

# THE VARIOUS PROBLEMS ASSOCIATED INTO FINANCING LIVESTOCK PRODUCTION IN THE NORTHERN NIGERIA.



*BY*

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**ABSTRACT:** *Nigerian farmers are finding it difficult to get financial aid that will support the different livestock production chain which is noted in the areas of production; preservation, transportation, marketing and capital needed in the sourcing for the feed, kick starting livestock production and the use of advance technology.*

*Many reasons are adduced for this but the primary reasons are its insufficiency finance and limited sources from which it can be obtained (Ajobo and Oguntade, 1996). The Nigeria Livestock farmers cannot increase production as a result of aforementioned challenges. Capital surpluses must thus be transferred from other sectors of the economy to agriculture sector and it can be best facilitated by credit institutions (Ajobo and Oguntade, 1996).*

*This study was conducted to ascertain the problems the livestock smallholder's farmers are having in accessing credit facilities to boost Livestock value chain in the actors. From the projects that comprises the small-scale farmers in Federal Capital Territory- Abuja, Kaduna and Nassrawa State that are into Goat Production. The findings show that must goat farmers that was visited and Interviews are not getting the necessary support from the state Government, due to lack of collateral, short of funds and there are not available plans. But some of the visited poultry farmers were getting some of financial support.*

*Secondary data were used for this study from it the Ajetomobi and Olagunju (2000) report that 54% of farmers obtain credit from esusu (credit) cooperatives against 3% who obtain same from commercial banks in South-western Nigeria. Reasons adduced to this reliance are many, they include dearth of rural banks, distance from loan office, low farm income and time lag between loan application and disbursement from formal sources. Nweze (1994) remarks that objectives of cooperative associations are to pool capital resources, labour for farm work, provision of financial assistance to members in need and community development. Such involvement would lead to improved agricultural production and rural development. Furthermore, it would lead to higher incomes and better quality of life of the rural population and fattening and finishing livestock activities and this paper suggest that the farmers needs to form a cooperative society and association to boost their demands for any livestock agricultural loans and in exploring the Agricultural value chain in Goat production and increase capital based of the livestock small holder's farmers in the northern part of Nigeria*



## 1. INTRODUCTION

The rate in which some of the Livestock commercial and peasant farmers in the Northern region of Nigeria suffers in order to access funds is getting too much and this is noted in the production; preservation, transportation, marketing and capital needed in the sourcing for the feed, kick starting of livestock production and the advance technology needed to expand the livestock businesses.

It is also a security problem to the country, where herdsmen graze their cattle by moving from one place to another in search for fodders and grasses and consequently result to the destruction of farm land, frequent clashes between the herdsmen and crop farmers, and their livestock is also at high risk of being illegally slaughtered by the cattle rustlers.



Though the livestock industry provides a means of livelihood for a significant proportion of rural pastoral families in the sub-humid and semi-arid ecological zones of Nigeria. According to FAO (1988), an estimated 183 thousand rural households derived some income from the dairy industry in 1986. At present Nigeria has 1.8Million Cows (Whole, Fresh, Milk Animals - Head) FAOSTAT (2005). It was also noted that it will provides means of employment for the cattle Fulani, whereby an average northern Nigeria's populace will also gain from the sales of the meat produce and the processing of the milk from the udder of the cow .

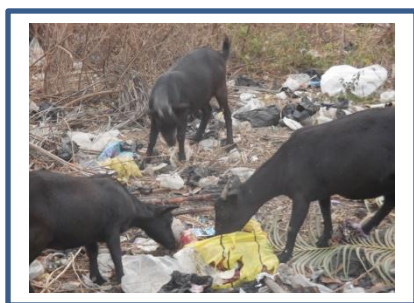


For example, the various activities of the Nigerian northern dairy industry are centered on milk production, importation, processing, marketing and consumption and these have been going on for over 60 years. These activities are, however, unorganized except for the relatively few processing firms that produce and market reconstituted milk products from imported powdered milk. This make it difficult for them to assess loan from the bank.

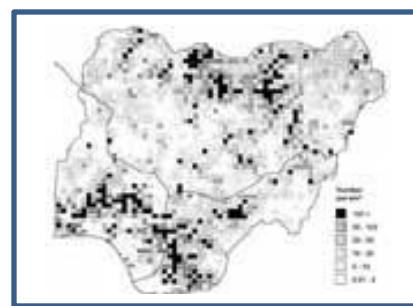
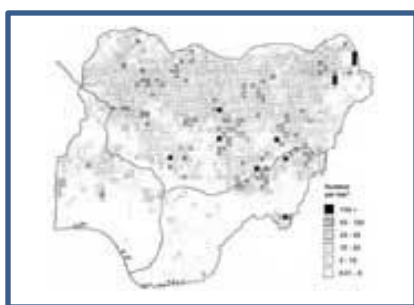
Despite the unorganized nature of the industry, the dairy industry represents an important component of the agricultural sector of the economy with great economic, nutritional and social implications (Olaloku 1976; FAO, 1991; Yahuza, 2001). In which the needs of the livestock farmers must be cater for and provides for on this note that this paper try to study and evaluate the different areas in which the Nigeria Northern Livestock producers will need assistant in respect to accessibility to funds and also study the various bottlenecks associated with the Northern Livestock farmers not having access to credit in Nigeria agricultural systems.

## 2. THE DIFFERENT AREAS IN WHICH NIGERIA NORTHERN LIVESTOCK PRODUCERS WILL NEED ASSISTANT IN RESPECT TO LIVESTOCK FARMING.

Small ruminants, like cattle, are found almost everywhere in Nigeria. There are estimated to be a total of more than 51 million heads, with goats out-numbering sheep. These animals are kept mostly for their meat and skins (goatskin production was some 23,000 tons of fresh skins in 2004). They are slaughtered for meat during festive occasions; and are slaughtered daily to augment the supply of meat in both urban and rural areas. Although some seasonal movement of pastoral sheep does take place, the great majority of small ruminants are sedentary village livestock and their patterns of distribution mirror those of human settlement. The traditional system of feeding goats and sheep in Nigeria is based on the use of kitchen wastes, agricultural by-products and browsing (scavenging).



The Distribution of Goats and Sheep in Northern Nigeria.



**Distribution of Goats and Sheep in Northern Nigeria.** *Source: Bourn et*

### Data on Ruminant Livestock Population

Livestock species	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Cattle ('000)	15050	15073	15088	15103	15118	15133	15149	15164	15200	15200
Goats ('000)	25000	25500	25500	26000	26500	26500	27000	27000	28000	28000
Sheep ('000)	14000	19500	20000	20500	21000	21500	22000	22500	23000	23000

Source: FAOSTAT data 2006.

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### **3. THE VARIOUS PROBLEMS ASSOCIATED WITH NORTHERN LIVESTOCK FARMERS IN HAVING ACCESS TO CREDIBLE LOANS IN NIGERIA.**

The high rate of the livestock producers of ruminant and non-ruminant animal production in the Northern. There are urgent needs for the Federal Ministry of Agriculture and rural development to begin to established a special funds that will cater for the household and commercial livestock farmers. For instant, the data on ruminant livestock population from the year 1996 to 2005 show clearly the number of the Cattles, Goats, sheep, asses, horses and camels produces during the year.

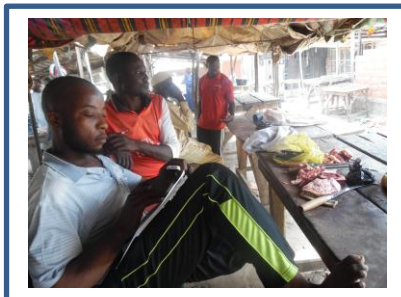
Without the adequately taken into consideration all forms of the process of management, keeping adequate records of the different production of the livestock stages, it will be very difficult for an average farmer to get a suitable loan from the banks, though some farmers will like to get loan for their various livestock chain practices without their adequate records keeping. Enough information of the availability and the different procedures should be disseminating to the livestock farmers from the Government. Therefore, enough strategies should be employed and it was also observing that many livestock farmers are scattered about, this make it difficult for the Federal Government of Nigeria to provides the necessary information to the farmers on the available funds. The database of the livestock farmers is needed to evaluate their needs, understand the different livestock chain and to study the various problems which will help to address the farmer's problems:

- a) Suitability of the livestock's business, risk and uncertainty where there is no evidence or proof of ownership and it was very difficult too proof that money given will be recover and well spend for the livestock business.
- b) Lack of collaterals too seek loan on behalf of the Nigerian Northern farmers and information to go about the whole process from the farmers.
- c) The long procedures which involve seeking for loans, recovering and which is tedious to the extent that many farmers are discourage from.
- d) The high interest rate being demanded by the banks in which some of the ability of some farmers can afford added to the tedious documentation procedures
- e) Poor management aspect on behalf of the farmers were ever the farmers those not have enough information about the livestock, production of the farms, poor record keeping,
- f) Poor Insurance policy on the behalf of the farmers in which most of them are not into any insurance policy and the banks are not ready to take any form of risk
- g) Low or non-availability of credible loan that will been given to Nigeria livestock farmers
- h) The low demands of the different agricultural products in the northern part of the country and the few people that are into the different livestock production in the northern path of Nigeria.
- i) On even equitable distribution of wealth resources of an average livestock farmers in Nigeria



#### 4. CONCLUSIONS

With the various explanations and the various issues discussed it has been shown that the farmers are having problems in getting loans needed to support the livestock. Northern Nigeria livestock farmers is quite timely, because the various challenges the Nigeria farmers are concurrently facing in respect to the cattle Fulani herdsmen and the consumption of all form of dairy products from the livestock. This paper also stress the role of the cooperative societies and associations in which the funds can be disbursed to help the livestock farmers and also the need of step up training on the documentary, proactive engaging the farmers in record keeping. All these will go a long way for the banks to give out money, with the establishment of special fund for the peasant farmers will do a long way in addressing the short of funds in the livestock rearing.



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