



## Financing of community projects by community-based organizations (CBOS) and sustainable development in Central Cross River State, Nigeria

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### Abstract

This study examined the Financing of projects by Community Based Organizations in Cross River State, Nigeria. One statement of the hypothesis was formulated to guide the study. The literature review was carried out based on the variable under study. The survey research design was considered most suitable for the study. A stratified random sampling technique was adopted in selecting the sample for the study. The Educational Activities of Community-Based Organizations and Sustainable Development Questionnaire (EACBOSDPQ) was the instrument used for data collection. The reliability estimate of the instrument was 0.81 using the Cronbach Alpha method. To test the hypothesis formulated for the study, Pearson's Product Moment Correlation statistical tool was used. The hypothesis was tested at a 0.05 level of significance. The findings from the study showed that there is a significant relationship between parent-teacher organizations and the implementation of sustainable development. Also, neighborhood associations do not significantly relate to the implementation of sustainable development. It was recommended among others that CBOs should be empowered educationally and financially so that they can help in the financing of community projects.

**Keywords:** Community, Based Organizations, Development, and Sustainable Development

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### Introduction

According to World Bank (2004), Community-Based Organizations (CBOs) are public non-profit organizations that are representatives of communities or a significant segment of a community that works to meet community needs. (World Bank, 2014) they are further conceived as private self-help, village-level organizations found mostly in rural communities which operate outside of government. They are formed by organizations, communities, or individuals to respond to basic needs not met by the government. CBOs operate mostly at the grassroots level by complementing government efforts in providing certain basic amenities to their communities. The philosophy behind the formation of CBOs arose from the need to bridge the poverty gap created by the low level of development in communities. The self-help approach to initiating and executing developmental projects is one of the strategies being used by CBOs.

Studies such as Fakoya, Apantaku and Oyesola (2009)<sup>[6]</sup>; Awa and Ema (2012)<sup>[5]</sup> and Anyanwu (2012) have shown that community-based organizations (CBOs) have been part and parcel of every community in Nigeria. This is based on the principle of "self-help", "self-reliance", and "citizen participation", which need active participation and cooperation of the people in activities that will make their communities a better place to live in. CBOs seem to be better placed in providing adequate services to members because they are more flexible in their approach to service provision. In these organizations members could influence ideas and actions of others. For this reason most communities have sought the support of these organizations as effective means of changing the structure of communities, harnessing their resources and improving upon their living conditions.

Community-Based Organizations (CBOs) help banks reach new customers and may have expert knowledge of specific populations and markets and can help banks serve hard to reach out to non-traditional customers.

CBOs build stores for community councils to rent and use the money for the payments of teachers employed by Parent Teachers Associations (PTA) and other miscellaneous expenses, build culverts, and contribute financially to community projects.

CBO is associated with self-help. They constitute the media for resource mobilization to confront local challenges in communities. Thus, their impacts have been felt in the areas of economic development, policy matters, health and infrastructure, and environmental and physical development among others. However, despite the accomplishments of CBOs, most communities are still underdeveloped. Many CBOs have risen and fallen like old empires while some have had no significant impact on communities since their establishment due to poor funding by members. This is more so because CBOs in African communities are micro-systems within the macro environment that is afflicted by economic regression, poverty and low standard of living. It is based on this problem and background that this study examined the relationship between the financing of community projects by Community-Based Organizations (CBOs) and sustainable development projects in Central Cross River State, Nigeria.

### **Purpose of the study**

The purpose of this study was to examine the Financing of projects by Community Based Organizations in Cross River State, Nigeria. In specific terms, the study sought to:

1. Determine the relationship between parent-teacher organizations and the implementation of sustainable development
2. Find out the relationship between neighborhood associations and the implementation of sustainable development

### **Research question**

The following research questions were formulated to guide the study:

1. What is the relationship between parent-teacher organizations and the implementation of sustainable development
2. How do neighborhood associations relate to the implementation of sustainable development

### **Hypotheses**

The following research questions were formulated to guide the study:

1. There is no significant relationship between parent-teacher organizations and the implementation of sustainable development.
2. Neighborhood associations do not significantly relate to the implementation of sustainable development

### **Literature Review**

Community-based organizations can help banks reach new customers. Community Development Financial Institutions (CDFIs) may have expert knowledge of specific populations and markets and can help banks serve hard-to-reach or non-traditional customers. In some cases, banks have developed formal and informal referral relationships with Community Development Financial Institutions (CDFIs), with each helping to get customers to the appropriate lender. According to Charles Tansey, Micheal Swack, Micheal Tansey and Vicky Stein (2010) partnership with Community Development Financial Institutions (CDFIs), can also help

banks meet the credit needs of the communities they serve. Many public agencies and philanthropic institutions collaborate with Community Development Financial Institutions (CDFIs), as an efficient and effective way of applying subsidies to address community issues.

Community Development Financial Institutions (CDFIs), blend subsidies with specialized expertise and traditional debt, expanding the scale and impact of those subsidies. Banks are a significant source of that lending capital to Community Development Financial Institutions (CDFIs), through grants, loans, or equity-equivalent investments, or participation lending with Community Development Financial Institutions (CDFIs). Most Community Development Financial Institutions (CDFIs) are formed to use subsidies and develop and apply specialized knowledge to address complex community issues, such as affordable housing, education, health (community health facilities and access to healthy food), and economic development (entrepreneur and job creation). The mission focus of Community Development Financial Institutions (CDFIs) helps sustain long-term efforts to these complex issues. Community Development Financial Institutions (CDFIs) are often involved in initiating, sustaining, improving, and reinventing community development strategies. These efforts may involve evaluating the effectiveness of efforts and convening stakeholders around new approaches. Bank relationships with Community Development Financial Institutions (CDFIs) can generate additional bank business by allowing the banks to make loans and reach customers they would not normally be able to reach (Beth, 2002).

In a study by Aonda (2010) on the contribution of community-based organizations in the socio-economic development of communities in Ahonda East, River State. Three research questions were raised and were translated into a hypothesis to be tested. Literature was reviewed theoretically and empirically according to the sub-variables of the study. A survey research design was adopted for the study with a stratified and purposive sampling technique used to collect a sample of 450 respondents for the study. The questionnaire was the instrument for data collection and data were analysed using Pearson product-moment correlation. The result showed that there was a significant relationship between the association's provision of loans, contribution to building schools and health centers and community development. It was further revealed that osusu and cooperative drift was the major activity of most of these organizations in enhancing the economic development of the community. In addition, Community Development Financial Institutions (CDFIs) can be bank customers, generating deposit accounts, treasury services, and loans for working capital or senior debt. The relationship can also lead to greater participation in community development projects, such as construction loans or the purchase of low-income housing or new markets tax credits. Banks may also be eligible for public incentives when partnering with Community Development Financial Institutions (CDFIs). Bank investments and loans to Community Development Financial Institutions (CDFIs), including Community Development Financial Institutions (CDFIs), may be eligible for Community Reinvestment Act (CRA) consideration.

More so, Adams and Friday (2009) conducted a study CBOs' involvement in community development: a study of Orijji rural community in Abia State. The study was guided by four research questions and three hypotheses. An ex post facto

research design was adopted for the study with a stratified and accidental sampling technique used to collect a total of 650 participants for the study. A structured questionnaire developed by the researcher and validated by the supervisor and experts in test and measurement was used for data collection. Data were analyzed using descriptive statistics and inferential statistics. The result showed that there was a significant relationship between the economic activities of people organizations and the implementation of community development projects. It was found that people constitute an economic base for loans and grants to members of the community to facilitate their business and farm activities. It was also found that there was no significant difference in male adults' and female adults' perceptions of the role of people in community development.

Community Development Financial Institutions provide financial services to individuals, small businesses, community service providers, and community-based associations. Community Development Financial Institutions (CDFIs) often lend to borrowers that may not meet a mainstream institution's underwriting criteria. They serve hard-to-reach borrowers with specialized lending products and detailed expertise in niche markets.

Community Development Financial Institutions (CDFIs) typically manage the risks of their lending through the provision of borrower development services and by accessing public and philanthropic subsidies. 'High touch' technical assistance, such as business planning and homeowner counseling, helps borrowers succeed, often resulting in fewer delinquencies and defaults, subsidies allow Community Development Financial Institutions (CDFIs) to manage risk by lowering the cost of capital to the intended beneficiaries; providing the flexibility to offer non-traditional terms and underwriting criteria that seek to match borrowers' ability to repay; and helping Community Development Financial Institutions (CDFIs) establish higher reserves to offset potential losses. This activity was carried out by most financial institutions and unions. For example, Osuala (2014) posited that there are 3 types of Community Development Financial Institutions (CDFIs), as defined by business models and legal structures. This includes community development banks (CD banks) and savings associations are for-profit cooperation that is chartered and regulated by federal or state regulatory agencies. These banks' deposits are insured by the Federal Deposit Insurance Corporation owned by their members. Federal credit unions are regulated by the National Credit Union Administration, which also insures their deposits. Community development venture capital funds are for-profit entities that provide equity and debt with equity-like features to small and midsize businesses in distressed communities have currently taken over this responsibility is providing loans to either members of the group with moderate interest or those in the village for farming, small scale business enterprise among others.

Similarly, in the study by Animam and Tosin (2011) on cooperative thrift and community development in Nigeria, the participation of people in the development programme is well documented in the last two decades in the developed world. In developing countries, however, such studies are still very scanty and fragmented as the roles of people in development efforts are hardly acknowledged. The research examines the participatory role of people in community development in rural areas, using Ilaje in Ondo State, as an example. Based on a random sampling of 130 people selected

from ten (10) communities in Ileja Local Government Area of Ondo State, Nigeria, the paper attributes the low participation of people in community development efforts to poor level of education and lack of role modeling among people folk. The findings reveal that there is a significant relationship between the cooperative thrift of people and rural development. To ensure effective participation in community development, the study recommended that people in rural areas should be given the necessary assistance by the government and members of the community to enhance their effectiveness in community development projects.

### Methodology

The study employed the survey research design. The area of the study is the Central Senatorial District of Cross River State, Nigeria. The district comprises 6 Local Government Areas namely; Abi, Boki, Etung, Ikom, Obubra and Yakurr Local Government Areas, respectively. It shares Northern boundary with Ogoja and Yala Local Government Areas of the Northern Senatorial District; Biase and Akamkpa Local Government Areas of Southern Senatorial District to the South, the Cameroon Republic to the East, and Ebonyi State to the West. The district lies between latitude  $5^{\circ} 30'$ ,  $6^{\circ} 30'$  North  $7^{\circ} 45'$   $9^{\circ} 30'$  North of the equator and longitude  $7^{\circ} 45'$  and  $9^{\circ} 15'$  of the Greenwich Meridian. It has an area of 306 Square Kilometers (118 sq mi). According to the National Population Commission (2018), the district has a projected population of 1,177,814 people. The people are of the Yakurr/Agoi/Ejagham and Bahumono ethnic groups. They have linguistic differences among the people with the major variant being the Ejagham and Lokaa. They also have other dialects which include: Etung, Olulumo, Ofutop, Nkim/nkum, Abanajim, Nseke and Boki in both Ikom, Etung and Boki Local Government Areas. Irrespective of the differences in languages, all the different groups have a familiar language, Ejagham. They speak English Language and pidgin.

The population of the study comprised 4, 441 members of Community-Based Organizations (CBOs) between the age of 18 and 65 years in the Central Senatorial District of Cross River State. A stratified random sampling technique was adopted in this study. The sample for this study was made up of four hundred and forty-four (444) members of CBOs and 132 CBOs out of 4, 4444 members of CBOs in Central Cross River State. The instrument used for data collection was the Educational Activities of Community Based Organization and Implementation of Sustainable Development Projects Questionnaire (EACBOAISDPQ). To establish the reliability of the instrument, a trial test was carried out using (50) respondents drawn from the Northern Senatorial District which is not part of the population area. The Cronbach Alpha reliability method was used to ascertain the reliability of the instrument. The result showed a reliability index of .81. To test the hypotheses directing the study, the appropriate statistical technique adopted was Pearson's Product Moment Correlation.

### Results/Discussion

The results were presented based on the hypotheses stated as presented below.

**Hypothesis one:** There is no significant relationship between parent-teacher organizations and the implementation of sustainable development. The independent variable in this hypothesis is parent teachers' organization while the



dependent variable is the implementation of sustainable development. To test this hypothesis, Pearson's product-moment correlation was employed as shown in Table 1.

**Table 1:** Pearson Product Moment Correlation analysis of relationship between parent-teacher organizations and the implementation of sustainable development. (N=444)

Variables	$\bar{x}$	SD	r-ratio	Df	p-level
Parent teachers organisation	14.93	3.65	.247**	442	.000
Sustainable development(Y) projects	28.73	5.93			

\*Significant at .05 level; p<.05.

The result of the analysis in Table 1 revealed that financing of community projects by Community-Based Organizations (CBOs) produced a mean score of 14.93 with a standard deviation of 3.65 while sustainable development produced a mean score of .28.73 with a standard deviation of 5.93. The result further revealed that the calculated r-ratio of .247 obtained with a p-value of .000 at 442degree of freedom met the condition required for significance at the .05 level. Based on this, the null hypothesis which stated that There is no significant relationship between the financing of community projects by Community-Based Organizations (CBOs) and the implementation of sustainable development projects was rejected indicating that financing of community projects by Community Based Organizations (CBOs) had a significant relationship with implementation of sustainable development projects.

### Hypothesis two

Neighborhood associations do not significantly relate to the implementation of sustainable development. The independent variable in this hypothesis is Neighbourhood associations while the dependent variable is the implementation of sustainable development. To test this hypothesis, Pearson's product-moment correlation was employed as shown in Table 2.

**Table 2:** Neighbourhood associations and the implementation of sustainable development (N=444)

Variables	$\bar{x}$	SD	r-ratio	Df	p-level
Neighbourhood associations	15.06	2.09	.67*	442	.001
Sustainable development(Y) projects	28.73	5.93			

\*Significant at .05 level; p<.05.

The result of the analysis in Table 2 revealed that financing of community projects by Neighbourhood associations produced a mean score of 15.06 with a standard deviation of 2.09 while sustainable development produced a mean score of .28.73 with a standard deviation of 5.93. The result further revealed that the calculated r-ratio of .67 obtained with a p-value of .001 at 442degree of freedom met the condition required for significance at the .05 level. Based on this, the null hypothesis which stated that Neighbourhood associations do not significantly relate to the implementation of sustainable development was rejected indicating that Neighbourhood associations do significantly relate to the implementation of sustainable development.

### Discussion

It was revealed from the findings obtained from the analysis and testing of the hypothesis that the null hypothesis was

rejected. This implied that there is a significant relationship between the financing of community projects by Community-Based Organizations (CBOs) and sustainable development. This result could be because Community-Based Organizations attract financing agencies to community projects.

The finding of this result agrees with Aonda (2010) that there was a significant relationship between association provision of loans, contribution to building schools and health centers and community development. It was further revealed that "osusu" and cooperative thrift was the major activity of most of these organizations in enhancing the economic development of the community. In addition, the Community Development Financial Intuitions (CDFIs) can be a bank customers, generating deposit accounts, treasury services, and loans for working capital or senior debt. The relationship can also lead to greater participation in community development projects, such as construction loans or the purchase of low-income housing, or new markets tax credits.

### Conclusion

The need for financing community projects is very important for sustainable development in the country. This is due to the fact that financing government expenditure is the role of all the academic environment if the country is to move to the next level. The educational project requires the help of all stakeholders for a better system. The bulk of funding education as a matter of urgency should be declared an emergency in the country. The paper concludes that there is a significant relationship between parent-teacher organizations and the implementation of sustainable development. Also, neighborhood associations do significantly relate to the implementation of sustainable development

### Recommendations

Based on the findings of this study the following recommendations are made

1. CBOs should be empowered educationally and financially so that they can help in the financing of community projects.
2. People in rural areas should be given the necessary assistance by the government and members of the community in other to enhance their effectiveness in community development projects.

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