

AKAIN LAURA FOTELA

MICRO FINANCE CREDIT AND AGRICULTURAL DEVELOPMENT

Case Study: Kimbo Police Cooperative Credit Union (KIPCCUL)

Thesis

CENTRIA UNIVERSITY OF APPLIED SCIENCES

Bussiness Management

May2018

ABSTRACT

Centria University of Applied Sciences	Date May 2018	Author Akain Laura Fotela
Degree program Business Management		
Name of thesis MICRO FINANCE CREDIT AND AGRICULTURAL DEVELOPMENT. Case study: Kimbo Police Cooperative Credit union (KIPPCUL).		
Instructor Birgitta Niemi	Pages 25 + 2	
Supervisor Birgitta Niemi		
<p>The main aim of this thesis was to find out how micro finance credit promotes agricultural development. This thesis was based on an internship which motivated the researcher to investigate more about how micro finance credit promotes agricultural development.</p> <p>The researcher used both primary and secondary sources of information, which is also called direct information gathered through questionnaires issued to the staff and members of Kimbo Police Cooperative Credit Union. While the secondary data involved mainly data received from writers up published and unpublish, research studies from the organizational archives, internet and Centria school library.</p> <p>From the responses gotten from the questionnaires, the researcher's personal observation and material from other writers about micro finance credit and agricultural development it can be seen that micro finance greatly promotes agriculture as it gives out loans with moderate interest rate to farmers and also as selling of farm inputs at subsidies prices.</p>		

Key words

agriculture, agriculturalist, loan, micro finance, micro finance establishments

ABSTRACT

CONTENTS

Contents

1 INTRODUCTION.....1

2 THEORIES OF MICRO FINANCE.....3

 2.1 Notion of Agriculture.5

 2.2 How KIPCCUL Promotes Agriculture.....6

 2.3 Challenges faced by KIPCCUL in the Delivery of micro credit.7

 2.3.1 Borrowers-related challenges7

 2.3.2 Suggested strategies for the challenges faced by KIPCCUL in the delivery of micro credit.8

3 PRESENTATION OF CASE COMPANY.....10

 3.1 Main Activities in KIPCCUL11

 3.2 Product and Services11

4 PRESENTATION AND ANALYSIS OF DATA14

 4.1 Data Collection Methods.....14

 4.1.1 Sampling and Sampling Techniques14

 4.1.2 Reasons for Data Collection.15

 4.1.3 Limitation and Difficulties Encountered.....15

 4.2 Identification of respondents.....16

 4.3 Analysis of Data Collection18

 4.4 Interpretation of Results20

5 CONCLUSION AND RECOMMENDATION22

REFERENCES.....24

APPENDIX

1 INTRODUCTION

Due to globalisation the world is fast becoming smaller and smaller such as the effects of industrialization. Industrial growth is the driving force of most developed economies and the dream of most developing economies in the world. As more and more countries are becoming industrialized nations, there is an ever increasing need and demand for inputs to most of these industries which is not sustainably managed and used, may one day lead to shortage in the long run. One of the sectors highly affected by globalization and industrialization since from the times of the industrial revolution is agricultural practices; they changed rapidly from primitive traditional method to highly mechanized methods.

In developed countries such as Finland and Germany, agriculture is highly mechanized and sustainably managed to ensure posterity measures and taken into consideration so as not to compromise production and output in future. Most less developed and developing countries are striving to achieve such advances in technology and in their agricultural practices. There has been an increased use of agricultural inputs such as manmade fertilizers that not only lead to high output but it seriously damages the ecosystem functioning and some may have an adverse effect to those consuming the agricultural outputs.

Cameroon is endowed with natural resources, large fertile farmland, widerange of crops and rivers amongs others. Despite its abundant natural resources it is faced with poor food situation. The poor food situation is traceable to the decline in the agricultural sector. The problem of feeding and provision of natural resources is increasing by the day. However, several efforts are being made to improve the standard. Prior to the discovery of oil in Cameroon agriculture used to be the highest foreign exchange resources earned and contributed to the gross domestic product (GDP) of the country. Recently, due to the growing awareness of the role of agriculture. The various government has intensified efforts aimed at transforming from its present subsistence level to a market oriented level. This was done to encourage improvement on product standard. Due to the fall in the level of production from decades to decades, the country could no longer feed the large population, provide raw materials for domestic – industries, engage in export of agricultural produce and employ the labour force of the country despite the abundance of human and material resources.

In spite of growing urbanization, Cameroon is known to be predominantly rural in nature and the majority of the population is dependent directly or indirectly on agriculture for their live hoods. Credits

delivery is perhaps one of the most important roles of micro finance establishments, as the loans extended are used to expand existing business and in some cases to start new ones.

The main aim of the thesis was to find out how micro finance credits promote agricultural development in Mezam division of Cameroon. Specifically it also intended to find out the various types of micro credits granted by MFIs. Secondly, to examine the credits granting requirements and their effects on agricultural development. Thirdly, to find out if the interest rate on micro credits is satisfactory and lastly to make possible recommendations.

The researcher used both primary and secondary sources of information, which is also called direct information gathered through questionnaires issued to the staff and members of Kimbo Police Cooperative Credit Union. While the secondary data involved mainly data received from writers up published, research studies from the organizational archives, internet and Centria school library.

2 THEORIES OF MICRO FINANCE

In this chapter, different theories on micro finance and the nation of agriculture will be discussed. How micro finance promotes agriculture will also be analyzed here. Closing this chapter some challenges faced by micro finance institutions in the delivery of micro credit will also be analyzed.

Different authors and organization have considered micro finance institutions in different ways. Whatever the case, the setting of micro finance radiates from financial services provision, primarily savings and credits to the poor and low income households that do not have access to commercial bank service. Micro finance can be sourced into three formal, semi-formal and informal institutions. Examples of formal institution include cooperatives and the rural banks. Examples of semi-formal institutions include nongovernmental organizations and example of informal micro finance institution includes shop keepers and money lenders. Services offered by micro finance can be classified into two: financial services such as micro insurance, saving, money transfer, micro credits etc. Non financial services such as counseling, training, education etc. The main goal of MFIs is to reduce poverty through the creation of jobs micro credits counseling etc (Rashid 2016).

According to the Consultative Group to Assist the Poorest (CGAP, 2012), micro finance are organs of provision of formal financial services to poor and low-income earners , as well as other systematically not benefiting from the financial system. As noted, micro finance does not only provide a range of credit products (for consumption, smothing for business purposes, to fund social obligations, for emergencies, etc) but also it improves savings, money transfers, and insurance services. Considered as a financial service provide for poor people, it helps to allivate risk, build assests, create and improve incomes and futhermore contribute to the development of the local communities (Cull et al., 2009).

Glisovic & Martinez (2012) try to explain the role of microfinance institutions in financing small enterprises. In this study; we are made to understand that these microfinance institutions are looked upon to create more jobs even though recent studies have showned that MFIs creat jobs more in economies with low income. The fact that if these MFIs are to successfully support these small enterprises, they need to also understand the dynamics of these small enterprises, taking the need of the enterprise into consolidation.

In the study by Aliyu (2013) on the Role of Microfinance Banks in Financing of Micro Enterprises in Kaduna State Nigeria it was found that micro enterprises in that area had access to MFIs and the services they offer. This study aimed at finding the role of micro finance institutions in these micro enterprises. Findings received from this research showed that these MFIs had a significant to play in these micro enterprises in Kaduna state Nigeria.

A study carried out in Anambra state Nigeria by (Mgbakor et al. 2013) on the role played by MFIs in agricultural product, farmers had a range of problems which hindered agricultural production and development, this include, little or no track of records, illiteracy, lack of insurance and they had to also deal with diseases and pests which attack their crops. Meanwhile on the side of the MFIs, they faced problems such as processing application forms submitted by these farmers.

Again a similar study carried out in Bangladesh and Pakistan on the services offered by MFIs for rural agriculture, makes us understand MFIs are becoming a major tool for poverty reduction in these countries. With rural areas affected the most by poverty with people living in this rural area having to depend solely on agriculture to meet with their daily needs. This study was aimed at assessing whether MFIs had a role to play in agricultural and community development since most of the population of rural areas depend on agriculture for survival. This study found out that MFIs play an important role in agricultural development with Bangladesh benefiting from MFIs than Pakistan (Malik, 2011).

Moses and Zangue, (2017) carried a study on the performance of MFIs in Cameroon: Case Study CAMCCUL. This study was aimed at assessing the financial performance of MFIs considering the important role played by MFIs in poverty reduction which plagues the country. This study revealed that operational expenses, portfolio at risk and size play a major role in performance of CAMCCUL financially. Meanwhile market congestion played a negative but negligible part on the financial performance of CAMCCUL.

Microfinance Information Exchange (MIX) considers micro finance institutions as a variety of financial services that target low income clients, particularly women. Since the clients of micro finance institutions have lower income (poor) and often have limited access to other financial services, micro finance products tend to be for smaller monetary amounts than traditional financial services. These services not only provide micro credit services for those having lower incomes but also include loans, savings, insurance and remittances. Micro-loans are given for a variety of purposes, frequently for micro –enterprise development.

The MFIs sector in Cameroon however has some setbacks with Business in Cameroon (2018) in one of its articles describing the MFIs sector in Cameroon as being in turmoil. According to the article, some MFIs in the country are operating illegally without the approval of the Minister of Finance. This caused the Minister of Finance to order the shut down of these MFIs which were operating illegally. Some of the MFIs which legally approved has gone out of their category for which they were licenced to function (Cameroon Tribune 2016).

In a warning issue by the Minister of Finance, Alamine Ousmane Mey, reveals that “some category 1 micro finance establishments are engaging in savings collection operations and loan granting with non-member third parties; activities that are regulated to be exclusively for category 2 micro finance establishments. In these operations, some others are having people making social contributions as if they are fees without explaining to them the real nature of these initial charges.”(Cameroon Tribune 2016).

2.1 Notion of Agriculture.

Agriculture is the term used to describe the act of growing of crops and the raising of livestock for human consumption and use (www.dictionay.com). This usually done by tilling the soil and and the planting of crops and also the breeding of animals for domestic and commercial purpose and this is done depending on the type of agriculture (Environmental science).

There two different types of agriculture namely industrialized and subsistence agriculture Industrialized agriculture is the type of agriculture where large quantities of crops and live stock are produced through industrialized techniques for commercial purpose. The reason behind industrialized agriculture is to increase crop yield, and the products are been sold in the different countries of the world. This type of agriculture is able to produce large quantity of food crops and livestock due to its industrialized methods (Environmental science).

There is the utilization of large machines instead of using manpower. Using machines has increased the use of fossil fuels on industrial farms and therefore the price of food can fluctuate as a result of the increase in price of oil changes. Industrialized agriculture also increases crop yields investing in large irrigation systems and also as there is great use of chemicals, fertilizers and pesticides. These chemicals and fertilizers increase greatly increase yield. Also, another method of industrialized agriculture is growing monocultures which are when a single crop is planted on a large scale. Although planting

monocultures increases yields, this method of farming is more susceptible to disease and cause a reduction in the dietary variation of customers (Environmental Science).

Subsistence Agriculture; Apart from industrialized agriculture there also exist subsistence agriculture. It is when a farmer lives on a small land and produces food to feed his household and small cash crop. The goal behind subsistence agriculture is producing enough food to ensure the survival of the farmers' family. Excesses can be sold locally to other farmers or individuals. Subsistence agriculture varies very much from industrialized agriculture in terms of the farming methods, subsistence agriculture is labour-intensive it is so because all the work is been done by humans and animals. Just hand tools and simple machines are used to work in the farms and this system of agriculture does not rely on chemical fertilizers and pesticides, instead more natural techniques are used. Most farmer raise animals which include, chicken, goats and cow manure from these animals is used as fertilizer for the plant (Environmental science).

Another difference between industrialized agriculture and subsistence is what is being planted. With industrialized agriculture, that utilizes monocultures, subsistence relies on poly cultures, which is when different types of crops are cultivated in a particular small land (Environmental Science).

2.2 How KIPCCUL Promotes Agriculture.

Kimbo cooperative credit union contributes greatly to the development of agriculture in the rural area of the Mezam division of Cameroon. They promote agriculture in the following ways.

Granting of an agricultural loan to farmers at reduced interest rate to help them purchase farm inputs as a result increase their agricultural productivity, thus promotes agriculture through their credits. Again, KIPCCUL greatly promotes agriculture in selling farm input at reduced prices to farmers this include farm inputs like fertilizers, seedlings etc. This goes a long way to promote agriculture in the rural areas (KIPCCUL company guide 2016).

Equally, KIPCCUL promotes agriculture in rural areas through the sensitization of farmers during educational meetings on the current farming methods used and also any new current technology and when and how farmers should go about the cultivation process there by promoting agriculture (KIPCCUL company guide 2016).

Furthermore, KIPCCUL promotes agricultural development in rural areas by giving out farm input to farmers on credit for those who do not have money to purchase at the same time to repay on a later agreed date and this goes a long way to the growth of agriculture in the Mezam division of Cameroon (KIPCCUL company guide 2016).

As Thomas Malthus an English economist and demographer (13/2/1766- 23/12/1834) stated that, food is necessary to the existence of man, and economic development cannot be obtained if the population is starving as the productivity of the labour force will be below optimum. Agriculture makes important contributions to national food security and micro economics stability (KIPCCUL company guide)

2.3 Challenges faced by KIPCCUL in the Delivery of micro credit.

The inability of micro finance institutions in meeting the credit needs of small holders has been occasioned the challenges faced by the lending institutions and also the borrowers. Most of the lending institutions are yet to accept agriculture as a profitable business. While there are ventures into lending to other equally risky sectors, agricultural activities have been tagged as fraught with uncertainties of weather, natural hazards and possible attacks from pest and diseases (KIPCCUL company guide 2016).

Another challenge faced by KIPCCUL in credit delivery is the fact that the credit officers of the MFI are often traditionally accustomed to lending to commerce, trading, services and industrial etc. In most of the institutions, they lack specialized departments or agricultural experts to take charge of agricultural loan portfolios and on the other hand, there are no special trainings on agricultural lending to update staff on the technicalities involved (KIPCCUL company guide 2016).

2.3.1 Borrowers-related challenges

Apart from the challenges faced by the micro finance institutions, the borrowers also faced several challenges.

Firstly most of the farming population lack the understanding about the importance of keeping farm records. Without this farm records, it becomes difficult to take appropriate decisions as a result, it becomes difficult for loan officers to assess their credit worthiness and risk. Again, their small-holding and scattered nature presents technical and market economies, as it requires huge administration cost of loans. Also the fact that so many farm holdings operate under different cultural and agronomic practices, this latest huge extension challenges which loan officers are ill-equipped to address.

Equally, the subsistence nature of farming hampers saving, investment, and asset accumulation. The farmers can scarcely afford to give good collateral security, as a requirement for lending from MFI. The land tenure system with share land rights and ownership adversely affects land as collateral security. In rural areas and villages, land values are relatively low and may not offer easy foreclosure processes.

2.3.2 Suggested strategies for the challenges faced by KIPCCUL in the delivery of micro credit.

Tackling the challenges would go a long way to remove the bottleneck on the part of both lenders and borrowers. Increasing agricultural products in Cameroon in order to meet the need of the population, guarantee food security, reduce local imports and promote non oil exports. There will be the need for innovative policy changes on various fronts.

Financial literacy; here, field experience reveals that the poor farmers lack basic knowledge with regards to finance/financial services. An average farmer has little idea of keeping records, managing credit, saving and other financial opportunities. There is the need to provide educational programs which can help them develop their capacity in keeping records, simple management principles, loan usage repayment.

Creating a well-equipped agricultural finance department; lending, MFI needs to have organized finance departments manned by staff with training in relevant fields such as agricultural economies, rural sociologist, agricultural extension specialists, and business management specialists would be handy for such a specialized agricultural finance department. Agricultural experts who are more likely to understand the dynamics of agricultural production adopt appropriate risk mitigation strategies, loan monitoring and recovery than non-experts.

There should be training and capacity building through classroom and attachment for loan officers of MFI. Loan officers should be able to understand the peculiarity of agricultural products. Training should be a continuous exercise and as this will enable them to disburse loans at appropriate times, monitor loans, utilization and gives simple advice in their interactive visit with borrowers.

Lastly, creation of enabling an environment for agricultural lending; it is necessary for stakeholders to collaborate in order to creat an enabling environment that will greatly attract the young leaving school and the graduates to engage in agriculture. This can be achieved through the provision of basic infrastructure such as pipe-borne water, road network, electricity and working tools and equipment. Government should channel subsidies to areas that demonstrate potentials so as to increase the efficiency of agricultural production thus, profitability. Also incentives such as tax holidays for profits on agricultural lending could also be an added advantage to the financial institutions (KIPCCUL company guide 2016).

3 PRESENTATION OF CASE COMPANY

Here they will be a detailed study of the case company, that is when it was formed and what its main activities are, and also its products and services. Some information was received from the researcher's internship report during the period of the research.

The Kimbo Police Cooperative Credit Union Limited (KIPCCUL) micro finance institution was created in 1969 with COBAC regulation number 19505/11/01/2001 and the ministerial decision no 00353/MINFI/27/200. This was thanks to the moral encouragement of the commissioner of public security Sanyinong who inspired some 16 elements of Bui National Security to come up with thrift and a loan scheme. Membership was limited to the police security and borrowing above savings was permitted with no formal policy (KIPCCUL company guide 2016).

The union was then affiliated to CAMCCUL after the decision of a board meeting and the books of record of the union were audited for the first time on the 20 July by Gerald Wortel. The union continued to rise with no major infrastructure and equipment (KIPCCUL company guide 2016).

The managements and membership became limited to policemen and women then evolved from police monopoly to the approval of the civilian membership by the AGM to open membership with the post of the organization president reserved for the police and to total openness and Mr. Nformi Blasius became the first civilian president effectively from 13/12/2002 (KIPCCUL company guide 2016).

Since creation, 12 presidents have ruled KIPCCUL till date. Presently, KIPCCUL has 3 branches in Douala at SIDIKO Bonaberi, in Yaounde at Rue lycee bilingue omnisport and in Bamenda mile 3 opposite the farmers' house. Also, it has 2 collecting branches one at Tobin and the other at Squares its head office is located at the Mbev motor park along the Kumbo Nkambe high way (KIPCCUL company guide 2016)

The organization set up of KIPCCUL is made up of the General Assembly, Board of Directors, and the Women's Committee, the General Manager, the Youth Committee, the Credit Committee and the Education Committee (KIPCCUL company guide 2016).

The General Assembly is made up of the members of the union. Members review the union and take decisions at the annual general meeting which is held once a year. Holding this meeting members are given the opportunity to criticize the proposed recommendations and elect new representatives (KIPCCUL company guide 2016)

3.1 Main Activities in KIPCCUL

Micro finance companies as well as KIPCCUL carried out the following functions that could be grouped into 2 categories (KIPCCUL company guide 2016). These included;

Investment operations. They were involved in financing micro projects which included giving out loans to agriculturalist, selling farm inputs like fertilizers, seeds and chemicals at cheaper prices.

Banking operations. Cameroon, as well as Africa at large is involved in the receiving of funds from surplus unites to deficit unites that is, they act as intermediaries.

3.2 Product and Services

KIPCCUL being a micro finance institution, its activities have a relationship with its services. On like any other micro finance, KIPCCUL offers some products and these products depend on their objectives and also the need of their target market. Some of the products provided by KIPCCUL include the following (KIPCCUL company guide 2016).

Credits: loans which are often given to customers are usually for investment. Assessing credit risk is something difficult and its not effective for a small amounts of loan. KIPCCUL lends small amount of money at first to its customers. If timely payment is done, the amount will be increased in the future. In order to ensure the payment of these loans KIPCCUL formed Joint Liability Groups involving members of a community which they agreed to stand for each other at the time of collecting a loan (KIPCCUL company guide 2016).

Savings: Depositing money in KIPCCUL is important to the poor, who usually have few places of keeping their money in other to have a clear difference between their income and their expenditure. This account is for customers to increase their savings and also to benefit from their interest, with a saving account while leaving the bank you make use of your money. Operating a saving account de-

posits to your account can be done by anyone other than you, if the depositor has the account number and the name of the account holder. The account holder is entitled to the account at any point in time as he/she can withdraw money from his account during the institutions working hours. New customers in need of this account in KIPCCUL must fulfill the following conditions; a valid national identity card of not less than 6 months, 4 passport size photos, a minimum sum of 5000frs cfa (KIPCCUL company guide 2016).

Current account; the main purpose of current account is for business. A customer does not get interest for keeping money with his bank instead he pays the bank for keeping his money. Customers operating a saving account it is of his own advantage of owing a cheque book which will facilitate him from withdrawing money from his account. Advantages of a current account over saving accounts are that the customer can easily take an over-draft. In order to operate a current account, one needs a photocopy of a valid of a national identity card of not less than 6 months, 4 passport size photos and 15000 FRS cfa (KIPCCUL company guide 2016).

Insurance, micro finance institutions in many countries are putting efforts to increase their product range to include risk transfer services. The Grameen Bank in Bangladesh for instance requires each member in a group lending programme to contribute a given percentage of the loan amount to an insurance fund to cover the risk of death, mitigating their ability to repay the loan. Other types of insurance offered include health and property, offering insurance policy to micro finance institutions is something risky as they often lack the ability to price or control the risk they take on. It is also questionable whether insurance is of great importance to the very poor, as the cost to transfer the risk may be too high for them. Some institutions¹ that offer insurance say that clients get benefits from protection against extreme hardship caused by death or catastrophe. Such disasters often hurt the poor more than the rich in most societies. (Financial services for the poor)

The main aim of micro finance institutions is that of poverty alleviation, apart from financial services they also provide the following services:

Micro finance institution act as financial intermediation and it is the main service which is being offered by micro finance institutions. Financial intermediation also involves transferring of capital, liquid or risk from areas of the economy that have a surplus to those areas which have a deficit. Micro finance institutions are not often in a position to provide a full suite of financial services (Financial services for the poor)

Another service provided by micro finance institution is Enterprise development services. Some micro finance institutions offer basic training in order to encourage successful micro enterprises. Educating the staff and members will greatly increase the performance of microfinance institutions. This may include training on marketing and business management (Financial services for the poor).

Social services are another service offered by micro finance institutions. In areas where social services are very poor it is sometimes difficult to provide financial services that will be useful to people. Given a situation where people live a life of hand-to- mouth without any basic social services being provided makes it difficult for them to engage in sustainable entrepreneurial activities. Basic social services that could be provided by micro finance institutions before providing financial services include health and education (Financial services for the poor).

4 PRESENTATION AND ANALYSIS OF DATA

This chapter is based on analyzing the data collected from the field survey. The questionnaires analyzed were used to identify certain recommendations which could help KIPCCUL to grow. Getting a good research done, the researcher then proceeded with the data collection method and analysis.

4.1 Data Collection Methods

This section of work deals with the methods and procedures involved in the collection of data to reflect the objects. However, the data required for proper understanding was obtained using both the primary and secondary sources of data collection. The primary sources involved data obtained directly from the field which are; Questionnaires, observation, interviews. While the secondary data involved mainly data which was received from other writers up published and unpublished and also research studies from the organizational archives and the internet. However, this research targets KIPCCUL branch in Bamenda and some customers with some 10 questionnaires.

4.1.1 Sampling and Sampling Techniques

When conducting a research, it is always difficult to study the entire population that gain your interest. If you were to survey a population it would need so much time and it will be costly as well. As a result sampling was used to gather the data. A sample can be defined as a subset of a population being studied and this represents the largest population as it is used to draw inferences about the population.

The researcher in her study brings out the following characteristics of a good sampling design. Firstly, the sample design must result in a true representative sample of the population. Also it must be such that the result from the study can be applied, for the universe in general with a reasonable level of confidence. It must be viable in the content of funds available study.

Based on the aim of the study, KIPCCUL staff and some members were chosen. With this the probability was used. In this sample, every item of the population has an equal chance of inclusion in the sample. Hence, two main procedures were used.

Firstly, strategic sample here the credit union was identified in Bamenda, after which the random sample procedure was employed to identify management and field workers to provide information that will reflect the total population and the sampled population responded to the items that were found on the questionnaire.

4.1.2 Reasons for Data Collection.

The data collection methods used was both the primary and secondary data.

Primary data collection involves questionnaire design and administration account for the following reasons. It is very flexible and enables the researcher to collect large information. With a primary data collection relevant informations are received easily. It is cheap since a large amount of information can be received at low cost.

The following are the reasons for secondary data collection method. The research used the secondary data because the primary data faced some problems on interviewing some elderly members who did not want to disclose their financial information. Also the researcher used this method because observation is patient and and she did not have much time to observe for a long time. Text books gave the researcher more material for the study. The major problem faced by the reseacher was the fact that most of the information read was not very suitable for the study. As a result, more time was needed to go through many different text books.

4.1.3 Limitation and Difficulties Encountered

During the period of the research, the research had some limitations and difficulties which included the following.

Scarcity of documented information at KIPCCUL: secrecy being one of the duties of bankers, some staffs of the union was unwilling and unable to give correct information about the union. This contributed to the limitation of the researcher's ability to gather information.

Language: Some of the members of KIPCCUL could not speak English they could only speak the dialect, which made it difficult to gather informations for the work.

Also financial difficulties were another limitation. As a result of insufficient finance the researcher couldnt carry out more research out of KIPCCUL. Lastly time constrain was another limitation the researcher faced. The time period that was given for the study was not sufficient as the researcher could not carry out detailed finding on the topic.

This chapter presents an analysis of data on the role played by micro finance establishments in the promotion of agriculture in the Mezam division of Cameroon. It also elaborates the on identification of respondents and interpretation of results.

4.2 Identification of respondents

The respondents were relatively workers and members of KIPCCUL who were eligible, present and available for the study at the time of the researcher's internship. They were administered questionnaires. These questionnaires were administered at the KIPCCUL office located at mile 3 Nkwen with a sample size of ten members.

TABLE 1. Identification of respondents by gender

Gender	Frequency	Percentage
Male	3	30
Female	7	70
Total	10	100

As seen from TABLE 1, out of the 10 staff who answered the questionnaire, 3 were males making a percentage of 30 and 7 were females making a percentage of 70 making a grand total of 100%. This percentage can be received by $\text{frequency} \backslash \text{number of respondents} \times 100/1$

TABLE 2. Identification of respondents by age group

Range	Frequency	Percentage
20-35	7	70
36-45	2	20
46-60	1	10
Total	10	100

TABLE 2 illustrates how 7 respondents were between the age of 20 -35 having a percentage of 70, while 2 respondents were between 36-45 giving a percentage of 20 and only 1 respondent was between the age of 46-60 giving a percentage of 10 implying a grand total of 10 respondents with a 100 %.

TABLE 3: Identification of respondent by marital status

Marital status	Frequency	Percentage (%)
Single	2	20
Married	8	80
Divorced	0	0
Widow	0	0
Total	10	100

From TABLE 3, 2 respondents are single, which represent 20 %, 8 are married which represent 80%, none of the respondents are widows and they are no divorce respondents in the sample population.

TABLE 4: Identification of respondents by level of education

Level of education	Frequency	Percentage
FSLC	0	0
O/L	0	0
A/L	2	20
University	7	70
Others	1	10
Total	10	100

From TABLE 4 out of 10 persons who answered the questionnaire, 2 respondents are of the advanced level of education, giving a percentage of 20. 7 are of the university level giving a percentage of 70 and lastly 1 respondent are from other levels of education like masters giving a grand total of 10 respondents and 100 per cent

TABLE 5. Identification of respondents according to duration in service

Duration	Frequency	Percentage
1-2 years	3	20
3-4 years	5	50
4-5 year	2	30

Finally respondents were identified using duration in service. It was discovered that 30 % of workers of KIPCCUL have duration of 1-2 years while 50 % of workers have duration of 3-4 years and 20 % have duration of 4-5 years

4.3 Analysis of Data Collection

The data was collected, grouped and analyzed with the use of tables as seen below

TABLE 6. What is the role played by micro finance establishments in the promotion of agriculture?

Respondents	Male	Female	Percentage
Loan granting	3	2	50
Farm tools	2	1	30
Seeds	1	1	20
Total	6	4	100

From TABLE 6 out of the 10 respondents were male and 4 were female it can be observed that loan granting was the most favorable role accepted by our respondents to be the most important role played by micro finance in the promotion of agriculture with a percentage of 50. We also have farm tools with a percentage of 30 and lastly seeds with a percentage of 20.

TABLE 7. Can micro finance loans/credit granted to farmers influence the agricultural output?

Response	Male	Female	Percentage
Yes	4	5	90
No	1	-	10
Total	5	5	100

From TABLE 7, we had 10 respondents of which 5 were male and 5 were female 90 % of the respondents accepted that loans/credit granted to farmers by micro finance institutions influence the output while 1 respondent was of the opinion that micro finance credit cannot influence agricultural output.

TABLE 8. Are there any problems faced by agriculturalist in repaying these loans?

Response	Male	Female	Percentage
Yes	4	4	80
No	1	1	20
Total	5	5	100

From TABLE 8, we have 10 respondents of which 5 were male and 5 female 80 % of the respondents accepted that they face problems in paying back these loans while 2 respondents say they do not face problems in paying back the loans.

TABLE 9. What policy actions can be implemented to boost the agricultural productivity in Cameroon through micro finance?

Respondent	Male	Female	Percentage
Low interest rate	3	2	50
Educate farmers	1	1	20
Sell farm inputs at reduced prices	1	2	30
Total	5	5	100

From TABLE 9, 5 out of the 10 respondents were male and 5 were female. Also from the table it can be observed that low interest rate was the most favorable policy accepted by our respondents to be one of the policy action implemented to boost agricultural productivity with a % of 50. Educating farmers had a % of 20 and lastly selling farm inputs at reduced prices with a % of 30.

TABLE 10. Is the rate of interest on agricultural loans satisfactory?

Respondents	Frequency	Percentage
Yes	2	20
No	8	80
Total	10	100

TABLE 10 shows that the interest on agricultural loans are satisfactory according to the 2 respondents who answered yes and this has given a percentage of 20 and the remaining 8 respondents are of the fact that the interest is not satisfactory giving a percentage of 80 all together giving a grand total of 100.

TABLE 11. Is cash always available for the granting of agricultural loans?

Respondents	Frequency	Percentage
Yes	10	100
No	0	0
Total	10	100

From TABLE 11, cash is always available for the granting of agricultural loans as proven by the 100 per cent total given by the 100 respondents who all answered yes to the question.

4.4 Interpretation of Results

As the saying goes majority wins the vote from the analyses on TABLE 6 above its clear that micro finance credit promotes agricultural development in that when the loans are granted to the farmers they are able to purchase farm inputs like fertilizers and pesticides and this goes a long way to bring about a high output. By so doing the farmers will be able to pay back the loans and the farmers can even increase their scale of production as a result of the loans granted. Through this activity MFE has realized revenue from the interest rate received from this loans and also it has realized an increase in the number of customers without this activity MFE will face a fall in their income and can thus lead to member reduction.

And if the recommendations below are taken into consideration it will bring about an increase in agricultural output as well as the growth of micro finance establishments as a whole.

5 CONCLUSION AND RECOMMENDATION

From the research carried out it can be concluded that the major purpose of the researcher was to know how macro finance credits promotes agricultural development in the Mezam division of Cameroon through their activities.

Despite the efforts KIPCCUL in agricultural development it is not yet enough or better still it is not yet at its maximum. This means that there is still some hidden treasure which needs to be exploited and this can only be possible if the micro finance institutions are able to assess the level of their activities towards the development of agriculture. Then from this point micro finance institutions will come up or develop better strategies to boost this powerful sector in the economy as it is still young and needs special treatment for it to mature and become very lucrative.

There is an African saying which goes thus the farm can never deceive the farmer this is to say the risk of failure is very small as compared to other economic activities and since the farm can never fail the farmer, so too will the farmer not fall the union in repaying the principal and the interest on the loan contracted for such activities.

After critically analyzing the various findings above, the researcher now recommend the following base on the research findings.

Firstly the researcher recommends that MFI (KIPCCUL) should critically review its loan policy as to increase the number of loans given to farmers and also making the loans very attractive to members who plan to take loans for agricultural purpose.

Again, despite the credit given to KIPCCUL for its activities towards the development of agriculture in Mezam division, the researcher advice KIPCCUL to hire experts to organise workshop programs and seminars with these farmers in order to teach them on better farming techniques and suitable commercialization process by so doing, the union will be impacting positively in the lives of its members as they will be able to pay back the loan and still have something for themselves.

Also, KIPCCUL should employ a team of staff rather than a staff to access the credit worthiness of agriculturalist before financing their projects. This is to say the union should apply the concept of divi-

sion of labour in the area of loan granting especially loan granting to ensure proper follow-up is assured and errors in the assessment of project is minimized.

The researcher will also recommend that special or attractive interest rates should be placed on contracting finance for agricultural purposes. That is, the rate of interest on business loans should not be the same as that on agriculture due to the fact that agriculture is still emerging but a very promising sector.

Further more, KIPCCUL should increase its level of sensitization in order to create awareness on its activities being carried out especially in the domain of agriculture so that small scale agriculturalists should embrace large scale through the power use of KIPCCUL's financial and technical assistance given to them.

Lastly, the researcher recommends that the MFI should try to convince agriculturalists to form common initiative groups (CIGs) and come up with a common project which will be financed by the credit union. By this system, the returns are going to be enormous to both the members of the CIG and to the union since the CIG will obviously be involved in large scale production.

REFERENCES

- Aliyu M. (2013). Analysis of the Role of Microfinance Banks in Financing of Micro Enterprises in Kaduna State, Nigeria. *International Journal of Economics, Business and Finance*, 1(11), 420-430.
- Business in Cameroon (2018, March 2018). Cameroon's microfinance sector in turmoil. Available at: <https://www.businessincameroon.com/finance/0303-5297-cameroon-s-microfinance-sector-in-turmoil>.
- Cameroon Tribune (2016).
- CGAP. (2012) A Guide to Regulation and supervision of Micro-finance Consensus Guidelines. Consultative Group to Assist the poor, Washington, DC.
- Cull, R., Demirguc-Kunt, A., & Morduch, J. (2006). Financial Performance and Outreach: A global analysis of leading Microbanks. Policy Research Working Paper Series 3827, the world Bank (Reprinted in the *Economic Journal*, 117, 107-133
- Environmental science. Available at: <https://study.com/academy/lesson/types-of-agriculture-industrialized-and-subsistence-agriculture.html>. Accessed on the 1/05/2018.
- Glisovic, J., Martinez, M. (2012, July 1). Financing small enterprises: what role for microfinance institutions?(English). available at: <http://documents.worldbank.org/curated/en/765201468159604377/Financing-small-enterprises-what-role-for-microfinance-institutions>.
- KIPCCUL Company guide 2016.
- Malik Z. U. D., (2011, November 1). Microfinance Services for rural agriculture in Pakistan and Bangladesh. Available at: https://www.researchgate.net/publication/279471924_Microfinance_Services_for_rural_agriculture_in_Pakistan_and_Bangladesh
- Mgbakor, M., Ngozi, U., Jennifer, N., Iloegbunam, S. (2013, May 2). The Role of Microfinance in Agricultural Production in Anambra West Local Government Area of Anambra State, Nigeria. *International Journal of Sustainable Agriculture*, 5 (2), 50-55.
- Moses A. O., Zangue N. J. (2017 March 30). Financial Performances of Microfinance Institutions in Cameroon: Case of CamCCUL Ltd. *International Journal of Economics and Finance*, 9(4).
- Rashid, J. (2016, June 21) Role of Microfinance Institutions in Entrepreneurship Development in case of Pakistan. Available at: <https://www.linkedin.com/pulse/role-microfinance-institutions-entrepreneurship-case-ch-rashid-javed>

QUESTIONNAIRE**Dear sir/Madam**

I am a final year student name Akain Laura Fotela student of Centria University of Applied Sciences Kokkola Finland. I am carrying out a research on the topic Micro Finance Credit and Agricultural Development. This is a tool for the award of a Bachelor of Business Administration in Business Management. Please kindly answers the following questions by either ticking YES or NO or by giving short answers' where necessary

THANKS FOR UNDERSTANDING

DATE; _____

SIGN; _____

MEMBERS

1. Gender male female
2. For how long have you been a member of kipcull? _____
3. How often do you take agricultural loans? monthly annually
4. Are agricultural loans of any importance to you? yes no
5. Do you take agricultural loans from other institutions? Yes no
6. Is the interest rate on these loans satisfactory to you? Yes no
7. What type of agriculture do you carry out? intensive extensive
8. Have agricultural loans created any impact to u as a member? yes no
9. What is your marital status? single married widow
10. What is your level of education? Fslc O/l A/l university other

staffs

1. Gender male female
2. Level of education? fslc o/l a/l university
others
3. Marital status? married single divorce widow
4. How long have u worked with the institution? _____
5. Has your institution created any impact in promoting agriculture? yes no
6. Will the institution be affected if the promotion of agriculture is stopped? yes no
7. Is the promotion of agriculture usefull to your instituton?
yes no

8. is the income generated from agricultural loans the most important source of income to your institution? yes no

9. is cash always available for the granting of agricultural loans in your institution? yes no