

**FINANCING AGRICULTURAL COOPERATIVE SOCIETIES IN NIGERIA:
CHALLENGES AND PROSPECTS**

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ABSTRACT

This paper looked at the challenges and prospects of financing Agricultural Cooperatives in Nigeria. The objective of the study is to find out the contribution of financial institutions to

Agricultural Cooperative financing and if there is any significant relationship between the factors inhibiting Agricultural Cooperatives and Non-Agricultural Cooperatives. The results of the study confirmed that there is no significant preference in the extension of loans to Agricultural Cooperatives by financial institutions and that there is a significant relationship in the factors affecting the performance of Agricultural Cooperatives and Non-Agricultural Cooperative. The study identified amongst others lack of credit facilities, loan default, lack of basic infrastructure, lack of securities, and technical expertise as the challenges of agricultural cooperatives financing in Nigeria.

Keywords: Agricultural Cooperatives, Non-Agricultural Cooperatives, Agricultural Cooperative financing, Non-Parametric test Statistics, Commodity Exchange, Cooperative Law

INTRODUCTION

In developing countries, desertification, population pressure, overgrazing, use of dangerous chemicals as fertilizers and pesticides and the destruction of forests are the most important ecological dangers causing and being reinforced by global changes of climate. According to Muenker (1994) assessment, the FAO (Food and Agricultural Organization) and the World Bank, limits of sustainability of the world ecological system have been reached or even passed. He went further to support these facts with the following points:

Tropical forests are reduced by 11 million ha per annum; the loss of humus layer on agricultural land exceeds regeneration by 26,000 million tons per annum; wrong farming methods turn 6 million hectares- per annum into new desert; thousands of lakes are biologically dead and many more are dying; the level of ground water is falling in large parts of Africa, China, India, North America; some 1000 species of plant and animal life are extinct every year, within the next 20 years one fifth of all known species would have disappeared; the global climate, the temperature will rise by 1.5 to 4.5 degrees Celsius until the year 2030; the sea level will rise by 1.4 to 2.2 meters by the year 2100.

Before the oil boom, agriculture and its various cooperative facets have done Nigeria a lot of good by providing the foreign exchange and the wherewithal needed by the nation to provide the infrastructure and social needs of the people. It is unfortunate that the hen that laid the golden egg of yesteryears is now neglected. The word Agricultural cooperatives/Agricultural cooperative societies are used interchangeably. The brain behind cooperative movement lies with Roodale pioneers in 1934. The guiding principle was self help. But the boundaries has been overshadowed by cooperative farmers in developed countries and they have made significant contribution to their various economies GDP. Agricultural cooperatives have been formed for production of food and cash crops. Of course, cooperatives like any other enterprise will need funds to finance their operations. Whether or not innovations in cooperatives can be undertaken and financed, will largely depend on the capability of the leadership and management to mobilize members' resources.

In developing countries, appropriate technologies have been developed for use of solar energy. For example, to cook food without firewood, to catch rainwater to be used during the droughts, to introduce sophisticated irrigation scheme, new high-yield varieties of plants, however, all these known technologies are not reaching the masses of the population. In developing countries, mass poverty, high unemployment, inflation, unfavorable terms of trade for export crops and the burden of foreign debts constitute a bleak picture for agricultural cooperative. Nigerian cooperatives had their genesis in the wake of the world depression of 1929-30. The major interest of the colonial masters in introducing cooperatives at that time was agricultural cooperatives.

In developing countries, the joint family social security network, which, however starts to show strains, especially where poverty, scarcity of land and political unrest forces people to migrate, leaving children, women and old people behind. Many large cooperatives have perished despite growth, through overstretching of their resources and capabilities. Attempts have been made to adjust the cooperative model to needs of survival of cooperative law close to the company model. This would mean opening new ways of raising capital from members and non-members and ultimately from the capital market. For example, making cooperative shares more attractive for investors, giving board managers more autonomy to manage the cooperative enterprise without too much interference from the membership in general meeting or their elected representatives would make individuals and institutions to patronize Agricultural Cooperatives.

Globally, attempts have been made to promote and finance agricultural cooperatives. According to the Federation of Danish Cooperatives, (www.wise.edu), agricultural cooperatives have decided in the past to organize the refining of their products in a corporation and have been able to obtain capital from banks, insurance companies and pension funds. They keep majority of the stocks of corporation but the risk is shared with others. The two most export oriented sectors; pigs and milk are owned by cooperative enterprises. Agricultural cooperatives constitute 30 percent of Danish export because they are adequately financed and they employ consultants to counsel their members.

The International labour Conference (ILO), 89th session, June 2001 opined that a new development in the agricultural sector which emphasizes on vertical integration from

primary producer to final consumer. In the United States the so called New Generation Farmers Cooperatives (NGFC) have given farmers larger earnings by selling processed products instead of raw products. This NGFC model has substantially impacted on the hitherto neglected rural areas. NGFC model has since spread from North Dakota and Minnesota, to Wisconsin, California, South Dakota, Iowa and Canada.

According to ILO (2001) “in Japan, agricultural marketing cooperatives handle 95 percent of rice while in Finland cooperatives are responsible for 79 percent of agricultural and 31 percent of forestry production. In Italy, the Government has favored the creation of cooperative funds to finance the initial establishment of new cooperatives In the Czech Republic, members of agricultural cooperatives have been able to claim ownership of land and resume private farming since 1989 and this has led to most agricultural collectives transforming into companies of shareholding members.”

The International labour conference also reported that the number of members of financial cooperatives increased by about 350 percent from 1960 to 1986. At the end of 1997, the World Council of Credit Unions (WOCCU) alone comprised 34,839 credit unions and 95,926,879 members in 28 Africa, 11 Asian, 3 Pacific, 13 Caribbean, 16 Central and South America and 5 North American and European countries with more than 72.5 million members in North America alone. The ILO (2001) also posited that:

“ In Russia the Government was able to reorganize Sowchos (state farms) into shareholding companies and Kolchos (collective farms) into real productive cooperatives. But in Zimbabwe, agricultural cooperatives have suffered severely from increase input prices, transport costs and unreliable access to credit. In India 43 percent of agricultural credit comes from saving and credit cooperatives. In Latin America, some regional federations have successfully taken on operational functions, permitting the transfer of capital between national savings and loan systems, thereby increasing their finances.”

Some specialized local Non-Governmental Organisations (NGO)'s are now filling the vacuum in the field of cooperative promotion at the grassroots level and community organizations in developing countries. In India, the Sad guru water and Development foundation in Gujarat has assisted tribal groups in the recent years to establish more than 200 primary cooperatives to generate employment income.

According to Hoyt (1996) the previous restrictions on dividends to members of cooperatives did not encourage members to invest beyond the required amounts. This limitation was lifted by International cooperative Association (ICA) in 1995 to compensate capital and labour fairly. From the ILO (2001) report, in the United States more than one thousand productive cooperatives employed about one hundred thousand workers and twelve million salaried staff. The research department of the Central Bank of Nigeria (1999) reported that over 70 percent of the former Nigerian Agricultural cooperative Bank operations are directed to large-scale agricultural organization. In spite of this, there is no visible contribution from this sub-sector. Obiako (1985) identified some of the problems of agricultural credit to non-existence of insurance, high interest charges on loans making the cost of borrowing higher than normal.

Grower (1986) cited in CBN research report (1999) stated that the benefit of credit scheme enhances agricultural output. According to Beghin, Bureau and Park (2003) the Republic of Korea has supported its agricultural sector at a relatively high level compared to that of other member countries of the Organization for Economic Cooperation and Development (OECD). Bature (2003) in her scholarly contribution identifies the principal problems facing agricultural financing in Nigeria to include lack of credit facilities, lack of technological know-how, lack of basic infrastructures and lack of securities. Okuneye (2002) opined that interest rate should be worked out between government at various levels, the financial institutions and the apex bodies of the farmers including cooperatives. Okongwu (1991) opined that to boost agriculture, bank interest on loans to agricultural enterprises should enjoy 100percent tax exemption. Balogun (1993) in his contribution stated that agriculture has important linkages and interrelationships with the rest of the economy as it provides important raw material for industries, food and fibre for the populace. Ogunwale et al (1992) argue that high cost of administering fund, substantial payment of annual taxes preclude banks from extending facilities in the development of agronomic and pest/diseases control measures for the attainment of optimum yield and quality of crops and livestock, and preservation of soil quality. Ahmed (1985) opined that banks see agricultural enterprises as very risky ventures in which they should not commit depositor's funds. Besides, dispersion of small and peasant

farmers as well as low level of education among farmers; difficulties of acquiring land especially in the southern part of Nigeria and inadequate infrastructure constitute a bulwark to Agricultural Cooperative. The rest of the paper is divided into the following sections. In Section 1, we present the objective of the study, statement of the problem.. Section 2 dwells on financing of organizations, Section 3, discusses the research methodology of the study while Section 4 contains discussion of findings. The paper ends with recommendations and conclusion

STATEMENT OF THE PROBLEM

In the sixties and the seventies, agriculture contributed over 75% to the gross domestic product of Nigeria. The advent of oil boom has changed the tide coupled with gross neglect of the sector by government and the general public. This may not be unconnected to the lackadaisical attitude, lust for white collar jobs, inefficient management by agricultural cooperatives, absence of accountability and transparency by authorities. Many parts of the world give preferential treatment to primary producers including agricultural cooperatives societies by way of subsidies in order to boost food production. In the literature, the consensus of opinion is that financial and credit institutions have less preference for agricultural cooperatives that are closely connected with the grassroots. Absence of basic infrastructure, lack of processing and storage facilities, lack of collateral and personnel amongst others have been an impediment to the smooth operation of agricultural cooperative societies for a very long. Against the backdrop of government insistence on self-sufficiency and self-reliance, agricultural cooperatives societies can make meaningful contribution to food production if given the necessary technical and financial assistance.

The research questions arising from the statement of problem are:

- (i) Does financial and credit institutions really support agricultural cooperatives in Nigeria?
- (ii) Are the impediments to smooth operation of agricultural cooperatives in Nigeria still present?

OBJECTIVES OF THE STUDY

Despite the oil boom that dampened the enthusiasm for agriculture, Ijere (1992) posited that lack of capital is responsible for decrease in food production due mainly to the absence of finance to procure sophisticated equipment and the continuous use of simple and primitive tools. In view of the potential of agriculture as a mainstay of the economy and the neglect it has suffered in the past, it is against this background that the writer has been attracted into this area of study.

The specific objective of the study is aimed at revealing if financial institutions give preference to agricultural cooperatives and also to show if there is any relationship between the challenges facing agricultural cooperatives and non-agricultural cooperatives.

FINANCING OF ORGANISATIONS/ASSOCIATIONS

For meaningful agrarian revolution to take place in any nation and to attain self-sufficiency in food production, provide raw materials for the industries, and to revive export trade there is need for adequate financing of the agricultural sector. Over 70 percent of the Nigerian populations are living in the rural areas and they contribute between 80 percent and 90 percent of the food production in Nigeria and these small peasant families live in appalling conditions of poverty, ill health, illiteracy and squalor. To this end, a proactive cooperative movement working together for the same end that is for mutual benefit in the field/fields is inevitable. Cooperatives have contributed immensely to the GDP, effective mobilization of labour, combination of agro-industrial development with promotion of a more egalitarian distribution of economic growth in many countries in the world including China, India, Israel, Yugoslavia, Czechoslovakia, Japan, France, East Germany, Russia, Tanzania, Dahomey among others.

According to Ijere et al (1986) agricultural cooperative was formed in Nigeria as far back as 1922 through cooperative Cocoa fermentations. 1934 marked the beginning of organized cooperative movement in Nigeria. The major thrust of the cooperative movement is in the rural sector and they are found in agriculture credit, marketing and processing of agricultural produce, supply of farm inputs and distribution of consumer

goods. In Nigeria collaterals do not back most loans to cooperatives but by the integrity of individual members who pledge to fulfill their promise Government at various times also compound problems for cooperatives through inappropriate policies and fiscal measures. Soeze (2004) asserted that Nigeria was once the world's largest producer of palm oil and palm kernel, the world's second largest producer of cocoa, a world-recognized producer of groundnut and cotton. This feat, which was achieved amongst others through agricultural cooperatives, was noticeable a few years before and after the country's independence. The sudden slack is due to our lackadaisical attitude or inefficient management and absence of accountability and transparency.

There are instances when government encourages the production of local rice but goes the other way to liberalize the importation of foreign rice thereby endangering the fortunes of local producers. Many parts of the world give preferential treatment to primary producers inclusive of agricultural cooperative societies by way of subsidies and low interest rates. The lending institutions avoid lending to agricultural cooperative societies because of additional costs such as supervision costs in manpower, time, stationery and equipment. Despite the problems of agricultural cooperatives, they have made giant strides in their growth. Agriculture cooperatives are now found in world Bank-finance ADPs especially in Gusau, Ayangbe, Gombe, Bida; Lafia e.t.c. From only two cooperative colleges in 1962, there are today more than 20 institutions where cooperative education can be acquired. Unlike the situation before the Nigerian civil war (1967-1970), Nigerian cooperatives have assumed a more qualitative status. There exists cooperative department in all local, state and federal ministries in Nigeria. At the federal level cooperatives matters are handled by a department and supervised by Director. At the state level, cooperative division under t/he chief Registrar of Cooperatives handles cooperative matters while supervisory councillors for Agriculture at the local government area are in charge of cooperatives at the grassroots. The question remains that to what extent have they encouraged the promotion and financing of agricultural cooperatives in Nigeria?

RESEARCH METHODOLOGY

Test of Hypotheses

The following Null hypotheses were tested:

- 1 Financial Institutions in Nigeria do not give preference to agricultural cooperatives societies in the extension of loan.
- 2 That there is no significant relationship between the data given by the officers (Agricultural Cooperatives/Non-Agricultural Cooperative) in their ranking of the ten factors affecting food production in Nigeria.

Scope and Method of Data Collection

The scope of this study was limited to Agriculture Cooperatives a sub-sector of the agriculture sector and Non-Agriculture Cooperatives. The data for this study were collected through the use of questionnaires, oral interviews conducted on the agricultural and non-Agricultural cooperative farmers/officers. Secondary sources of data like textbooks and journals were also used. A total of fifteen Agricultural Cooperatives and fifteen Non-Agricultural Cooperatives in Ogun and Lagos states were sampled. A total of one hundred and twenty copies of questionnaires were sent out and eighty-four were retrieved giving us a response rate of eighty percent. A sample size of eighty-four respondents made up of 34 people that are self employed and 50 that are in paid employment, residents in Ota and Lagos make up the sample frame. A cluster sampling method was used to select the Agricultural/Non Agricultural cooperative societies and the systematic sampling method was then used to select the locations. There after, the simple random sampling method was used to administer the questionnaires to respondents.

The questionnaire was properly structured to generate YES or NO answers in some cases in order to increase rate of response from the sample frame (Agriculture Cooperative/Non-Agriculture Cooperative). Non- Parametric test statistics such as the Chi- Square test statistic and Spearman's Coefficient of rank correlation whose values take between -1 and $+1$ were applied to the null hypothesis to empirically subject the data to statistical decision. The test for Correlation Coefficient is represented as follows:

The test statistics is $t = r$

$$\frac{\sqrt{1-r^2}}{n-2}$$

The Chi-Square test statistic is calculated as:

$$X^2 = \sum_{i=1}^n \sum_{j=1}^c \frac{(o_{ij} - e_{ij})^2}{e_{ij}}$$

Where o_{ij} = observed frequency in the row and i th column

e_{ij} = is calculated by the formular

$$e_{ij} = \frac{n_{i.} \cdot (n_{.j})}{n}$$

The table 1 below shows that out of 84 respondents, 30 or 35.71% strongly agree, 40 or 47.62% agree, 10 or 11.90% disagree, while 4 or 4.80% were neutral. On the basis of this, the following analysis and test were made using the chi-Square statistical tool to arrive at the conclusion.

The probability that a respondent would hold to any view is $\frac{1}{4}$ of the observations. Then, the expected probability is $\frac{1}{4}$ (84) = 21 which is used to form the expected frequency. The risk of rejecting the Null hypothesis otherwise called the significance level was chosen to be 5 percent thus, producing a confidence level of ninety-five percent. Based on the number of columns and rows under table 1 three degree of freedom was established. The degree of freedom is computed as: $K = 4$, $df > k - 1$, $4 - 1 = 3$ and at 95% level of confidence, the table value is 7.815 under a one tailed test and the Chi-squared was calculated to be 40.53, we therefore accept the null hypothesis.

The model specification used in testing the second hypothesis is the Fielder's contingency model, which ranked relationship between leadership and organizational performance. In the hypothesis tested the response elicited from respondents ranged between one and ten points, with ten points indicating the most unfavorable rating. Agricultural Cooperatives and Non-Agricultural Cooperatives were asked to rank the following factors affecting the promotion of agricultural cooperatives financing. The factors rated are minimum support from financial institutions, absence of basic infrastructure, processing and storage facilities, government interference, absence of

technical assistance, environmental factors, illiteracy, lack of collateral and lack of personnel. Five percent is used as the appropriate level of significance. The test above is to find if there is difference in the factors affecting the performance of agricultural cooperatives and non-agricultural cooperatives. The test of significance for the correlation coefficient is used:

$$R = \frac{\sum(XY) - NXY}{\sqrt{\sum(X^2 - NX^2)(\sum Y^2 - NY^2)}}$$

X = Scores for agricultural cooperatives

Y = scores for non-agricultural cooperatives

N = 9

r = Coefficient of Correlation. This measure of linear correlation between two variables.

X = $\sum x/n = 57/9 = 6.33$

Y = $\sum y/n = 46/9 = 5.11$

XY = 301

X² = 385

Y² = 256

$$R = \frac{\sum(XY) - NXY}{\sqrt{\sum(X^2 - NX^2)(\sum Y^2 - NY^2)}}$$

r = 0.88

511.77

r = 0.4360

The result shows that there is positive correlation in the factors inhibiting the performance of agricultural and non-agricultural cooperatives

Test of significance of the correlation coefficient; i.e. whether the value of r is different from zero

H₀ : r = 0

H₁ : r ≠ 0

The test statistics is t = $\frac{r}{\sqrt{1-r^2}}$

$$\frac{\sqrt{1-r^2}}{n-2}$$

0.4360

0.1285

Since $r = 0.436$, $t = 3.39$, observe t value = 3.39 critical t value = $t(0.05) = 1.83$

Since the critical t value of $t(0.05) < t$ observed $df(k-1) 10 - 1 = 9$ and at 5 percent level of significance, we accept H_1 and reject H_0 and conclude that there is relationship in the factors affecting the performances of agricultural and non- agricultural cooperatives

RESULTS AND DISCUSSIONS

The data generated from the study show that agricultural cooperatives like the non-agricultural cooperatives have not been given adequate attention in the promotion and financing of their activities and the absence of support has adversely affected the economic development of this nation. According to Akinyemi (1992), reported in Bature (2004) food which is the most important of the three essentials of life (others are shelter and clothing) is becoming fastly elusive to an average Nigeria. Therefore, the government needs to address the problem of food production since there is nowhere in the world over-hungry citizens can remain law abiding. The study identifies corruption associated with procurement and disbursement of fertilizers as one of the problem facing Agricultural Cooperatives in Nigeria. Fertilizer is often diverted and then resold to farmers at price they cannot afford. Other challenges associated with agricultural cooperatives financing in Nigeria include lack of technological know-how (such as mechanized farming); poor implementation of government policies; lack of basic infrastructures (such as access road, energy (electricity), inadequate training, water, and high interest rate, amongst others.

Another major challenge that hamper agricultural cooperatives societies in Nigeria are loan repayment to financial institutions and it is a criterion used to measure the success or failure of their efforts. The problem of non-repayment is brought about by loan diversion to other uses than for agricultural purposes. Despite several policies put in place by the government to assist agricultural cooperatives their impact is not noticeable. The Agricultural Credit Guarantee Scheme (ACGS) established by the Agricultural Credit Guarantee Scheme Fund Decree No. of 20 1997, which became operational, one year later, in April 1978 has by record now operated for about 26 years has witnessed a

preponderance of individual Small scale businesses of which the agricultural cooperatives form a part and they accounted for over 95% of the total number of loans granted since inception. The abolition of the rural banking scheme introduced in 1977 and later abolished with the introduction of the Structural Adjustment programme has not helped the agricultural cooperatives, which are rural based. The macro- economic policy environment, which brought about unstable interest rate, inflation and the introduction of deregulation, has affected financing of agricultural cooperative societies

Table 1: That there is Preference in extension of loan facilities to agricultural Cooperatives by Financial Institutions

ALTERNATIVE	RESPONSE	PERCENT
Strongly Agree	30	35.71
Agree	40	47.62
Disagree	10	11.90
Neutral	4	4.80
Total	84	100

SOURCE: Field Survey (2006)

TABLE 2: The Contingency Table for The X^2 computation

Observed frequency (Fo)	Expected frequency (Fe)	(Fo-Fe)	(Fo-Fe) ²	(Fo-Fe) ² /Fe
30	21	9	81	3.86
40	21	-19	361	17.19
10	21	-11	121	5.77
4	21	-17	289	13.76
			Total	40.53

Source: Survey Data 2006

Drawn from table 1

$$X^2 = 40.5$$

TABLE 3: Responses on the factors inhibiting the Promotion of Cooperative/Non- Agriculture Cooperatives.

Indicators	Agriculture Cooperatives	Non-Agricultural Cooperatives
Minimum Support from financial institutions	9	7
Absence of basic infrastructure	5	4
Absence of technical assistance	9	4
Processing and storage facilities	7	6
Environmental factors	6	7
Lack of personnel	5	4
Lack of Collateral	6	4
Government inference	6	7
Illiteracy	4	3
Total	57	46

SOURCE: Field Survey (2006)

The table 4 below shows the percentage share of Gross Domestic Product (GDP) sector by sector. It also shows percentage share of Gross Domestic Product (GDP) in billions of naira. The figures were highest between 1998-2002 when the nation witnessed political stability between 1993-1997, as a result of political impasse, uncertainty and high level of social insecurity, a number of factories were closed down and foreign investors withdrew their participation and those that remained operated at sub-optimal level. The above, the inflationary situation of the country coupled with the dwindling exchange rate of the naira slowed down the activities in this sector.

TABLE 4: PERCENTAGE SHARE OF GROSS DOMESTIC PRODUCT (GDP)

CBN Annual Report and Statement of Accounts (Various issues)

Major Sector	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Agriculture	38.1	38.7	40.1	31.8	43.5	45.25	47.6	48.99	50.85	53.53
Mining	0.3	0.31	0.31	0.32	0.34	0.31	0.37	0.39	0.42	0.48
Manufacturing	7.34	6.77	6.88	6.92	6.96	6.69	6.93	7.18	7.48	7.81
Utilities	0.58	0.59	0.61	0.62	0.62	0.6	0.61	0.63	0.68	0.88
Communication	0.28	0.28	0.29	0.32	0.32	0.34	0.37	0.37	0.47	0.59
Housing	2.34	2.4	2.41	2.68	2.68	2.94	3.06	3.06	3.21	3.39
Government	10.12	10.38	10.48	10.75	10.75	11.06	11.29	11.29	11.57	11.91
Service										
wholesale &										
Retail	12.59	12.46	12.21	11.9	11.9	13.84	13.84	13.84	14.18	14.68

**CBN STATISTICAL BULLETIN
(2004)**

CONCLUSION AND RECOMMENDATIONS

The paper attempted to address the challenges and prospects of agricultural cooperative financing in Nigeria. The study identified amongst others lack of credit facilities, loan default, lack of basic infrastructure, lack of securities, and technical expertise as the challenges of agricultural cooperative financing in Nigeria. Although the Federal Government made efforts in recent past to support the Agricultural Cooperatives, there are still some problems militating against the performance or progress of this sub-sector. It is in view of this that we recommend the following:

- (1) Agricultural credit should be issued after a thorough inquiry into legal title to land, fertility of land, suitability of crops and the borrowers finances.
- (2) Agricultural loans should be mostly be given in kind and instalmental payment should be encouraged.
- (3) There should be occasional inspection of the borrower's agricultural project and refund of loans by instalmental deductions from the proceeds.
- (4) The commodity exchange initiated by the present administration should step up plans for its full operation. This would help to guarantee price and income of cooperative farmers.
- (5) The cooperatives law that restricts shareholding of members should be revised and interest rate on loans to cooperative farmers should be given at concessionary rate.
- (6) Financial institutions should develop a customized system to replace the present cumbersome and discriminatory collateral system.
- (7) The government should encourage the private sector to provide storage facilities so as to improve supply during off-season, which will subsequently reduce prices.
- (8) Cooperative farmers should be exposed to professional counseling and modern technology for production, storage and distribution of their production.
- (9) Government should provide farm inputs such as fertilizer, pesticides, and modern tools at subsidized rates to farmers in both rural and urban areas.

- (10) Adequate infrastructural facilities like good roads; electricity, water, schools and medical centers should be provided in the rural areas by government.
- (11) Government should compensate banks and support cooperate farmers according to their efforts, volume of coverage and loan recovery.

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