



(REVIEW ARTICLE)



## Assessing the efficacy of cooperative societies in agricultural credit delivery: A comprehensive review in Nigeria

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### Abstract

The comprehensive review critically assesses the efficacy of cooperative societies in agricultural credit delivery within the Nigeria context. Agricultural credit is a crucial driver of rural development, and cooperative societies have long been recognized as instrumental channels for its dissemination. The review unfolds against the backdrop of Nigeria's agricultural landscape, aiming to offer a nuanced understanding of the multifaceted dynamics surrounding the performance of cooperative societies in facilitating credit access for farmers. The analysis spans historical developments to contemporary challenges, unraveling the evolution of cooperative societies in Nigeria and their pivotal role in supporting farmers financially. By examining a spectrum of cooperative models and their implementation, the review delves into the intricacies of credit delivery mechanisms. It evaluates the impact of cooperative societies on agricultural productivity, income generation, and overall rural livelihoods. Challenges inherent in the cooperative credit system are scrutinized, including issues of governance, financial sustainability, and external market influences. Furthermore, the review explores the socio-economic implications of agricultural credit provision through cooperatives, considering factors such as poverty alleviation, gender dynamics and community development. In light of emerging trends and innovation, the review identifies potential areas for improvement and innovation within cooperative societies. This includes the incorporation of digital technologies, novel financial instruments and strategic partnership to enhance the reach and effectiveness of agricultural credit delivery. Ultimately, this review aspires to contribute to the ongoing discourse on agricultural finance in Nigeria, offering insights that can inform policy makers, practitioners and researchers.

**Keywords:** Effectiveness; Cooperatives; Credit Delivery; Agriculture; Nigeria

### 1. Introduction

Gbigbi, (2020), reported that the agricultural sector in Nigeria stands as a cornerstone of the nation's economic development, playing a pivotal role in ensuring food security and livelihoods for a significant portion of the population. Recognizing the vital link between agricultural production and financial support. Cooperative societies have emerged as key player in facilitating credit delivery within the Nigeria context. By scrutinizing the operational dynamics challenges, this examination seeks to provide valuable insights into their impact on the agricultural landscape and contribute to the ongoing discourse on sustainable economic growth and rural development in Nigeria. (Oladele and Olagunju, 2013).

Agricultural credit has been recorded by some researchers (Ijioma and Osondu, 2015, Gbigbi, 2022) to be a great contributing factor to agricultural productivity and efficiency in Nigeria, Ukwuaba, Owutuamor, and Ogbu (2020). Ijioma and Osondu (2015), reported that agricultural credit insufficiency has been considered a barrier to the

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development of rural farmers and small scale business owners in Nigeria and the world at large. In addition to being a driving force behind the movement of agricultural products from local production sites to distant markets where higher market prices may be achievable, credit is defined as the capacity to acquire title to and receive items for use in the present. (Development bank,2012). Loans for the production, storage, processing, and selling of agricultural goods are known as agricultural credits. Depending on how long it lasts, this credit may be short-, medium-, or long-term. Notwithstanding the difficulties in evaluating farm finance, the availability of cooperative financing has been a crucial tool for raising farm produce output and welfare. The International Cooperative Alliance (ICA 2018), An autonomous association of people who pool their resources together willingly to meet their common economic and social needs and aspirations through a jointly owned and democratically controlled enterprise" is the definition of a cooperative. Like-minded individuals continuously establish cooperatives to achieve a mutually beneficial economic goal. According to researchers, cooperatives typically have a big part in providing services that advance agricultural development. Cooperative societies in Nigeria have played an important role in supporting agricultural activities financially and effective credit delivery, it is a non-profit/ non- governmental group of people united together to meet their common, economic, and social needs and goals through a business that is jointly owned and controlled democratically. Cooperative societies have the capacity to meet pressing financial needs which will help to improve production. Cooperative societies give out credit through its loan schemes to funds agricultural activities. Due to the effectiveness of credit delivery, the government of Nigeria has introduced cooperative society creation as a strategy to foster collective action aimed at increasing the productivity and efficiency of smallholder farmers (Gbigbi and Achoja ,2019).

The biggest issue impeding agricultural development continues to be a lack of ample funding. This is because the primary input in agricultural production is capital, and small-scale farmers, who create the majority of the country's agricultural output, continue to face threats from the availability of capital. The development of the agricultural sector in Nigeria has been acknowledged to rely heavily on credit and capital (Gbigbi, 2021). With time, Nigeria's government has developed financial policies aimed at raising small-scale farmers' living standards and increasing agricultural output. Unfortunately, a few of the quirks of smallholder farmers dispose of their produce, which have left them in a vicious cycle of poverty or example, limited financial access and profitable markets (Opeyemi 2019; Okeke Mbanasor and Nto 2019; Ndanittsa, 2017), Although farm credit can be obtained from both formal sources, such as banks and other government owned institutions, and informal sources, such as self-help groups, money lenders, cooperatives, and non-governmental organizations (NGOs), the Central Bank of Nigeria and the Federal Government established the bank of industry, cooperative banks, etc. to address the issue faced by small-scale farmers.

According to Egbo, Oguche, and Ikehi (2021), the institutional lending system has not been able to achieve its intended goal, which may be why credit is more popular among small-scale farmers due to its easy access, lack of burdensome procedures, collateral security requirements, and administrative delays. He claims that barely 15% of trading bank credit has been allocated to farmers. Due to bureaucratic procedures and hefty service costs that are extremely impossible for rural farmers to satisfy, these monies are not accessible to them, which is one of the main shortcomings of their transactions that he saw. The Federal Government of Nigeria was prompted to take action after the situation caught their attention. In spite of the importance of loan in agricultural production, its acquisition is fraught with a number of problems. The small scale farmers are forced to source for capital from relations, moneylenders and contribution clubs. All of these are known to be ineffective in providing capital for substantial increase in agricultural production. The last hope for the small scale farmers then lies with the cooperative societies, Ofem, and Arikpo ,2018), the cooperative has been identified to be a better channel of credit delivery to farmer than the NGO's in term of its ability to sustain the loan delivery function, Ajah, et al, (2014).

Therefore, to expedite the achievement of cooperative societies in agricultural credit delivery to small scale farmers and economic development, this review paper looked into previous research efforts on the impact of cooperative societies' effectiveness in agricultural credit delivery in Nigeria.

### *General Objectives of the Study*

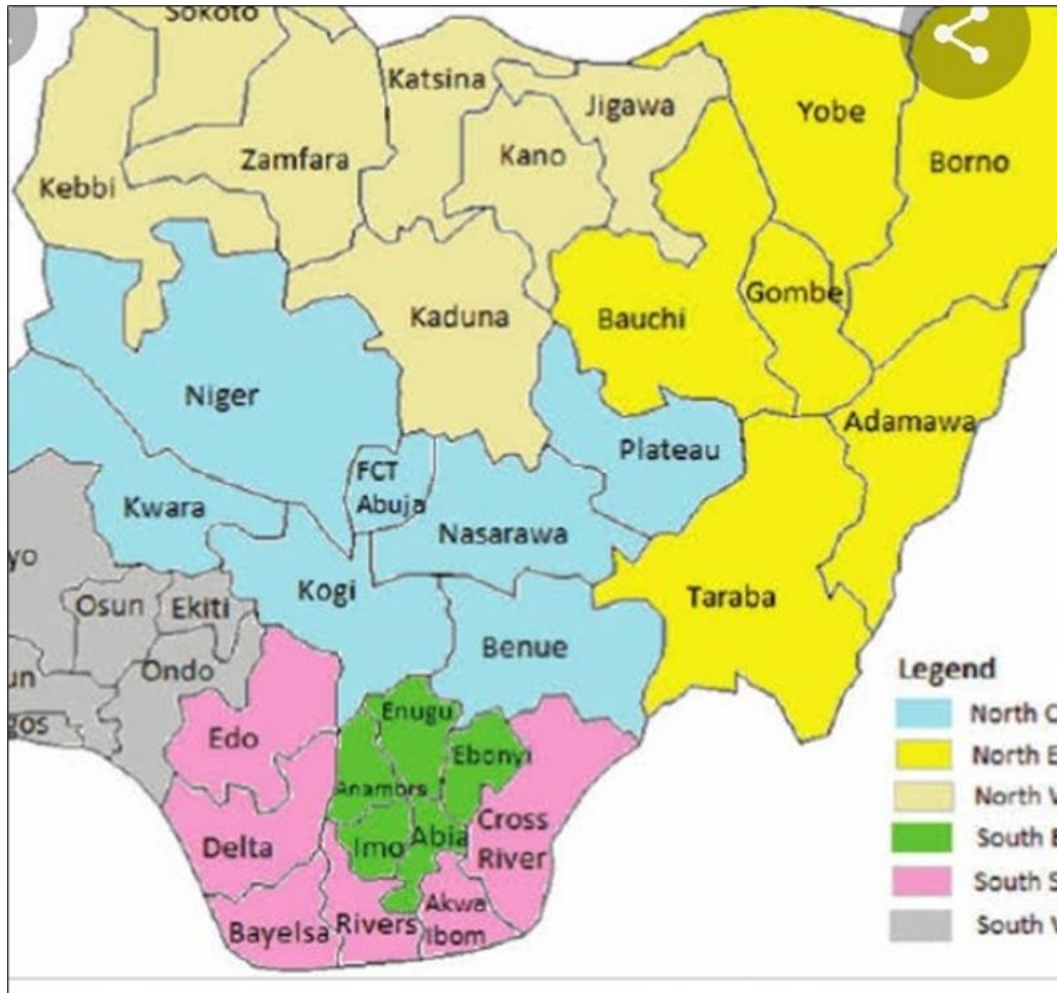
The study is designed to review assessing the efficacy of cooperative societies in agricultural credit delivery: a comprehensive review in Nigeria

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## **2. Methods**

In order to address the purpose of this paper, a methodical approach was used, heavily relying on published, peer-reviewed research on the evaluation of cooperative societies' efficacy in extending agricultural credit and their significant contributions to Nigeria's agricultural sector. These peer-reviewed studies were found using a variety of academic search engines, including Google Scholar, Web of Science, and Google. The following search terms were used

to find pertinent material for this review: 2012–2022," cooperative societies, and agricultural credit delivery and efficacy. The 215 papers were assessed to select the primary studies that are directly related to the assessment of cooperative society's effectiveness in agricultural credit delivery in Nigeria. The distribution of the primary studies done in Nigeria is illustrated in Figure i. to explicitly highlight the subject matter, this review also used articles published at a global scale to supplement the literature. It was noticed that some of the benefits and constraints cooperative societies faced in Nigeria are: cooperative societies helped small scale farmers in accessing credit facilities at an affordable interest rates, impact of cooperative financing on agricultural production, impact of cooperatives on food security and the problems/challenges of the effectiveness of cooperative societies in credit delivery in Nigeria. (ICA, 2018)



**Figure 1** The distribution of primary studies on the Assessment of cooperative societies' effectiveness in agricultural credit delivery in Nigeria

### 2.1. Cooperative Societies' Effectiveness in Agricultural Credit

In this field, relatively few investigations have been conducted in the calabar municipality of Cross River Stat, Nigeria (Ajah, Itam and Asuquo, 2018) assessed the efficiency of cooperative societies in providing loans to agricultural firms. To analyze the generated data, the study used a queue model and descriptive statistics were applied. According to the study;s findings, , 70% of the cooperators had been engaged in small-scale farming for longer than five years, with a mean age of 5.7 years. The average acceptance rate of cooperative organizations was found to be 94.5%, with an average traffic intensity of 1.06 and an idle time of -0.14. It was discovered that cooperative societies lacked efficiency in managing queues. Poor loan repayment and fund embezzlement (bad fund management) constituted cooperative organizations' two biggest obstacles to providing credit. Enhancing the appropriate handling of finances and increasing loan payback rates will boost cooperative management's managerial skills, resulting in a 100% approval rate and zero idle time. (Gbigbi and Uyo 2017)

The impact of cooperative financial intervention on the expansion of the catfish and aquaculture value chain in Nigeria was investigated by Gbigbi and Achoja (2019). Data were gathered from 120 individuals in the aquaculture value chain

using questionnaires. Descriptive statistics tools, the cost and return function, and a 4-point Likert scale type were used to examine the data. The study's findings showed that, respectively, 32.3% and 27.3% of processors and input providers accessed \$320,000 and \$270,000. Of the producers, just 18.2% had access to \$180,000. According to the outcome, there are more catfish producers than any other value chain participants. In the value chain, suppliers of inputs, processors, and marketers are dependent on catfish producers. Additionally, suppliers of catfish inputs and processors were able to obtain more cooperative loans. These groups comparatively large access to cooperative funds resulted in strong growth rate of 53% and 55% respectively. Inadequate financing availability and high input costs were the main obstacles to the expansion of the catfish value chain. To increase the effectiveness of their companies, owners and operators in the catfish aquaculture value chain ought to be urged to participate in management training sessions. In 2020 (Izekor and Alufohai) a study was conducted in the Ikpoza Okha LGA of Edo state, Nigeria to evaluate the effectiveness of cooperatives in the delivery of agricultural finance. In addition to determining the arrival rate of loan requests and the service rate, idle time and traffic intensity of the cooperative societies in order to assess their overall effectiveness in credit delivery, the study was able to identify the socioeconomic characteristics of the cooperative society's members' access to cooperative loans. (Enwa and Ewuzie 2023)

High input costs and limited loan availability were the main obstacles to the expansion of the catfish value chain. In order to boost their company's productivity, owners and operators involved in the catfish aquaculture value chain had to be urged to attend management seminar. (The performance of cooperatives in the distribution of agricultural loans in the Ikpoba-Okha Local Government Area of Edo State, Nigeria, was evaluated by Izekor and Alufohai (2010). In order to evaluate the cooperative societies' overall efficacy in providing credit, the study was able to pinpoint the socioeconomic characteristics of the members' access to cooperative loans. It also pinpointed the arrival rate of loan requests, the service rate, idle time, and traffic intensity of the cooperative societies. Surveys were sent to participants in the research region in order to gather pertinent data. A queue model and descriptive statistics were used to analyze the data that was sourced. Based on the results, cooperatives were able to approve 99.16% of loan requests overall and arrive at a 99.16% arrival rate of 43. Empirical results of the study showed that, cooperatives were very effective in credit delivery.

Ukwuaba, Owutuamor and Ogbu (2014), carried out a study on the assessment of agricultural credit sources and accessibility in Nigeria. Data for the study were analyzed using descriptive statistics and probit regression model. According to the findings, the majority of crop producers used informal sources—friends and family being the most common—to acquire financing, primarily for agricultural purposes. The majority of farmers who spoke with credit representatives over the phone stated that loan approvals were approved promptly. Although, probit regression revealed that the independent variables (gender, age, marital status, education, household size, farm size, membership of cooperatives and farming experience) were not significant in jointly affecting access to credit at all probability levels, however, membership of cooperatives had an individually negative significant relationship with access to credit at the 10% ( $p \leq 0.10$ ) level. It is observed that farmers should be mobilized into groups (cooperative societies) in order to maximize the benefits of collective investment or group savings.

<https://www.historians.org/about-aha-and-membership/aha-history>. Several cooperative societies in the region have successfully developed a financial system to support their business operations, which they called the "revolving capital method." This method is widely used in America and Canada, but it is not very effective in developing economies like Nigeria, according to the American Historical Association (AHS) (2021). The micro and medium-sized agricultural enterprises have profited from it since it was implemented in California a few years ago. With this approach, cooperative members made capital contributions based on the amount of business they did. The funds are returned to the members when fresh contributions are received to replenish the funds that the cooperatives reinvest in their treasury. The funds that are returned can eventually be utilized to fund agricultural ventures. If for instance about 500,000 dozen of eggs are sold by the marketing cooperatives each year, this could build up a fund of \$10,000 in one year, or \$50,000 in five years. Suppose that the capital needs of this cooperative are approximately \$50,000. At the end of a five-year period it has the amount of capital required for normal operations. In the sixth year, therefore, the \$10,000 arising from charges for capital can be used to pay off the deductions made for capital in the first year. In each succeeding year, the amount collected in capital charges can be used to pay off the amount of charges made for five years earlier. In this easy example, the capital of the association is revolved every five years. In the case of purchasing association, deductions for capital can be withheld from savings and used until they are replaced by later savings.

## 2.2. Impact of Cooperative financing on Agricultural Production

The study "The Effect of Cooperative Societies Saving Scheme in Rural Finance: Some Evidence from Nigeria" was carried out by Onafowokan (2013). The researcher used quotations, content analysis, and descriptive statistics. Upon completion of the study, it was found that cooperatives had successfully taught its members how to save money, no

matter how little, since they now find it easier to save than when they first joined the program. Through their interactions and socialization with other association members, the participants also gained a sense of self-worth. The scheme's savings capabilities enable members to cut back on wasteful expenses like buying new clothes and recreational alcohol, which makes them happy and satisfied as well.

Nebem, Raji and Isaiah (2019), analyze the Impact of agricultural cooperative finance on farmer's productivity and rural transformation. The population of the study was twenty (20) agricultural cooperative societies' members and thirty (30) non-members of agricultural cooperatives society given a total of (50) randomly selected from registered farmers in Etche Local Government Area.

Data for the study were gathered using a well-structured questionnaire. The study employed the Impact of Agricultural Cooperative Societies on Farmers Productivity and Rural Transformation Questionnaire (IACSFPRQTQ) as its research design. Four point rating scales were used in the instrument's structure: strongly agree (SA-4), agree (A-3), disagree (D-2) and strongly disagree (SD-1). Two experts verified the validity of the instrument. The test-of-significance approach was used to prove the instrument's dependability, and the results showed a reliability coefficient of 0.65. The z-test statistics were utilized to assess the hypotheses, and the mean and standard deviation were employed for analysis of the study issues. The study's findings demonstrated that "financing from agricultural cooperatives boosts farmers' income and output; boosts the sales and marketing of agricultural products, and facilitates rural transformation."

### **2.3. Contributions of Cooperatives to Economic Growth and Development**

The economic development of Oyo state, Nigeria, was examined by Ojeleke, et al (2020) in relation to cooperative societies. Multiple Regression and ANOVA were used to examine the gathered data. Regression analysis results indicate a multiple regression coefficient of 0.855, which is deemed highly significant. An F-value of 84.023, which is significant at 0.01 in the regression analysis, is obtained from the analysis of variance (ANOVA). As a result, poverty in the research area has been lessened. This indicates that the cooperative organization under investigation has improved the economic standing of its members. Among other things, it's advised that local cooperative societies be promoted to individuals at the grassroots level so they can take advantage of the cooperatives.

Dogarawa (2005), describe the role of cooperative societies in economic development and credit delivery. The main objective of the study was to carry out a systematic investigation to discover the ways in which cooperatives can act as agents towards sustainable community development. A descriptive survey was used to analyze the survey data, this methods involves the collection of data for the purpose of describing the role of cooperative societies in economic development. As a consequence of their growing role in promoting job creation, economic growth, and social development, the results showed that cooperative societies have been an effective and efficient means for people to exert control over their economic livelihoods for more than 160 years. The study comes to the conclusion that cooperatives need to consistently accomplish two connected objectives in order to be successful: maintain its status as a financially sustainable, creative, and competitive business; and increase viability and capacity to serve its members.

The Role of Cooperative Societies in Poverty Alleviation among Crop Farmers in Benue State, Nigeria. in their assessment of the unique contributions cooperatives can make to the fight against poverty, (Frederick, Guda, Nda and Obande, 2021), also examined the obstacles cooperative faced. Research reports journals, textbooks, and online sources provided secondary data for the study assessed the specific roles of cooperatives in poverty reduction as well as challenges militating against cooperatives. The study utilized secondary data obtained from textbooks, research reports, journals and internet sources. The collective Action theory was used to guide the study. The investigation was conducted with guidance from the collective action theory. In order to help agricultural producers, reduce poverty, the study highlighted the functions that cooperative organizations play, including but not limited protecting the rights of the underprivileged, defending the rights of producers and consumers, eliminating intermediaries exploitation, offering low-interest finance, offering low-cost goods and services, and raising awareness among cooperative members. The responsibilities in question are hindered by a number of challenges, including as low member education and illiteracy, a low financial base, high interest rates, restricted access to farmland, a poor management style, a limited membership, and insufficient government backing that impacts cooperative management. According to the paper's conclusion, cooperative organizations have benefited agricultural producers in Benue State, even though more has to be done.

Ajayi, Dada, and Obisesan, (2021), assessed the nexus between cooperative society and poverty alleviation in Ekiti state. The researcher adopted the descriptive research design for the study. A well-designed questionnaire was used to collect primary data, which was then analyzed using descriptive analysis and ordinary least square regression. The finding of the study disclosed that that cooperative societies and poverty alleviation in Ekiti State have a positive and an important relationship. The study also affirmed that cooperative societies have over the year's experienced crucial financial and

economic setback. The government, through appropriate agencies should provide loans with favorable terms and conditions to cooperative societies and cooperative societies should boost their periodic donation collection in order to obtain sufficient funding.

This paper was examined by Adekola and Dokubo (2017), regarding the ways in which Rivers State cooperative societies have been assisting their members in contributing to community development by reducing poverty. The investigation provided answers to three research questions. The population of this study comprised 2,355 members of twenty one (21) registered cooperative societies whose activities cover thrift and loan, and thrift and credit facilities. Stratified random sampling technique was used to sample 1,103 representing 50% of the members of the twenty one (21) thrift loan and credit cooperative societies which were used for the study. The study enabled members to identify that cooperative societies has been able to empower youth through their poverty alleviation programs. However, factors such as Lack of capital and corruption among the heads of cooperative societies in the State have been militating against the effectiveness of the cooperative poverty reduction activities. Therefore, in order to sustain the cooperative poverty reduction activities, cooperators need cooperative education.

Rowland, (2014), Investigate the origins, history, formation, and evolution of cooperative societies and their effects on the social and economic spheres in Nigeria. Additionally, to look into how cooperatives affect rural communities, particularly in terms of national, urban, and grassroots development. examine the social and economic impact of cooperative societies in Nigeria and to investigate into their origin, history, formation and development. Also to investigate the impact of cooperatives on rural communities, especially in the grass root, urban and national development. It was revealed that commercial financial institutions such as banks and insurance companies could play greater roles in the advancement of rural development than the cooperative societies. This is so because of the enormous contribution of these financial houses to the rapid, social and economic development of the people, and urbanization. The paper further reviews the various obstacles and bottleneck confronting the effective performance of cooperative societies in Nigeria, and proffer ways of providing solutions to these problems. The paper is of the view that as many as these societies may be in form, formation and groups, with their various tags, aims and objectives, government should aid and encourage these organizations to enable them stand and perform effectively since they are all contributive factors in the economic development and growth of Nigeria. (Ijioma and Osundu, 2015)

#### **2.4. Impact of Agricultural Cooperatives on Food Security**

Olaoluwa, (2016), analyzed the effects of Cooperative Credit on Cassava Production in Yewa Division, Ogun State Nigeria. In order to gather pertinent data, structured questionnaires were given to 120 respondents in the study area who were chosen using a sampling technique. While multiple regressions (exponential form) were utilized to statistically identify the factors impacting the degree of loan repayment among small-scale farmers in the research area, descriptive statistics were employed to assess the socio-economic characteristics of the respondents. Findings also revealed that average number of these farmers had farming experience falling between 5-10 years being married, operating with less than 5 hectares which classify them as small scale farmers. The result of the repayment function postulated for the respondents in the study area showed that 89.7% of the regression was explained by the regressors. The result obtained in this study also revealed that the farming experience, credit use, interest rate charged, total expenditure on production, and loan repayment period were the major significant farm socio-economic variables determining loan repayment in the study area. Salman, and Akinbosoye, (2013), conducted a study on the impact cooperative societies on food security status among cooperative and non-cooperative farming households in rural Akinyele Local Government of Oyo state. Food security index, descriptive statistics, and the probit model were also used to examine the data. Using food security index measured based on daily energy level of 2450kcalories, the food security line (Z) for all the farming households surveyed, co-operator and non-co-operators, were estimated at ₦141.0308 per day per adult equivalent (equivalent to ₦4,231.14 per month per adult). While 76.4% of the sampled cooperative farming households were food secure, only 56.6% of the non-cooperative farming households were food secure. Whereas age and household size were common significant determinants of food security among both cooperative and non-cooperative farming households, education (0.0034) and monthly income (0.0043) were only significant for the co-operators. It is concluded that respondents belonging to cooperatives were relatively more food secured than non-co-operators. It is therefore recommended that farmers be encouraged to form and join cooperative society and that cooperative activities should be assisted especially at their formative stage as this can serve as a hub to meeting the Millennium Development.

The study was carried out in Aniri Local Government Area of Enugu State by Uchenna and Olabisi (2017). The study aims to ascertain the socio-economic characteristics of farmers, identify the services that they can access within the NPFS, ascertain the extent to which agricultural services are available within the NPFS, evaluate the impact of utilizing agricultural cooperative societies in the implementation of NPFS, and investigate the obstacles. Using a standardized

questionnaire, data were collected from cooperative farmers and ADP workers. Simple percentage and statistical package for social sciences (SPSS version 17) was employed in analyzing the data and correlation analysis was used to pair the two variables (farmers and extension workers) and t-test was used to test the hypothesis. The study found that joining an agricultural cooperative is a practical way to take advantage of the NPFS's agricultural services. The study also showed that there were several obstacles that farmers and ADP extension agents had to overcome in order to meet the program's objective.

Ndanitsa, Adetunji, Mohammed and Ndako (2021), also examined the performance of agricultural cooperative credit delivery on income of arable crop farmers in Niger State, Nigeria. The researchers adopted the multi stage random sampling technique and questionnaire were distributed among the respondents in order to source information for the study interview was also scheduled for some of the respondents, a total sample size 326. Data were analyzed using descriptive statistics, simultaneous equation model and Chow test. At the end of the analysis, it was discovered that 60% of the respondents were within the age brackets of 31 – 50 years with average age of 45 years. The majority of responders (78%) farmed between 0.5 and 3.0 hectares. At the  $P \leq 0.01$  probability level, the factors influencing agricultural credit, prospective credit demand, and loan repayment were all significant. The cost of loan applications, interest rates, size of the farm, and expected loan repayment all had a substantial and crucial role in determining the demand for credit among farmers. Nevertheless, coefficient of Negative application form costs imply that beneficiaries' desire for credit is decreased by high loan application costs. Also, as drivers of credit supply, lending experience, transaction cost, credit source, and interest on loans were significant at  $P \leq 0.1$ ,  $P \leq 0.1$ ,  $P \leq 0.05$ , and  $P \leq 0.01$ , respectively. As a result of loan diversion, inadequate information and equipment, late release of approved money for disbursement, and illiteracy, the outcomes were obtained.

The main obstacles faced by loan recipients were ignorance, inadequate loan payback, and a lack of infrastructure. The lack of supervision and advisory services, excessive bureaucracy, poor credit delivery, high interest rates, collateral requirements, short repayment terms, favoritism, and incompetence on the part of some association leaders were among the obstacles that farmers faced when applying for credit. It was suggested that in order to bring about the necessary change in the way credit is delivered in the research region, cooperative societies be formed, reliable credit officers be employed, and farm sizes be increased. (Akanni, Olumide, Oyetoki, Asunlegan, Salako, and Jatto, 2020), examined the contribution of cooperative societies to rural farming in Ido local government area of Oyo State, Nigeria. Data were obtained from 60 farmers using the multistage sampling technique and were analyzed using descriptive statistics and multiple regressions. The result discovered that 55% of the respondents fall within the age bracket of 20-29 years while 58.3% were females. The regression result showed that the source of credit, the amount borrowed, and usage of the loan with a p-value of the amount borrowed (0.0244), usage of loan obtained (0.0042), and constraints encountered by farmers (0.0039) have a significant impact on agricultural production. Results showed that 10.0% of the respondents sourced the credit for agricultural production from contributions while 45.0% of the respondents sourced their credit from cooperative societies. A total of 16.7% of respondents reported obtaining loans for less than ₦50,000, while 78.3% reported using their loans for farming purposes. 71.6% cited a main obstacle to loan acquisition as the absence of guarantors. In order to guarantee that agricultural cooperatives, provide the societies with adequate services, it is advised that the government provide them with a framework of regulations and administrative procedures.

The Ilorin West Local Government Area served as the site of Adegoke and Agbasi's study on the role agricultural cooperatives play in promoting food security in Kwara State, Nigeria. The information for this study came from a survey of 100 farmers in the local government area. Food insecurity is a major problem of the twenty-first century that affects people almost everywhere in the world. Nigeria is not exempt from the impact of this main cause of economic depression. Various actions are being taken by governmental and non-governmental organizations to address this issue. The relevance and effects of agricultural cooperative societies—both governmental and non-governmental—on the improvement and advancement of food security are examined in this study. Even though it has had certain obstacles, it recognizes and commends the success of the societies in addressing the difficulties faced by farmers. The findings show that most farmers (60 percent of the respondents) are members of an agricultural cooperative, which has increased their output. According to the results, men are also more involved in farming in the research area than women are; Both governmental and non-governmental organizations are taking various measures to put a stop to this challenge. This paper is looking into the significance and impacts of the agricultural cooperative societies both governmental and non-governmental ones—on the enhancement and promotion of food security. It identifies and praises the effectiveness of the societies on the challenges faced by farmers even though cumbered with some setbacks. The result indicates that the majority of the farmers (60% of the respondents) belong to one of the agricultural cooperatives which has in turn boosted their productivity. Also, the result indicated that men are more engaged in farming of one crop or the other in the area under study more than women i.e., 83% male participants compared to women with 17% participants.

(Akerlele and Idowu, 2018), conducted a study on the effects of cooperative societies on poverty Alleviation among Food crop Farmers In Ijebu – North Local Government Area of Ogun state. And it showed that against the background of severe and high incidence of poverty in Nigeria, the governments have established institutions and mount different programs to address the issue of poverty. The study drew a sample of 105 household heads through a multi – stage sampling technique. Questionnaires were used to obtain data from respondents and the data obtained were analyzed using the descriptive statistic measures, the poverty depth analysis and regression analysis. The findings show that the socioeconomic traits of the respondents have an impact on their degree of poverty. As per the data, the least number of people living in a household was associated with poverty. While some non-farmers have profited from cooperatives, a large number of farming households surveyed did not belong to cooperative societies. These initiatives were founded on the idea that low-income people require access to affordable financing in order to escape poverty and support their farming livelihood. Reviewing the scope of poverty in the nation, assessing a few of the organizations and initiatives aimed at mitigating it, and figuring out how much cooperative societies have contributed are the goals of this study. Even while cooperative societies are acknowledged as crucial for providing microfinance services, a different strategy for their promotion is required, one that puts the needs of the underprivileged first and is dedicated to long-term growth. cooperative societies.

## **2.5. Problems/Challenges of the Effectiveness of Cooperative Societies' in Credit Delivery**

Lawal, (2021), Conducted research on Nigeria's microcredit difficulties from the standpoint of cooperative societies. Inadequate capital bases typically restrict cooperative groups' ability to give money to the underprivileged and low-income population (Asaolu, 2004). As an illustration, some cooperative societies retain capital as low as 50,000 naira, indicating the maximum amount that members may be loaned. The other critical element was leadership. The cooperative society will prosper if there is intentional leadership, if leaders are open, committed, and genuinely serving. A true leader does not skimp on quality, does not exaggerate contracts to collect bribes, does not favor some members over others, and does not mismanage the resources. Members become disinterested since most leaders lack focus and frequently misuse the meager funds that are provided. The research employs a primarily exploratory technique and suggests the establishment of suitable legal frameworks to guarantee the complete integration of cooperative methods into the microfinance policy framework. Once the data was analyzed, it became clear how cooperative societies' potential and capacity were underutilized, which in turn had helped other nations flourish. Therefore, for sustained growth and development, the government should make sure that microfinance banks establish relationships with the underprivileged and low-income group through cooperative societies. (Alufohai, and Okorosobo,2013).

(Fredrick et al 2021), conducted a study on the challenges and prospects of saving and credit cooperative societies in South Wolo zone, in Ethiopia. The data collected were analyzed by using descriptive statistical methods and amplified simple index model analysis and the results revealed that lack of knowledge and capacity of management committees and poor members 'participation, lack of transparency and accountability, lack of appropriate support from cooperative promoters and NGO's, and non-awareness of the existing opportunities by the members are the main challenges to loan accessibility and delivery. Providing members driven services, providing training, education, and information to all stakeholders. (Adereti and Oladejo 2009).

Oladejo, Yinus, Adebayo, (2021), Experience from Nigeria regarding the difficulties in implementing cooperative funding and delivery methods in an online retail setting. Regression analysis was used to examine the factors that influence cooperatives' adoption of e-commerce and how it affects cooperative operations. The study included 150 employees from various cooperative societies in the state of Lagos. The data collected was analyzed using a correlation matrix to model the relationship between cooperative service delivery and e-commerce. It was shown that cooperatives were increasing their e-commerce operations based on e-payment systems, e-dividends, e-accounting, and e-services and E-business) lead to increase in service delivery of Nigeria cooperative organization (F-Value-13.36; P-Value-0.000). Also several challenges were faced conducting cooperative business online, the main challenges was the fear of E- fraud by member's @mean of 3.79, security of information @mean of 3.62 and technophobia @mean of 3.58).

Singh (2016), Agricultural cooperative societies have the potential to provide small-scale farmers with affordable loans, which would make them an excellent institution. This was the finding of an empirical study on the issues, difficulties, and future prospects of agricultural cooperative societies in providing credit to their members. This article looks at why growth has been so slow and emphasizes the challenges and new role that the cooperative sector is facing. Considering how step motherly the treatment of cooperatives used to be, they are today viewed as a crucial component of growth. When it comes to solving issues with food security, employment creation, and poverty alleviation, cooperatives have an inherent edge. Although cooperatives are thought to have enormous potential, they can also have a number of drawbacks and weaknesses, such as inadequate management, poor infrastructure, an excessive reliance on the government, dormant membership, a lack of election conduct, a weak human resources policy, a lack of professionalism,



etc. Strong communication and public relations techniques should be developed in order to encourage the idea of mass cooperation. It should advance by creating practical plans to get past current obstacles and ensure that it keeps growing. (Adeola and Adebayo, 2008).

Cooperative societies are organization that are made up of liked minded people who have come together to contribute their resources for their common benefits. They are jointly owned and managed by members. Despite the benefits of these societies, they are challenges faced by them to effectively carryout the service of credit delivery for agricultural production in Nigeria. Some of these problems include; lack of commitment and responsibilities, insincerity and dishonesty, overdue loans, insufficient capital and absence of statistical data.

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### 3. Direction for Future Research

Cooperative societies play and a vital role in financing small scale agricultural activities, credit delivery to farmers, food and nutrition security of millions of people in Nigeria (Belhabib et al. 2016; Obiero et al. 2019; Tran et al. 2019; Adebite, 2009), although the cooperative societies are faced with some constraints/problems that disrupt their activities. Studies have been carried out on the assessment of cooperative societies on agricultural credit delivery and its effectiveness, mainly at state and local government level, but the extent of credit delivery is not homogenous across state and local government areas. Therefore, to understand the effectiveness of cooperative in credit delivery, research should focus on investigating the contributions of cooperative societies to agricultural production, constraints/challenges affecting cooperative finance and how it has affected the credit delivery to small scale farmers in Nigeria. Farmers' looked for credit in different sources, henceforth, it is important to identify the best methods of credit assessment and understand what determines the adoption of particular source of finance. To enhance the effectiveness of cooperative societies' in credit delivery in Nigeria, joining or belonging to cooperative society, it is important to identify the benefits of cooperative societies in credit delivery by using the benefits of cooperatives to agricultural production.

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### 4. Conclusion

The review revealed that some appreciable efforts have been made by researchers to look into the efficiency and effectiveness of cooperative societies in agricultural credit delivery in Nigeria. Particularly, efforts have been made to look at the impact of cooperative societies on economic growth and on agricultural production, poverty and food security status of rural farming households. However, in the Nigerian context, there is still a gap in literature on the subject matter. The study also showed that cooperative societies if properly managed will enable farmers' access to agricultural loans. The cooperative societies had a high approval rate, service rate in accordance with the arrival rate resulting in low traffic intensity and zero idle time, a reflection of a good queue system management and the effectiveness of the cooperative societies in credit delivery. Funding of agricultural programs and the extending of credit to farmers should therefore be directed through cooperative societies because of their reliability and effectiveness in disbursing agricultural funds to farmers.

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### Compliance with ethical standards

#### *Disclosure of conflict of interest*

No conflict of interest to be disclosed.

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