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The Contributions of the Esusu Club, and the Co-operative Societies, to the Societal Growth and Development of Igbo People of Nigeria since Independence

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Abstract:

'Esusu' club is a traditional method of savings or banking. It is a kind of cooperative society as well, since money saved is aimed providing economic succour. The origin of this culture is primordial and probably must have evolved due to need by the natives to seek for a viable method of safe keeping their surplus cash for re-investment into other economic businesses. It could have also emerged to address sudden need, which could demand immediate finance. Although some scholars are of the opinion that 'Esusu' club emerged following the introduction of currency economy, further inquiry indicate that 'Esusu' club existed before that. In many Igbo communities, Esusu has different names but perform the same function. Moreover, this system of local banking has formed a predominant method of money saving especially among the rural dwellers. In olden days, the Ohafia people had a form of Esusu that involved rotatory labour contribution to members' farm. Women, in what was called Idu ubi (free labour services), initiated it, and referred to it as mbobom (farm weeding). This idea metamorphosed from offering of labour services, to daily, weekly and monthly financial contributions as the case may be, when wages for such communal self-help farm work became monetised.

In the present dispensation, in Ohafia, this is called the 'Ari doro' and 'Nzuko Umunna', with payment been accepted every Sundays and or fortnightly. The number of people involved in such meeting could be extended up to twenty (20) or more persons, depending on the club's constitution. In a village also, there could be up to five or twenty of such clubs, depending on the population of the village and the ability to mobilise the people to join by the initiators. Nzuko Umunna which was the official name given to Esusu club in Nigeria has metamorphosed from ordinary meeting involving kindred where cases between members are settled, to the handling of financial matters. Instead of solely focusing on conflict resolution, the 'Esusu' club has gradually emerged to become source of economic empowerments to Ohafia people in particular.

The 'Esusu' club is the bedrock to rural economic transformation. Its impact to socio-economic development of the nation is beyond measure. Apart from providing economic succour to rural dwellers, it has afforded a forum for social intercourse necessary for harmonious living within the society. The emphasis for the government to collaborate with the club to bring development to the greater number of the rural populace; is the nexus of this paper.

Keywords: Economic empowerments, disposable income and loans

1. Introduction

Esusu is a cooperative banking club in Ohafia Igbo of Nigeria. Initially membership was restricted to family members, but later expanded to include familiar people who reside in the same neighbourhood. It is a well-known indigenous banking system, among not only the Ohafia Igbo group, but also the entire people of Nigeria. Until recently, this method only involved weekly contribution and saving of stray cash available as reserve to members. This cash, which could be entrusted under the custody of a member, could remain with him or her until agreed date, when it will be shared among contributors. Until the emergence of the modern banking system, the Esusu money was never saved to accumulate interest, even when granted as a loan to a member. It was basically meant to offer support during farming season or to foot the bills of a member for title acquisition social ceremony like ozo, igwa nnu and nze titles. There are various methods of Esusu. There is one, which revolved on monthly basis. In this one, membership does not exceed twelve (12) Contributors. These contributors represent the twelve (12) calendar months. There is another one, which meets, on weekly basis. This type of club involved weekly saving, and has more members. The money the club members saved is normally shared at the end of the year. It could assume regular contributory method, in which case contribution and payment rotates on weekly basis among members. Membership to weekly 'Akawo or Esusu' could be as large as the constitution could now accommodate. Membership to Esusu Club was not automatic in Ohafia Igbo of Nigeria. This is because high sense of honesty and integrity are key major requirements for admittance into Esusu club. However, recent studies show that

members could even now save on daily basis, with the pool saved in the bank for interest accumulations. The interest accumulated through loans to the members could be shared among members too at the end of financial year. Until now, it was usually difficult to grant loan to non-member. Because of that, the Esusu clubs formation began to increase. Recent study shows that daily saving is noticeable among the Esusu club owned by petty traders, artisans, transporters and other group of people whose work involve daily payment for service delivery. This article is therefore, a focus, on the importance of 'Esusu' club to the economic empowerment of the rural dwellers in Nigeria. The secret behind the successful story of the 'Esusu' club in economic empowerment program in Nigeria, in spite of well-tested economic theory of the western world is what this paper has highlighted.

2. The Method of *Esusu* Club

The '*Esusu* club' which has been known or synonymous with the group of people that have come together with the sole aim of pulling their energy, surplus money together on daily, weekly, fortnightly or monthly basis is understand to be very popular in Nigeria. Before it became monetised, the contribution could be in a particular venue, generally agreed and or a centralised meeting place, and or with the payment given to a particular person for proper safekeeping pending when it will be shared. This indigenous method of saving has so much developed that in such meeting, their exist offices an accountant, secretary and the treasurer for recording purposes. While it could not be said that, it is only in Igbo land where such club exist, in Hausa and Nupe societies they are called 'Dashi', in Yoruba '*Esusu*' or '*Ajo*' '*Efe*' in Ibibio, '*Oku*' in Kalabari, '*Osusu*' among *Edos* and '*Ari doro*' or '*Atukota Ewere*' in Igboland.

This native method of saving could take many forms. For instance, in some societies, it could be in form of monthly contribution, in which, members contribute fixed amount of money to a member, and for another member being contributed to, the following month. The cyclic method continues until every member must have received money or shares of his or her contribution. This method, among the people, is known as '*Atukota Ewere*' that is rotatory collection.

In another type or method of *Esusu*, no specific amount is required as contribution. An individual will contribute to the meeting on weekly or fortnightly, based or depending on his ability. In a particular month, he could pay in more, while the next month or the following month it could be less. Meanwhile, since whatever amount of money contributed by any member is recorded, it is therefore not difficult to know what an individual was able to contribute during sharing (this is normally, done at the end of the year).

In some clubs (*Esusu*), a member could borrow from the club, but would always be required to pay some interests. The interest rate depends on the amount of money borrowed. In some of the Clubs, the interest rate is fixed, while in others even borrowing is not allowed. Method of loan repayment is usually spread over a period. The period expected for repayment is usually spread across twelve months (12), with the interest rate pegged at of 10 percent, some clubs could charge lower rate and reserve higher interest rate to a non-member. Non-member could also borrow as far as there is a member of the club who would acts as a surety of good conduct to such borrower.

Esusu is a pull method of banking. The money contributed is normally shared out at the end of the year with the interest also share out based on the amount of money contributed by the individual.

3. People Involved in the *Esusu* Club

Membership to the '*Esusu*' or '*Ari doro*' club is not restricted to the rural farmers alone. Civil servants presently have *Esusu* club. Although there are close and open method of '*Esusu*' banking system, but farmers, artisans and even civil servants could belong to the same '*Esusu*' club now, more so, since admittance is based on the ability to contribute when required. In the olden days, the '*Esusu*' was instituted as a unifying agent to promote kindred and family peace. It was thus, a family club, formed to deliberate on family matters, and to support each member on farm work, and in building of native houses. As the culture demand, every host of *Esusu* meeting often made elaborate preparation with foods and drinks for entertainment. It was for the sake of cushioning the effect of high expenses on entertainment that led to the idea of contributing to support the host initially. From this idea, came up the contributory savings system. This of course marked the origin of monetary contribution or thrift organisation known in the local parlance as the '*Ari doro*' or '*ugwo onye ma*' or *utu onye ma echi*.

It was a close organisation when it started newly. This is because, membership was initially drawn from the same kindred. At a point, it spread to members of the same profession, and thus, became closed to only professional members. That is to say, in the closed system, member could be drawn from one profession, for instance, teachers, hospital staff or even some religious groups, such as the women guilds, men fellowship etc. Under such organisation or arrangement, the club is closed to non-professional members. Open *Esusu* club as the name imply, had no barrier to admittance of membership. As far as the applicants were able to satisfy the conditions for admittance, he or she is acceptable to join. In Ohaozara sub-division of Igbo land group, open club constituted 72% of the '*Esusu*' club studied. These open clubs had an average of 57 members. While the seven closed clubs had an averaged of forty members ¹ the open clubs continued increase in membership.

While the method of admission and pattern of organisation have been explained, it should be emphasised here, that the '*Esusu*' clubs have rules and regulations guiding its proceedings. In other words, any member of an '*Esusu*' club is expected to be honest, law abiding and respectable. These are the basic qualifications and requirement to any '*Esusu*' club. For any person to be dully accepted into an '*Esusu*' club such individual must have handed in his or her application letter indicating his willingness to join the club, it is when such letter is read before the members and accepted, would such applicant be accepted into the club.

Expulsion could also happen to any member who contravenes the rules and the regulations guiding the club. Such offences like fighting during meeting, inability to pay the *Esusu* levy, using some offensive words against any member by another member could attract expulsion. In addition, re-admission could be accepted provided the offender apologies and pledge not behave in such manner subsequently.

4. *Esusu* Club's Contribution to the Economic Growth of the Country

The fact that some '*Esusu*' clubs were concerned with small village development projects also suggests they could be useful in promoting self-help projects, perhaps with the assistance of small grants – in – aid ² from the government.

In a country like Nigeria where its greater population are rural dwellers, with little or no knowledge of the modern banking system or means to secure loans, the '*Esusu*' clubs have served as a saving and credit system. The advent of *Esusu* clubs, have also encouraged the rural folk to invest their money meaningfully. The rural folks have been able to raise money to send their children to school through *Esusu*. The emergence of *Esusu* Clubs has contributed toward boosting the agricultural production of the rural dwellers; since the bulk of the savers are rural farmers who could only struggle to increasing their agricultural products.

Apart from that, the '*Esusu*' club has enabled the rural parents to raise enough money to contribute financially at the execution of rural assigned projects, and to solve some pressing problems that needed urgent attention. It has helped in improving the rural standard of living, and the improvements of some social infrastructures. Since the '*Esusu*' club often times has embarked on the communal development projects unaided by any governmental organisation, its contributions to the rural development are significant.

5. Co-Operative Societies

There is no gainsay, the fact that the hope of the common person is in co-operation. In all developing countries, the co-operative movement is seen as means of general economic development. In addition, Agricultural productivity can be better increased through co-operative societies ³.

The history of the co-operative society ran back to 1944, when the first modern co-operative organisation was organised in Great Britain in the name of Rochdale Equitable pioneer society. The birth of this co-operative society further gave birth to such organisations in Germany, Italy, Sweden, Japan, India and other countries. While such could be said of the origin of cooperative societies in the western countries, in Africa, the spirit of communalism inherent in the culture of the people has informed earlier development of cooperative spirit.

Although recent studies have shown that, such factors like poverty, exploitation and the need to improve the standard of living and general welfare of the populace, have led to the formation of such numerous co-operative societies, a number of them operate under different umbrellas. However, there is a need to study the reasons why such societies were formed, some benefit to the members and its general contribution to the country's economic well-being. It thus behoves the researcher to consider some of the reasons behind the formation of the cooperative societies in Nigeria.

6. The Reason Why Such Societies Where Formed

The nature of the co-operative societies explains the motives behind its formation. This is very true to the formation of cooperative society in Nigeria. For instance in our contemporary society, poverty induced challenges have informed the formation of the consumers co-operative society. The consumers are the bulk breakers, the members of consumers' cooperative society by-pass the wholesalers, and buy directly from the producers. The major reasons of doing this, is to cushion the excessiveness of traders who often embarked on selling their goods at an exorbitant rate ⁴. The result of this thus has been the formation of such organisation to protect the consumers from an undue exploitation of the traders.

In other words, consumers could now, collectively contributes money and purchase such scarce and expensive products, which they resold to the members at a moderate price, thus beating up inflation and artificial scarcity. The consumers' cooperative society has been very usual in controlling the price of some scarce products. Apart from that, there exist in almost every sector a form of co-operative societies, while the consumers seems to be the oldest, there are such co-operative societies as cobbler, farmers, grains sellers co-operative societies. Farmers' cooperative societies have used their organisations to secure loans, fertilizers and other farm tools at the government-subsidized prices. Nigerian government is also known to have engaged experts to organise training and workshops for the cooperative societies, where members have been trained on better ways of farming.

In-effect, and individually too, apart from the undue exploitation generally kicked against by consumers co-operative societies, the societies also see to it that the welfare of the members are improved, thus in the drift and credit co-operative societies, the member are helped financially in their businesses through her loan scheme programme. Similarly, the growing needs of framers particularly in the area of finance encouraged the formation of co-operative drift and credit societies in the same line as '*Esusu*' ⁵.

7. Some Factors Playing Down on the Co-Operative Societies in Nigeria

Since 1929 – 30, when the first knowledge of modern co-operative organisation was observed in Nigeria, during the period of the great depression, it has continued to grow. Meanwhile, many factors have significantly played down on the positive realisation of the dream for the formation of such societies, right from that moment until date. In other words, the greater number of the co-operative societies is agricultural oriented; even so, the few number of others non-agrarian co-operative societies substantially depends on the agricultural sectors in one way or the other. Furthermore, the

considerably portion of farming, which is carried out through land consolidation, integrated production, and marketing during group farm co-operative, community farm and co-operative farm settlement, could only affect the process of collective activities.

The inability of the government to educate the masses, on the need to form viable co-operative societies has made nonsense in the realisation of the dreams of such societies. In addition, women are not been adequately represented in the few existing cooperative societies. Since majority of the rural farm works are done by women, they should be adequately represented in such co-operative organisation, in order to boost food production. In food production and marketing, special attention should be given or focus on woman in co-operatives activities, since women form the majority of the rural farmers.

Lack of effective communication system has also been Hazare a barrier in co-ordinating the effort of the co-operative societies nationally. For instance, surplus food could not be effectively moved into areas of scarcity, or stored in non-existed silos. Seasonal food wastages are inherent as a result. In addition, due to the improper co-ordination of such co-operative societies like the national agricultural co-operative food supply and marketing association, easy movement of foods from farms to where needed has continued to suffer. Beside, since most of the members of such co-operative societies are not wealthy as to take initiative on certain proactive measures, the result of this has been the inadequate and slow planning for mobilisation of credit to implement growth in food production and storage.

8. The Importance of the Co-Operative Societies in the Nigeria's Economy

This preponderant interest has continued over the decades, so that today agricultural co-operative constitutes some 90% of all co-operatives in the country ⁶. From this explanation, we understand that the bulk of the co-operative societies are agro-based. This singularly act, has been attributed to lack of support to the non-agro based co-operative societies, other than agro based co-operative societies in our economy. The result of this has been an increase in the agricultural output, which of course has boosted the standard of living of the people. The existence of agro based co-operative societies in Nigeria, has resulted into the promotion of living standard. It has also ensured job creation for the poor. The formation of co-operative, has contributed to the reduction of unemployment even in the rural areas. It has equally increased economic freedom, and offered self-confidence to the small-scale farmer. Apart from that, the establishment of such co-operative societies has provided the members with free training and knowledge of modern farm techniques. It has also provided an opportunity for the poor to raise enough money to offer their children formal education. Soon after joining the society, it has been observed that the co-operative societies expose the members to the full knowledge of the democratic principles, and processes through the one-man vote process in electing the executive members ⁷.

9. Conclusion

From the above explanation given above, it is obvious that the 'Esusu' club and the co-operative societies although different in many ways, however have many things in common. For instance, the 'Esusu' club could help members in the form of granting of loans through the money generated from the group purse. Co-operative societies on the other hand, hardly keep a general fund but rather pull together their resources when there arose a need to purchase scarce commodities which could be resold to the members at subside rate. They could also apply for a loan from the bank collectively; such money is normally used for the welfare of the members in form of collective beneficial initiatives. Co-operative societies could also collaborate with the government in the implementation of economic policies. Presently, the co-operative societies have started keeping an account, this is necessitated through various levies and fines imposed upon members.

This pulls, subsequently has been serving as a credit facility to the member, a similarity with the 'Esusu' club's loan scheme. From the above account, it is imperative to say, that the co-operative societies and the 'Esusu' clubs have been a financial rallying point, providing succour to the rural dwellers. Most, who could not easily borrow or access loan from the modern banks, due to their large concentration in the urban areas (cities).It has also cushioned the difficulties experienced in getting or in the procurement of loans from the modern banking system. Co-operative society has also provided veritable alternative for financial assistance.

Therefore, the ability of the rural dwellers who are in the majority in the rural farms, and are predominant in such listed *Esusu* and co-operative societies to effectively participate on such clubs and societies, have improved the living standard of the rural dwellers, through their constant re-investment from the loan grants and the subsidized government fertilizer.

10. References

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