Financing Cassava Processing among Women in Rural Nigeria to Alleviate Poverty: The Place of Self-Help Groups

Stella O. ODEBODE
Department of Agric. Extension and Rural Development, University of Ibadan, Ibadan, Nigeria

Abstract


This paper examined the place of self-help groups in financing cassava processing among rural women in Nigeria. One hundred and twenty (120) cassava processors were selected from three (3) geo-political zones out of the six (6) geo-political zones in Nigeria through simple random sampling technique. Four (4) states were selected from each of the three (3) geo-political zones and ten (10) respondents were selected from each state.

Results show that self-help groups play major roles in financing cassava processing. Areas of finance involve mobilization of funds for financing rural development projects, construction of roads and bridges to facilitate the transportation of cassava produce to the urban centres, improvement of the economic status of cassava processors, increase productivity of cassava processors putting their resources together in form of labour, capital management and provision of loans. Identified Self-help groups include “Esusu” groups, Family / Kith and Kin meetings, informal cooperative, group farming societies, social clubs, and church groups.

It is concluded that government and non-governmental organisations should help to finance cassava processors in rural Nigeria to enhance their income.

It is however recommended that Non-governmental organizations as well as church groups should also support the poor in building strong self-help groups rather than providing only welfare support services. They should tap the potential of “Esusu” groups as income producing groups and human labour force.

Key words: financing, non-government organizations, rural Nigeria, cassava processing

Introduction

In the last two decades, a lot of attention has been drawn to the important role of rural women to agricultural production in developing countries, especially, Nigeria. However, prior to the realisation that rural women constitute, an “economically active population”, they were largely not considered productive because they usually worked as unpaid family labour

They therefore, need to be empowered economically to improve the standard of living of rural household for enhanced food security in Nigeria. Successful financial outreach to the rural poor requires institutional innovations that reduce the risks and costs of lending small amounts of money. Hence, for poor rural families in developing countries, especially in Nigeria, access to credit and saving facilities such as banks has the potential to alleviate poverty and make economically secured life.

It is therefore, important to set up well-managed savings facilities that will permit rural households to build funds for future investments and/ or consumption. This will help in alleviating poverty among rural households. This paper therefore focussed on financing cassava processing among women in rural Nigeria to alleviate poverty through self-help groups.

**The Role of Self –Help Credit Groups in Poverty Alleviation**

Poverty is the state of deprivation of fundamental human needs and desire. This involves the desire for sufficient food and water, adequate shelter, good health, long life, education and the capacity to provide materially for oneself and family through productive ventures.

A major constraint of farmers in Nigeria is how to obtain credit from formal financial institutions such as banks for farm operations. Unavailability of credit from financial organisations in Nigeria has resulted into the use of financial self –help groups to alleviate their sufferings in meeting financial needs.

In some communities in Nigeria, individuals of the same age group or same family lineage or affiliations exchange labour with each other in farming, building houses, constructing roads, harvesting and processing farm produce and solving some other socio-economic problems.

Self-help groups in Nigeria help in providing credit facilities to members and non-members at different interest rates and assist in providing mutual aids. This enables members to feed themselves thus alleviating poverty. Farmers join hands with each other to work on individual farms and family circles to aid and assist in food production and provide financial and other resources needed for sustainability. Small-scale industries are set up or established through small credit and savings with liberal credit policy.

The task of providing credits and savings opportunities at a reasonable cost to those who have only meagre assets have been neither straightforward nor easy in Nigeria. In Malawi, Ghana, and Pakistan, access to credit and savings facilities is severely limited for small farmers, tenants, and entrepreneurs, particularly women (Enabulele, 2001).

In many countries (including Nigeria) only few of the loan applicants can borrow an adequate amount at the growing interest rate, either from formal institutions such as banks and cooperatives or from the informal sector- friends, relatives, and moneylenders. Many potential borrowers are in need of credit that they are willing to pay substantially higher interest rates in the informal markets. Sometimes as high as 80 percent per year.

It is, therefore, very clear that the task of delivering financial services to the rural poor cannot be left entirely to market forces. It is therefore, important to promote linkage of these self-help groups to the banks since the problems of the informal sources can be reduced through this linkage to the banks.
Promotion of the self-help groups formation among rural women will help to provide a framework for permanent business relations between rural dwellers and banks directly; recycle locally generated funds within the rural areas; generate credit guarantee; mobilise institutional resources; facilitate savings deposits; provide credit delivery channels and reduce transaction. Finally, self-help groups are useful institutions for poverty alleviation and there is the need to standardise their operations and enhance their financial strength since it is a veritable tool for alleviating poverty.

The Role of Self-Help Groups in Alleviating Rural Poverty

Both formal and informal associations have complementary roles to play in fighting poverty and in promoting development in rural areas. According to United Nations Report (1982), most non-governmental organisations (NGOs) have roots in local areas or strong localities. These associations undertake activities designed to enhance self-reliance and self-help thereby fostering participation and the development of local institutions.

One of the major problems of an average Nigerian farmer is how to obtain credit from formal financial institutions. The unavailability of this credit from the formal financial institutions has prompted most farmers in the rural communities to organise themselves into financial self-help groups in order to meet their financial and social needs (Enabulele et al; 1999).

In most rural areas all over the world, self-help organisations are proliferating in response to increasing economic hardship. In Nigeria for example, self-help organisations in Obusa in Benue State have been found to construct roads, act as a thrift and credit association, procure farm inputs for their members and organise collectively supplied labour on the farms of their members (Todd, 1995). They also care for the sick and bury the dead and maintain law and order in the community.

Methodology

120 registered cassava processor from Agricultural Development Programme blocks were randomly selected from three, out of the six geo-political zones of Nigeria. These were considered to be representatives of the zones as shown below.

Structured Interview Schedule was administered to one hundred and twenty registered cassava processors selected from all the twelve states.

<table>
<thead>
<tr>
<th>Geo-political zone</th>
<th>States included in zone</th>
<th>States selected for the study</th>
<th>No of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southwest</td>
<td>Lagos, Ogun, Oyo, Osun, Ekiti, Ondo.</td>
<td>Oyo, Ogun, Ondo Lagos</td>
<td>10 from each state (40)</td>
</tr>
<tr>
<td>South-South</td>
<td>Delta, Bayelsa, Edo, Rivers, Akwa-ibom, Cross River</td>
<td>Delta, Akwa-ibom, Cross River, Bayelsa</td>
<td>10 from each state (40)</td>
</tr>
<tr>
<td>Southeast</td>
<td>Imo, Anambra, Enugu, Abia, Ebonyi</td>
<td>Ebonyi, Abia, Enugu, Imo</td>
<td>10 from each state (40)</td>
</tr>
</tbody>
</table>
Questions on financing information was obtained on personal characteristics of the cassava processors, sources of inputs, Sources of Labour, Mode of sale of cassava products, means of marketing of cassava products, sources of credit, crops processed by respondents, membership of self-help groups, and problem encountered by respondents belonging to Self-Help groups and the role of Self-Help groups in poverty alleviation. Qualitative method of data analysis such as focus group discussion and in-depth interview (IDI) schedule were used to analyse the data collected.

Results and Discussion

The results of the data are revealed below (Table 2).

Under this section, fifty four percent (54%) of household heads fall within the age range of 31-50 years. This age range can be regarded as the youthful age when they can make vital impact in agricultural production in particular (Table 2).

Most (61%) of the cassava processors have received only primary education while 15 percent completed primary school, 18 percent did not receive any formal education while 13 percent received secondary school education.

Seventy out of one hundred and twelve cassava processors have received only primary education. The level of education attained would affect their innovativeness, rate of adoption of new technologies and productivity (Table 1).

Seventy out of one hundred and twelve cassava processors indicated their household size to fall between six and ten. As the house increases to more than people, the percentage of respondents decreases toll. This finding tallies with research work by Narayan and Nyamwaya (1996) in Kenya. They found out of that poverty was linked with large families land fragmentation, which resulted to smaller plots and lower yields. Furthermore, many children and dependents implied more mouths to feed.

Sources of Labour: The amount of Women’s labour on the farm was assessed dur-
Activities (tasks) for which labour is needed include peeling, grating, sieving, dewatering, and frying. Any arrangement aimed at improving farm efficiency should pay particular attention to labour use for cassava processing operations. In order to cope with the cassava processing activities, 41 percent of cassava processors use their children as their source of labour on the farm. This probably accounts for the large household sizes found in rural households. This finding is in line with that reported in African Development Review Reports (1991), which states that the low productivity of labour in agriculture has resulted in the demand for children as a means of increasing the labour supply in farming. This implies that the cassava processing operations (staples) is labour demanding and if labour supply is not enough, it could constitute major bottlenecks and strain on farm labour supply.

Means of Marketing Cassava Processed Products:
Most (50%) of the cassava processors sell their produce to traders while 20 percent of them sell their produce through cooperative societies.

Sources of Information:
The major sources of information stated by the respondent include self-help groups and social clubs (52%) Extension agents (22%) and radio (13%), such information include the use of improved processing technologies.

Source of Credit:
34 percent of credit comes from voluntary associations, self-help groups, multipurpose cooperative societies, credit and thrift societies. Personal savings, friends, family members and husbands contribute 27, 3, 4 and 5 percent respectively. Only 7% of respondents have access to credit through banks. This finding is similar to that of Oladosu et al. (1999) They found out that non-institutional financial sources such as informal cooperative thrift societies, friends and relatives constitute the main source of credit to rural farmers.

Cassava Products Processed by Respondents
93% of the cassava processors process cassava tuber into forms that can carry them into periods of scarcity. Only 7% of the respondent did not indicate processing their produce other products include “Gari”, Cassava flour, Cassava starch, “fufu”. These processed forms according to them can last for weeks against lean periods.

Means of Transportation
Majority (20%) of the respondents trek long distances due to bad roads. Only 19% of households use motorcars as a means of transportation probably due to high transportation cost and unmotorable roads.

Membership of self-help Groups
Seventy – nine percent of households belong to a minimum of one and a maximum of three self-help groups. Fifty – on percent of the respondent indicated belonging to 3 self-help groups. Ten percent of the respondents belong to five voluntary associations.

Roles of self-help groups to Rural Development
The role of self-help groups indicated by the cassava processors include mobilization of funds for financing some rural development projects, construction of roads and bridges to facilitate the transportation of farm produce to the urban
centres improvement of the economic status of their members, increasing the productivity of processors by putting their resources together in form of labour, capital management and loans used in the purchase of farm inputs by members. All these help in improving their standard of living. The profit margins are increased and improved through the self-help groups’ membership. This is achieved through activities such as production, marketing of agricultural produce, credit mobilization and processing of farm produce. These activities help to cut-off the interference of middlemen and improve the profit margins of their members hence an increase in their standard of living. Other roles of self-help groups mentioned by respondents include capital formation, source of education, source of unity, peace and stability, provision of social insurance and health care services, provision of land members, and source of labour.

**Participation in Social Groups and Associations**

A variety of self-help groups and association with varying degree of formality, exist in the localities studied. The social capital that local inhabitants often rely upon in cases of difficulty or when formal services are lacking, or fail to deliver, these existing groups can perform important functions as channel of development interventions. In some cases, they may require capacity building to enhance effectiveness.

Table 3.0 Age grades and town development unions are quite frequent in south and southeast states but less prevalent in the use. Result of the focus group southwest discussion and in depth interview help with the women cassava processors in the study area.

Table 3 shows the part played by financial institutions or voluntary associations in alleviating poverty in the study through oral interview with four women leaders from 4 agro-ecological zones and 4 women focus groups consisting of cassava women processors from each agro-ecological zone.

Below is the summary of the Name of the financial Institutions/self-Help groups in the Study area.(Table 3)

Age grade and town development unions are quite common in the Study area.

The commonly reported benefits from membership in different groups are cited in the following Table 4.

**Implications for Poverty Alleviation**

The constraints of self-help group cassava processors among others include cost and access to loanable fund. This can be solved through the self-help groups. This will improve or alleviate the poverty of members and non-members alike.

Enlightenment programme through mass campaigns, seminars, lectures, workshops etc. on the potential of self-help groups in alleviating poverty and dissemination of information on the formation and benefits of self-help groups in rural communities of Nigeria are all important for improving the standard of living of members in the rural areas.

Good government policy that will encourage the formation of viable self-help groups in Nigeria should be encouraged.

Formation of Farmers’ cooperatives should be encouraged to help farmers overcome their individual problems.

There is the need for non-governmental organizations to cooperate with each other in order to ensure effective supply of services while avoiding duplication of
Table 3
Distribution of Respondents According to Types and their Roles in Self-help groups

<table>
<thead>
<tr>
<th>Name of financial Institution self-help group</th>
<th>Roles</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Esusu” groups</td>
<td>Provision of credit facilities to members</td>
</tr>
<tr>
<td></td>
<td>Provision of education to members</td>
</tr>
<tr>
<td></td>
<td>Ensures the welfare of members</td>
</tr>
<tr>
<td></td>
<td>Provision of social insurance services such as medical treatment</td>
</tr>
<tr>
<td>Multi-purpose Cooperative Societies</td>
<td>Provision of loan</td>
</tr>
<tr>
<td></td>
<td>Ensures the marketing of agricultural produce</td>
</tr>
<tr>
<td></td>
<td>Provision of Land on-lease to members</td>
</tr>
<tr>
<td>Family/Kith and Kin meetings</td>
<td>Ensures the Welfare of members for example hospitals bills, medical treatment, etc.</td>
</tr>
<tr>
<td></td>
<td>Provision of financial support in times of emergencies such as funerals, marriages etc.</td>
</tr>
<tr>
<td></td>
<td>Provision of joint labouring farming</td>
</tr>
<tr>
<td>Informal cooperative group farming societies</td>
<td>Provision of land on-lease</td>
</tr>
<tr>
<td></td>
<td>Provision of labour for farm operations</td>
</tr>
<tr>
<td></td>
<td>Provision of Capital to aid farming activities</td>
</tr>
<tr>
<td></td>
<td>Management of agricultural resources to increase productivity</td>
</tr>
<tr>
<td></td>
<td>Provision of labour in rural development projects such as road construction, road maintenance, building of bridges etc.</td>
</tr>
<tr>
<td>Social clubs</td>
<td>Provision of social welfare services to members such as health care services.</td>
</tr>
<tr>
<td>Church groups</td>
<td>Provision of financial support to members in times of emergencies, payment of hospital bills, medical treatment etc.</td>
</tr>
</tbody>
</table>

Survey Data (2004)

Table 4
Distribution of Respondents based on the derived Benefits from Organisations and Associations

<table>
<thead>
<tr>
<th>Type of organisation</th>
<th>Commonly cited benefits to members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cooperative</td>
<td>Loan/Security; Credit services; promote savings; helps farmers</td>
</tr>
<tr>
<td>Savings and credit</td>
<td>Loan/Security/Financial Support/Credit; promotes savings.</td>
</tr>
<tr>
<td>Informal Work Exchange</td>
<td>Provides labour; helps farmers</td>
</tr>
<tr>
<td>Age grades</td>
<td>Social activities; Community development; increases motivation</td>
</tr>
<tr>
<td>Town Development Union</td>
<td>Social activities; Community development; settles disputes</td>
</tr>
<tr>
<td>Religious groups</td>
<td>Peace/Spiritual growth/Prayer; Moral support; social activities</td>
</tr>
<tr>
<td>Others</td>
<td>Various benefits depending on type of group</td>
</tr>
</tbody>
</table>
services. It is also important that these organizations be affiliated with banks, and other financial institutions to avoid breakdown as a result of absence of timely support from outside and inability to meet the needs of their potential clients.

Non-governmental organizations as well as church groups, should support the poor in building strong self-help groups rather than improving their welfare support. They should tap the potential of “Esusu” groups as income producing groups and human labour force.

Conclusion

The major conclusion of this paper is that the Self-Help groups play major roles in alleviating poverty among cassava processors in Rural Nigeria.

However, the self-help groups play major roles in addressing and solving the problem of women cassava processors in Nigeria. The roles of self-help groups identified by the cassava processors include the development of rural development projects, construction of roads and bridges for easy transportation from villages to the market centres, provision of labour, capital in form of loans for the purchase of farm inputs.

It is therefore, recommended that the efforts of Self-help groups be complemented with the formal financial Institutions and the government.

All these will alleviate poverty and improve the standard of living of women cassava processors.

References


Received February, 18, 2005; accepted May, 29, 2005.