



**INFLUENCE OF COOPERATIVE PARTICIPATION ON POVERTY REDUCTION  
AMONG COOPERATIVE FARMERS IN IBARAPA EAST LOCAL GOVERNMENT  
AREA OF OYO STATE, NIGERIA**



**<sup>1</sup>Shittu K. A., <sup>2</sup>Jimoh B. O., <sup>3</sup>Ojewande, A. A., & <sup>4</sup>Adebayo.O.M**

<sup>1</sup>Department of Cooperative Economics and Management, Nnamdi Azikiwe University, Awka, Anambra State, Nigeria

<sup>2</sup>Department of Cooperative Economics and Management, Polytechnics Ekowe, Bayelsa State, Nigeria

<sup>3</sup>Department of Banking and Finance Osun State University, Osogbo, Osun State, Nigeria

<sup>4</sup>Department of Cooperative and Rural Development Osun State University, Okuku, Osun-State, Nigeria

Corresponding Author: shittuadesina81@gmail.com.

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**Abstract:**

Cooperative is the most viable business, when members (farmers) join it, they have tendency or advantage to enjoy strong incentive for efficient operation and continuous innovation in response to changing business as direct beneficiaries thus, reduce poverty drastically. The study was conducted to investigate Influence of cooperative participation on poverty reduction among cooperative farmers in Ibarapa East Local Government Area of Oyo State, Nigeria. A multi-stage sampling technique was employed to select the sample size of one hundred (100) respondents using a well-structured questionnaire. Data was analyzed using simple descriptive statistics and inferential statistics such as linear and logit regression were used to analyze the data. The result revealed that majority of them were males, youth, agile, married and educated. Easy accessibility of loans will allow members to fight poverty and reduce it to diminutive level if not totally eradicated among the cooperative farmers. The study recommended that farmers should be educated and enlightened more about effectiveness of cooperative credit on poverty alleviation or reduction. Government should provide credit facilities and technical assistance for farmers to enhance their productivity and increase their income and also ensure to avoid tendency to dominate cooperatives. Socio-economics characteristics determinants which had direct link with family life enhancement, improved standard of living and productivity should addressed properly. Problems faced the respondents should be consciously exterminated.

**Key word:**

*Cooperatives, Participation, farmers, Credit and Poverty reduction*

**Introduction**

A Co-operative is a group-based and member-owned business that can be formed for economic and social development in any sector, OCDC (2007). According to Department for International Development (DFID) 2005, there are four major characteristics of cooperative societies which are: cooperatives are formed by group of persons with similar needs; cooperative societies are open to all who are willing to become member; cooperative societies are democratic in nature and finally, cooperative societies have independence and autonomy. Cooperatives provide employment opportunities by providing credit for profitable investment, consumer cooperatives purchases food and household items in bulk and sell to their members at a cheaper price thereby reducing member's cost of purchase. Also, housing. Utility, health and social care cooperatives provide affordable access to basic services. Self-help. Self-responsibility, democracy, equality, concern for the community equity and solidarity are principles that are common to all forms of cooperatives (COPAC) 1999. Co-operative enterprises empowers their members by providing means in which individual member will be able to embark on productive project, reducing the poverty status and improve their standard of living. ICA (1996). Co-operative organizations have great potential in agricultural development in particular and rural development in general, It is a catalyst for local entrepreneurial growth; cooperatives retain within the communities in which they operate the capital that they mobilize there, as well as surplus derived from outside transactions, both accumulating for further entrepreneurial

development. Cooperative members enjoy strong incentive for efficient operation and continuous innovation in response to changing business environments as direct beneficiaries. Co-operative movement continues to sack for promotion and supporting entrepreneurial development. COPAC (1999). OCDC (2007) posited that, the way out of poverty via transformational development has three pathways and cooperatives are unique in addressing all the three simultaneously: The Economic Pathway- Economically, the Co-operative business model has helped millions of low-income individuals in developing countries to improve their incomes. The Democratic Pathway- Democratically, Co-operative members learn first-hand principles of democratic governance, transparency and member participation. The Social Pathway- Socially, co-operators increase trust and solidarity, leading to social Well-being and stability, in some cases in the face of adverse conditions and conflict. For the purpose of this study, emphasis will be on Economic pathway because the critical part of benefits of cooperative is the financial support in form of loan.

**Problems Statement**

Cooperatives are at work in almost every country and economic sector. It is generally recognized that cooperatives respond effectively to the ever-changing needs of people. For example, in response to the effects of globalization, people continue to choose cooperatives to address their needs. In a number of countries, people are starting new cooperative enterprises in such areas as social care and information technology. Women and youth are

also choosing the cooperative form to start enterprises of their own, thus creating new jobs and opportunities. The cooperative advantage extends to the users of cooperatives and indeed to the communities in which they operate. Cooperatives set industry standards by putting into practice their values and ethics. In some countries, cooperatives are seen as leaders in promoting food safety and security, and in protecting the environment. Still in others, cooperatives are building peaceful societies by promoting understanding and collaboration among people of different cultural and income backgrounds. Indeed there is a conventional reasoning that cooperative presents the most viable channel out of poverty in developing countries. It is in the light of the above understanding that led the Nigerian Government at all levels to promote the use of cooperative in poverty reduction efforts.

Despite all these roles played by cooperative society, many Nigeria's rural areas still live below the poverty line.

#### Research Questions:

The following research questions will be answered in this study.

- (I) what are the socio-economic characteristics of the respondents in the study area?
- (ii) What are the effects of cooperative credit on socio-economic characteristics of members in the study area?
- (iii) What are the determine the factors influenced cooperative credit accessibility on poverty reduction among house holds farmers in the study area?
- (iv) What are the problems encountered by cooperative members to access loan to poverty reduction among households in the study area?

The main objective is to examine the influence of cooperative participation on poverty reduction among cooperative farmers in Ibarapa East Local Government area of Oyo State, Nigeria. The specific objectives are to:

- (i) Describe the socio- economic characteristics of the respondents,
- (ii) Examine the effects of credit cooperatives on socio-economic characteristics on cooperative members and;
- (iii) Determine the factors influenced cooperative credit accessibility on poverty reduction among house holds farmers and,
- (iv) Identified problems encountered by cooperative members to access loan to poverty reduction among house holds farmers in the study area.

#### Review of Literature

Cooperative loans, Capital formation and Poverty reduction Today, in an era where people lack access to credit facilities to embark on a business that could help in improving their standard of living, cooperative serve as a strong and effective means of sourcing for credit. Cooperative movement has the potentials to be an effective institution in satisfying both personal needs of members as the needs of the community in general. For over 160 years now, cooperatives have been way for people to exert control over their economic livelihood. They provide a unique tool for achieving one or more economic goals in an increasingly competitive global economy. As governments

around the world cut services and withdraw from regulating markets, cooperatives are being considered as a useful mechanisms to manage risk for members, strengthen the communities in which they operate through their concern for community (Dogarawa, 2015). According to Nwankwo *et.al* (2012), cooperatives generate substantial employment directly while they also empowered to own business with a multiplier effect on country economy growth and poverty reduction. Cooperatives are also. The opinion that cooperative societies encourage members in the area of capital formation for investment purposes and poverty reduction strategy. Cooperative loans are the most critical aspect of cooperatives benefit and activities. Wanyama *et.al* (2008) posited that Cooperatives is increasingly becoming a major source of productive resources that are made available to their members for a variety of uses; the most common is the income-generation opportunities make possible due to growing abilities of these cooperatives to mobilize substantial savings from which members can borrow. Cooperative loans could be in form of major capital given based on the level of contribution and it could also be in form of emergency or soft loan that are usually taken to take care of emergency. The loans collected may be used in embarking on a profitable project that will increase the standard of living of members, increase their source of income, increase their asset acquisition power and increase their level of commitment to social responsibilities, also posited that the paramount reasons to members of cooperatives are the access to cheap loans for acquisition of assets and saving for the raining day.

#### Theoretical Review

The collective action theory was propounded by Mancur Olson. The theory states that individuals under certain institutional arrangements and shared norms are capable of organizing and sustaining cooperation that advances the common interest of the group in which they belong, This means that individuals can organize and govern themselves to attain benefits which may not be individualized but which benefits the entire group. The theory is applied widely to groups, organizations, agencies, as well as community action. Olson saw collective action as a voluntary action taken by a group to achieve perceived common needs of members which will help in reducing the challenges of the groups. This collective action has a lot of positive impact on the society, for instance, by bridging the gap created by poverty inequality and improving the livelihood of marginalized and vulnerable group such as elderly and widowed. Although the collective action theory is lauded, it has some weaknesses.

#### Methodology

##### Study Area

The study was carried out in Ibarapa East Local Government Areas of Oyo State, South-western Nigeria. The study area is one of the thirty- three (33) Local Government Areas in Oyo State. It has it headquarters in Eruwa town, it was established in 1989 with the estimated population over 120,000 according to the National

Population Commission (2006). The Local Government is classified as sub-urban Local Government. It is bounded in the West by Ibarapa Central Local Government, in the East by Ido Local Government while its bounded in the North and South by Iseyin and Odeda Local Government in Ogun State. It also has ten (10) political wards.

**Population for the Study**

The study population consists of over 500 Cooperative farmers from registered cooperative societies In Ibarapa East Local Government Area.

**Sample size determination and Sampling Technique**

Multi-stage sampling technique was employed for selection of the sample size of the study. In the first stage, one zone was selected out of three zones in Oyo State. In the second stage, Ibarapa East Local Government Area was purposely chosen from Ibarapa Zone. The third stage involved selecting of twenty (20) cooperative farmers randomly from five (5) town/ communities from the chosen LGA. The total sample size was one hundred made up of farmers from each of the towns/ communities.

**Instrument for data collection**

The instrument for data collection is a well structured questionnaire design by the researcher in line with the objectives of the study.

**Sources and Methods for data collection**

Both primary and secondary data were used for this study. Primary data was gathered using questionnaire that was personally administered with interview scheduled schemes to the sampled cooperative farmers. Secondary data was obtained from relevant publications, journals, internet documents, text books, among others. Data collection was obtained from the internet, journals, and other sources. Methods and tools for data Analysis  
The data was analyzed by using the descriptive statistics which includes percentage, frequency distribution and means and inferential statistics like linear and logit regression analysis.

**Socio-economics characteristics of the Respondents.**

The data collected on socio-economics characteristics was analyzed using descriptive statistics which includes percentage, frequency distribution and cumulative Effects of credit cooperatives on socio-economic characteristics of cooperative farmers.

Linear regression was used to determine effects of credit cooperatives on socio-economic characteristics of cooperative farmers

The model is specified as

$$Y_i = b_0 + b_1X_i + e_i$$

Where:

$Y_i$  = Value of farm produced outputs (Naira)

Simple linear form:

$$Y_i = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \beta_7X_7 + \dots + \beta_{10}X_{10} + e_i$$

$X_1$  = Age (years)

$X_2$  = Gender

$X_3$  = Education attainment (years)

$X_4$  = Household size (numbers)

$X_5$  = Total Expenses (naira)

$X_6$  = Cooperative membership (years)

$X_7$  = Farming Experience (years)

$X_8$  = Occupation

$X_9$  = Marital status

$X_{10}$  = Monthly farm income

**Determine the factors influencing cooperative credit accessibility on poverty reduction among house holds farmers**

Logit model was used to determine the factors influenced cooperative loan accessibility to reduction poverty among house hold farmers in the study area. To examine factors influencing cooperative loan accessibility to reduction poverty among rural farm household in the study area, rural farm household was categorized into poor and non-poor by the use of their mean per capital household expenditure. When an households spend more than third quarter 3/4 of their income on monthly basis, the households was classified as being very poor, but those households that spend exactly (3/4) and those spend less than three quarter 3/4 of the income on monthly basis on food and non-food items, those households were categorized as poor and non-poor respectively. Therefore, to analyses the factors, Logit model regression was used. The Logit model specification:

Implicit form:  $Y = \beta_0 + \beta_1X_1 + e_i$

Explicit form:  $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \beta_7X_7 + \beta_8X_8 + \beta_9X_9 + e_i$

Where:

$Y$  = Dependent variable

$\beta_0$  = Constant

$X_i$  = Co-efficient of Independent Variables

$e_i$  = Error term

$Y$  = Access to cooperative credit (1 = access, 0= otherwise)

$X$  = Vector of explanatory variables,

$e_i$  = Independently distributed error term,

$X_1$  = Age of the respondents (years),

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

$X_3$  = Cooperative dividend

$X_4$  = Cooperative interests

$X_5$  = Annual Farm Income

$X_6$  = House holds welfare

$X_7$  = Farm size

$X_8$  = Educational Attainments (years of formal education),

$X_9$  = Total Expenditure

**Problems encountered by cooperatives farmers on loan accessibility to poverty reduction.**

The data collected on problems encountered by cooperative farmers on loan accessibility to reduce poverty was analyzed using descriptive statistics which includes percentage, frequency distribution and frequency cumulative

**Socio-economics Characteristics of Cooperative Farmers**

It was revealed that 73% of the respondents were males while 27% of the respondents were females. This indicates that males dominated the farming activities. 12.0% of the respondents were <30 years of age, 24 of the respondents fell between 31-40 years, 47.0% fell between 41-50 years old, 16.0% were had years of age ranged between 51 and 60 years while 60years and above constituted 1.0% of the total respondents. This indicated that majority of the respondents were at their middle aged people who were on the average at their economically

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active age when they have the ability and capability to go about their day-to-day activities so as to earn income to cater for their family basic needs. The study revealed that 90.0% of the respondents were married, 7% were single, 2% were divorced and 1% were widowed. This indicated that most of the respondents (90.5%) were married and they had family men and women with great responsibilities which make them to willingly join cooperative societies to improve their standard of living through cooperative loans. 14.0% of the respondents have 3 and below household size, 77.0% have between 4-6 household size and 9.0% had between 7-10 household size. This indicates that majority of the respondents have 4-6 household size. Household size tends to reduce poverty level, if majority of the household were adult that are working which variably can add to the family income instead of depending on the head of the family alone but if otherwise it will increase poverty level of majority of cooperative farmers. Table 1, shown that 70.0% of the respondents in the study area were civil servant, 6.0% were traders, 7.0% were farmers and 12.0% engaged in other occupations. This shows that majority of the respondents are engaged in one job or the other from which they could generate income to feed themselves and their family members. Table 1, shows that 58% of the respondents have no secondary occupation, 42% of the respondents have secondary occupation. This means that 42% of the respondents have another source of income and this will have a great impact in reducing poverty among the respondents. The implication on the part of the majority of the respondents with no secondary occupation could be severe if they eventually loss their main job or run at loss since there won't be any other occupation to lean on and this will worsen their level of poverty. 65.0% of the respondents were Christians, 30.0% of the respondents were Muslim while 5.0% of them practiced traditional religion. This indicates that the co-operators were of different religion which shows that religion difference is

not a barrier in a cooperative society. 60.0% of the respondents had tertiary education, 25.0% had secondary education and 10.0% of the respondents had primary education and 5.0% had no formal education. This shows that all the respondents had one form of formal education or the other. 95% of the respondents had formal education which tends to have greater sense of reasoning in term of decision making, adoption of new ideas and managerial skills which will make them to stand-out in every of their business activities and will even make them to be more productive. This is consistence with Nkang *et al*, (2009). 12.0% of the respondents spent below 6 years, 53.0% spent between 6 and 15 years in their farming activities while 35% spent between 16 and above as farming experience. This indicated that respondents had an average wealth of experience in their various occupations which made them to be a professional in their various carriers and also improve their skills which makes them to be more productive. 26.0% of the respondents earned #50,000 and below monthly, 48.0% spent between #50,001-150,000 monthly while 22.0% earned between #150,001 and 250,000, while 5.0% obtained between 250,001 and above per month. This displayed low level of poverty among the respondents since majority of them received more than #50,000 as salary monthly. The study revealed that 65% of the respondents spent 10years and below in cooperative society, 30% spent between 11-30years and 5% had joined cooperative society between 31 and above years ago. This implied that majority of the respondents have spent felt the impact of cooperative society in term of economic empowerment, employment generation, acquisition of asset and income support which may reduce level of poverty status of the respondents. The table revealed that 43.0% spends #100,000 and below in a month, 46.0% spent between 100,001-150,000 monthly, 12.0% spent 150,001 and above per month.

**Table 1:** Distribution of Respondents by Socio-economic Characteristics

Variables	Frequency	Percentage	Cumulative frequency
Sex			
Male	73	73.0	73.0
Females	27	27.0	100
<b>Total</b>	<b>100</b>	<b>100.0</b>	
Age			
< or= 30	12	12.0	12.0
31-40	24	24.0	36.0
41-50	47	47.0	83.0
51-60	16	16.0	99.0
61 & above	1	1.0	100
<b>Total</b>	<b>100</b>	<b>100.0</b>	
Marital status			
Single	7	7.0	7.0
Married	90	90.0	97.0
Divorced	2	2.0	99.0
Widowed	1	1.0	100
<b>Total</b>	<b>100</b>	<b>100.0</b>	
Household size			
< or = 3	14	14.0	14.0
4-6	77	77.0	91.0
7-9	9	9.0	100.0
<b>Total</b>	<b>100</b>	<b>100.0</b>	

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Occupation			
Civil servant	70	70.0	70.0
Trading	6	6.0	76.0
Farming	7	7.0	83.0
Artisians	12	12.0	100.0
Others	5	5.0	
<b>Total</b>	<b>100</b>		
Religion			
Christianity	65	65.0	65.0
Islam	35	35.0	100.0
<b>Total</b>	<b>100</b>	<b>100.0</b>	
Formal education			
No formal education			
Primary	5	5.0	5.0
Secondary	10	10.0	15.0
Tertiary	25	25.0	40.0
<b>Total</b>	<b>60</b>	<b>60.0</b>	<b>100.0</b>
<b>Total</b>	<b>100</b>	<b>100.0</b>	
Years of farming experience			
< 6			
6-15	12	12.0	12.0
16 & above	53	53.0	65.0
<b>Total-</b>	<b>35</b>	<b>35.0</b>	<b>100.0</b>
<b>Total</b>	<b>100</b>	<b>100</b>	
Monthly income			
< or = 50,000	26	26.0	26.0
50,001-150,000	47	47.0	73.0
150,001-250,000	22	22.0	95.0
250,001& above	5	5.0	100.0
<b>Total</b>	<b>100</b>	<b>100.0</b>	
Coop membership yr			
<or =10	65	65.0	65.0
11-30	30	30.0	95.0
31 & above	5	5.0	100.0
<b>Total</b>	<b>100</b>	<b>100.0</b>	
Total expenses (#)			
< or = 100,000	43	43.0	43.0
100,001-150,000	46	46.0	89.0
150,001& above	11	11.0	100.0
<b>Total</b>	<b>100</b>	<b>100</b>	

Source: Field Survey Data, 2024

Effects of Socio- economic Characteristics on Cooperative Credit among cooperative farmers on poverty reduction Results shown that five (5) out of nine (9) variables modelled were statistically significant while four (4) were not significant. Adjusted R-squared was 0.65 which explained 65% of variation dependent variable while the remained 35% explained independent variable. Variables that were significant includes gender, farming experience, years of formal education, total expenditure, years of cooperative membership. While Age, house hold size, occupation and marital status had no significant coefficients. Gender, total expenses and years of farming experience were exhibited 5% significant level, Gender and total expenditure displayed positive significant ( $p < 0.05$ ) while farming experience showed negative significant at 5%. Formal education and cooperative membership in years exhibited negative significant at 10% and positive significant at 1% respectively. Gender of respondents was statistically significant at 5% in negative relation to cooperative loan benefits received by the respondents. The

result shown that years of formal education is significant at 10% with a negative relationship with cooperative loan. This shown that as year of formal education increases, the tendency of receiving cooperative benefits in terms of loan decreases and this is against the *a priori expectation* since education is believed to enhance participation in cooperative services thereby increases their level of accessibilities to cooperative services, loan and other benefits which will in turn reduce their poverty status. The result also shown that total expenditure is significant at 5% in a positive relationship with cooperative loan. This implied that as total expenditure (such as expenditure on children's education and acquisition of assets) increases, the more the co-operators demand for cooperative loan. Years of cooperative membership was significant at 1% in a positive relationship with cooperative loan. This indicated that as years of cooperative membership increases, the more. Co-operators have access to cooperative loan which will assist to reduce their poverty situations. The result also

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revealed that farming experience had a negative relationship with cooperative loans.

Table 2: Effects of Socio- economic Characteristics on Cooperative Credit among Cooperative Farmers on Poverty Reduction

Variables	Regression coefficient	Standard Error	T- values
Constant term	0.539***	0.287	7.85
Gender	0.312**	0.025	2.29
Age	-0.202		-0.40
Formal education	-0.05*	0.014	-1.92
Household size	0.004	1.91e-05	0.75
Total expenditure	6.357***	3.958	3.23
Years of cooperative membership	0.006***	0.441	3.03
Farming experience	-0.004**	5.645	-2.45
Occupation	-0.009	0.008	-1.06
Marital status	-0.078***	-2.20e-6	1.72
R <sup>2</sup>	-0.650		
R-square	0.596		
F-statistics	24.38***		
Df <sub>1</sub>	2		
Df <sub>2</sub>	98		

Source: Field Survey, 2024

\*\*\* Significant at 1%; \*\* Significant at 5%; \* Significant at 10%

**Determine the factors influenced cooperative credit accessibility on poverty reduction among house holds farmers.**

Logit regression model was used to examine factors that influenced cooperative credit accessibility on poverty reduction among house holds farmers. the effect in the study area. Five (5) variables out of eight (8) variables included were statistical significant. The significant variables are gender, cooperative interest on loan, farm size, years of formal education and total expenditure while the remained three (3) variables were not significant. Table 3, gender and cooperative loan interest were positively significant at 1%, farm size and formal education exhibited positive and negative significance at 5% significant level while total expenditure was significant at 1% with a

negative sign which denoted relationship total expenditure had inverse relationship with poverty reduction of the respondents. Cooperative dividend received by members, age and households welfare were insignificant relationship with poverty level of the cooperators in the study area. Reduction in their expenditures or expenses invariably save their income thereby reducing their poverty status. The years of formal education was significant at 5% in a negative relationship with poverty status of the cooperative farmers. This indicated that increase in years of formal education increases cooperator's accessibility to cooperative services which in turns reduces their poverty status or level.

Table 3: Determine the factors influenced cooperative credit accessibility on Poverty reduction among house holds faarmers.

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Df <sub>2</sub>	98		

**Problems encountered by cooperative farmers on loan accessibility to reduce poverty**

Based on findings of this study, table 4 revealed the problems faced by the respondents. The problems

encountered were ranked as follows which showed that low members' savings was ranked 1st, overdue loan was ranked 2nd, poor leadership was ranked 3rd, and change of government policy was also ranked 4th while lack of

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cooperatives education and training, favoritism of loan and lack of transparency by cooperatives management members were ranked 5th, 6th and 7th respectively. Loan default, poor cooperatives management, were ranked 8th and 9th respectively while high interest rate was ranked last 10th. Cooperatives executive members need to address the

problems encountered by members to ensure easy accessibility of loans to members in order fight poverty and reduce it to diminutive level if not totally eradicated among the cooperative farmers.

**Table 4:** Problems encountered by cooperative farmers on loan accessibility poverty reduction

VARIABLES	Yes		No		RanK
	Frequency	Percentage (%)	Frequency	Percentage (%)	
Overdue loan	80	80.0	20	20.0	3rd
Low members' savings	98	98.0	2	2.0	1 <sup>st</sup>
High interest rate	40	40.0	60	60.0	10 <sup>th</sup>
Loan default	56	56.0	44	44.0	8 <sup>th</sup>
Poor leadership	82	82.0	18	18.0	2 <sup>nd</sup>
Lack of transparency by Cooperative management members	64	64.0	36	36.0	7 <sup>th</sup>
Favouritism of loan	70	70.0	30	30.0	6 <sup>th</sup>
Poor Cooperative management	55	55.0	45	45.0	9 <sup>th</sup>
Lack of Cooperatives Education and Training	73	73.0	27	27.0	5 <sup>th</sup>
Change of government policy	75	75.5	25	25.0	4 <sup>th</sup>

Source: Field Survey Data, 2024

**Conclusion**

conclusively, the study revealed that majority of the respondents were males, agile, energetic, youthful and they also had formal education which indicated that they were literates. Cooperatives executive members need to address the problems faced by members to ensure easy accessibility of loans to members in order fight poverty and reduce it to diminutive level if not totally eradicated among the cooperative farmers. This implied that credit cooperative societies have been effective in reducing poverty which will eventually resulted to improve standard of living, good wellbeing, and increase income among cooperative farmers.

**Recommendations**

- (i) Farmers should be educated and enlightened more about effectiveness of cooperative credit in poverty alleviation or reduction.
- (ii) Government should provide credit facilities and technical assistance for farmers so to enhance their productivity and increase their income and also ensure to avoid tendency to dominate cooperatives.
- (iii) Socio-economics characteristics determinants which had direct link with family life enhancement, improved standard of living and productivity should addressed properly.
- (iv) Problems faced the respondents should be consciously exterminated, to increase the chance of farmers' profitability

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