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Economic Effects of COVID-19 Agricultural Loan Palliative on Poultry and Fish Farmers' Production in Ondo State, Nigeria

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Abstract

This study examined the effects of the COVID-19 Agricultural palliative loan on poultry and fish production in Ondo State Nigeria. The study specifically ascertained the socio-economic characteristics of the beneficiary farmers and determined the effect of the COVID-19 palliative loan on the farmers' income level. A systematic sampling procedure was used in selecting 100 respondents for the study. Data were analyzed using frequency, percentage, bar charts, chi-square, T-Test and mean statistics. Findings revealed that 72% and 70% of fish and poultry farmers respectively were within the age group of 40-59 with a mean age of 51 years. Results also revealed that there was a 28.7% increment in the income of the fish farmers while poultry farmers received a 5.5% increment. There was no significant difference in the income of the fish farmers ($t=-1.25$) and poultry farmers ($t=-1.24$). It was recommended that there should be the creation of a loan monitoring and evaluation committee to provide continuous follow-up and technical support to future beneficiaries of such loans to ensure that they use the loan for the intended purpose.

Keywords: COVID-19, Palliative loan, Farmer

Introduction

The coronavirus pandemic (COVID-19) that emerged from the Wuhan province of China in December 2019 disrupted the global development agenda and economic plans. (Naseer, et al., 2022). This came as an unexpected event and a great shock to the entire globe. Many sectors of the economy have been affected, especially owing to the unintended compulsory global lockdown. Many areas of the Nigerian social system and national economy were hit by this global pandemic such as the education sector, commerce and specifically the agricultural/ food sector. It is unarguable that the Agricultural, sector occupies a premium position in the national economy of Nigeria. The agricultural sector has a multiplier effect on any nation's socio-economic and industrial fabric because of the multifunctional nature of agriculture (Amao. et al., 2020) This is evident as agricultural sector contributes above 25% to Nigeria's GDP in 2019 (Statista, 2019), prior to the advent of the global pandemic. This is in close range with the two other prominent sectors; services and industry. Hence, revealing the promising potentials of agricultural development in economic development.

The affirmation of the importance of the agricultural and food sectors of Nigeria stemmed from the exemption of the food sector as one of the permitted sectors to function in a skeletal capacity despite the lockdown. Food security as a major focus during the COVID-19 outbreak has redirected attention to agriculture and now the government of Nigeria is paying unprecedented attention to agricultural development—both as an instrument for reducing the nation's import bill and as a potential leading source of foreign currency.

To cushion the effect of the COVID-19 Pandemic, the Federal Government of Nigeria rolled out the following palliative loans like Tradermoni, Marketmoni, and Farmermoni loans issued by the Bank of Industry, Bank of Agriculture, and the Nigeria Export and Import Bank (Eranga, et al., 2020). The COVID-19 Palliative loan that the respondents of this study benefitted from was initiated by the Ondo State Government through the Ondo State Agricultural Commodity Association (OSACA). This loan was given out to assist the livestock farmers during the period of the lockdown as a means of temporarily ease their financial hardship on their various farms as livestock and poultry production also contributes to Nigeria's GDP. The beneficiaries of this loan had access to eighty thousand naira and to be repaid within six months

Methodology

The study was carried out in Ondo State, which is located in the South western part of Nigeria. The population of the study comprised poultry and fish farmers who were beneficiaries of the Ondo State COVID-19 Agricultural Palliative loan in Ondo State, Nigeria. A purposive sampling technique was used to select respondents for this study. A list of beneficiary fish and poultry farmers was obtained from the Ondo State Agricultural Commodities Association (OSACA). This list consisted of 50 poultry farmers and Fish farmers each. Primary data were collected from the respondents through the use of a well-structured questionnaire that contained open and closed-ended questions. Also, a Focus Group Discussion (FGD) was conducted for qualitative information retrieval on some parts of the study. Variables from objectives 1 and 2 were analyzed using frequency, percentages and mean statistics. Effects of COVID-19 Agricultural Palliative Loan on the Fish Farmers' level production activities were measured with mean statistics and standard deviation. The cut-off mean was 1.5 which means any variable above the cut-off mean is an effect while a variable below 1.5 is not an effect. The effect of the Agricultural Palliative loan on the income of the farmers was measured by allowing the respondents to indicate the income acquired before and after receiving the loan. The hypothesis was tested using a T-test. The level of significance that was used for the hypotheses at 95% interval.

Result and Discussion

Effects of COVID-19 Agricultural Palliative loan on the Beneficiary Farmers' level of production activities

Tables 2 and 3 show the effects of the COVID-19 loan on the beneficiary (fish and poultry) farmers' level of income. Results showed that the COVID-19 Palliative loan helped both the fish and the poultry farmers to reduce disruption in their farm work (\bar{x} =1.53, 1.76) respectively which implied that it was useful in the daily running of the farm as it helped them provide feed and medicine whose absence would have disrupted the farming activities. This is supported by Ameh and Lee (2022) who affirmed that agricultural financing is used in the acquisition of inputs and equipment to boost output. The loan also boosts small-scale fish farming (\bar{x} =1.60) as fish farming

does not need a huge start-up capital compared to poultry farming. With the grand mean of both fish and poultry farmers to be 0.93 and 0.90 respectively, it showed that loans had no significant effect on their production activities. Therefore, the COVID-19 loan had no effect in a lot of direct and indirect circumstances as it relates to the farmers and made little or no difference in their production activities or income because the loan itself was a palliative which was meant to ease their financial hardship temporarily. During the Focus Group Discussion Meeting, a poultry farmer reported that

“The increase in my income cannot be associated with the 80,000 naira loan gotten from the government but with the loan gotten from my cooperative group. This loan allowed me to be able to get farm input like poultry feed, vaccination drugs, chicks from the hatchery in Ibadan and get some repairs done on my farm”

Another farmer stated that

“The loan was used for miscellaneous expenses at home and therefore the loan had no effect on his farm income”

Table 2: Effects of COVID-19 agricultural palliative loan on the fish farmers' level production activities

Variable	Mean	SD
Reduced disruption in farm work	1.53*	0.81
Provision of more capital to invest in the business	0.84	0.79
Provision of funds to buy fingerlings	0.46	0.68
Provision of funds to purchase more farm resources i.e. cages, feeding tanks, water tank	0.88	0.92
It boosts small-scale farming	1.60*	0.86

Grand mean= 0.93*Effect *Percentages in Parenthesis

Source=Field Survey, 2023

Table 3: Effects of COVID-19 agricultural palliative loan on the poultry farmers' level of Income

Variable	Mean	SD (+/-)
Reduced disruption in farm work	1.76*	0.73
Provision of more capital to invest in the business	0.98	0.94
Provision of funds to buy more birds and fish to rear	0.94	0.89
Provision of funds to purchase more farm resources i.e. cages, feeding tanks, water tank	0.88	0.80
It boosts small-scale farming	1.02	0.87

Grand mean= 0.90 *Effect ***Percentages in Parenthesis**
Source=Field Survey, 2023

Effect of COVID-19 Loan on the Beneficiary Farmers' Income

Table 4 indicated that there was a 28.3% increment in the income of the fish farmers as their income increased from 458,550 Naira to 588,310 Naira. The poultry farmers had a 5.5% increment in their income as it grew from 1,657,100 Naira to 1,748,200 Naira. Though their income increased more than their output, they attributed the increment to be as a result of the economic challenges the country is going through i.e., the depreciation in the Nigerian currency had led to an increase in prices of farm input (Fish feed, Fish antibiotics etc.) and this increase has led to an increase in prices of catfish sold. However, during the FGD, most of the beneficiaries stated that the increase in income could not be fully attributed to the COVID-19 agriculture palliative loan as the money was too small and they obtained loans from other sources.

Table 4: Effect of COVID-19 loan on the beneficiary farmers' income

Farmers	Income Before	Income After	% Change
Fish	458,550 Naira	588,310 Naira	28.3
Poultry	1,657,100 Naira	1,748,200 Naira	5.5

Source: Field survey 2023

The Effect of the Agricultural Loan Palliative on the Total Production Cost of Beneficiary Farmers and their profitability ratio

The average production cost spent by the fish and poultry farmers before and after receiving the COVID-19 Palliative loan was revealed on Table 5b. The fish farmers' cost of production before and after receiving the loan includes; Labour (~~₦32,230~~; ₦45,060), Feed (~~₦72,670~~; ₦134,480), antibiotics (~~₦1,110~~; 1,890), fingerlings (~~₦1,450~~; 2,610) and miscellaneous expenses (~~₦27,710~~; ₦29,610). For the poultry farmers, the cost of production before and after receiving the loan includes; labour (~~₦280,520~~; ₦289,050), feed (~~₦870,360~~; ₦933,300). Vaccination (~~₦49,770~~; ₦38,730), chicks (~~₦213,610~~; ₦233,750), miscellaneous (~~₦113,520~~; ₦62,180). The average total production cost for the fish farmers before and after receiving the COVID-19 loan was ₦135,160 and ₦213,650 respectively, this showed that the fish farmers spent more

money on their farm for fish production while the poultry farmers spent ₦1,567,595 before receiving the loan and spent ₦1,592,350 after receiving the loan. The table showed that both groups of farmers spent more money on their farm production after receiving the loan and this increase in total production cost was attributed to the inflation in the prices of farm supplies as mentioned by some key informants. So, therefore, the agricultural palliative loan had no significant effect on the total production cost.

Table 5: Production cost of beneficiary farmers before and after COVID-19 palliative loan

Variable cost of production	Fish Farmers		Poultry farmers	
	Before	After	Before	After
Labour	32,230	45,060	280,520	289,050
Feed	72,670	134,480	870,360	933,300
Antibiotics/ Vaccination	1,110	1,890	49,770	38,730
Charcoal	-	-	39,815	35,340
Fingerlings/chicks	1,450	2,610	213,610	233,750
Miscellaneous	27,710	29,610	113,520	62,180
Average total cost of production	135,160	213,650	1,567,595	1,592,350
Average total revenue	593,550	801,960	3,249,450	3,320,550
Average gross income	458,380	588,310	1,657,100	1,748,200

Difference between the income of the respondents before and after receiving the COVID-19 Agricultural Palliative Loan

Table 6 indicates that there was no significant difference in the income of the fish farmers ($t=-1.25$, $p \geq 0.05$) and poultry farmers ($t=-1.24$, $p \geq 0.05$). These findings showed that there was no significant difference in the income of the respondents and this could be associated with the fact that the economy experienced a depreciation in naira which led to price inflation. Also, most of the farmers did not use the loan for what it was intended for but for other pressing issues that mattered at the time of receiving the loan. Findings from Nwosa et al. (2013) corroborate the result as it was observed that the effect of loans on farmers' income was insignificant both in the long and short run. Rahman *et al.* (2014) are not in alignment with the findings as they reported a significant relationship between credit and agricultural income. It was asserted that the credit enables the farmers to purchase superior quality or high-yield variety seeds, fertilizers and pesticides which enhances agricultural yield increases and results in higher income

Table 6: Difference between the income of the respondents before and after receiving the loan

Variable	t-value	Df	Sig.	Mean Difference	Standard Error
Poultry	-1.24	49	0.22	831,505	11,7592
Fish	-1.25	479	0.21	98,163	13,882

Conclusion and Recommendations

The study established that the major constraints faced by the intervention include inefficient credit allocation on the part of the government or lending association, late approval of a loan from the government, Bias and nepotism during selection and disbursement, delay in disbursement of the loan to borrower and demand for the loan is high. Even though results from the study showed that there was a slight increment in their income and output, the respondents strongly asserted that the little change was not because of the Covid-19 loan but as a result loans gotten from other sources and the nation's economic challenges. It was concluded that there was no major effect of the COVID-19 loan on the fish and poultry farmers' income.

As it had been established from the study that the COVID-19 loan was not used for its intended purpose, there should be an effective loan monitoring and evaluation strategy or organisations providing such support to future beneficiaries to ensure the loan was used for the intended purpose.

The farmers identified the stress of accessing the loan as a major problem, so concerted efforts should be made by the government and organisations to make the process and procedure for accessing the loan simple and fair.

There is a need for the government to provide farmers with adequate credit facilities to make such facilities economically responsible and impart on the farmers' output.

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