ASSESSTMENT OF BENEFICIARIES KNOWLEDGE AND MANAGEMENT OF NIRSAL MICRO FINANCE LOAN IN TARABA STATE, NIGERIA

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ABSTRACT

The aim of assessing beneficiary's knowledge and management of NIRSAL micro-finance loan in Taraba State. The findings showed that majority of the NIRSAL loan beneficiaries were male, youths whose age gap fall between 19 to 40 years of age, single and not married, majority farmers with an average household monthly income of ₦51, 000 – ₦100, 000 a large household size. Based on the demographic evidence, the findings proved that management of the NIRSAL Covid-19 loan is poorly managed among beneficiaries. Evidences showed that most of the beneficiaries have deviated from the major aim of the government for approving the loan; thereby using these resources for different purposes rather than the former. It was disclosed that some of the respondents further used the resources for building, education and health services, while some used it for other related problems undisclosed. The findings finally revealed that a proportionate percentage (66.7%) of the beneficiaries of NIRSAL micro finance loan aimed at providing succour to households and MSMEs that have been adversely affected by COVID-19 were engaged in Technical SMEs such as medical personnel, skills trade (artisan), engineers, scientist and lawyers, while those into functional SMEs includes programmers, software designers, photographers, artists and writers. Thus most has no physical evident of any form of MSME engaged in; rather than any of its alternatives. Based on the that government should conduct a thorough baseline survey when next they intend to disburse loan of such caliber to ensure effective use and management of resources among beneficiaries should be evaluated to know the various forms in which manage and use the NIRSAL Covid-19 loan.

INTRODUCTION

The Coronavirus Viruses Diseases (COVID-19) pandemic trans-national nature with overarching global socio-economic, health and political implications is not the first in the history of mankind. Crisis related to public health and communicable diseases are ancient issues that have never respected national boundaries (Ezeanoet al., 2017). As far back as 1325, the Bubonic Plague began in China, transmitted from rodents and fleas to humans moving rapidly from China to Western Asia and then to Europe with a death toll of about 25 million (one-third of Europe's population) at this period. Since this period, human beings has experienced global heath related crisis such as Yellow Fever, Tuberculosis (killed over 1.5 million in 2013), Zika virus (infected about 1.5 million people in Brazil from where it spread northward); Malaria (with over 215 million malaria cases in 2015, most of which were in Africa). Since December 2015, World Health Organization (WHO) has also identified a list of several potential epidemics requiring additional research that included

Crimean Congo hemorrhagic fever, Ebola virus disease and Marburg hemorrhagic fever, Lassa fever, Nipa virus, and Rift Valley fever, Middle East respiratory syndrome (MERS) and SARS Coronavirus Viruses Diseases (COVID-19) which currently threatens humanity.

Since the end of 2019, after the first infectious case was discovered in Wuhan, China, COVID-19 has continued to spread across boundaries. COVID-19 has created a global widespread panic posing health, socio-economic and political challenges such as drifting nation's economy into recession, reducing democratic and participatory governance, reduction in social relations a result of the social distancing, movement restriction and lock-down policies among others. The intensity of the virus and implication for human and state security led the WHO declaration of the virus a 'Pandemic' on 11th March 2020 and call for a collaborative approach towards addressing the challenges posed by the deadly virus. As at of writing, April 29, there have been nearly 226,442 deaths, with more than 3,195,693 people infected and 988,079 recoveries across 204 countries and territories around the world. The Coronavirus disease has brought matters related to human security at the forefront of discussion with emphasizes on the welfare of individuals (Olisah, 2020).

The coronavirus (COVID-19) pandemic has resulted in disruptions to global supply chains, a sharp drop in global crude oil prices, turmoil in global stock and financial markets, massive cancellation of sporting and entertainment events, and intercontinental travel bans/restrictions across critical air, land and sea routes around the world (Anonymous, 2020).

Across Africa, governments of African countries such as Nigeria, are taking proactive steps to constrain the spread of the virus by instituting partial or total lockdown within their jurisdictions. Households and micro, small and medium enterprises (MSMEs) are prone to be hard hit by the effect of the pandemic as businesses are literally ground to a halt. SMEs constitute about 90% of all the businesses in Nigeria. In March 2020, the Central Bank of Nigeria (CBN), as part of the Federal Government's intervention policy during COVID-19, released Guidelines for the Implementation of the ₦50 Billion Targeted Credit Facility (the Scheme) aimed at providing succour to households and MSMEs that have been adversely affected by COVID-19 (Brooks and Knight, 2020).

As a result of the global shock of the COVID19 Pandemic, International Financial institution, Government organization and non-governmental organization are committed towards assisting Nigeria in response to the pandemic shock through monetary assistance, fiscal policies and debt relief measures. The Nigeria government benefited from the International monetary fund Rapid Financial Instrument (RFI) by approving the sum of US$3.4 Billion Emergency Support to assist the authorities in addressing the severe economic impact of the COVID19 shock, state GDP contraction with higher external and fiscal financing needs and the sharp fall in oil prices. The European Union also supported Nigeria Response to COVID19 pandemic by boosting Nigeria response by 21 billion naira (50 million Euro) directed to improve coordinate approach and inclusive national response to COVID-19 pandemic. The International Organization Migration also approved 86.2 million USD emergency appeals to support 7.9 million IDPs in Nigeria

North-East. In addition, the state of Germany also donates the sum of 2.19 billion (5.5million Euro) to tackle corona virus in Nigeria (Ezeano et al., 2017).

The Central Bank of Nigeria has set out a number of measures to tackle the impact of the coronavirus, including establishing a fund to support the country's economy (of 50 billion naira; i.e. EUR 121 million), targeted at households and micro and small enterprises. The interest rate has also been cut, a moratorium has been announced on principal repayments for CBN intervention facilities and tax measures are being taken.With the introduction of the Scheme, the CBN intends to cushion the adverse effects of COVID-19 on households and MSMEs; support households and MSMEs whose economic activities have been significantly disrupted by COVID-19; and stimulate credit to MSMEs to expand their productive capacity through equipment upgrade, and research and development.

The Scheme covers agricultural value chain activities, hospitality (accommodation and food services), health (pharmaceuticals and medicals supplies), airline service providers, manufacturing/value addition, trading and any other income generating activities as may be prescribed by the CBN.Eligible participants under the Scheme includes households (with verifiable evidence of livelihood adversely impacted by COVID-19), existing enterprises (with verifiable evidence of business activities adversely affected as a result of COVID-19) and enterprises with bankable plans to take advantage of opportunities arising from COVID-19.

The Scheme is financed from the Federal Government’s Micro, Small and Medium Enterprises Development Fund (MSMEDF).The CBN, a Participating Financial Institution (PFI) and the borrowers/beneficiaries are the major stakeholders under the Scheme.The Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL) Microfinance Bank is the only Participating Financial Institution (PFI) under the Scheme.For households, the loan limit for each borrower is ₦3 million. NIRSAL is a mechanism designed to provide farmers with affordable financial products and reduce the risk of exposure of financial institutions that lend to the sector. It will also build the capacities of banks to lend to agriculture as well as provide incentives for those that are financing the sector. NIRSAL Microfinance Bank according to the nature of the enterprise and the repayment schedule/work plan provided at the application stage.For SMEs, the loan limit is ₦25 million determined based on the activity, cashflow and industry/segment size of the beneficiary. Where the purpose of obtaining the loan is working capital, the limit is a maximum of 25% of the average of the previous 3 years’ annual turnover of the enterprise or business applying. Where the enterprise or business is not up to 3 years in operation, 25% of the previous years’ turnover will suffice.The applicable interest rate is 5.0% per annua (all inclusive) up to 28th February 2021. Interest shall thereafter revert back to 9% p.a (all inclusive) as from 1st March 2021.Working capital shall be for a maximum period of one year, with no option of rollover while the term loan shall have a maximum tenor of not more than 3 years with at least, one-year moratorium.The collateral to be pledged by borrowers/beneficiaries under the Scheme shall be as may be acceptable by NIRSAL Microfinance Bank includes one or more of the following: moveable asset(s) duly registered on the National Collateral Registry

(NCR); simple deposit of title documents, in perfectible state; irrevocable domiciliation of proceeds; two (2) acceptable guarantors; personal guarantee of the promoter of the business; life insurance of the key-man, with NIRSAL Microfinance Bank noted as First Loss Payee and comprehensive Insurance over the asset.The interest and principal repayment shall be made on installment by the borrowers. Periodic monitoring of projects financed under the Scheme will be conducted by NIRSAL Microfinance Bank. The CBN shall provide the seed fund for the Scheme; release funds to NIRSAL Microfinance Bank for disbursement to successful applicants; review the Guidelines of the Facility as may be necessary; receive and process periodic returns from NIRSAL Microfinance Bank and monitor and evaluate the implementation of the Scheme by NIRSAL Microfinance Bank.

Credit is the ability to acquire goods and services or money in swap for pledge for payment in future. The important of credit to agricultural development cannot be overemphasized. Agricultural credit is capable of improving the growth of agriculture through use of new technologies, strengthen the position of the farmers in dispensing his/her livestock, cushioning the effects of seasonal price disparity and enhanced bargaining power, adopt improved agricultural practices and thus boost production ethics, improves output and advances standard of living of people by breaking vicious cycle of poverty (Duong and Izumida, 2002, Chaudhary and Ishfag, 2003), enhances access to improved inputs, improves consumption and expenditure especially during off-season period, boast access to basic social service, boast farmers' welfare through limitless access to vital social services and improves high production efficiency for output maximization (Ume et al., 2016).

Studies showed that the farmers apart from their personal savings, formal institution has been the major access to credit as their activities are monitored by government (Lawal, et al. 2009; Osuntogun, 2012) and to debunk shylock loan often associated with informal sector lending institution (De-Graft and Addo, 2011). The prominent among formal credit lending institutions available to the farmers were Agricultural Credit Guarantee Scheme (ACGS), the Nigeria Agricultural and Cooperative Bank (NACB), microfinance and commercial banks (Lawal, et al; 2009; Ibrahim and Aliero, 2012). In addition, the informal sources available to the farmers were money lenders, personal savings, friends and Rotating Savings and Credit Associations (ROSCAs) (Anozieet al; 2014).The low repayment of formal institution among farmers have been problematic that most formal sector lending institution often decline in lending to such farming class through use of an uphill conditions for acquisition and use of the loan (Osuntogun, 2012). However, the default or delinquency in repayment of agricultural credit by the farmers could be linked to the inherent nature of agriculture as relates to risks and uncertainties in output production and prices, resulting in poor economic returns to farming households (Brehanu and Fufa, 2008)). Research show that the determinants of loan repayment defaults in rural banking and semi financing institutions among low income and individual-based lending schemes can be checkmated through direct monitoring, regular repayment schedules, and the uses of non-refinancing threats without requiring collateral and without using group lending contracts that feature joint liability (Chaudhary and Ishfag, 2003). Nevertheless, the repayment of loans is very beneficial as it helps to ensure the recycling of money to other farmers, as poor repayment has the probable of lending agencies charging high interest rate and high processing charge to the borrowers in order to keep afloat in the business, thus repelling other possible beneficiaries (Chaudhary and Ishfag, 2003). It is paramount to state that the borrowers alone cannot be held accountable for loan defaults as it is imperative to scrutinize the level to which both borrowers and leaders abide by the loan agreement and the nature of the duties, responsibilities and duties of both parties as revealed in the plan of the Credit programme (Afolabi, 2010).

Thus with this current situation, assess beneficiaries knowledge and management of NIRSAL micro finance loan in Taraba State, Nigeria.

The Study Area

Taraba is a state in North Eastern Nigeria, named after the Taraba River which traverses the southern part of the state. Taraba's capital is Jalingo. The inhabitants are majorly of the Fulani, jukun and Mumuye among other tribes. The state was created out of the former Gongola State on 27 August 1991, by the military government of General Ibrahim Babangida.

Sources of Data Collection

The data were collected mainly from primary sources. Data were collected through the use of structuredquestionnaire, copies of which were randomly administered to each from the three (3) geo-political zones (Northern Zone, Central Zone and the Southern Zones respectively) of Taraba State which includes NIRSAL covid-19 loan beneficiaries selected for the study.

Method of Data Analysis

Descriptive statistics, simple percentages, and mean(were used for data presentation and analysis. A total of 30 questionnaires were forwarded to farmersacross the three (3) geopolitical zones of Taraba statewhich were all correctly completed, retrieved and analyzed.

MEAN

$\overline{X}= \Sigma fn$

Where;

$\overline{X}$= Mean score

Σ = Summation

F = frequency of response mode

n = number of responses

RESULTS AND DISCUSSIONS

The socio-economic characteristics of the NIRSAL micro finance loan

Based on the findings presented in Table 1 it depicts the NIRSAL loan beneficiaries social, economic and educational status.

The findings showed that majority of the NIRSAL loan beneficiaries (70.0%) were to be men while 30.0% were female. This is so because men's flexibility and enthusiasm for individual economy balance is rampart, thus pushes them to make enquiries ahead of their female counterparts with passion to pursue it. The finding further reveals that 33.3% of the respondents where youths whose age gap fall between 19 to 40 years of age, 16.5% of them were younger than 18 years. The findings also showed that majority of the beneficiaries are single and not married, 43.3% are married while none was found to be divorced or a divorcee. This is contrary to the findings of

Ezeano et al., (2017) on socio economic determinant factors to youths participation in broilers production in Imo State of Nigeria that aged loan beneficiaries have high probability of loan default. The reasons could be that aged beneficiaries are risk verse, decline in manual strength and non receptive to new innovations/technology, consequently resulting in their being more prone to loan defaults as they experience low farm production and productivity (Ezeano, et al., 2017).On the educational attainment of the respondents, 12 representing 40% had obtained a First School Leaving Certificate, 33.4% hadobtained SSCE/GCE, 16.6% had obtained OND/NCE and 10% had acquired a B.A., B.Sc., B.Ed., B.Tech, while none of beneficiaries had acquired higher degree such as M.Sc. Furthermore, 43.3% were found to be farmers, 40.0% were business men and women while 50.0% of the respondents were civil servants. It also showed that majority of the respondents (56.7%) have an average household income range of ₦10,000 – ₦50,000, 30.0% has an average household monthly income of ₦51,000 – ₦100,000, while 13.7% earns ₦101, 000 and above. On household size, 13.7% has an average of less than 5 people per household, 43.3% has 6 – 10 individuals per household, 26.7% has an average number of 10 – 15 people in their homes while 15.7% has 16 – 20 people per household. On household head, this demographic character depicts beneficiaries who are independent. Thus, 53.3% of the household heads were found to be the father, 33.3% were mothers, 6.7% were brothers and sisters.

Table 1: The socio-economic characteristics of the NIRSAL micro finance loan

Variables	Response	Percentage (%)
Sex		
Male	21	70.0
Female	9	30.0
Age (Years)		
< 18 years	5	16.7
19 – 30	11	
31 - 50	10	36.7
51 and above	4	13.3
Marital status		
Single	14	46.7
Married	13	43.3
Divorced and Divorcee	3	0.00
Educational attainment		
FSLC	12	40
SSCE/GCE	10	33.4
OND/NCE	5	16.6
BA, B.Sc. B.Ed., B.Tech.	3	13.3
M.Sc. and Others		
Occupation		
Farmer	13	43.3
Business Man/Woman	12	40.0

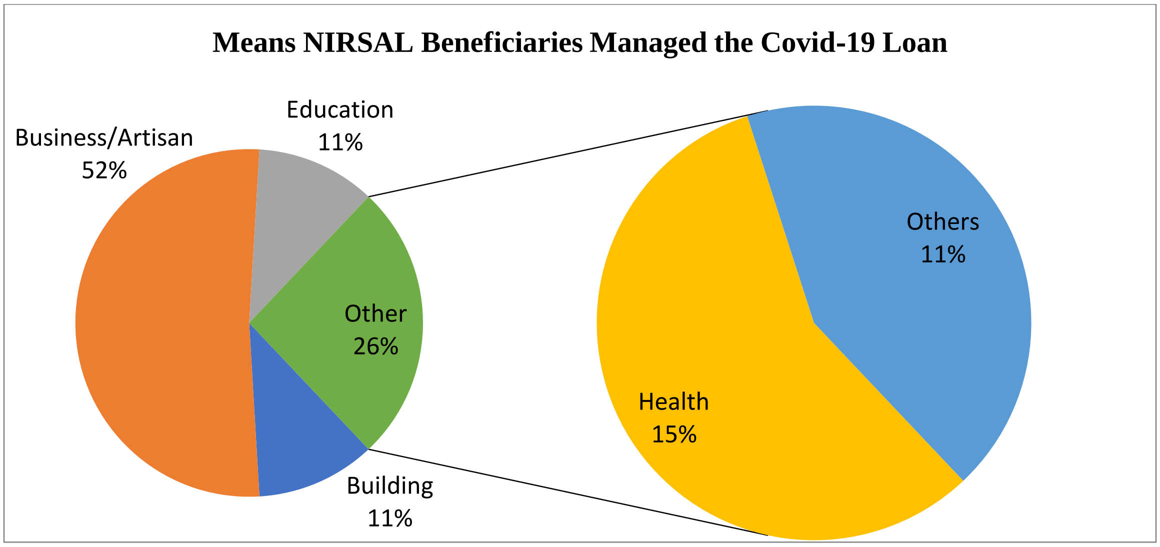
Civil servant	15	50.0
Average monthly income (₦)		
10,000 – 50,000	17	56.7
51000 – 10,000	9	30.0
101,000 and above	4	13.7
Household size		
<5	4	13.7
6 – 10	13	43.3
10 – 15	8	26.7
16 – 20	5	15.7
Household head		
Father	16	53.3
Mother	10	33.3
Brother	2	6.7
Sister	2	6.7
Total	**30**	**10**

Source: Researcher's Survey, 2020

The various MSMEs engaged in by the beneficiaries of the NIRSAL micro finance loan

The chart below shows the various mean in which the NIRSAL Covid-19 beneficiaries implemented their loans. Thus, a proportionate percentage (46.7%) of the respondents admitted to have implemented their loan through various business and skilled trades, 10.0% use the resources in building infrastructures (houses), and 6.6% used the loan resources for education, 3.3% used the resources for health issues, while 36.7% admitted to have used the resources for other issues (undisclosed).

Chart 1: The various Means beneficiaries managed the NIRSAL micro finance loan

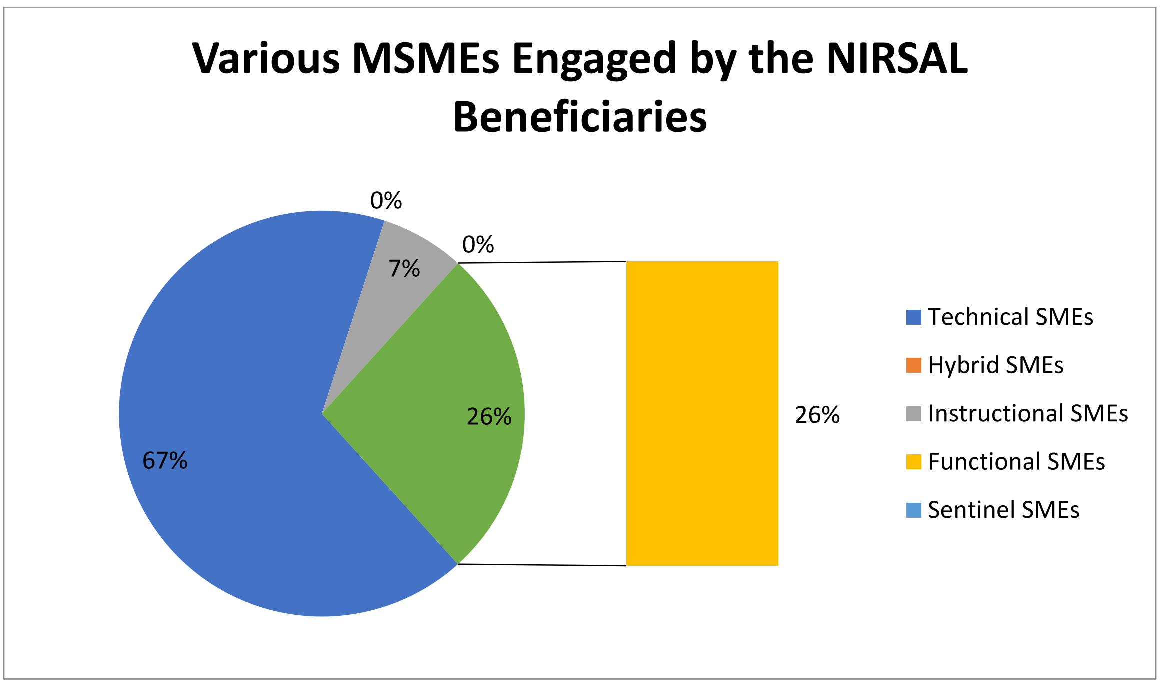


Source: Researcher's Survey, 2020.

The various MSMEs engaged in by the beneficiaries of the NIRSAL micro finance loan

The graph below previews the various MSMEs engaged in by the beneficiaries of the NIRSAL micro finance loan mainly aimed at providing succour to households and MSMEs that have been adversely affected by COVID-19. The results of the findings shows that majority of the beneficiaries (66.7%) admits to have engaged in technical SMEs (personnel, skills traders, engineers, scientist and lawyers etc.), 6.7% were found to be engaged in instructional SMEs (facilitators, mentor, coaches and teachers) while 26.6% were into Functional SMEs (programmer, software designers, photographers, artisans and writers etc), none of the beneficiaries were found to be Hybrid SMEs (Processors and Document experts) and Sentinel SMEs (Members of the governing bodies, Members of Grant Committees, and Organizational Leaders). This is a conviction that the targeted beneficiaries have been reached with the resources as desired by the Federal Government of Nigeria through the Central Bank, yet only few evidences of the beneficiaries participation in SMEs have been recognised; thus majority poorly managed these resources.

Chart 2: The various MSMEs engaged in by the beneficiaries of the NIRSAL micro finance loan



Source: Researcher's Survey, 2020

CONCLUSION

The findings showed that majority of the NIRSAL loan beneficiaries were male, youths whose age gap fall between 19 to 40 years of age, single and not married, majorityhaving obtained first school leaving certificate must of which were realized to be farmers with an average household monthly income of ₦51,000 – ₦100,000 with the majority of them in a large household size. Based on the demographic evidence, the findings proved that management of the NIRSAL Covid-19 loan is poorly managed among beneficiaries. Evidences showed that most of the beneficiaries have deviated from the major aim of the government; thereby using these resources for different purposes rather than the former. It was disclosed that some of the respondents further used the resources for building, education and health services, while some used it for other related problems undisclosed.The findings finally revealed that a proportionate percentage (66.7%) the beneficiaries of NIRSAL micro finance loan aimed at providing succour to households and MSMEs that have been adversely affected by COVID-19 were engaged in Technical SMEs such as medical personnel, skills trade (artisan), engineers, scientist and lawyers. While those into functional SMEs includes programmers, software designers, photographers, artists and writers thus most has no physical evident of any form of MSME got engaged in; rather than an of its alternative.

RECOMMENDATIONS

i. Government should conduct a thorough baseline survey when next intend to disburse loan of such caliber so as to ensure effective use and management of resources among beneficiaries.
ii. Beneficiaries should be evaluated and by the NIRSAL to know the various forms in which beneficiaries manage and use the NIRSAL Covid-19 loan

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