

GENDER DISPARITIES IN ACCESS TO CREDIT AMONG FARMING HOUSEHOLDS IN IWO AGRICULTURAL ZONE OF OSUN STATE, NIGERIA

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ABSTRACT

This study analysed gender disparities in access to farm credit among farming households in Iwo Agricultural Zone of Osun State, Nigeria. Multistage sampling procedure was used to select sixty each, of male and female farming household heads as study sample. Gender disaggregated primary data were collected on socioeconomic characteristics, sources of credit, volume of credit granted and constraints to credit access. Data were analysed using descriptive (frequency counts, percentages, mean, standard deviation and ranking) statistics. Results reveal that mean ages of male and female farmers were 50±1.45 and 52±1.56 years respectively, 31.7% and 41.7% were married with mean household size of 5 and 4 persons for male and female farmers, respectively. Average farm sizes were 4±0.17 and 3±0.15ha, while the mean years of farming experience was 8±0.15 years and 6±0.13 years for male and female farmers, respectively. Results further reveal that all (100.0%) the respondents obtained farm credit from cooperative societies while the other meaningful sources of credit were money lenders (males 20.0%, females 30.0%) and microfinance banks (males 23.8%, females 16.7%). The major constraints to credit access included lack of collateral (males 1.76, females 1.88), high interest rate (males 1.72, females 1.88) and late approval of loans (males 1.64, females 1.58). The study concluded that both gender have access to credit through cooperative societies, but males had better access to credit from formal financial institutions, hence, credit institutions in the study area should grant timely low interest credit to both gender and possibly waive the required collaterals for farmers.

Keywords: Gender differences, Credit access, Farming households.

INTRODUCTION

Farm credit is among the essential factors needed for agricultural production as it enables farmers secure farm inputs and hire labour promptly, to execute their farm operations which are time bound. Akpan, Inimfon, Samuel, Edem and Uwemedimo (2013) affirmed that farm credit is widely recognized as one of the intermediate factors between the adoption of farm technologies and increased farm income among other prerequisites for attaining the national goal of reducing rural poverty and ensuring self-sufficiency in food production in the country. Agricultural credit is conceptualized as an undertaking by individual farmers or farm operators to borrow capital from intermediaries to satisfy farm needs at the appropriate time with a view to refunding it later. Thus, credit can be in cash or kind and can be obtained from formal, semi-formal or informal sources. Gender inequality exists in access to productive resources such as land, credit and agricultural inputs, technology, extension, training and services that would enhance women productive capacity (Milcah, 2014).

IFPRI (2012) affirmed that women play critical and potentially transformative role in agricultural growth in developing countries, but they face persistent obstacles and economic constraints limiting further inclusion in agriculture. Women are the backbone of the development of rural and national economies (Mucavele, 2013). Women comprise 43% of the world's agricultural labour force, which rises to 70% in some countries. The structural roles of men and women in

agricultural cycle reveal that women are more active specifically in processing and marketing of agricultural products in Nigeria (Ademilua *et al.*, 2017). FAO (2011) asserted that women provide approximately 40% of total agricultural labour but own only 2% of the agricultural land. Despite women's enormous contributions to production, their access to needed farm resources has been very low because of inadequate knowledge and training in the use of improved technologies FAO (2015). FAO (2010) highlighted the need to close the gender gap in access to productive resources, education, extension and financial services.

Past studies have identified reasons for poor credit access among rural farmers in Nigeria. Akpan *et al.*, (2013) reported that farmers' age, gender, farm size, membership of social organisation, extension agent visits, distance from the borrowers (farmer) residence to lending source, years of formal education and household size are important determinants of access to credit among poultry farmers in southern Nigeria. Considering the sociocultural environment of most agrarian communities in Nigeria, there is an overwhelming need to reconsider the issue of access to credit by rural farmers on gender basis. Lack of access to credit by rural households has negative consequences on agricultural productivity, income generation and household welfare (Ma-Azu, 2015). A farm household has access to credit from a source, if it is entitled and able to borrow from that source, whereas it participates in the credit market if it borrows from that source of credit. It is against

this background that this study was poised to address the following specific objectives:

- i. to describe the socioeconomic characteristics of the male and female farmers in the study area
- ii. to identify the sources of credit available to male and female respondents
- iii. to examine the differences in the amount of credit granted to male and female respondents
- iv. to identify the major constraints to credit access amongst male and female respondents in the study area.

METHODOLOGY

The study was conducted in Osun State. The state is located in the southwest zone of Nigeria. It is bounded in the North, South, East and West by Kwara, Ogun, Ondo and Oyo States, respectively. Agriculture is one of the most prominent livelihood activities in the state. Osun state has 30 local government areas divided into 3 agricultural zones; Iwo, Ife-Ijesha and Osogbo housing 7, 11 and 12 local government areas, respectively. Specifically, the study was conducted in Iwo Agricultural Zone of the state. Three-stage sampling technique was used to select sample for the study. In the first stage, 2 (about 30%) local government areas; Iwo and Ayedaade were randomly selected from Iwo zone. Second stage involved purposive selection of 3 most agrarian communities from each of the 2 selected L.G.As in Iwo zone of Osun ADP giving 6 communities in all, while the third stage involved selection of 20 (10 male-headed and 10 female-headed) households from each of the six (6) selected communities using snow-ball technique, to give a total of 120 (60 male; 60 female) respondents as study sample. Primary data were collected from the respondents via interview schedule. Age of household head was measured as number of years in existence, level of education as number of years spent in school, household size as number of people living together and feeding from the same pot, farm size as land area under cultivation in hectares, annual income in naira etc. Gender disaggregated sources of credit was measured as formal and informal credit sources available to farmers, credit access as total amount of credit received estimated by aggregation of the amount of credit obtained by male and female farmers from formal and informal credit institutions and constraints measured in terms of extent of severity of the listed constraints. Data were analysed using

descriptive statistics. The descriptive statistics used in the study included frequencies and percentage, mean, standard deviation and ranking.

RESULTS AND DISCUSSION

Socioeconomic characteristics of respondents

Table 1 reveals that 38.3% and 36.7% of male and female respondents were within the age range of 40-59 years, while the mean age was 50 ± 1.45 and 52 ± 1.56 years, respectively. Majority of male (83.3%) and female (90.0%) respondents were married. Male respondents had 8 ± 4.35 years of formal education on the average while their female counterparts had 6 ± 3.85 years of formal education. The annual farm income of male and female respondents was ₦168,066 and ₦126,083, respectively. More than one-third (42.0%) and (40.0%) of the male and female farmers, respectively, had household size ranging from 1-5 persons and means of 7 and 6 persons, respectively. This implies that both male and female farmers in the study area have similar household sizes to cater for. Hence, both gender should have fair access to productive resources to live worthy lives. Comlan *et al.* (2014) found relationship between gender and farms technical efficiency among farmers in Benin. Table 1 further indicates that 63.3% of male and 80.0% of female farmers had farm sizes ranging from 1-3 hectares with means of 4 ± 0.17 and 3 ± 0.15 ha, respectively. Lastly, Table 1 shows that while 36.7% of male and 50.0% of female farmers had farming experience ranging between 6-10 years; their means of farming experience was 8 ± 0.15 years and 6 ± 0.13 years, respectively.

Sources of credit available to male and female respondents

Table 2 shows the various sources of credit available to male and female respondents. All the sampled respondents (male and female) had access to credit through cooperative societies. On the other hand, male farmers had better access to credit from microfinance bank (23.3%) and commercial banks (6.7%) sources, while female farmers had better access to credit from daily contribution (40.0%) and money lender (30.0%) sources. This result implies that female farmers have better access to informal credit sources particularly the money lenders which usually attracts high interest rates which in turn eats deep into their gross margin. This result corroborates the findings of Busari and Idris-Adeniyi (2016).

Table 1: Distribution of respondents based on socioeconomic characteristics

Variables	Male		Female	
	Frequency	Percentage	Frequency	Percentage
Age (Years)				
20 – 39	06	10.0	02	3.3
40 – 49	10	16.7	04	6.7
50 – 59	32	53.3	38	63.3
60 – 69	04	6.7	06	10.0
70 – 79	08	13.3	10	16.7
Mean	50.0		52.0	
Gender	60	100.0	60	100.0
Marital status				
Single	0	0.00	0	0.00
Married	50	83.3	54	90.0
Divorced	0	0.00	0	0.00
Widowed	10	16.7	06	10.0
Years of Formal Education				
No formal education	22	36.7	30	50.0
1 – 6	18	30.0	20	33.3
7 – 12	12	20.0	06	10.0
13 – 18	08	13.3	04	6.7
Mean	8.0		6.0	
Annual Farm Income (₦)				
1,000 - 100,000	12	20.0	30	50.0
101,000 - 200,000	32	53.3	20	33.3
201, 000 - 300,000	10	16.7	06	10.0
301, 000 - 400,000	06	10.0	04	6.7
Mean	₦168,066		₦126,083	
Household size (Persons)				
1 – 5	12	20.0	22	36.7
6 – 10	44	73.3	36	60.0
11 – 15	04	6.7	02	3.3
Mean	7.0		6.0	
Farm size (Hectares)				
1-3.0	38	63.3	48	80.0
3.1 – 5.0	16	26.7	10	16.7
5.1 – 7.0	06	10.0	02	3.3
Mean	3.0		2.5	
Farming Experience (Years)				
6 – 10	22	36.7	30	50.0
11 – 15	14	23.3	12	20.0
16 – 20	12	20.0	08	13.3
21 – 25	04	6.7	06	10.0
26 – 30	08	13.3	04	6.7
Mean	14.6		12.0	

Source: Field Survey, 2016

Table 2: Distribution of respondents based on credit sources available to them

Credit sources	Male		Female	
	Freq.	Percent	Freq.	Percent
Daily contribution	12	20.0	24	40.0
Money lender	12	20.0	18	30.0
Cooperative society	60	100.0	60	100.0
Microfinance bank	14	23.3	10	16.7
Commercial bank	04	6.7	02	3.3

Multiple Response Table (MRT) n=60 for each gender

Differences in the amount of farm credit granted to male and female respondents

Table 3 indicates that 74.8% of both male and female respondents that requested between ₦10,000 and ₦50,000 credit during the season of the study were granted. This is simply because the amount requested for was low and the

incidence of default is most unlikely. As reflected in the Table, the higher the credit requested the lower the percentage of respondents that were granted. This trend is further exacerbated amongst female respondents probably because of their incapability to provide necessary collateral to secure such loans.

Table 3: Distribution of respondents based on differences in the amount of credit granted to them by gender

Credit (₦'000)	Male (%)		Female (%)	
	Requested	Granted	Requested	Granted
10 – 50	74.8	74.8	76.0	76.0
51 – 100	9.7	8.7	10.4	9.4
101 – 150	8.6	7.5	7.2	5.5
151-200	4.0	3.7	4.8	4.6
201 -250	2.9	2.1	1.6	1.2

Source: Field Survey, 2016. *MRT

Constraints to access to credit

Table 4 shows the constraints to access to credit among sampled male and female respondents in their order of severity. Male ranked lack of collateral (1.88) as the most severe constraint they faced in securing credit. This was followed by high interest rate (1.82) and late approval of loans (1.59) which were ranked 2nd and 3rd, respectively. As for female respondents, lack of collateral and high rate of interest were both ranked 1st (1.70), while late approval of loans ranked 3rd (1.36). Male farmers

have higher tendencies to divert farm credit to other financial needs. Hence, credit institutions often demand for strong collaterals before they are granted loans. On the other hand, female farmers hardly have uncontrolled access to landed properties which are often requested for, as collateral by the credit institutions. Therefore, they have limited access to credit from formal financial institutions even though they have been found to utilise farm credit for purposes for which they were obtained oftentimes.

Table 4: Distribution of respondents based on constraints to credit access

Constraints	Male		Female	
	Mean	Rank	Mean	Rank
Lack of collateral	1.88	1 st	1.70	1 st
High interest rate	1.82	2 nd	1.70	1 st
Late approval of credit	1.59	3 rd	1.36	3 rd

Source: Field Survey, 2016. *MRT

CONCLUSION AND RECOMMENDATIONS

The study identified cooperative as the major source of credit available to both the male and female farmers in the study area. In addition, male farmers had better access to credit from microfinance and commercial bank sources while their female counterparts sourced credit more from daily contribution and money lenders. The major constraints to credit access among male and female farmers in the study area include lack of collateral and high interest rate. Thus, the study recommends that:

- i. Farm inputs should be subsidized always, to reduce the cost of production and minimize the need for credit among farmers.
- ii. More vibrant and educated youths should be encouraged and motivated to engage in farming activities in the study area.

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