



EFFECTS OF NIRSAL ON LIVESTOCK PRODUCTION IN YENAGOA LOCAL GOVERNMENT AREA OF BAYELSA STATE, NIGERIA

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ABSTRACT

The study was carried out to analyze effects of NIRSAL on livestock production in Yenagoa Local Government Area of Bayelsa State, Nigeria. The specific objectives of the study were to identify various NIRSAL programme sub-activities involved by livestock farmers; ascertain the awareness about NIRSAL programme by livestock farmers; examine the income of livestock farmers before and after benefiting from NIRSAL programme; and identify the constraints affecting livestock farmers in assessing NIRSAL programme. Descriptive statistics such as percentage, mean and revenue analysis were used to analyze the data. The results revealed that NIRSAL shares the risk involved when beneficiaries acquire loan from banks, NIRSAL guarantees insurance coverage in livestock production for the benefit of their trainees, there was divided feelings about NIRSAL offering cash to banks to increase their lending potential to livestock farmers, having 31% of the livestock farmers agreeing to it and 34% disagreeing to it, NIRSAL gives loan to their trainees to start up their Agricultural Business. The revenue of livestock farmers who have benefited financially from NIRSAL programme was seen to increase. The study further identified that the activities of NIRSAL was of great benefit to registered members as they have the opportunity of enjoying financial benefits, insurance and also receives trainings. Constraints identified from the study were basically complex NIRSAL registration procedures and late disbursement of loans to applicants. It was therefore recommended that there should be sustained awareness of NIRSAL programme implementation, NIRSAL improves on its procedure to loan acquisition so as to out rightly disbursed credit to registered applicants without any form of delay, NIRSAL should also make provision for new business startups in order to integrated them into the financial support base of the bank and finally, the registration procedures to register as a new member should be made easier.

Keywords: NIRSAL, Livestock, Production, Loan, Revenue.

INTRODUCTION

Agriculture also called farming or husbandry is the rearing of animals and cultivation of land to produce food, bio-fuel and other products used to sustain life. Agriculture was the key development factor in the rise of human civilization, whereby farming of domesticated species created food surpluses that nurtured the development of civilization (Njoku and Maria-Stella, 2016).

The agricultural sector is central to Nigeria's economy, accounting for 40% of the Gross Domestic Product (GDP) and providing over 60% of employment. However, the sector represents only 1% of exports. Over the last decade, agricultural growth has slowed down and today it is under-performing despite enormous potentials. Following this, bank credits to the agricultural sector in nominal terms over the years increased from ₦230 million (then about \$233 million) in 1978 to over ₦262 billion (\$2.23 billion) in 2005 (CBN, 2010). This is in



realization of the fact that to sufficiently boost food production and adopt new agricultural technologies and innovations, there is the need for farmers to borrow money from lending institutions (Obasi *et al.*, 2020).

Moved by the desire to reduce import dependency, as well as by the need to relieve dependence on the oil sector for economic growth, Federal and state governments stepped up efforts to promote agricultural development through the establishment of a number of agricultural credit schemes. These credit schemes include the Nigeria Incentive-Based Risk Sharing Agricultural Lending (2011-Date).

NIRSAL breaks with tradition by doing three things at once; fixes the agricultural value chain, so that banks can lend with confidence to the sector and, encourages banks to lend to the agricultural value chain by offering them strong incentives and technical assistance. NIRSAL, unlike previous schemes which encouraged banks to lend without clear strategy to the entire spectrum of the agricultural value chain, emphasizes lending to the value chain and to all sizes of producers. And also engages in active market access development in partnership with key buying groups, states, private investors, farmer groups and processors. (Central Bank of Nigeria, 2012).

The benefits of the NIRSAL programme are; increased lending to agriculture from 1.4 to 7% of total bank lending within 10 years, increased income, GDP, foreign exchange earnings and the implication on the Bank's ability to manage the value of local currency, lower food inflation and maintain monetary robust external reserves as well as monetary stability, opportunity for capturing latent profits in agricultural lending, enhanced adoption of better cultural and agronomic practices, use of improved inputs like seeds and fertilizers, increased productivity and profit, income, standards of living, job creation and poverty reduction, higher employment, reduced expenditure on food imports, higher tax revenue from the agricultural sector, competitive exports and a more diversified economy (Central Bank of Nigeria, 2012). It is against this backdrop, this paper seeks to analyze the effect of NIRSAL on Livestock Production in Yenagoa Local Government Area of Bayelsa State, Nigeria. The specific objectives were to:

- i. identify various NIRSAL programme sub-activities involved by livestock farmers;
- ii. ascertain the awareness about NIRSAL programme by livestock farmers;
- iii. examine the income of livestock farmers before and after NIRSAL programme and;
- iv. identify the constraints affecting livestock farmers in accessing NIRSAL programme.

MATERIALS AND METHODS

The Study Area

This research was carried out in Yenagoa Local Government Area in Bayelsa State which is the state capital. Yenagoa is one of the eight (8) Local Government Areas of Bayelsa State. The state shares boundaries with Delta State on the North, Rivers State on the East and the Atlantic Ocean on the West and South (National Bureau of Statistics [NBS] ,2012). Yenagoa Local Government Area is geographically located within longitude 5⁰15 E and 6⁰45 E and the latitude is 4⁰45N and 5⁰23 S. It has an area of 945 km² and a population of 353,304 persons in the 2006 census, NBS (2012). Yenagoa is made up of even (7) clans which are Okordia, Atissa, Zarama, Biseni, Gbarian, Ekpetiama and Epie clan. The major occupations of the people are fishing, farming and trading, while lumbering, raphia palm tapping and gathering of fruits constitute economic activities by the people in the study area. Purposive and Multi-stage sampling technique was used to select Yenegoa Local Government area. Ten (10) communities within the local government area were purposively selected. Systematic random



sampling technique was used to select ten (10) livestock farmers giving us a sample size of 100 livestock farmers.

Analytical Techniques

Data was analyzed using simple descriptive statistics. Objectives 1,2,3,4 and 5 was realized using mean and revenue analysis. The four-point rating type was as follows; Strongly Agree = 4, agree = 3, disagree = 2 and strongly disagree = 1. A mean score of 2.5 and above was adjudged as NIRSAL Programme, while a mean score of less than 2.5 was adjudged not to be a NIRSAL programme.

RESULTS AND DISCUSSION

NIRSAL Programme/Activities

Table 1 shows the mean score distribution according to the various NIRSAL Programme/ Activities in Yenagoa Local Government Area. The result shows that NIRSAL shares the risk involved when beneficiaries acquiring loan from banks (\bar{x} =3.3), NIRSAL guarantees insurance coverage in livestock production for the benefit of their trainees (\bar{x} =3.2), there was divided feelings about NIRSAL offering cash to banks to increase their lending potential to livestock farmers, having 31% of the livestock farmers agreeing to it and 34% disagreeing to it (\bar{x} =2.6), NIRSAL gives loan to their trainees to start up their Agricultural Business (\bar{x} =3.7), NIRSAL offers training to their trainees (\bar{x} =3.6) and NIRSAL demonstrates to livestock farmers the various practices they taught them (\bar{x} =3.4). This is in tandem with the submission of Aliyu (2016), in which it was stated that NIRSAL shares lending risks with banks, links insurance products to the loan provided by the banks to loan beneficiaries, builds the capacity of banks and micro-finance institutions and appropriates incentives that move banks to strategic commitment.

Table 1: Distribution according to the various NIRSAL Programme in Yenagoa LGA

NIRSAL Programmes	SA (4)	A (3)	D (2)	SD (1)	Sum of scores	Mean
NIRSAL shares the risk involve when I acquire loan from banks.	47(188)	17(51)	10(20)	7(7)	266	3.3
NIRSAL guarantees insurance coverage in livestock production.	35(140)	30(90)	10(20)	6(6)	256	3.2
NIRSAL offers cash to banks to increase their lending potential to livestock farmers.	11(44)	31(93)	34(68)	5(5)	210	2.6
NIRSAL gives loan to their trainees to start up Agricultural Business	64(256)	14(42)	0(0)	0(0)	298	3.7
NIRSAL offers training to participants	66(264)	10(30)	0(0)	0(0)	294	3.6
NIRSAL also demonstrate to livestock farmers the various practices they taught them	48(192)	25(75)	3(6)	0(0)	273	3.4
Grand mean						3.3
Decision cut-off point						2.5

Note: SA = Strongly agree, A = Agree, D = Disagree, SD = Strongly disagree.

Source: Field Survey Data, 2021



Awareness of NIRSAL Programme

Result presented in Table 2 shows the frequency distribution according to the level of awareness of NIRSAL programme in the study area. The result shows that a very high number of the livestock farmers (81.0%) knew about the NIRSAL programme, registered trainees of NIRSAL (75.0%), acquired training from the NIRSAL programme (76.0%) and 71.0% enjoyed financial support from NIRSAL programme. This implies that livestock farmers are aware NIRSAL programme initiated by government in the study area.

Table 2: Distribution according to the level of Awareness of NIRSAL Programme

Indicators	*Frequency	Percentage
I know about NIRSAL programme	81	81
I am a registered trainee of NIRSAL	75	75
I have acquired training from NIRSAL programme	66	76
I have enjoyed financial support from NIRSAL programme	51	71
Total	273	

Source: Field Survey Data, 2021

The Income of Livestock Farmers Before and After Nirsal Programme

Result presented in Table 3 showed that the livestock farmers had an Estimated Cost of Production of ₦606,146 before receiving loan from NIRSAL (borrowing from financial institutions) and ₦ 1,054,150 Estimated Revenue with a 14% interest charge on loan acquisition. The table also showed that the beneficiaries of NIRSAL programme had a change in their financial strength due to NIRSAL loan which is ₦2,029,577 Estimated Cost of Production, ₦3,209,085 Estimated Revenue, with just an Interest charge of 5% for NIRSAL loan. Therefore, there is a differential increase of ₦1,423,432 in the Estimated Cost of Production, ₦2,209,085 in the Estimated Revenue and -8% difference in the Interest charged when loan is being acquired from NIRSAL. Finally, the table also showed that the percentage difference in increased Estimated Cost of Production of Livestock farmers due to loan acquired from NIRSAL programme is 70.13%, while that of Estimated Revenue is 67.70%, which is really an encouraging percentage value. This agreed with the article published by NIRSAL National office, which stated that the NIRSAL activity has increased the lending to Agriculture from 1.4% to 7% of total bank lending within 10 years.

Table 3: Distribution according to income of Livestock Farmers before and after NIRSAL programme

Parameters	Before (₦)	After (₦)	Difference (₦)	Difference (%)
Estimated cost of production	606,146	2,029,577	1,423,432	70.13
Estimated revenue	1,054,150	3,263,235	2,209,085	67.70
Likely interest charge when acquiring capital	14%	5%	-8.82%	

Source: Field Survey Data, 2021

Constraints faced by Livestock Farmers in Accessing NIRSAL Programme

Result presented in Table 4 shows the mean score distribution according to the constraints faced by livestock farmers in accessing NIRSAL programme in Yenagoa Local Government Area. The result shows that lack of awareness about NIRSAL programme (\bar{x} =



2.8), long distance to NIRSAL training centre from the location of the livestock farmer (\bar{x} = 2.3), lack of proper programme schedule by NIRSAL (\bar{x} = 2.5), complex NIRSAL registration procedure (\bar{x} = 4.0) and late disbursement of loans (\bar{x} = 3.7). This implies that livestock farmers faced several constraints during registration. This is similar to the findings by Iliyasu et al. (2017) who submitted that lack of awareness, complex registration procedures and late disbursement of loans was identified as a constraint to farmers in acquiring credit or grants for.

Table 4: Constraints faced by Livestock Farmers in Accessing NIRSAL Programme

Table with 7 columns: Constraints, SA, A, D, SD, Sum of scores, Mean. Rows include Lack of awareness about NIRSAL programme, Long distance to NIRSAL training centre, Lack of proper programme schedule by NIRSAL, Complex NIRSAL registration procedure, Late disbursement of loans, Grand mean, and Decision cut-off point.

Note: SA = Strongly agree, A = Agree, D = Disagree, SD = Strongly disagree.

Source: Field Survey Data, 2021

CONCLUSION AND RECOMMENDATIONS

NIRSAL programmes from the study can be seen to be very beneficial as it has to a large extent helped most of its registered trainees by providing financial assistance, sharing in the risk involved in the agricultural production activities of its trainees and also provided some level of field training and demonstration of innovative techniques to its registered members. In spite of the perceived benefits of NIRSAL programme, the study noted and concluded that NIRSAL implementation arrangements are still unclear due to complex NIRSAL registration procedures. Also, the issue of late disbursement of loan was a serious constraint identified from the study as this constraint had a high mean factor of 3.7.

Arising from the outcome of the study, the study recommends the need for sustained awareness of NIRSAL programme implementation guidelines, findings revealed that not all registered members of NIRSAL get the full benefit from the programme, most especially financial benefits. Based on this, it is recommended that NIRSAL improves on its procedure to loan acquisition so as to out rightly disbursed credit to registered applicants without any form of delay. The ideal of concentrating on the already established small and medium scale enterprises should not dominate the service of NIRSAL, its programmes should also make provision for new business startups in order to integrate them into the financial support base of the bank. Also, NIRSAL should decentralize its training centre in order for trainees to easily access. Finally, the issue of complex NIRSAL registration process that was identified could be resolved either by providing additional staffs at the registration offices to guide intended beneficiaries on registration procedure or rather the registration procedure should be simple as possible.



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