

Impact of Micro-Credit on Poverty Alleviation among Contact farmers' households in ogun state, Nigeria

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Abstract. This study examined the impact of micro-credit on poverty alleviation among farming households in Ogun State, Nigeria. One hundred and thirty-two (132) respondents were randomly selected from villages/towns in the State using purposive and multistage random sampling techniques. The respondents were interviewed using a well-structured questionnaire. Data collected from the respondents were analysed using descriptive and inferential statistical tools. Findings on the socio-economic characteristics of the respondents revealed that majority 63.6% were female, 56.1% fell within the age range of 41-50 years, 64.4% were married, 58.3% had no-formal education, 79.6% had an household size between 1-6 members, 31.1% were farmers, 69.7% had between 6-15 years of occupational experience and 64.4% were non-members of cooperative societies. The result of the logit regression analysis showing the impact of micro-credit on poverty alleviation revealed that age, educational status, sex, farm experience and annual farm income had positive impact on the poverty alleviation through micro-credit while household size had negative impact on the poverty alleviation through micro-credit in the study area. With respect to barriers of poverty alleviation through micro-credit, findings showed that most of the respondents faced one form of barrier to the other out of which 18.2 per cents faced problems associated with location, lack of land ownership and tenure and 9.1 percents faced barriers associated with lack of

pro-active government support for involvement by the poor.

Thus, the study concluded that poverty level is still high among the respondents despite the high experience of the respondents in their various occupations. This may be caused due to their low level of education. Therefore, this study recommends that government policies should improve the level of education among household to increase profitability and productivity.

Keywords: Poverty, Micro-Credit, Farming, Productivity, Profitability

1. Introduction

1.1 Background Information

The Government of President Goodluck Ebele Jonathan in his 2013 budget speech explicitly identified poverty alleviation as one of the main priorities of the government. This is the third year in succession that government is making poverty alleviation a priority in its budget presentation. To many observers this is not surprising given the fact that 2015 is around the corner when it is expected that the Millennium Development Goal of eliminating extreme would have been achieved (Littlefield, 2010; Adams, 2007 and Nwaku, 2002). Besides this, the poverty profile of the country has continued to deteriorate despite several and successive government programmes to tackle it.

Poverty has simply refused to abate in Nigeria and the number of people living below the poverty line¹ has continued to increase as the years go by (World Bank, 1999; 2000; 2003 and 2009). Perhaps, part of the inability of government to tackle poverty may stem from the failure of a clear understanding of poverty itself. It has been argued that despite the immense attention the subject has received, there is still no universal agreement as to its definition (Uche, 2000). This may have led to the widespread view that poverty is indeed a relative concept. While, this is not the appropriate place to go into the theoretical issues and difficulties in the definition of poverty, it must be stated right away that poverty is a complex, multidimensional and hydra-head phenomenon that has existed from time immemorial and has continued to occupy the centre stage in global affairs. There is not only disagreement as to its definition but also in the simple matter of how to measure it. This makes it difficult to ascertain when one moves from the non-poor into the poverty trap.

Galbraith already listed the indicators of poverty as including insufficient food, poor clothing, crowded, cold and dirty shelter, painful and brief life and income that falls markedly behind that of the community (Uzor, 2011). But in all this confusion, one thing is indisputable: poverty is one of the greatest challenges facing Nigeria today (CBN, 2010; World Bank, 2009). And this is unfortunate given the country's rich resources in agriculture, oil wealth, human capacity and friendly geo-climatic conditions. Indeed, it is estimated that over 70 percent of Nigerians are classified as poor, and half of this number lives in absolute poverty (World Bank, 2009; Landes, 2010). Poverty is particularly severe in rural areas, where up to 80 percent of the population lives below the poverty line and with limited access to social services and infrastructures (Adam, 2007; Littlefield, 2005).

The rural populace depends mainly on agriculture especially peasant agriculture for food and income. Women are particularly vulnerable to the incidence of poverty. They comprise the bulk of the poor groups within rural communities (Eadgerwood, 2009). Men

have higher social status and as a result have more access to facilities like school, training and credit. The men have higher capacity for higher productivity and can usually combine a number of enterprises which allows them to have multiple sources of income. Moreover, the number of men migrating from the rural areas to urban areas in search of better employment has increased and as a consequence, the number of rural households headed solely by women has grown substantially in recent times. This development has serious implication for rural development in Nigeria (Nwobi, 2010).

Microfinance is all about providing financial services to the poor who are traditionally not served by the conventional financial institutions. Three features distinguish microfinance from other formal financial products (Nwobi, 2010 and Anyanwu, 2004). These are:

(i) the smallness of loans, advances and or savings collected; (ii) the absence of asset-based collateral; and (iii) the simplicity of operations.

In Nigeria, the formal financial system provides services to about 35% of the economically active population while the remaining 65% are excluded from access to financial services (CBN, 2011). This 65% are often served by the informal financial sector, through Non-Governmental Organization (NGO)-microfinance institutions, money-lenders, friends, relatives, and credit unions. The practice of microfinance in Nigeria is culturally rooted and dates back several centuries. The traditional microfinance institutions provide access to credit for the rural and urban low income earners. They are mainly of the informal Self-Help Groups (SHGs) or Rotating Savings and Credit Associations (ROSCAs) types (CBN, 2006). Other providers of microfinance services include savings collectors and co-operative societies. The informal financial institutions generally have limited outreach due primarily to paucity of loanable funds.

In order to enhance the flow of financial services to Nigerian rural areas, the Federal Government has, in the past, initiated a series of publicly-financed micro/rural credit programmes and policies targeted at the poor. Notable among such programmes were the Rural Banking

Programme, Sectoral Allocation of Credits, a concessionary interest rate, and the Agricultural Credit Guarantee Scheme (ACGS). Other institutional arrangements were the establishment of the Nigerian Agricultural and Co-operative Bank Limited (NACB), the National Directorate of Employment (NDE), the Nigerian Agricultural Insurance Corporation (NAIC), the Peoples Bank of Nigeria (PBN), the Community Banks (CBs), and the Family Economic Advancement Programme (FEAP). In 2000, Government merged the NACB with the PBN and FEAP to form the Nigerian Agricultural Co-operative and Rural Development Bank Limited (NACRDB) to enhance the provision of finance to the agricultural sector. It also created the National Poverty Eradication Programme (NAPEP) with the mandate of providing financial services to alleviate poverty (Ayeyomi, 2003).

Since the 1980s, Non-Governmental Organizations (NGOs) have emerged in Nigeria to champion the cause of the micro and rural entrepreneurs, with a shift from the supply-led approach to a demand-driven strategy. The number of NGOs involved in microfinance activities has increased significantly in recent times due largely to the inability of the formal sector to provide the services needed by the low income groups and the poor, and the declining support from development partners amongst others. The NGOs are charity, capital lending and credit-only membership based institutions. They are generally registered under the Trusteeship Act as the sole package or part of their charity and social programmes of poverty alleviation. The NGOs obtained their funds from grants, fees, interest on loans and contributions from their members. However, they have limited outreach due, largely, to unsustainable sources of funds (Bamisele, 2011).

1.2 Objectives of the study

The broad objective of this study is to examine the impact of micro-credit on poverty alleviation among Contact farmers' households in Ogun State. The specific objectives are to determine the level of poverty among the farmers' households in the study area; and analyse the

impact of micro-credit on farmers' household welfare in the study area;

2. Methodology

2.1 Study Area

The research was carried out in Ogun State which is one of the 36 states in the Federal Republic of Nigeria. The State is cited about 100 kilometers from Lagos, Nigerians foremost commercial and industrial centre, and 740 kilometers from Abuja, Nigerian Federal capital territory (NPC, 2006). Ogun State has a total land area of 16409.26 sq/km politically; the state is divided into 20 Local Government Areas (NPC, 2006). Ogun State is blessed with rich soils that are so dominated by swamp forest in the south and forest savannah in the north. The state is divided into two major vegetation belts namely: the forest belt comprising the south and the central part of the state and guinea savannah of the northern part of the state (Kehinde Phillips, 1992). The double maxima rainfall makes double season cropping possible for most arable crops. The rainfall pattern supports wide variety of arable crops like cassava, rice, maize, yam, coco yam, pepper, tomato and several other arable crops. The main enterprise is traditional agriculture (Onasanya, 2008). The importance of agriculture in Ogun state cannot be over-emphasis. Agriculture remains the main stay of the economy of the state. The people of Ogun State are mainly farmers producing food crops and cash crops such as maize, cassava, mellon, beans, cocoa, rubber, palm oil, maize, coffee, Kolanut, plantain and pawpaw. These entire crops are produced in all parts of Ogun State in various degrees. The State Government provides land and essential services to individuals and cooperate farmers. Also livestock production range from small ruminant, poultry, piggery, rabbitary, large ruminants and fisheries. Ogun State Agricultural Development Programme (OGADEP) is the main government agency that is responsible for agricultural development in the state (OGADEP, 2012).

2.2 Sources and Methods of Data Collection

Both primary and secondary data were used for the research. Under primary data, structured questionnaire were used to collect data on socio-economic characteristics of contact farmers' and other relevant information and oral interviews and discussion were held on some relevant issues such as the problems facing the farmers in the State. While, secondary data were obtained from journals, texts, statistical bulletins and other published documents.

2.3 Sampling Procedure

The state Agricultural Development Programme stratification of the state into 4 Agricultural zones was purposively adopted for the sampling procedure such that respondents were drawn from each of the zones. Hence for the selection of the targeted audience, multistage sampling procedure was used. Firstly, from each zone, viz. Ijebu-ode, Abeokuta, Ikenne and Ilaro, 50% of existing extension blocks was selected. There are 6 blocks in Ijebu-ode zone, 6 blocks in Abeokuta zone, 4 blocks in Ikenne zone and 4 blocks in Ilaro zone. Thus, the selection resulted into the selection of 3, 3, 2 and 2 blocks respectively. Secondly, 20% of existing cells in each zones was selected, this led to the selection of 3 cells in Ijebu-ode, 4 cells in Abeokuta, 2 cells in Ikenne and 2 cells in Ilaro. Thirdly, based on the structure of OGADEP, a cell consist of 80 contact farmers, hence from the selected cells 15% of the contact farmers were selected and this resulted into the selection of 36, 48, 24, and 24 contact farmers from Ijebu-ode, Abeokuta, Ikenne and Ilaro zones respectively. For the purpose of the study, snow ball approach was adopted in reaching the target audience. Thus, the sampling procedure resulted into the selection of 132 respondents and this represented the sample size for the study (see Table 1).

2.4 Methods of Data Analysis:

Socio-Economic Characteristics of the Contact Farmer (Households' Head)

Descriptive statistics such as frequency distribution and percentage were used to

describe the socio-economic characteristics of the household head in the study area.

Levels of Poverty among Farmers' Households

This objective come to reality using Foster-Greer-Thorbecke (FGT) index and it can be expressed as:

$$\rho\alpha(y, z) = \frac{1}{n} \sum_{i=1}^q \left\{ \frac{Z - y_i}{Z} \right\}^\alpha \dots \dots \dots (1)$$

Where

n= Total number of household in the population

q= The number of poor households

Z= The poverty line for the household

Y_i= Household income

α = Poverty aversion parameter and takes on value 0,1,2,

$\left(\frac{Z - y_i}{Z}\right)$ = proportionate shortfall in income below poverty line

α takes on values 0,1,2 to determine the type of poverty index when

α=0 in FGT, the expression reduces to;

$$Po = \left\{ \frac{1}{n} \right\} q = \left\{ \frac{1}{n} \right\} \dots \dots \dots (2)$$

This is called the incidence of poverty, describing the proportion of population that fall below the poverty line, when α=1 in FGT, the expression reduces to;

$$P1 = \frac{1}{n} \sum_{i=1}^q \left(\frac{Z - y_i}{Z} \right) \dots \dots \dots (3)$$

And this is called poverty depth.

When α = 2 in FGT the expression becomes

$$P2 = \frac{1}{n} \sum_{i=1}^q \left(\frac{Z - y_i}{Z} \right)^2 \dots \dots \dots (4)$$

This is called poverty severity index. This index weights the poverty of the poorest individual more heavily than those just slightly below the poverty line.

Impact of Micro-Credit on Farmers' Household Welfare

In order to determine the impact of micro-credit on farmers' household welfare, the household was categorized into poor and non poor by the use of their mean per capital household expenditure. When an household spends more

than two third 2/3 of their income on monthly basis, the households were classified as being poor, but the household is spending exactly or less than two third (2/3) of the income on monthly basis on food and non-food items, the households were categorized as non-poor. Therefore, to analyse the impact of micro-credit on farmers' household welfare, Logit model was then be used. The Logit model specification:

$$Y = f(X_1 + X_2 + X_3 + X_4 + X_5 + X_6 + X_7 + X_8 + e_i)$$

Where:

Y = Household Welfare (Poor = 1, Non- Poor = 0)

X= Vector of explanatory variables,

e_i = Independently distributed error term,

X_1 = Age of the respondents (years),

X_2 = Sex of the Respondents (Dummy variable: male = 1, female = 0),

X_3 = Educational Status of the Respondents (years of formal education),

X_4 = Size of the Household (number of persons),

X_5 = Dependency ratio (number of dependants as a ratio of total number of individuals in the household),

X_6 = Annual Farm Income (₦)

X_7 = Annual Non-Farm Income (₦)

X_8 = Farming Experience (years)

X_9 = Sex (Male = 0, Female = 1)

X_{10} = Access to micro-credit (1 = access, 0 otherwise)

X_{11} = Size of Cultivated Farm (hectare)

X_{12} = Total Expenses on Non-Food (e.g. health, education, shelter, and child training).

3. Results and Discussion

Socio-Economic Characteristics of Household Head

This section presents the various socio-economic characteristics of the sampled contact farmers. Evidence from the descriptive analysis of socio-economic characteristics of respondents in the study area were shown in Table 2 and it revealed that female constituted about 63.6% as compared to the male counterpart having (36.4%). This indicates the dominance of female contact farmers in the study area. The mean age of the respondents was 42.5 years. Majority

(56.1%) of the respondents fell within the age range of 41-50 years and it implied that majority of the respondents were still within economically active age group. This agrees with the report of Barbier (2000) that most Nigerian farmers (women inclusive) are between 41-50 years of age and are still active. However, this has a serious implication on national food security where youths that are major labour force in agriculture had migrated away to urban centres for white collar jobs that were not readily available.

Also, the findings in Table 2 further indicated that majority of the respondents in the study area (64.4%) were married; this indicates that most of the respondents were settled family men and women with responsibilities. With the evidence that majority of the contact farmers were females, it has an implication on the women's ability to cope with multiple roles as mother, wife, provider and care giver for the household members coupled with effects of multiple child-births and its impact on their productivity. These responsibilities would likely make them willing to seek innovations so as to increase their standard of living.

The study on educational status Table 2 revealed that 58.3% of the respondents sampled had no-formal education. This implies that majority of the respondents were not educated as at the time of the study. The result of the finding thus supports that of Akeredolu (1997) who asserted that household members in rural areas of Nigeria often receive little or no western education. The result also revealed that the average household size is 5 persons. This indicates respondents had relatively small household size. The reasons that may be advanced for this is that a man prestige's is no longer in the number of children he has but on how successful the children are. Occupation category of the respondents revealed that 31.1% were farmers, while 21.9% of respondents were civil servants. This result showed that agriculture remains one of the important occupations in the rural areas in Nigeria. Majority (69.7%) of the respondents have 6 – 15 years of occupational experience. This implies that the respondents have long years of experience. This is an indication, that they have

much wealth of experience in their various activities. Also the respondents experience is an important factor as it is a major determinant of their managerial acumen.

Based on the findings on the cooperative membership by the respondents, findings showed that 64.4% of the respondents were non-members of cooperative societies while 35.6% belong to one form of cooperative societies or the other. This showed that cooperative societies were not adequately patronized by the respondents in the study area.

Estimation of Poverty Indices using FGT Test

Poverty level among the sampled rural farm households was assessed by comparing their per capita expenditure (including food and non-food items and value of farm produce consumed at home) with an absolute poverty line of ₦4,500 per head per month or ₦150 per person per day. Table 3 presents the per capita expenditure and FGT indices computed for an average rural farm household in the sample and its variation across socio-economic groups.

As shown on Table 3, an average household in the sample survey had a per capita expenditure of ₦1,700.00 as against a poverty line of ₦4,500. With this, the incidence poverty was estimated to be 0.8320 while the poverty depth/gap and severity of poverty were estimated to be 0.3120 and 0.3331 respectively. The implication of this result is that an average rural farm household in the sample, and by extension the study area, could only afford to expend ₦1,700.00 per head per month (equivalent to ₦56.66 per head per day) on its members. This clearly fall short of the absolute poverty line (₦150 per head per day) used in this study and the commonly used US\$1 (about ₦158) been used to classify the core poor by the United Nation agencies.

Overall, 83.2 per cent of the sample rural farm households were classified poor, which is higher than the nations poverty level of estimated at about 70.1 per cent in 2005 (HDR 2007/2008). In comparing the poverty indices across socio economic groups, the results showed that poverty among the sampled rural farm

households is higher among those headed by the aged adults (56-70 years) and the adults (41-55 years) than what obtains for the sample average household. Similarly, poverty level is higher among female headed households, divorced, widowed and married, households whose heads had no more than primary school education and households whose heads had non-farm occupation apart from paid employment as their main occupation. Furthermore, poverty level is more severe among households having 10 or more members as well as those having less than 5 years. This result suggests that those households whose heads had farming as their main occupation were no poorer than an average household operating in the rural sector, while only access to paid employment seems to significantly raise household per capita expenditure above the sample average.

Impact of Micro-Credit on Household Welfare

The co-efficient of the variable age, sex, educational status, size of the household, dependency ratio, annual farm income, annual non-farm income, farming experience, access to loan, size of cultivated farm and total expenses on non-food are used to assess the effect of micro-credit on poverty alleviation in the study area and represented in Table 4.

The results of the analysis indicated that age, and educational status and annual farm income were positively significant at 0.05 level of significant. This implies that advancement in age, educational status and annual farm income will bring about effective utilization of micro-credits obtained which in turn will bring about improvement in the welfare of the household members, thereby alleviating poverty among the respondents in the study area.

Also, the result of the analysis in Table 4 indicated that sex and farm experience were positively significant at 0.01 level of significant. This implies that increase in the sex and farm experience of the respondents will bring about more effective utilization of micro-credit obtained which in turn will bring about improvement in the welfare of the household members, thereby alleviating poverty among the respondents in the study area.

Furthermore, the co-efficient variable size of the household was negatively significant at 0.01 level of significant. This implies that increase in the size of the household of the respondents will bring about reduction in the utilization of micro-credit obtained which in turn will have adverse effect on the welfare of the household members. The result of the findings on the effect of micro-credit on poverty alleviation among the respondents in the study area is being presented in Table 4.

Barriers of Poverty Alleviation through Cooperatives Societies Credits

The result of the findings on the barriers of poverty alleviation through cooperatives society's credits among the respondents revealed that majority of the respondents faced one form of barrier to the other (Table 5). Among the barriers being faced, it was deduced from the findings that 18.2 per cents of the respondents were facing problems associated with location, lack of land ownership and tenure, 9.1 percents were facing barriers associated with lack of pro-active government support for involvement by the poor, 15.9 per cents were faced with problems associated with gender norms and constraints, while 15.2 per cents and 10.6 per cents were faced with barriers associated with lack of human capital and lack of social capital respectively. The result of the analysis on the barriers of poverty alleviation through cooperatives society's credits among the respondents is presented in table 5.

4. Conclusion and Recommendations

Based on the findings of the study, it was concluded that majority of the respondents are female, in active age, Christians, married, with no formal education having household members ranging between 1-6 members, with farming as their major occupation. Also, majority of the respondents were categorized as poor. On barriers of poverty alleviation through micro-credits revealed that majority of the respondents faced one form of barrier to the other, some of the identified problems include location, lack of land ownership and tenure, lack of pro-active government support for involvement by the

poor, gender norms and constraints, lack of human capital and lack of social capital respectively. It is therefore recommended that:

Given the importance of education in enhancing human capacity to take advantage of opportunities available in both the farm and non-farm sectors, government policies should improve the level of education among households so as to increase their profitability and productivity level.

Government should make available necessary infrastructural facilities that will help increase output of the micro entrepreneurs.

Cooperative society's leaders should intensify their efforts by also educating the households through training systems and the media on the needs and importance of utilizing cooperative society's strategies as poverty alleviation means. Cooperative society's should further encourage the active poor and low income earners to save more, thereby giving them enough cash to lend out as loans.

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APPENDICES

TABLE 1: Summary of Sampling Procedure and Sample Size

State	Zones	No of blocks	50% of blocks	Selected Blocks	No of cells/ blocks	20% of cells	Selected cells	No of Contact farmers per cell	15% of Contact farmers	Sample size
Ogun state	Ijebu-ode	6	3	Isoyin Ala Ago-Iwoye	6 5 4	1 1 1	Ogbogbo Odogbolu Farm Settlement	80 80 80	12 12 12	12 12 12
	Abeokuta	6	3	Olorunda Opeji Wasinmi	4 6 8	1 1 2	Olorunda Alabata Wasinmi Itori	80 80 80 80	12 12 12 12	12 12 12 12
	Ikenne	4	2	Isara Someke	4 4	1 1	Sagamu Ibafo	80 80	12 12	12 12
	Ilaro	4	2	Sawonjo Imeko	7 6	1 1	Sawonjo Ayetoro	80 80	12 12	12 12
	Total	20	10		54	11		880	132	132

Source: OGADEP Handbook, 2012

Table 2: Socio-Economic Characteristics of the Respondents

Variables	Frequency	Percentage
Sex		
Male	48	36.4
Female	84	63.6
Age (years)		
20 – 30 years	16	12.0
31-40 years	22	16.7
41-50 years	74	56.1
51-60 years	20	15.2
Marital Status		
Single	12	9.1
Married	85	64.4
Divorced	26	19.7
Widowed	9	6.8
Educational Level		
No Formal Education	77	58.3
Primary Education	26	19.7
Secondary Education	23	17.4
OND/HND	1	0.8
B.Sc./B.Agric	5	3.8
Household Size		
1 - 3 Members	62	47.0
4 – 6 Members	43	32.6
7 – 9 Members	21	15.9
10 Members and Above	6	4.5
Primary Occupation		
Trading	15	11.4
Farming	41	31.1
Artisanal	24	18.2
Civil Servants	29	21.9
Private Business	23	17.4

Occupation Experience		
1 - 5 Years	19	14.4
6 - 10 Years	50	37.9
11 - 15	42	31.8
16 Years and Above	21	15.9
Cooperative Membership		
Yes	47	35.6
No	85	64.4
Total	132	100.0

Source: Field Survey, 2015

Table 2: Poverty Indices by Household Characteristics

Description	Per Capita Expenditure (₦)	Poverty Incidence (P ₀)	Depth of Poverty (P ₁)	Severity Poverty (P ₂)
Average Household	2835.00	0.7083	0.3000	0.0832
Age (years)				
20 – 30	11077.79	0.2000	0.0684	0.0240
31 – 40	18317.60	0.2759	0.0614	0.0191
41 – 50	21306.57	0.3667	0.0927	0.0359
51 – 60	23073.90	0.3333	0.0955	0.0440
Gender				
Male	29218.36	0.2368	0.0329	0.0068
Female	14161.25	0.3415	0.1001	0.0409
Marital Status				
Single	18628.33	0.4286	0.0397	0.0113
Married	17373.33	0.3134	0.0768	0.0240
Divorced	10494.35	0.3333	0.1197	0.0605
Widowed	40266.33	0.1818	0.0804	0.0359
Separated	37979.17	0.0000	0.0000	0.0000
Education Level				
Primary	23870.49	0.2500	0.0692	0.294
Secondary	13800.86	0.3125	0.0744	0.0287
OND/NCE	11679.33	0.4000	0.0839	0.0318
B.Sc./B.Agric	52193.67	0.0000	0.0000	0.0000
No Formal Education	16462.17	0.3425	0.0885	0.0329
Main Occupation				
Civil/Public Service	46414.55	0.0000	0.0000	0.0000
Trading	9366.80	0.4444	0.1068	0.0267
farming	18288.02	0.2838	0.0677	0.0264
Artisanship	8920.87	0.2000	0.0333	0.0056
Private Business	13273.43	0.5238	0.1579	0.0662
Household Size				
Less than 3	43847.67	0.0000	0.0000	0.0000
4-6 members	31092.04	0.0476	0.0051	0.0005
7-9 members	13941.14	0.2321	0.0302	0.0074
10 Or More	6434.62	0.8214	0.2735	0.1138
Farming Experience				
Less than 5 members	19445.32	0.2917	0.0942	0.0399
6-10 members	12167.25	0.2857	0.0391	0.0093
11-15 members	17020.12	0.3478	0.0834	0.0298
16 years or more	22266.50	0.3077	0.0856	0.0341

Source: Field Survey, 2015.

Table 4: Logit Analysis Showing the Effects of Cooperative Loan on Household Welfare

Variables	Ordinary Least Square		Maximum Likelihood Estimate	
	Coefficient	T-value	Coefficient	T-value
Constant	-0.255	-0.947	-4.064	-2.935**
Age	6.653	1.842	0.365	2.077**
Sex	0.130	1.702	0.663	1.773*
Educational Status	6.640	3.037	0.316	2.935**
Size of the Household	-8.644	-1.927	-0.407	-1.935*
Dependency Ratio	6.035	1.345	0.306	1.426
Annual Farm Income	1.352	3.105	9.763	2.183**

Annual Non-Farm Income	-3.093	-0.493	-1.915	-0.651
Farming Experience	6.393	1.760	0.350	1.959*
Access to Loan	7.318	0.916	0.376	0.975
Size of Cultivated Farm	1.500	0.004	2.644	0.158
Total Expenses on Non-Food	4.164	1.197	2.054	1.111

Source: Field Survey, 2015.

Table 5: Problems Encountered in Gaining Access to Loan

Problems Encountered	Frequency	Percentage
Lack of Human Capital	20	15.2
Gender Norms and Constraints	21	15.9
Lack of Social Capital	14	10.6
Lack of Financial Capital	31	23.5
Location, Lack of Land Ownership and Tenure	24	18.2
Lack of Pro-Active Government Support for Involvement by the Poor	12	9.1
None	15	11.4

Source: Field Survey, 2015.