls in Obufia with a capacity of eitht traders in each stall, paying rantage to the Society every month. In Abakiliki LGA, the Abakiliki Rice Farmers Co-operative Society (Rice Milling Project) has in addition to a rice milling plant costed at over N30,000·00, a petrol filling station and a ware-house with a capacity of 400 bags (100kg) of rice (see table 3·18)

Table 3.18

Abakiliki Rice FMCS Account in 1984 and 1985

Year	Net Profit	Gross Profit	Assets
1984	6,897·81	3,874·75	Rice Mill(1979)
1985	16,700·40	14,663·92	Ware House with capacity of 400 bags (100kg) of Rice

Sources : Field Work (1986)

With these assets, farmers who are members of the above-named society enjoy comparatively higher standard of living than other non-members of their community. For inst-

ance, members have the advantage of milling their rice at cheaper rate and at express service. Other assets of the society include a petrol filling station and a rentable built up areas which yield income to the Society.

Similarly, Ifemelumma FMCS in Abakiliki LGA has one Petrol Filling Station, two rice mills, and one tractor for cultivation of farmlands which they obtained at subsidised rate from the Ministry of Agriculture (see table 3.19)

Table 3.19

Ifemelumma FMCS Accounts (as at end of 1985)

Year	ACFA Loan (N)	Profit (N)	Assets
1984	30,000·00	12,305·15	1 filling station (1981)
1985	32,000·00		2 Rice mills(1977) A ware-house with a capacity of 450 (100kg) bags of rice. 1 Tractor

Sources: Field Work : (1986)

The initial membership of Ifemelumma FMCS was 119. The objective of the society was to support members in trading and food crop production. By 1977, it had an outstanding loan of N5,000·00 for repay to ACFA. To solve this problem, the society levied her members a sum of N100·00 each, only 60 members complied. The rest of the defaulters forfeited their membership.

Agbogug Multi-purpose Co-operative Society in Awgu LGA, has issued approximately N117,600·00 to 90 of her members as at 31st December, 1985. Funds are generated internally through shares, thrift and credit, and interest from short term loans of 3 months to 6 months to members for trading. Minimum share holding is N100·00, and total paid up share is N21,000·00 as at end of 1985.

Another yardstick used in measuring the relationship between credit and standard of living of the farmers is to compare the types of houses the farmers live in, the number of children trained in various levels of formal education and the farmers sizes of livestock. The situation vary from one LGA to another.

In Awgu LGA the number of goats owned by non-coperators for exceed those of the co-operators by 25·2 percent. Thus in this aspect, the farmer can be said to enjoy high living standard than the later. Assets, such as goats are highly valued by the Ibo people, it could be sold for substantial amount of money in times of urgent demand, such as far burial ceremony, marriage or slaughtered and eaten by the farmer's family during festivals. thus saving the farmer the cost of buying this item.

40 percent of Co-operators live in corrugated iron-sheet roofed, cement houses while 9·5 percent of non-co-operators live on this type of houses. This also depicts a high standard of living of the co-operators.

In terms of number of children trained in primary and secondary

formal education, Co-operators have the highest number of each category of trained children. Although, the training of children may rest in the hands of not only the parents, but on external supporters, these supports are only supplementary to the initial take off by the childrens parents. The parents undertakes the training of children in primary education where his talents may initially be identified for external support to be aquired where necessary.

In Awka LGA, the situation is similar to that in Awgu LGA, but the number of children trained in primary school by non-co-operators out-number those of Co-operators by 15·2 percent. And in terms of houses lived in there is no significant difference between the two categories of respondents.

In Abakiliki, both Co-operators and non-co-operators possess relatively the same ratio of goats, and have same proportion of children trained in primary education. But the number of children trained in Secondary education by co-operators exceed those of non-co-operators by 8.5 percent. 10 percent of respondent co-operators live in corrugated iron-sheet cement-block houses as compared with 3.2 percent of non-co-operators with this assets.

In Anambra LGA, the number of goats owned by respondent non-co-operators exceed those of co-operators by 12.4 percent. The number of children trained in primary education by ten respondent co-operators is 55 whereas those of sixteen non-co-operators is 36. The number of children trained in secondary education by respondent co-operators is 10 as against 8 by respondent non-co-operators. Eighteen of the Co-operators live in corrugated iron-sheet-roofed cement houses, as against seven by non-co-

operators. Two out of the Co-operators live in storey buildings.

In Onitsha - Ogbanu LGA, there is no significant difference between assets of the two categories of respondents, in terms of number of children trained in primary and secondary education, and their possession of goats. But the number of Co-operators who live in corrugated iron-sheet roofed building is more than the non-co-operators by 15·4 percent.

In conclusion, therefore, co-operators and non-co-operators enjoyments of high living standard would vary from the view point one looks at it. It is however, evident that in terms of assets, such as livestock, non-co-operators enjoy higher living standard, and in terms of housing, the co-operators enjoy high living standard. Living in better house ensures the farmers of greater safety in times of rain storms. Furthermore, the corrugated iron-sheet roofing saves the cost of replacement of roofing thatch.

Using the number of children trained in formal education as a measure of standard of living, has its weaknesses. One is that training of a child is not sufficient to ensure high living standard, the trained person requires to be employed, and even when employed, he should be one prepared to give assistance to those who have trained them.

In the limited time of this study, and in the prevailing situation of high unemployment rate of school leavers in the country, it is not easy to measure the effect of credit on living standard of the farmers from this parameter. Nevertheless, the number of children given formal educational training reflects the cosmopoliteness of the farmer to improve his position in the society, as well as that or his family.

CHAPTER FOUR

OBSERVATIONS, SUGGESTIVE IMPROVEMENTS FOR ACFA LIMITED, AND CONCLUSION

4.1 SUMMARY OF FINDINGS

ACFA's major sources of credit are CCBN and NACB. The slim membership of affiliated primary societies, and the relatively low share - capital are not sufficient to raise the financial backbone of ACFA to a level of self-sufficiency as is seen among the co-operative societies in Japan. In addition the low affiliation rate makes for low prospects for ACFA future disintanglement from the Apricon string of other financial institutions.

Administration of ACFA Credit

In the administration of ACFA credit its supervision, monitoring and implentation is left purely in the hands of Divisional Co-operative Office. ACFA has no field staff of her own. The addition ACFA has no sub-offices in the LGAs. The reason for this is not unrelated to the constrairts of inadequate finds facing the Agency.

The problem that emanates from this reliance on DCC is that farmers see DCO and the ACFA credit as governmental administrative institution (or body) and funds respectively.

The second problem resulting from lack of sub-offices in the LGA is that farmers require to travel long distant to carry out any transaction with ACFA. This could be a factor discouraging participation of a societies to ACFA.

Channel of Credit Distribution

The channel of ACFA credit distribution is skewed towards the food producer co-operatives. Over 90 percent of ACFA credit has been channelled through there societies. Even in her less than 4 percent agro-based industrial investment enphasis is on investment on Rice milling plants. This again is tied to the performance Food Production sector.

The implications of these investments on food production of food growing business is a risky venture crop failures and inelastic demand feature of food crops could lead to low returns and poor response to loan repayment.

Channel of Credit Utilization

The three channel of credit utilization common to the five LGAs understudy are provision of farm inputs (particularly seed yams), payment of labour and transportation. The major limitation in reducing cost of seed-yams by creditors is the timing of the loan.

All benefactors of ACFA Credit are of the opinion that ACFA credit is not disbursed until about April. Similar experience is gained by non-co-operators in the five LGAs who benefit from the Anambra Supervised Credit Scheme through the Ministry of Agriculture.

Planting period in all parts of the State ideally last from January to February and even much earlier in the flood plains or water-side area of Ogbaru, and Anambra LGA. April on the other hand is the beginning of hunger period

(UNWU), when all prices of food products are high. Hence such late disbursement of credit makes farmers to spend more than they would necessarily have spent if credit were disbursed earlier.

In addition the schedule period for food production credit of one year has been considered too short by all farmers. Since most societies that receive credit stand little chance of obtaining credit the following session because of the high demand on ACFA limited resource, repayment of credit at the end of one year leaves the farmer, who have virtually no saving because of high expenditures on input, with nothing to reinvest the following year.

The high cost of inputs, labour and transporation in these LGAs is a major constraint facing farmers. Virtually the entire credit is employed in production, 60 percent of the credited members have received less than ₦300 and less than 10 percent received over ₦500 of ACFA credit. Neither amounts could be considered to be sufficient to undertake yam, cassava or rice production on two acres of land.

Effect of Credit on Standard of Living

The effect of credit on standard of living of the farmers vary from one LGA to another and vary from one parameter of measurement to another. For some parameters the effect of credit is clear whereas for others it is yet to be determined. Effect of credit on living standard measured from the view point of farmers output and income is obvious among some societies. The higher the credits as in the case of co-operators

that obtained second and third credit discussed in previous chapters. The societies that have obtained loans have not only improved the chances of their members for high productivity but provided security in form of other assets for the benefit of their members.

The possible reason for the facts that these effects are not uniformly distributed could include the discontinuity in in-flow of credit to the farmers, the relatively low spatial credit disbursed, late disbursement of credit, and uneven distribution of credit in the LGAs . An addition explanations could be the absence of other forms of co-operative assistance (with less emphasis on only credit) as in the case of WESFARMERS and Japan multipurpose co-operatives where a society undertakes both the provision of credit as well as insurance, supply farm inputs, counselling education and organisation to ensure other needs or the farmer are met. From the view point of number of children trained by farmers effect or credit cannot be ascertained within the limited time or study.

4.2 Suggestions For Improvement Farmers Credit Repayment

(1) The non-repayment of loans of some of the societies cannot be explained by crop failures but are result of non-commitment of members to their societies and disloyalty to the Apex co-operative to which they

affiliate. This is similar to Osuntoguns observations among Western Region Co-operatives that their major limitation to building strong capital base is disloyalty of members to the societies.

The Agency therefore should utilize all possible resources to impress the principle of co-operatives which are loyalty to the society and fighting common interest, on the farmers. Such avenues should include publication, educational programs, meetings and so on.

Another possible means of effecting prompt repayment is to integrate the participation of the traditional rulers and the Law of the land (ofo ndi iche) in administration of credit.

An individual Iboman has more respect for the ofo, than any formal legal binding or authority. As long as the DCO are regarded as government functionaries some members would regard credit as their share of Government Largesse. And take repayment less seriously,

Integration of the traditional rulers and ofo in the concent agreement of credit could facilitate repayment of loans - and save ACFA more funds.

Need for Decentratization of ACFA Administrative Functions.

One of the major problems credited co-operation encountered in the area of credit implementation was late disbursement of ACFA credit. Another problem was that of having to go to Enugu at the ACFA'S Office for every transaction with ACFA. These problems could deter prompt repayment of ACFA credit.

Table 4.1 Researchers Proposed Distribution Pattern of Sub-offices by LGAS and Maximum Travelling Distance from each LGA to the Sub-office

Sub-Office (Location)	LGAS To be Attended	Maximum Distance	No of Society
(1)	(2)	of (2) from (1)	at Dec.1975
Abakiliki (Abakiliki) urban	Abakiliki.	25 km (radius)	580
	Ikwo	42 km	
	Ezza	40 km	3124
			494
	Ishelu (4)	55 km	4198
Onitsha (Onitsha) Town	Onitsha Ogbaru	30 km (radius)	4594
	Ihiala	25 km	1385
	Nnewi	40 km	
	Idemili (4)	40 km	5979
Awka (Amaubia) town	Awka	25 km (radius)	3033
	Njikoka	25 km	
	Aguata	50 km	1513
	Anambra	55 km	
Total	Oji-River (5)	55 km	4546
Enugu (Enugu LGA)	Enugu	15 km (radius)	1813
	Udi	40 km	579
	Nkanu	40 km	707
	Awgu	50 km	1500
	Ezeagu (5)	55 km	574
Nsukka (Nsukka) Town	Nsukka	25 km (Radius)	335
	Igbeeze	36 km	248
	Igbo-etiti	27 km	
	Uzouwani (4)	65 km	354
	Isi uzo	55 km	937

Sources: Field work (1986)



FIG. 3 ANAMBRA STATE: PROPOSED HEIRARCHY OF CENTRES FOR ACFA ADMINISTRATION FUNCTIONS

Source:- Fieldwork (1986)
Base Map-Federal Survey (1970)

Hence for future improvement of the ACFA credit distribution and implementation, the researcher has proposed a reorganisation of the organisational structure of ACFA based on the Christaller's Concept of Central Place (Christalter, 1933).

Inview of the onerous rural spatial entity that ACFA desire to serve, efficient distribtion and implementation of her credit requires the settling up of at least five sub-offices located in five LGAS in the State. Each sub-office would have a sub-officer and caters for not more than five LGAS including her LGA of location. To facilitate the contacts between the sub-officers, the co-operation and sub-officers, each LGA is located not more than 65 kilometers from a sub-office. Each sub-office is responsible to five DCOS in five LGAS. These arrangement would therefore provide a Four - tier hierarchy of centres for the administration, monitoring, evaluation and implementation of ACFA credit. The Head - office of ACFA is the first order centre, the sub-offices are the second order centre, the DCOS are the third order centre while the Co-operative Societies in the villages are the forth - order centres.

The proposed functions of the centres are as follows:-

The Head-Office

The function of the Head Office would include:-

(a) Organisation of Credit

Sources of credit should be diversified and less emphasis placed on only NACB and CCHN as sources of credit. Other external aids such as from Co-operative Organisations in

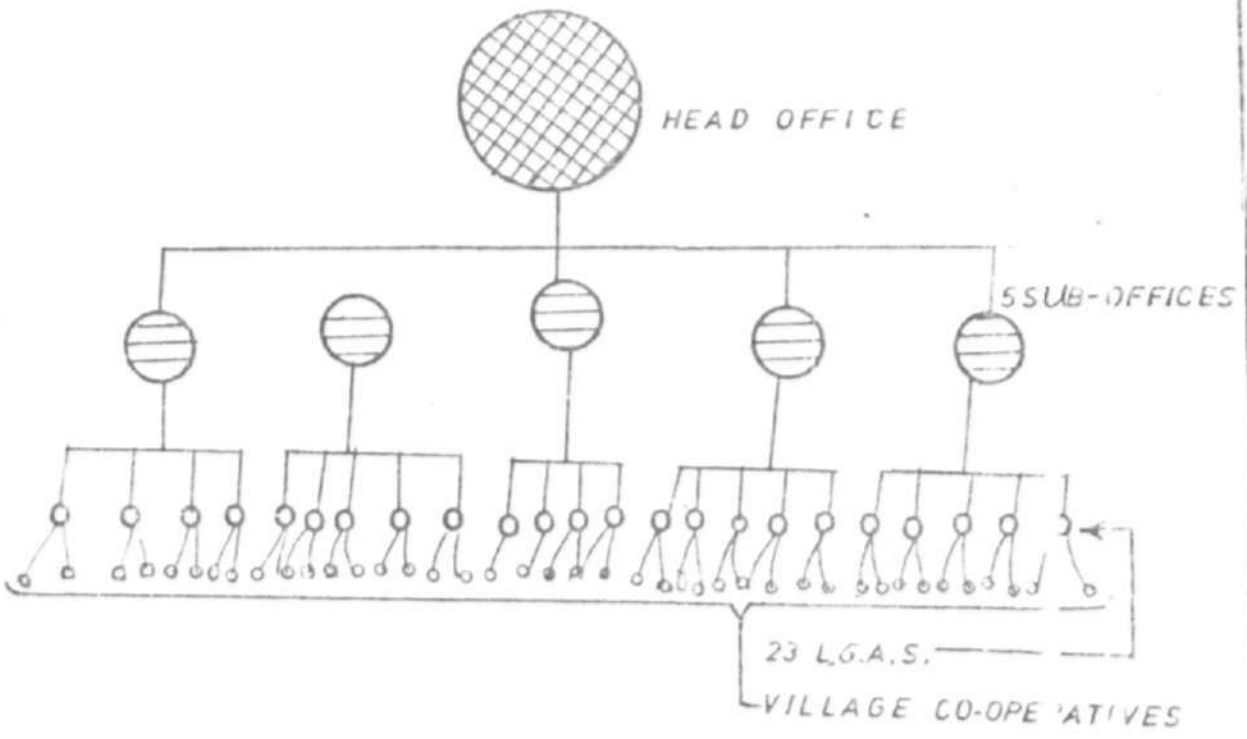


FIG. 4 PROPOSED HEIRARCHICAL CREDIT IMPLEMENTATION STRUCTURE FOR ACFA LOAN

Source:-Fieldwork (1986)

the developed countries and in other states could be sought. Such credit could be interms of farm inputs, implements, and expertise for the repairs and maintenance of implements (e.g. tractors and ploughs). She should be responsible for the decision or minimum share capital each society affiliated to ACFA must possess, as well as the interest rate on credit issued.

(b) Organisation of Marketing of Products

ACFA should make arrangements for the marketing of Co-operators products through Sister Co-operative Societies in other states. This would eliminate the erosion of farmers profit by the middlemen, especially in areas of transport constraints such as Ogbaru, Anam and Izzi, Nzam. where farmers are forced to sell our their products at low prises due to their inability to meet high transportation cost.

Organisation of Seminars and Meetings

The Head Office should organise seminars and annual meetings to enlighten the farmers on the financial position of ACFA, her problems and her achievements. It would be a medium of educating the farmers on the benefits of Co-operation and impressing on the debtor co-operators to pay up their debts.

Approval of Credits

This has been a responsibility of the elected Committee by ACFA and should remain as such.

The Sub-Office's Function:

Table 4.1 indicate the proposed locations of sub-office and their local government areas of jurisdiction. The sub-offcers would be responsible for the following:-

(i) Co-ordination of the activitèves of the DCOS with the Head Office.

(ii) Distribtion of circulars to the farmers through the DCOs.

(iii) The collection of credit repayments from the farmers and forward same to Head Office. This would save the farmers the problem of going to ACFA head office to make their loan repayments.

(iv) The prompt disbursement of credit cheques through the DCOS, to avoid delays in credit disbursement.

(v) Passing any informations to the head office as regards the performance of the societies as documented by the DCOs, and their field staff.

The DCO's Function

Remains as it has been which include:-

(i) monitoring the activities and performance of the primary Co-operative Societies.

(ii) the keeping of societies accounts, advising and Counselling of Societies.

(iii) recommendation of societies for credit subject to the approval or the Registrar.

(iv) surveillance and identification of untapped rural resources which societies could invest their credit into and reduce the concentration of investment on food crop production, to enhance specialisation of production. A good case study of the identification of rural potential is that of the production of roofing mats and ceiling boards by lepers on treatment at the Uzuakoli Leper Colony, utilising the fibres washed out from pounded palm fruits, a waste product from the processing of palm oil. The heaps of rice husks burnt away at the rice mills at Awgu and Abakiliki could be utilised for such ventures.

(v) constant check on repayment of credit. The DCO'S should constantly remind the farmers of the need to repay their creits promptly.

The Co-operative Societies

These are the actual credit implementators should educate their members on the importance of credit repayment and the consequences of late repayment of credit. They should inform the DCO'S of any problems encountered which could militate against credit repayment as early as possible. They should forward suggestions on ways to improve and strengthen the apex society.

4.2 Suggestion for Increasing ACFA Financial Strength.

ACFA should diversity her areas of investment, and increase her investment in other sectors already identified to reduce her investment on food production. She should

increase her investment on poultry, livestock and fishery. She should also increase her investment on agro-allied business, diversify the investiment in other areas to production of farm implements, other processing industries such as flour milling (for Yam and Maize), she should diversify investment on food production to include tree cropping, plantation farms (for rubber, oil palm, coffee, and cocoa where possible). She should invest in transportation, educational facilities such as libraries, production of stationaries, she should invest on services such as health and social service centries in the rural areas.

ACFA should undertake constant survey of repayment response of co-operators to credit so that she gives preference to such societies that actually have exhibited potential for prompt utilization and repayment or credit, in her credit distribution.

On this basis the researcher proposes three cut-off points for credit distribution. The first cut-off point would represent co-operators who have repaid over 60 percent of their loans promptly. Second cut-off point represent societies who have repaid 40 percent of their credit promptly and third cut-off point include societies that have repaid less than 40 percent of their credits promptly.

Based on this cut-off points farmers in the first category should be given 60 percent of the ACFA loan distributed among all the people in this group of according to need. The second group should have 20 percent 10 percent for the last group, 10 percent reserved for contigencies.

This credit distribution formular can be mathematically illustrated by the formular,- A below. For farmers that have satisfied the condition for 60% loan, amount of credit issued would be A

$$A = B \times \frac{60}{100} \times \frac{TL}{NS}$$

TL - Total loan avialable for distribution in the financial year.

B - Weighted value of investment (i.e. whether satisfying ... local objectives or not).

A - Amount of credit to be issued.

NS - No of societies qualified and for this class of loan.

(NS need not be large in a financial year to make for reasonable amount each farmer would be given for effective production. Where NS is large, then, the number should be spit and part entered for the following year). For farmers on the other category, replace 60% by these ratio, 20% or 10% to find A

The essence is to encourage specialisation among those areas with high production potentials. Although, it might be argued that this could lead to a dualistic pattern of rural economic development, over time this would not happen since other areas potentials would be surveyed and given their prorities.

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CONCLUSION

Even where the rural farmer can generate the initial capital for investment through saving previous harvest and assistance from friends and relatives, until he is self-sustained in his production and maintains a high standard of living, credit is a necessity to him.

Credit is required for production processes such as provision of seedlings, employment of labour, marketing and transportation of products, processing of product etc.

As has been shown in previous chapters, credit assists peasant farmers, both those in the developed economics and in the less developed economies and in Anambra State in particular, in improvement or their living standard.

However as rightly observed by Furness (1975) it is not sufficient to have credit, the knowledge of how to spend it and how much to be spent for various business in order to be able to repay it is equally important. Although ACFA is constrained by low financial base of her own, when we compare her with the other societies such as WESFARMERS or Combine Harvester Co-operatives, she has not attained her high potential for credit distribution. She can achieve more success in this unique role, if she diversity her channel of credit distribution into high profit yeilding ventures.

Monitoring and supervision of credit is a necessary step to ensure continue growth in credit business. If this

function is left solely in the lands of government functionaries, there is, as been observed by de Wilde et al that credit receipients will look upon credit as simply another form of government largesse that need not be refunded. There in need to initiate local participation and traditional law and order to enforce credit repayment.

Inspite of the limitations of scarce financial resources of ACFA, she has played a significant role in Rural Development in Anambra State since it inception in 1976. With a stronger bargaining power for credit than the individual peasant farmers she has "pulled out" credit from the financial institutions whose lending condition and regulations have been less favourable to the farmers and has subsequently made this available to the farmers.

This study therefore calls for further research to the discovery of the potentials in the rural societies. There is so much emphasis on credit and the looking outward for credit that the existing rural resources are neglected.

In the present economic situation of our country there is need for retreiving our steps and identify such rural potentials which could be developed for the sustainance of the rural and national economy. The heavy reliance on extenal aids, such as World Banks and so on have their unhealthy implications. The over-reliance on NACB and CLEN means that ACFA would be pupertually tied to the apron-string of her funding institution and she would not be able to build her own resources. ACFA should educate the farmers to identify

their potentials and where necessary as for aids from ACFA.

Finally, ACFA has exhibited high potentials for credit distribution to the rural masses. To assist ACFA attain this important role, requires the co-operative efforts of all asundry; the states, the LGAS and the people in the rural areas.

Table 4.2; Summary of Loan Balance as at 31st Oct. 1985

By ACFA - Co-operators in Anambra State LGAS.

	Balance 1/10/85	Issued 1/10 - 31/10/85	Balance 31/10/85
Abakiliki	282,569.41	-	224,792.01
Aguata	302,183.28	35,000.00	332,775.53
Anambra	402,189.17	-	427,911.36
Awgu	185,889.20	-	184,737.04
Awka	183,789.85	8,000.00	191,789.85
Enugu	449,800.97	-	449,800.97
Ezeagu	45,637.37	-	43,782.37
Ezza	120,017.14	6,000.00	125,797.66
Idemili	12,700.00	-	12,700.00
Igbo-Ettiti	52,528.65	-	52,528.65
Igbo-Eze	15,424.18	18,000.00	33,424.18
Ihiala	19,248.24	-	19,158.07
Ikwo	588,231.17	-	588,139.75
Ishielu	111,886.39	-	111,386.29
Isi-Uzo	77,548.01	-	77,549.01
Njikoka	45,045.06	-	44,517.13
Nkanu	91,354.08	-	91,223.66
Nnewi	62,634.60	-	57,634.60
Nsukka	50,328.36	5,000.00	54,804.61
Oji-Rue	71,123.34	-	70,328.13
Onitsha	544,547.25	-	513,747.72
Total	4,040,369.03	72,000.00	3,973,883.57

Sources: Fieldwork (1986)

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APPENDIX A

Q U E S T I O N N A I R E

(Please complete the following information)

1. Name of Respondent: Mr/Mrs/Eze/Chief_____

2. Town/Village of Residence:_____

3. Local Government Area:_____

4. Primary Occupation:

Farming	☐	Trading	☐
Contractor	☐	Artisan	☐
Civil Servant	☐	Any other	☐

5. State your total size of farmholding in acres

_____

6. Do you consider credit (or finance) an important necessity in your production:

Yes ☐ No ☐

7. If your answer to number 6 is yes state your sources of credit for your production in the past two years in the table below:

SOURCES	AMOUNT 1984	AMOUNT 1985
Local Money Lender		
Share cropping		
Group Contribution or ESUSU		
Friends & Relation		
Commercial Bank & Name		
Ministry of Agric.		
Pledging of trees and land		

8. Which of the following problems do you encounter from any of the sources of credit above?

Sources	Problems	
	High Interest	Short Term Period
Local Money Lender		
Commercial Bank		
Alfa		
Ministry of Agric.		
Share cropping		

9. Are you a member of a cooperative society?

Yes ☐ No ☐

10. If your answer to No. 9 is yes, what is the name of your co-operative society?

_____

11. Identify any of the reason in their order of priority why you joined the membership of co-operative movement:

Reasons	5	4	3	2	1
To obtain credit					
To consolidate farmholding					
For marketing and Distribution of Product					
To gain access to "essential commodities" (e.g. rice & cement)					
To gain access to farm inputs (e.g. Fertilizer)					

12. Which of the following activities is the main function of your society?

(i) Food production (ii) Marketing of products

(iii) Transportation & Distribution of goods (iv) Fishing

(v) Processing (e.g. Rice Milling) (vi) Poultry or Livestock

(vii) Multipurpose combining two or more of these functions.

13. Is your society officiated to Alfa Limited?

Yes ☐ No ☐

14. If yes, state the date your society joined the membership of ALFA Limited:

Date: _____

15. State the amounts of any credits you have obtained from ALFA since your affiliation with her:

Year	Amount	Purpose	Repayment Mode & Date

16. If credit is used for food crop production supply the following informations:

Year	Value of Previous Savings Employed	Size of Farm	Type of Crops	Total Yield 100Kg	Money Value
1983					
1984					
1985					

17. State how much of the credit is utilized for the following activities:

Purchase of seed yam, cassava	Amount	Amount
Payment of labour		
Purchase of land		
Transportation of products		
From farm to market or home or processing mill		
PProcessing (e.g. Rice Milling)		
Tools (eg. hoes, machets, tractor service etc.)		

18. If credit is used for other activities supply the following information:

Previous Saving	Year	Total Income
	1983	
	1984	
	1985	

19. Tick any of these property that is your possession and date of acquisition/purchase:

Property or Assets	Type of Name or Number	Year of Possession
Small scale Industry e.g. block making)		
Mobility (e.g. bicycles, cars, and wheel barrow)		
Rentable Buildings		
Supermarket or Shops		
Television or Radio		
Sheep, goats		
Economic tree		

20. Is your residential building of these types?

	With thatched Roofing	Iron-Sheet Roofing
Mud House		
Cement Block-House		
An upstair with mud house		
An upstair with cement block		

21. State your least formal educational level attended:

.....

22. State your number of children or relatives you have trained or is training in:

(i) Primary School ☐

(ii) Secondary School ☐

(iii) Higher Studies ☐

23. If your answer to question 9 is NO, tick any of these reasons for your answer

(i) failure experienced by other members of Co-operative Society ☐

(ii) desire to be independent ☐

(iii) unawareness of the existing benefits of Co-operative movement ☐

24. Identify any of these factors limiting your access to Commercial Banks' Credit in their order of priority:

Reason	5	4	3	2	1
Lack of collateral					
Low saving and income					
Lack of awareness of existing facilities					
Your inability to repay previous loan					