

## Assessment of Micro-credit Supply by Country Women Association of Nigeria (COWAN) to Rural Women in Ondo State, Nigeria

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**Abstract:** Most Nigerian rural farmers are small scale farmers who require small amount of loan to help them improve their production. One of the avenue by which the rural women obtain loan is through the Country Women Association of Nigeria (COWAN). This paper assessed the micro credit supply by COWAN to rural women in Ondo State, Nigeria and specifically find out demographic characteristics of respondents, examine the conditions for granting loan, attitude of the rural women towards COWAN micro credit scheme, ascertain amount of micro-credit provided, ways by which rural women utilizes the micro-credit, the timeliness of micro-credits and examine the constraints facing rural women towards getting the micro credit. One hundred and six rural women was selected in four Local Government areas of Ondo state, using multi-stage random sampling technique. The result revealed that majority (64.1%) of the rural women had age ranges between 21 and 40 years, 76.4% of them are married, 9.4% were single, 10.4% were divorced and the remaining 3.8% of them were widowed. Majority (78.3%) were Christians, had adult literacy 5.7%, 27.4% had primary education, 17% had secondary education, 16% of them had no formal education and 8.5% of them had higher education. On the attitude of rural women, 16% of the respondents fall into the Low attitude score towards COWAN micro credit. The majority (84%) of them fall into high attitude score. The result further revealed that 42.5% of the respondents obtained the sum of ₦5,000:00 - ₦10,000:00 as micro credit and 43.4% of them obtained the sum of ₦11,000:00 - ₦16,000:00 micro credit while 14.1% obtained above ₦16,000:00 as micro credit from COWAN. The respondents used the micro credit obtained from COWAN for farming (85.5%) and remaining 14.5% of them for trading. The constraints identified by the respondents include lack of funds (37.7%), short period of repayment (28.7%) and Loan defaulters 16% as their major constraints. The benefits derived from COWAN micro credit include increase in production (75.5%) amongst others. The study revealed further that marital status, age, position among husbands wife, number of children, educational level and religion have no significant relationship with the micro credit received from COWAN group while the occupation of the respondents has a significant relationship with the micro credit received. Based on the findings of the study, it is recommended that lump sum of money should be granted to rural women to enhance their productivity so as to change their living status.

**Key words:** Micro-credit • supply • COWAN and rural women

### INTRODUCTION

Credit is the process of obtaining control over the use of money, good and services in the present in exchange for a promise to pay at a future date [1]. It is a capital resources used in production that is a monetary resources, which can take the form of money in cash or bank draft or in kind as a firm of biological and physical purchased and supplied to producers.

The purpose of any saving and credit programme is to enable people gain access on reasonable terms to assets, which they can use to improve their livelihood. Virtually all societies, households and individual save and borrow money, saving take place during periods when income exceeds expenditure.

The micro credit scheme was an evolutionary process of merging and refining traditional and other practices which are indigenous to our people, an adapted

to their most felt needs and experience. These traditional credit systems usually involve: a group of people pooling resources together; voluntary membership and consensus based on decision making; regular monetary contribution; and access to credit from group on rotational and interest-free basis.

Micro-credit programmes however extend small loan to people for employment project that generate income, allowing them to care for themselves and their family. In Nigeria, micro-credit programmes offer a combination of services and resources to their client in addition to credit. These often include saving facilities, training, networking and peer support [6].

According to [10] rural women are major contributors to subsistence agriculture as producers and marketers, they also engaged in keeping poultry, small animals such as sheep, goats, rabbits and dairy cattle. However, inspite of their prominent feature in agricultural production, they are usually under remunerated in terms of financial gains, social acceptability, appreciation and time taken off when compared with men [2].

The basic assumption is that rural women are usually resource poor, lack necessary information to take vital decisions to improve their conditions of living and consequently do not have access to the government organs or agencies set up to ameliorate their hardship since rural women are known to be hard working, it is assumed that if their attitude are changed through training and they become exposed to the wherewithal by which they can improve their conditions, they will be motivated to engage more in enterprise development and consequently increase their income to enhance their standard of living [3]. Hence, they will be able to decide on who to approach, for what, when and what to engage in. Therefore, COWAN intends to provide this vital linkage with resource input and equip rural women with the management skill required for successfully managing their income generating activities [7].

The issue of micro-credit has been taking a centre stage of discussions on rural development and poverty alleviation, non-governmental organization, governments, the people have discovered that for effective rural development to thrive, issues of micro credit should form a cardinal programme. Emerging trends have pointed to the fact that the role of micro-credit has become far from what is used to be considered as poverty alleviation strategies and as a vehicle for providing financial services to the poor [9].

Micro-credit as it is often referred to has been adjudged as a catalyst for sustainable development. It goes beyond just a programme of economic empowerment that target saver and provision of credit transaction for low income and underprivileged groups to actual capacity building through the provision of technical assistance to the most vulnerable group with the classification of the poor [5].

The roles of micro-credit as a poverty alleviation strategy and a vehicle for providing financial services to the poor have continued to gain prominence in the society. The connect is not far fetched, this is because developing a broad based of micro-entrepreneurs in any economy is consequential to the sustenance of its growth and development process [9].

The Country Women Association of Nigeria (COWAN) is an apex non-governmental organization for recognition and advancement of rural women in agriculture, economic and decision making for a total utilization and development of the nations vital human and natural resources and talent for self-reliance. It is COWANs vision to have a society free from indignity and oppression of peoples knowledge, elimination of hunger and poverty, economic injustice and inferiority complex, upholding peoples dignity, sense of belonging and ownership, designing with people a development process which embraces building self-sufficiency and sustainable development.

COWAN established in Ondo State in 1982, has consistently work hard to develop powerful tools to increase economic independence of rural women in Nigeria. These tools include a micro credit system which values, updates and combines indigenous micro-credit practices with aspects of modern banking system in a way that makes the resulting system deliver credit and related services to rural villages in a user-friendly way [7]. A unique characteristic of the micro-credit programme in the ownership of the financial institution by borrowers themselves.

COWAN has additionally organized rural women, updated their production skills, regularly advised them of economic opportunities and mobilize funds to expose its members to various national, regional and international workshops and conferences in an effort to update their knowledge and increase their networks [7]. COWAN, a non-governmental organization was set up with the primary concern of alleviating poverty among the rural women and to increase the economic independence of rural women in Nigeria [7, 9].

The micro credit supplied by COWAN has greatly increase the economic competence of rural women and has mobilized the traditional strength of Nigerian rural women to promote their participation in the development of human and natural sources for sustainable livelihood in rural and urban advocate for women economic and social empowerment.

Women feature in small-scale enterprises and this account for the smallness of their loans. The provision of credit to people with low income and poor educational background is generally not acceptable to formal institutions because of higher administrative costs and getting access to finance has not been easy for rural women.

Research had shown that women have very limited access to land, capital, gainful employment and positions of decision making [4, 8]. These constraints have drawn women to the informal sector to source for capital. This informal sector includes family, friends, private money-lenders, Esusu, cooperative societies. Apart from these sources, non-governmental organizations and donor agencies have given out millions as grants to micro finance organizations to be given out as revolving loans to their members.

It is against the background that the following questions are posed in the study.

- What are the demographic characteristics (age, marital status, religion, educational level, occupation) of rural women?
- What are the conditions for granting micro-credit to rural women?
- What is the attitude of rural women towards the micro-credit programme?
- What is the amount granted to micro-credit to rural women?
- What purposes are the micro-credit utilized?
- Is the provision of Micro-Credit to rural women by COWAN timely?
- What are the constraints facing the rural women under the micro-credit programme?

**Objective of the study:** The general objective of the study was to assess the micro-credit supply of COWAN to the rural women in Ondo State, Nigeria.

**The specific objective include:**

- Identify the demographic characteristics (such as age, marital status, religion, educational level, occupation) of rural women.
- Examine the conditions for granting micro credit to rural women by COWAN.
- Examine the attitude of rural women towards micro credit programme.
- Ascertain if the amount of micro credit provided by COWAN is enough for rural women.
- Identify the ways by which rural women utilizes the Micro-credit.
- Ascertain the timeliness of micro-credit of COWAN,
- Examine the constraints faced by rural women towards getting the micro credit.

## MATERIALS AND METHODS

**Area of the study:** The study was carried out in Ondo State of Nigeria. The State has eighteen (18) local government areas and is located in the South Western area of Nigeria and lies between latitude 7°N and 4° 47'E longitude. The state experience two major seasons, dry and wet seasons which favour the growth of varieties of food and cash crops. The major economics activities of the people was farming and the major crops grown are yam, cassava, maize and vegetables while the cash crops include cocoa, oil palm, rubber and kolanut.

**Population and sampling procedure:** The population for this study are rural women in Ondo State, Nigeria who are members of COWAN group. Multi-stage sampling was employed for the study. The state was divided into four geographical zones with the eighteen local government areas. The first stage of the sampling involves selection of six Local Government Areas from each zone Each of the geographical zone has an average of six local government areas which was randomly selected. In each local government area selected, there are four groups of COWAN with hundreds (100) members. Forty members were selected for the study representing 10% the population, making one hundred and six respondents as shown in Table 1.

**Data collection:** Both primary and secondary data were used during the study. Respondents were interviewed

Table 1: Analysis of sample selection

Selected local government area	No. of programmes	No. of programme selected	No. of respondents in	
			local government	Sampled respondents
Ondo West Local Government	4	1	150	30
Ilaje Local Government	3	1	100	25
Akure North Local Government	4	1	160	30
Akoko Southeast Local Government	4	1	150	21
Total	15	4	560	106

\*Membership strength as contained in COWAN register

Source: Field Survey, 2006

using their responses as primary data, secondary data was obtained from records provided by COWAN, published articles and relevant texts.

**Analytical techniques:** The data obtained from interview schedule was subject to descriptive and inferential statistical analysis. Descriptive statistics for this study include frequency, percentages and means and an hypothesis was tested using chi-square.

## RESULT AND DISCUSSION

The respondents were requested to describe their demographic characteristics, such as age, marital status, religion, level of education and occupation as presented in Table 2.

The above Table 2 showed that 21 to 30 years old rural women were 25.4 percent, 31-40 years were 38.7 percent. 41-50 years old respondents were 20.8 percent while 51-60 years old respondents were 15.1 percent. The result showed that majority of the rural women are neither too young nor too old, they are in active stage of life. They will be able to put into good use the credit received from COWAN.

On marital status, the result indicates that 76.4 percent of the rural women were married, 11.3 percent were divorced, 9.4 percent were single and 3.8 percent were widowed. Since majority (76.4%) of respondents were married, they are responsible. It can be inferred that married applicants are more favoured than unmarried during application for membership.

On the religion, the result showed that majority of the rural women (78.3%) are Christians, while 16.0 percent are Muslims and 5.7 are traditionalists. The educational level of the respondents showed that 5.7% of the rural women had adult literacy education, 27.4 percent had primary education, 17.0 percent had secondary education, 16.0 percent of them had no formal education and 8.5 percent respondents had higher education.

Table 2: Frequency distribution of rural women according to demographic characteristics (such as age, marital status, religion, level of education and occupation)

Variables	Frequency	Percentage
(a) Age (yrs)		
21-30	27	25.4
31-40	41	38.7
41-50	22	20.8
51-60	16	15.1
Total	106	100.0
(b) Marital status		
Single	10	9.4
Married	81	76.4
Divorced	11	10.4
Widowed	4	3.8
Total	106	100.0
(c) Religion		
Christianity	83	78.3
Islam	17	16.0
Traditional	6	5.7
Total	106	100.0
(d) Level of education		
No formal education	26	16.0
Primary education	29	27.4
Higher education	18	17.0
Adult Literacy Education	33	5.7
Total	106	100.0
(e) Occupation		
Farming	35	33.1
Clerk/typist	26	24.5
Teaching	19	17.6
Trading	26	24.5
Total	106	100.0

On the occupation of the rural women, the result showed that 33.0 percent of the rural women major occupation was farming, 24.5 percent of them are clerk/typists, 17.9 percent of the respondents are teachers

Table 3: Frequency distribution of rural women according to attitude towards COWAN micro credit

Attitude of respondents toward COWAN micro-credit	Frequency	Percentages
Unfavourable	17	16.0
Favourable	89	84.0
Total	106	100.0

Table 4: Frequency distribution of rural women according to the amount received as credit from COWAN

Amount (N)	Frequency	Percentage
5,000-10,000	45	42.5
11,000-16,000	46	43.4
Above 16,000	15	14.1
Total	106	100.0

and 24.5 percent respondents are traders. This indicates that COWAN takes care of various activities of women.

#### Conditions for giving loan to rural women by COWAN:

The conditions for giving loan to rural women by COWAN include the following:

- You must be a registered COWAN member
- Intending borrowers must be registered with COWAN organization in their community for a period of 6 months and must apply for credit through their group.
- Members must attend meeting regularly and pay monthly due of N100.00.
- The duration for repaying monetary credit is one year and the interest rate was 10%.

**Attitude of rural women towards micro credit received from COWAN:** The attitude of rural women towards micro credit received from COWAN micro-credit was categorized as unfavourable and favourable using attitudinal scores as shown in Table 3.

Table 3 showed that 16.0 percent of the respondents fall into the low attitude score towards COWAN micro credit. Also, the majority (84.0%) falls into high attitude score. This therefore, implies that the rural women had favourable attitude towards the micro credits received from COWAN.

#### Amount of micro credit received as credit from COWAN:

The amount of Micro Credit received as credit from COWAN was presented in Table 4.

Table 5: Frequency distribution of respondents according to utilization of micro credit received from COWAN

Occupation	Frequency	Percentage
Farming	91	85.5
Trading	15	14.5
Local crafts	-	-
Total	106	100.0

Table 6: Frequency distribution of respondents according to constraints faced by rural women

Identified constraints	Frequency	Percentages
Lack of funds	40	37.7
Mismanagement of funds	10	9.5
Short period of repayment	30	28.3
Loan defaulters	17	16.0
Lack of incentive from the government	9	8.5
Total	106	100.0

Table 4 showed that 42.5 percent of the respondents obtained the sum of N5,000-N10,000 as micro-credit and 43.4 percent of the respondents obtained the sum of N11,000-N16,000 micro-credit while 14.1 percent obtained above N16,000 as micro-credit from COWAN.

**Utilization of micro credit received from COWAN:** The micro credit given to rural women can be put into various use depending on the occupation of the beneficiaries as shown in Table 5:

The result showed that majority (85.5 percent) of the respondents used the micro credit obtained from COWAN organization for farming, 14.5 percent of them used for trading. The implication of this is that majority of the respondents utilizes the micro credit obtained for their occupation.

**Constraints faced by rural women in obtaining micro credit:** Constraints Faced by Rural Women in Obtaining Micro Credit as shown in Table 6.

Table 6 indicates that 37.7 percent of the respondents agreed that lack of funds from COWAN is their major constraints while 28.3 percent agreed that short period of repayment of micro credits granted was their constraints and 16.0 percents opined that loan defaulters are the major constraints nad 9.5 percents claimed that mismanagement of funds is the major constraints they faced from COWAN and 8.5 percent opined that lack of incentives from government is their major constraints.

Table 7: Frequency Distribution of Respondents According to the Benefits Derived from COWAN Credit

Benefits derived	Frequency	Percentages
Increase in production	70	75.5
Procure more farm inputs	10	9.4
Input	16	15.1
No response	8	7.5
Total	106	100.0

Table 8: Chi-square tests of relationship between demographic characteristics of respondents and micro-credit received from COWAN

Demographic characteristics of the respondents	X <sup>2</sup> Df	X <sup>2</sup> tabulated value	X <sup>2</sup> calculated value	Significance Level	Decision
Age	3	7.82	4.36	0.05	NS
Marital Status	3	7.82	5.29	0.05	NS
Position among husband's wife	2	5.99	1.26	0.05	NS
Number of children	3	7.82	4.49	0.05	NS
Educational attainment	4	9.49	6.82	0.05	NS
Religion	2	5.99	1.10	0.05	NS
Occupation	3	7.82	11.0	0.05	S

**Benefit derived from micro credit obtained by rural women from COWAN:** Benefit derived from micro-credit obtained by rural women were presented in Table 7.

Table 7 indicates that majority of the respondents 75.5 percent obtained the micro-credit to increase their production while 9.4 percent respondents received it to procure more farm inputs, while 15.1 percent respondents obtained it during the money seasons.

As shown in Table 8, age is tested as related to micro credit received, chi-square of 4.36 was observed comparing the figure with  $\chi^2$  tabular that is 7.82, showed that there is no significant relationship between the age and micro credit received. Consequently, the null hypothesis were accepted, that in these in no significant relationship between age and micro credit received from COWAN, chi square value of 4.36 was observed when compare with the  $\chi^2$  tabulated that is, 7.82. The null hypothesis was therefore accepted, that is there is no significant relationship between beneficiaries marital status and micro credit received.

The chi-square analysis was used in the contingency table to determine the relationship between the level of education of respondent and micro credit received. Chi square value of 6.82 was observed. When compared with the  $\chi^2$  tabulated that is 9.49. The null hypothesis is accepted implying that the level of education is not

significantly related to the micro credit received. The position of respondents among husband's wife and micro credit received was tested. The result shows that chi-square calculated is 1.26 while  $\chi^2$ , the null hypothesis is accepted, that is there is no significant relationship between respondents position among husband's wife and micro credit received.

For number of children for respondents and micro received, chi-square value 7.82. Therefore the null hypothesis is accepted which state that there is no significant relationship between the number of respondents' children and micro credit received.

Religion of the respondents and micro credit received from COWAN was compared using  $\chi^2$  statistic. Comparing the  $\chi^2$  calculated value of 1.10 and  $\chi^2$  tabulated value of 5.99, the hypothesis is accepted. That is there is no significant relationship between the respondents' religions and micro credit received.

The occupation of the respondents and the micro credit received was analysed using chi-square statistics. Comparing the  $\chi^2$  calculated value of 7.82 and  $\chi^2$  tabulated value of 7.82. The null hypothesis is accepted that is there is a significant relationship between occupation of the respondents and micro credit received. The significant relationship is explained by contingency coefficient of 0.31.

This implies age, marital status, education attainment, position among husband's wife number of children of respondents and religions of the respondents do not significantly affect the micro credit received from COWAN but the occupation of the respondents has a significant relationship with the micro credit received.

## CONCLUSION AND RECOMMENDATION

This study assessed the micro-credit given to rural women by COWAN in Ondo State. Questionnaire was used to collect data from the respondents. For the purpose of the study, 106 respondents representing four local government areas in Ondo State were selected, using the list of registered COWAN members as sampling frame.

The respondents attitude towards COWAN credit, majority (84 percent) had favourable attitude towards micro-credit while 16 percent had unfavourable attitude towards micro-credit. On the respondents benefit derived from the micro credit, majority (75.5 percent) of the respondents obtained the micro-credit to increase their production while 9 percent received it to procure more farm inputs and 15 percent did not respond to the variable.

On the constraints encountered by COWAN members 37.7 percent had inadequate funding as constraint, while 28.3 percent had constraint of short period of repayment of loan, 16 percent is attributed to loan defaulters, 9.5 percent is attributed to mismanagement of funds and 8.5 percent is attributed to lack of incentives from the government.

Based on the findings in this study, one can realize the COWAN is still bringing improvement to the living conditions of rural women. The rural women had benefited from the micro-credits granted to them by COWAN. It can be inferred that COWAN micro-credits had made impact among the rural women in the studied area.

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