

## **Micro Credit Supply by Country Women Association of Nigeria (COWAN) to Rural Women in Ondo State, Nigeria**

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**Abstract:** This study examined the micro-credit given to rural women by Country Women Association of Nigeria (COWAN) in Ondo State. One hundred and six rural women were selected in four local government area of Ondo State, using multi-stage random sampling technique. The study revealed that majority of the respondents age ranges between 21-31 years and 66% were married. The result further showed that respondents' attitude towards COWAN micro-credit are mostly favourable. The constraints encountered by the respondents include inadequate funding, problem of repayment of loan and inability of rural women to pay back the loan. Finally, the chi-square revealed that age, marital status, educational level and religion have no significant relationship with micro-credit received from COWAN organization.

**Key words:** Credit supply, Country Women Association of Nigeria (COWAN), rural women, association, micro credit

### **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 (Adegeye and Ditto, 1985). 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.

The issue of micro-credit has been taking a center 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 (Olujide, 1999).

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.

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 (Olujide, 1999).

Country Women Association of Nigeria is an apex non-governmental organization for recognition and advancement of rural women in agriculture, economic and decision making ing 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.

The Country Women Association of Nigeria 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. 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 workshop and conferences in an effort to update their knowledge and increase their networks (Ogunleye, 2000).

**Statement of the problem:** 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 (Ogunleye, 1997).

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 nor acceptable to formal institutions twice or entails higher administrative costs. Getting access to finance has not been easy for women.

Research had shown that women have very limited access to land, capital, gainful employment and positions of decision making (Christine, 1993; Olawoye, 2002). These constraints have drawn women to the informal sector to source for capital. This informal sector includes family, friends, private moneylenders, Esusu, cooperative, etc. Apart from these sources, Non-governmental organizations and donor agencies have given out millions to donors as grants to micro finance organization 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 in the study area?
- 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?
- What are the constraints facing the rural women under the micro-credit programme?

## MATERIALS AND METHODS

**Area of the study:** The study was carried out in Ondo State of Nigeria. The State has 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 is 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 farmers in Ondo State who are members of COWAN group. The state was divided into four geographical zones with the 18 local government areas. Each of the geographical zone has an average of 6 local government areas which was randomly selected. In each local government area selected, there are four groups of COWAN with 100 members. Forty members were selected for the study representing 10% the population, making 106 respondents as shown in Table 1.

**Data collection:** Both primary and secondary data were used during the study. Respondents were interviewed using their responses as primary data, secondary data was obtained from records provided by COWAN, published articles and relevant texts.

**Data analysis:** Descriptive statistics (frequency courts, means and percentages), inferential statistics (chi-square) was used.

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

Table 1: Analysis of sample selection

Selected local government area	No. of programmes	No. of programme selected	Number 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

## RESULTS AND DISCUSSION

The above Table 2 shows that 21-30 years old respondents were 25.4%, 31-40 years were 38.7%. 41-50 years old respondents were 20.8% while 51-60 years old respondents were 15.1%. The result shows that majority of the respondents 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% of the respondents were married, 11.3% were divorced, 9.4% were single and 2.8% 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 religion, the result shows that majority of the respondents (78.3%) are Christians, while 16.0% are Muslims and 5.7 are traditionalists. Most of the respondents had adult literacy education, 27.4% had primary education, 17.0% had secondary education, 16.0% respondents had no formal education and 8.5% respondents had higher education.

On the occupation of the respondents, the result shows that 33.0% of the respondents' major occupation is farming, 24.5% respondents are clerk/typists, 17.9% of the respondents are teachers and 24.5% respondents are traders. This indicates that COWAN takes care of various activities of women.

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

There are some laid down conditions which must be satisfied by every member of COWAN before credit can be given to them. The conditions are as listed:

- You must be a registered COWAN member
- Intending borrower must 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 ₦100.00.
- The duration for repaying monetary credit is one year and the interest rate is 10%.

Table 2: Respondents demographic characteristics frequency distribution of respondents according to demographic characteristics

Variables	Frequency	(%)
<b>(a) Age (years)</b>		
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>(b) Marital status</b>		
Single	10	9.4
Married	81	76.4
Divorced	11	10.4
Widowed	4	3.8
Total	106	100.0
<b>(c) Religion</b>		
Christianity	83	78.3
Islam	17	16
Traditional	6	5.7
Total	106	100.0
<b>(d) Level of education</b>		
1. No formal education	26	16
2. Primary education	29	27.4
3. Higher education	18	17
4. Adult literacy education	33	5.7
Total	106	100.0
<b>(e) Occupation</b>		
Farming	35	33.1
Clerk/Typist	26	24.5
Teaching	19	17.6
Trading	26	24.5
Total	106	100.0

Table 3: Frequency distribution of respondents according to their attitude towards COWAN micro credit

Attitude	Frequency	(%)
Unfavourable	17	16.0
Favourable	89	84.0
Total	106	100.0

Attitude of rural women towards micro credit received from COWAN micro-credit was categorized as unfavourable and favourable as shown in Table 3.

Table 3 shows that 16.0% 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 respondents' favourable attitude towards the micro credits received from COWAN.

**Amount of micro credit provides by COWAN to rural women:** The amount of micro-credit provided by COWAN to rural women is presented in Table 4.

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

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

Table 5: Utilization of micro credit received from COWAN

Occupation	Frequency	(%)
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

Constraints	Frequency	(%)
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 7: Frequency distribution of respondents according to the benefits derived from COWAN credit

Benefits derived	Frequency	(%)
Increase production	8	75.5
Procure more farm inputs	10	9.4
Input	16	15.1
Money seasons	70	75.5
Total	106	100.0

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

Demographic characteristics	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

Table 4 shows that 42.5% of the respondents obtained the sum of ₦5,000-₦10,000 as micro-credit and 43.4% of the respondents obtained the sum of ₦11,000-₦16,000 micro-credit while 14.1% obtained above ₦16,000 as micro-credit 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 the Table 5.

Frequency distribution of respondents according to utilization of micro credit received from COWAN.

The result shows that majority (85.5%) respondents used the micro credit obtained from COWAN organization for farming. 14.5% 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 from constraints faced by rural women in obtaining micro-credit is shown in Table 5.

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

This implies that insufficient funds encouraged most of the rural women in obtaining micro credit from COWAN organization.

**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% obtained the micro-credit to increase their production while 9.4% respondents received it to procure more farm inputs and 15.1% 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 x<sup>2</sup> 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 x<sup>2</sup> tabulated that is, 7.82. The null hypothesis was therefore accepted, that is there is no significant relationship between beneficiaries material 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 x<sup>2</sup> 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 X<sup>2</sup>, 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.

Region of the respondents and micro credit received from COWAN was compared using  $X^2$  statistic. Comparing the  $X^2$  calculated value of 1.10 and  $X^2$  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 respondent and the micro credit received was analysed using chi-square statistics. Comparing the  $X^2$  calculated value of 7.82 and  $X^2$  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 affect the micro credit received have a significant relationship in the respondents.

## CONCLUSION

This study examined 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%) had favourable attitude towards micro-credit while 16% had unfavourable attitude towards micro-credit. On the respondents benefit derived from the micro credit, majority (75.5%) of the respondents obtained the micro-credit to increase their production while 9% received it to procure more farm inputs and 15% obtained it during the money seasons.

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

Direct access to micro credit is considered to be an important catalyst for changing this situation given: The

economic role of women in poor households and their income generating potential and the need for improving the serial position of women. It is now increasingly recognized that rural women's labour and earnings are essential to family survival in most developing countries, particularly in the case of landless households and even in agricultural household where the men's earning capacity has eroded as a result of such factors as environment degradation and frequent droughts.

However, with the various non-government organizations such as Country Women Association of Nigeria introduction with the aim of granting micro-credits to the rural women there has been a tremendous change in the economic empowerment of rural women.

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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