

## **Economic Implication of Poverty Alleviation Programs on Rural Women in Ondo-State Case Study of Country Women Association of Nigeria**

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**Abstract:** The study examined the economic implication of COWAN poverty alleviation programme in rural women. Multi-stage sampling technique was used to select 100 respondents from Ikare and Ugbe from Akoko North East and Oka and Akungba from Akoko South West. The data collected were analysed with the aid of descriptive statistics and simple regression analysis to examine the socio-economic characteristics of respondents and the efficiency of COWAN micro finance initiative. Results showed that 35% of respondents have no formal education while 30, 24 and 11% has primary school, secondary school and above secondary education respectively. The mean age reported was 39 years showing that the respondents were still in their economically active years. Result also showed that loans facilities from COWAN has positive influence on the level of income and the result of the return to scale analysis showed efficient utilization of the loans. It is therefore recommended that COWAN should be encouraged to give greater loans facilities to interested borrowers in the study area.

**Key words:** Poverty alleviation, COWAN, economic implication, development.

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### **INTRODUCTION**

Poverty is a common plague afflicting people all over the world especially in the less developed countries. According to M.L. Jhingan (2003), poverty is misery-go-round plaguing the less developed countries<sup>[1]</sup>.

Nigeria enjoyed steady economic growth and relative stability in the 1960s and 70s especially with emergence of the mining industries. The per-capita income grew steadily and few people were between the poverty line as the agricultural public and industrial sectors absorbed a highest percentage of the labor force.

However, as from the late 70s, the economy had to contend with severe economic difficulties resulting from falling oil revenue, world economic recession, deteriorating terms of trade, debt overhangs and macro-economic imbalances. Other factors were high inflation rate, unemployment, bad economic principles, huge wastage of scarce resources and bad governance. Hence, poverty has remained one of the most pressing issues in Nigeria today. It has not only become entrenched and multifaceted over the years, it has defied efforts at eradicating it. Poverty is associated with lack of inadequate basic necessities of life such as food, clothing, light and shelter among others.

Prior to the 1970s, there was this general belief that rapid economic growth (i.e., increase in productivity) and rising per capita income would automatically improve people's welfare. However, experience soon

proved that high economic growth would necessarily transform income structure into an equitable distribution of benefits as the country experienced high inflation and unemployment. Hence, attention was shifted to the development of human capital in line with the basic human needs approach to alleviating poverty in the 1980s consequently, Nigeria embraced greater investment in education, infrastructural development, health, nutrition and other social sector. However this approach soon ran to a hitch due to the economic crisis of the mid 80s. Consequently, the incidence of poverty rose to 43 percent in 1985, though it fell to 34% in 1992 due to the 1986 structural reforms<sup>[2]</sup>. However, with the collapse of macro economic discipline in the 1990s, the country was plagued with high inflation, low productive activities and economic stagnation. The poverty incidence rose to 61% in 1997 and over 70% in 1999. and Nigeria ranked 54<sup>th</sup> in the Human Poverty Index<sup>[2]</sup>.

The situation above called for concerned efforts by all stake holders namely, the government, multinational organizations, community based institutions, private and non-governmental organization to improve the living standard of the populace. The various governments at all levels at different times embarked on poverty alleviation programs to cushion the effects of poverty. Such programs among others included the Directorate of Food, Roads and Rural Infrastructure (DFRRI), Better Life Program (BLP), Family Support Program (FSP), National Directorate of Employment (NDE), Family Economic Advancement Program

(FEAP), People's Bank of Nigeria, Federal Urban Mass Transit Program, National Agency for Mass Literacy and National Agricultural Land Development Authority (NALDA).

Despite the laudable programs outlined above and the huge scarce resources devoted to poverty alleviation, the level of unemployment especially among women and youth continued to rise while poverty conditions worsened. The past efforts were probably undermined by deteriorating in fiscal discipline, corruption, political instability, bad governance, financial indiscipline and inconsistent government policies. In recognition of the economic implication of poverty and the failure of past governmental efforts, some non-governmental organizations have stepped efforts to alleviate poverty among the women folks living in the rural areas. Worthy of note of these organizations is the Country Women Association of Nigeria (COWAN). COWAN aimed at alleviating poverty among women living in the rural areas.

Women have always seen at the vanguard of development. In a typical African setting, women are responsible for over 70% of food production and processing. Nevertheless, they have little or no access to productive assets. Most often times, she is denied access to loan facilities for lack of collateral securities. In realization that women empowerment and the improvement of their political, social, economic and health status are essential for development, it is imperative therefore to examine the impact of the micro finance provided by COWAN on poverty alleviation among rural women.

This study therefore aims at examining the activities of COWAN as it relates to poverty alleviation among rural women. The study, examines the socio-economic characteristics of COWAN beneficiaries, the influence of micro-finance provided by COWAN on selected socio-economic variables of women and the role of COWAN in women's economic, social and political empowerment.

**Literature review:** Poverty has generally been defined as a state of having little or no money and the failure to get necessities of life. It is a hydra-headed condition which tends to restrict people from socio-economic opportunities. According to<sup>[3,4]</sup> the poor is defined as one who lacks basic necessities such as adequate feeding, clothing, good health, education, supply of portable water, electricity and good road among others. However, Afolami<sup>[5]</sup> emphasized that the poor is one who cannot boast of subsequent meals apart from what he/she has for the moment i.e. he/she is not sure of

where to get the next meals. According to Fasoranti (2007)<sup>[6]</sup>, poverty covers economic, human, political, socio-cultural and protective abilities of the society. Hence, it could be said that poverty is a multidimensional concept whose definitions varies according to gender, culture, age and other socio-economic factors.

Many reasons have been advanced for poverty in the less developed countries. Chandhri<sup>[7]</sup>, Chambers<sup>[8]</sup>, Akinde<sup>[9]</sup> and Fasoranti<sup>[6]</sup> concluded that traditional technology, unchanging farmer's experience, laziness, ignorance, stupidity, urban-biased development, exploitation of the rural population by the urban elites and personal bad luck among others are the basic causes of poverty. The devastating effects of poverty can not be over emphasized. It results into hunger, diseases, inadequate shelter and homelessness as part of the consequences of poverty. In our contemporary time, the poor man/woman has no voice in the society, lacks political influence, personal recognition; he is often emotionally and psychologically distressed and are always the downtrodden elements in the society. According to<sup>[10]</sup>, the problems of the poor include social inferiority, isolation, physical weakness, vulnerability, powerlessness and humiliation. Others such as Okunmadewa<sup>[11]</sup>, Olowononi<sup>[12]</sup> and Evbuomwan<sup>[13]</sup> asserted that the poor is plagued with exposure to risk, limited opportunities to income generation, misery, crime, untimely death, fear, despondency depression and suicide.

Studies have indicated that women suffer poverty on a more widespread basis than men and that their experience of poverty is quite different as a result of expectation about their gender roles. It has been estimated that women constitute 70% of the world's 1.2 billion poor. Many factors could be responsible for the poverty among the women folks of such include the concentration of women in low-paid job, limited education, discrimination by many employers of labour, poor stake of health and male chauvinism in most Nigerian communities.

**The Country Women Association of Nigeria (COWAN):** The Country Women Association was born of out a passion for the improvement and empowerment of rural women. The association started at a meeting of over 100 women comprising of two women from each of the 35 Local Government Areas of the defunct Ondo State in 1982. The organization was earlier known as Rural Women Association. The vision of the organization was that of building human dignity by integrating contemporary economic practices into local tradition, knowledge and skills using our own

human and natural resources to create wealth. It was the belief of the initiators of COWAN that sustainable poverty alleviation programs should be gender sensitive and work towards enhancing gender equality in access to resources. To accomplish thus the following objectives were outlined<sup>[14]</sup>:

- Harnessing and sharing information about relevant culture, knowledge and practices for poverty eradication and wealth creation
- Training, retraining and equipping women in the appropriate skill and technologies for better productivity, new ventures and self-employment
- Targeting the poorest of the poor for special services and products delivery
- Promoting women's participation in politics that is voting and being voted for
- Highlighting and celebrating the inherent strengths and value of the informal sector as the harbinger of the African economy and the cornerstone of its sustainability
- Supporting family development and recognizing faith-based activities which are clear to the people and crucial to humanity
- Popularizing and utilizing the COWAN Tripod Empowerment Approach (i.e., health, economics and democracy) as keys to unlock the gates of self actualization through self employment and sustainable livelihoods in an integrated manner

To achieve the above stated objectives, COWAN embarked on a leaning scheme known as African Traditional Responses Banking (ATRB). This scheme incorporates the communal features of African culture known as Esusu in Nigeria, Susu in Ghana and Tortein in Cameroon. The system incorporated the social force of the society to ensure members' compliance to loan repayment. The ownership of the ATRB lies with the borrowers. This ensures quick disbursement of loans and also developed clear savings strategies as a means of repayment of loans and wealth creation.

The ATRB operates as follows:

**Loans to the poorest of the poor:** The target is poor women who don't have two dollars of their own to start any meaningful business. These are women who normally engage in menial jobs. This is a level '1' type of loan where beneficiaries are given small loans which spans four months. The beneficiaries are qualified for double the first loan as second loan if there is a proof consistent daily savings over a specified period of time. The loan process can be repeated over a period of one

year when each beneficiary is expected to have built up a virile business with a substantial capital base.

**Primary group loan:** This is the level 2 loan normally given after a person has scaled the probationary level i.e., level 1 loan. Under this, women are grouped into 5-10 women with common business interest as cassava farming or processing. The amount of loan given to them is the total of what is due to each member of the group. There is common responsibility for the loan and the loan cycle ranges between 6 months and one year.

**Community enterprise development:** This is referred to as the 3rd level loan. Beneficiaries who succeed in the 2nd level are qualified for this loan, while is given to a minimum of 5 groups who must have similar business interests. In addition to the loan, grants are always given to execute a relevant community project e.g. digging of borehole, building of health centre. The loan cycle spans for one and a half year.

**The banking hall:** All COWAN groups have access to the banking halls where deposits are made in cash and kind e.g. farm products. The farms product deposited are sold and after three months a quarter of the profit is paid as dividends to depositors in cash in addition to the cost of production.

## MATERIALS AND METHODS

**The study area:** The study was conducted in Ondo State. The State was created on April 1st, 1976, Ondo State is bordered in the North by Ekiti and Kogi States, West by Osun State, South by Ogun State and East by Edo States. There are eighteen local government areas. The major economic activities include farming, trading and handicraft. The major crops are yam, cassava, rice, sweet potato, plantain, cocoa, palm oil, timber and kolanut among others. The State is also blessed with natural resources such as bitumen and gold. The people of the State are mostly Yorubas with different local dialects.

**Nature and sources of data:** The data for the study were sourced from primary and secondary sources. The secondary sources include learned journals, relevant text books, Central Bank bulletin and COWAN Publication. Primary data were collected through well-structured questionnaire administered in 100 respondents. Data collected included age measured in years, education measured by years spent in the school and income measured in naira. Information was also collected in respondents marital status, occupational

status, type of houses, access to basic infrastructures and the family size.

**Sampling method and sample size:** The study employed multi-staged sampling method. First, two local governments were randomly selected from the 18 local government areas in the State and Secondary two towns were randomly selected from each local government areas. Hence Akoko South West and Akoko North East were selected while Oka and Akungba (Akoko South West) and Ikare and Ugbe (Akoko North East) were the towns selected. The respondents comprise mainly of hairdressers, farmers, traders and teachers.

**Method of data analysis:** The study made use of both the descriptive and quantitative methods of analysis. Descriptive analysis such as frequency distribution, mode, means, were used to analyze the socio-economic characteristics of respondents. Multiple simple regression was used to analysis the factors affecting income of women in the study area. The significance of the variables was tested by student t-ratio, Dw statistics, F-Statistics and R<sup>2</sup> model specification.

The following model was specified for the study.

$$Y = b_0 + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + U$$

Where:

- Y = Income
- x<sub>1</sub> = Age (years)
- x<sub>2</sub> = Family size
- x<sub>3</sub> = Loans
- x<sub>4</sub> = Monthly feeding
- U = Error term
- b<sub>0</sub>, b<sub>1</sub>, b<sub>2</sub>, b<sub>3</sub> and b<sub>4</sub> = Parameters to be estimated.

**Data analysis:**

- Socio-economic characteristics of respondents

**Age distribution of respondents:**

**Mean age: 39 years:** The age distribution of respondents is represented in Table 1. The Table 1 shows that the modal age bracket was 45 years and above while the mean age is 39 years. The size of the mean age shows that most of the women are still in their active economic years which preclude the possibility of maximizing the economic opportunities provided by COWAN. The table further showed that 6, 11, 22 and 28% were in age bracket 24-28, 29-33, 34-38 and 39-44 respectively.

Table 1: Age distribution

Age bracket	Frequency	(%)
24-28	6	6
29-33	11	11
34-38	22	22
39-44	28	28
45 and above	33	33
Total	100	100

Table 2: Educational status

Educational Status	Frequency	(%)
No formal education	35	35
Primary education	30	30
Secondary education	24	24
Above secondary education	11	11

Table 3: Occupational distribution of respondents

Occupation	Frequency	(%)
Civil Service	20	20
Farming	33	33
Trading	17	17
Total	100	100

**Educational distribution of respondents:** Table 2 shows that majority of the respondents (35%) had no formal education; while 30%, 24% had primary and secondary education respectively. Study showed that 11% had more than secondary education. Thus distribution may likely have negative impact on the level of productivity as the productive sector needs skilled and trained labor force.

**Occupational status of respondents:** Table 3 shows that 33% of total respondents were farmers while 20, 17 and 30% were civil servants, tailors and petit traders respectively. It could be deduced that only 20% were gainfully employed in government work while majority are engaged in subsistent farming. This underscores why most women are trapped in the poverty cycle as they do not permanent and regular source of income. The agricultural sector is faced with seasonal fluctuations which renders farm income insecure and irregular.

Impact of COWAN programs on rural women

**Types of residence of respondents:** Table 4 shows the type of residence inhabited by COAN Beneficiaries before and after contact with COWAN programs. Study revealed that 35, 29, 15 and 21% lived in rented one-room, rented room and parlor, rented flat and self built houses respectively before COWAN. It could be deduced from the table that only 21% of total respondents possessed the financial means for building personal house while 79% lived in hired apartments. However, with COWAN, there was improvement in the

Table 4: Distribution of respondents by type of residence

Type of residence	Before COWAN		After COWAN	
	Frequency	(%)	Frequency	(%)
Rented Room	35	35	32	32
Rented room and parlour	29	29	30	30
Rented Flat	15	15	11	11
Self-built house	21	21	27	27
Total	100	100	100	100

Table 5: Distribution of respondents by type of electrical appliances

Electrical Appliances	Frequency	(%)
Radio	24	24
Television	13	13
Radio and Television	17	17
Radio, Television and Refrigerator	8	8
Radio, Television, Fan, Refrigerator	12	12
aRadio and fan	9	9
Radio, Television, Refrigerator, Iron	10	10
Radio, Television, Refrigerator, Generator	7	7
Total	100	100

Table 6: Distribution of respondents by the loans obtained from COWAN

Amount of Loans Granted	Frequency	(%)
< N10,000	18	18
N11,000-N15,000	20	20
N16,000-N20,000	14	14
N21,000-N25,000	15	15
N26,000-N30,000	10	10
N31,000-N35,000	12	12
N36,000 and above	11	11
Total	100	100

financial status of respondents. The number of land lords rose to 27% while 73% still lived in rented buildings.

**Type of electrical appliances:** From Table 5, findings show that all the respondents owned at least a radio while 76% had access to television, 38% had fan along with other facilities. This shows that the respondents have adequate access to information on COWAN.

Programs and so could maximize the enabling business environment provided by COWAN.

**Loans Obtained from COWAN:** The amount of loans received by respondents is shown in Table 6.

One notable fact from Table 6 is that 89% of respondents received less than N50,000 as loan from the organization. This shows that COWAN only gives micro finance to the beneficiaries. Findings showed that majority of the respondents used the loans obtained for trading purposes (Table 7) while 46% used the loan for agricultural purposes, 11% to pay children school fees and 10% to procure grinding machines. Findings further showed that the mean monthly income of respondents was N27, 656.

Table 8: Descriptive Statistics

Variable	Mean	SD
Income	27,656.00	17,042.23
Age	35,4700	10,61394
Family size	4,6100	1.70498
Loan	58,148	42,438.2
Monthly feeding	9,973.0	9,263.2

Table 9: Results of the regression analysis

Variables	Parameters	Coefficients	SE	t-statistics
Constant	B <sub>0</sub>	-1487.97	3965.94	-0.375
Age	B <sub>1</sub>	0.193	137.75	2.26
Family size	β <sub>2</sub>	0.025	823.41	0.30
Loan	β <sub>3</sub>	0.571	0.03	7.68
Monthly feeding	B <sub>4</sub>	0.201	0.132	2.80

Table 10: Return to Scale Analysis

Variable	Elasticity
Age	0.193
Family size	0.025
Loan	0.571
Monthly feeding	0.201
RTS	0.99

• Multiple regression analysis

The results of the multiple regression is represented in Table 8 and 9.

$$R^2 = 0.60, F\text{- Statistics} = 36.29, DW = 1.827$$

The regression results showed a positive relationship all the explanatory variables. The R<sup>2</sup> of 0.60 shows that 60% of total variation in total income is explained by variation in the explanatory variable. Among other things, the t-statistics showed that loans from COWAN is the most significant determinant of income of the respondents in the study area. Hence an increase in loans granted to beneficiaries will increase their income, all things being equal.

The elasticity of coefficient show that loans has a positive effect on income. An increase in loans will lead to an increase in income. The RTS of 0.99 shows that the microfinance of COWAN is quite efficient as to poverty alleviation in the study area. This can be found in Table 10.

**CONCLUSION**

The study examined the economic implication of COWAN's alleviation programs on rural women in Ondo State with special reference to Akoko South West and Akoko North East Local Government areas. A multi-stage sampling technique are used to select 100 respondents from the study area. Primary data were

collected with the aid of well structured questionnaire while secondary data were collected from relevant text books, journals and COWAN publications. Data collected were analyzed through descriptive statistics and simple regression analysis. Results showed that COWAN gave small scale loan facilities which were mostly used for petit trading. Findings also showed a mean income of about N28, 000 which is equivalent to level 6. Among other things, there was improvement in the level of asset acquisition such as personal buildings and purchase of household facilities such as radio, television, refrigerator and fan among others. Nevertheless, the level of poverty was still very high as majority are still involved in subsistence farming which is characterized by irregular income.

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