



## EFFECTS OF GOVERNMENT POLICIES ON THE POULTRY SUBSECTOR IN OYO STATE, NIGERIA

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### ABSTRACT

This study investigated stakeholders' perspectives on the effect of government policies on the poultry subsector in Nigeria. Information was obtained from 17 stakeholders across various poultry-related value chains. The implications of government policies on the poultry subsector in Nigeria were explored through in-depth interviews with each stakeholder. A semi-structured interview guide, tape recorder was used to collect data. Content and thematic analyses were used to analyse the data with the aid of Atlas.ti software. Issues emerging from the ban of maize importation according to stakeholders were attitudinal change and sensitization (1:31), quality of local content (1:32, 1:14), production issues (1:13, 1:19, 1:21) and policy issues (1:20, 1:22, 1:23, 1:28, 1:29, 1:30). Their perspectives on the ban of maize were both positive (1:1, 1:2, 1:3, 1:4, 1:5, 1:6, 1:7, 1:8, 1:17) and negative (1:9, 1:10, 1:15). On Stakeholders indicated that the ban on poultry products importation increased local production (1:47, 1:51) and food safety (1:56, 1:58), however, others indicated that it led to an increase in the price of day-old chicks and poultry feed (1:52, 1:53, 1:54). Conclusively, the perspectives of stakeholders in the poultry subsector suggest that government policies had positive impacts. Therefore, it is imperative that policy formulation stems from stakeholders' engagement and implementation is phased, incremental, and gradual.

**Keywords:** Poultry, value-chain, stakeholders, governance, agricultural policy

### INTRODUCTION

According to FAO(2019), the Nigerian poultry industry comprised about 180 million birds in three production systems: extensive, semi-intensive and intensive systems; accounting for 46%, 33% and 21% of the poultry population, respectively. The industry (both directly and indirectly) accounts for above 70% of the livelihoods of Nigerians with a total annual production of poultry meat and eggs, estimated at 300,000 and 650,000 tons, respectively. It is the most commercialized of the agricultural sectors, with a net worth of USD 1.7 billion per year (FAO, 2019).

Poultry products are a source of protein that can assist to meet the growing demand for animal protein. The poultry subsector contributes to achieving food sufficiency and economic growth, accounting for approximately 25% of the agricultural GDP in Nigeria (Netherlands Enterprise Agency, 2020). Given the significant role of the poultry subsector, it is vital that favourable policies are formulated in consultation with necessary stakeholders to create an enabling environment for the sector to thrive.

Policies are instruments and measures put in place to guide decisions and achieve desirable rational outcomes (OECD, 2022). Effective policies are those that work and can only be arrived at, after due consultation with stakeholders through a process referred to as stakeholder engagement (Ughulu and Nwokike, 2020; Kungaba and Ibietan, 2021). Concannon et al., (2019) defines stakeholders as groups who affect or could be affected by an organisation's activities, associated performance, products, or services. Moreover, an individual with a vested interest in a course or overarching policy is a stakeholder.

Stakeholder engagement refers to a process of engaging relevant actors to achieve agreeable outcomes, common interests, or perspectives through carefully planned interactive platforms. The engagement process can yield desired dividends such as transparency, representativeness, accountability, and sustainability. Agricultural policies serve as statements of action and essential tools for achieving agricultural development by promoting food security, domestic trade, foreign exchange earnings and export diversification (RGlobal, 2020; (Amani and Hassan, 2022).

There are literature on the impacts of policies affecting the agricultural sector in Nigeria (Ahmed et al., 2021; Ayanlade and Radeny, 2020; Enete and Onyenekwe, 2021). However, the paucity of literature and data on the impact of poultry-related policies across various value chain nodes in the poultry Subsector has created a gap and forms a basis for further studies. Apparently, the impacts of policies are best expressed by the concerned stakeholders; hence, the views of stakeholders are germane in the holistic policy framework to promote policy effectiveness.

The major policies affecting the poultry industry include: the poultry product importation ban in 2015, Anchor Borrowers Programme in 2015, maize importation ban in 2019, and the COVID-19 lockdown in 2020. There is therefore a need to engage key actors across the poultry value chain such that policies can emanate from stakeholders' interests and perceptions, which can then proffer sustainable solutions to challenges in the agricultural sector. From the foregoing, this study was carried out using submissions from poultry value chain stakeholders. This was to understand the needs of value chain actors to foster improved productivity and profitability and provide detailed

insights into the impact of government policies on the poultry subsector.

The study was guided by the following specific objectives, which were to:

- 1 investigate the challenges and opportunities emerging from the ban on maize importation;
- 2 investigate the issues emerging from the ban on importation of poultry products; and
- 3 investigate the issues emerging from the Anchor Borrowers Programme (ABP) for poultry subsector in Nigeria.

## METHODOLOGY

The study was conducted in Oyo state, Nigeria, using a qualitative approach to explore the perspectives of poultry stakeholders on the effect of government policies on the poultry subsector. A two-stage sampling procedure was employed. In the first stage, Ibadan was selected as the study location due to its significance as a major poultry hub. (Netherlands Enterprise Agency, 2020). The second stage was a purposive sampling of seventeen stakeholders who were willing to representing various nodes in the poultry value chain, these include government officials, poultry farmers, maize farmers, equipment fabricators, financial institutions, poultry products marketers, and veterinary service providers. In-depth interviews were conducted with each stakeholder to examine the implications of government policies on the poultry subsector.

Data were analysed using content and thematic analyses. Audio recordings of the interviews were transcribed into Microsoft Word and labeled accordingly. The data were then uploaded to Atlas.ti software for qualitative analysis, where they were examined, segmented, and assigned themes and codes. The content analysis involved determining the number of quotations associated with each code. To address the study's objectives, unique identification numbers were assigned to the coded data and used to analyse the second and third objectives. Quotations were categorized, illustrated using figures, and factors influencing maize prices were described using percentages.

## RESULTS AND DISCUSSION

### Emerging issues from the ban on maize importation

Figure 1 describes the issues emerging from the ban on maize importation, including attitudinal change, sensitization, local content quality, production challenges and policy failure. The marketers of poultry products reported that placing a ban on maize importation was not encompassing as other steps and actions on the ban of importation of locally available inputs needed to be taken. Consumers needed to be oriented on the consumption of local products (1:31).

The Poultry Association of Nigeria (PAN) and Agricultural fabricators recommend ensuring the capacity to meet market demands through local production before banning imports (1:32). This submission is influenced by the current situation where chicken demand surpasses has out-paced local production. The consumption of poultry meat in Nigeria is expected to increase by 205% from 353,000 tons in 2015 to 1,085,000 tons in 2050 (FAO, 2019). Poultry egg consumption is also projected to increase by 195% from 705,000 tons in 2015 to 2,069,000 tons in 2050 (FAO, 2019). Prohibition policies should consider the prevailing conditions in the country (1:13, 1:16, and 1:19). The government should focus on improving farming systems and other factors limiting agricultural production instead of solely imposing import bans (1:14). The stakeholders believe that sustainable interventions should be prioritized to mitigate the rising cost of production in the poultry sector.

Bank of Agriculture (BOA) stakeholders suggest that policy implementation should be phased and uniform across the nation (1:23, 1:28, 1:29, and 1:30). The ban on maize importation contradicted the principles of policy development, which involve capturing inputs from stakeholders for sustainable agriculture and rural development. Evaluating the performance of previous policies should guide the development of new ones, especially when there is pressure on foreign exchange and reserves. The timing of the maize importation ban was deemed inappropriate considering the low yield of maize in the country (1:22). However, stakeholders expect the ban to stimulate increased production and employment opportunities (1:21). They also stress the need for redirecting Nigerian policies to promote local production, job creation, and income generation (1:27 and 1:26).

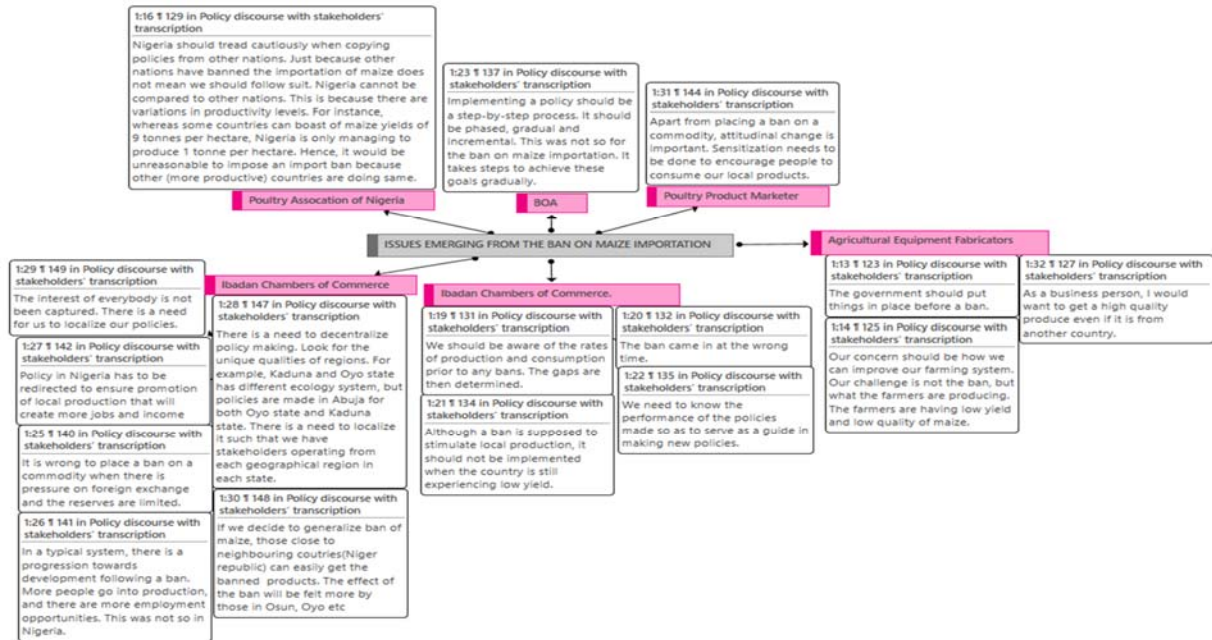


Figure 1: Schematic representation of issues emerging from the ban on maize importation

**Stakeholders' perspectives on the ban of maize importation**

Figures 2 and 3 narrate the perspectives of stakeholders on the ban of maize importation. Representatives of the maize farmers' association reported that the ban had positive effects, stating that the ban is beneficial to farmers as it led to increased local production, consumption of local produce and improved returns (1:1, 1:2, and 1:4). This is a significant opportunity for the sector to grow because local production barely meets 30% of the demand for chicken meat and eggs (CSIRO, 2023).

The Stakeholders also noted that the ban should occasion a decrease in market price of maize (1:3). This scenario is probable because an increase in maize supply should lead to a decrease in market price, where demand does not equal or exceed supply.

Stakeholders from the Bank of Agriculture (BOA) and the Central Bank of Nigeria (CBN) supported the idea of banning maize importation. However, it was established that the restrictions brought about by the ban should be upheld through unwavering commitment by the concerned authorities to ensure its full implementation. This is

to forestall situations where the commodity is smuggled into the country, as it was with the ban on rice importation (1:17 and 1:8). It was noted by representatives from Bank of Agriculture (BOA) and Sustainable Farmers of Nigeria from the Justice, Development and Peace Commission (JDPC) that the ban has brought about an improvement in quality of local products (1:5 and 1:6). The downside of the ban as expressed by representatives of feed millers' association is that local maize has become expensive compared to imported maize (1:15). This increase in price can be associated with high cost of production. This corroborates findings on market analysis conducted by Oloso et al., (2020) that prices of local products were higher than that of smuggled products. The local producers experienced pressures within the production systems due to additional stress from input –output systems. They also expressed that placing restriction on importation when domestic production is low is unfavourable to the poultry industry. Rather than focus the ban on importation, the government should intensify efforts at solving other constraints that limit production in Nigeria (1:9 and 1:10).

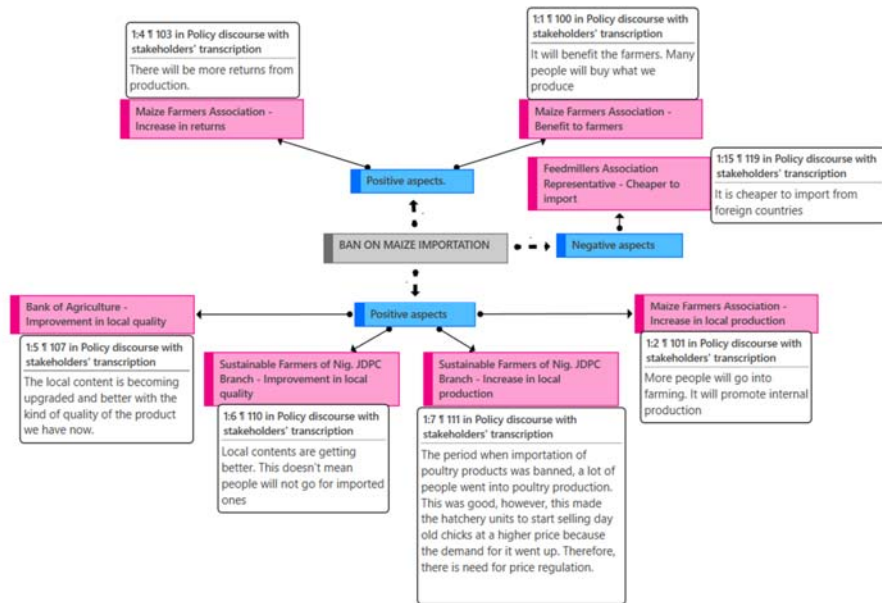


Figure 2: Schematic representation of stakeholders' perspectives on the ban of maize importation

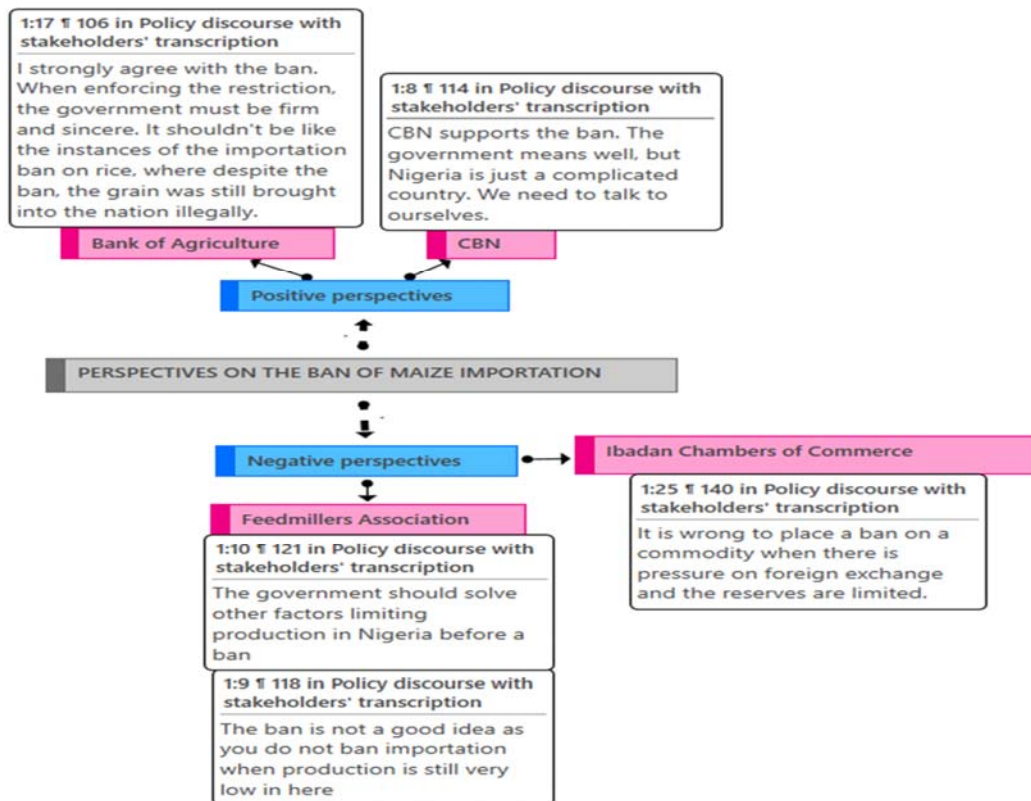


Figure 3: Stakeholders' perspectives on the ban of maize importation *cont'd*

### Ban on the importation of poultry products

Figure 4 describes the emerging issues and perspectives of stakeholders on the ban on importation of poultry products. Representatives from the poultry marketers and PAN expressed that

the ban is favourable to the industry as it has encouraged farmers to increase production (1:47 and 1:51). As expressed by PAN, the ban led to an increase in price of Day Old Chicks (DOC) and poultry feed due to the increase in demand (1:52).



They suggested a need for price regulation to maintain fair market pricing (1:53). This is because farmers have to wait longer to get their day-old chicks because demand for DOC outweighs supply. This supports findings from Netherlands Enterprise Agency (2020), which read that since the ban on the importation of poultry products, there has been an increase in the demand for DOC. However, representatives on the veterinary node noted that

while price regulation for sales of DOC is needful, emphasis should be placed on quality control at breeder farms to reduce the high rate of mortality (1:54, 1:55, 1:56 and 1:57). Furthermore, to ensure the wellbeing of birds, regulations that encourage farmers in engaging the services of trained and efficient veterinarians should be implemented (1:58).

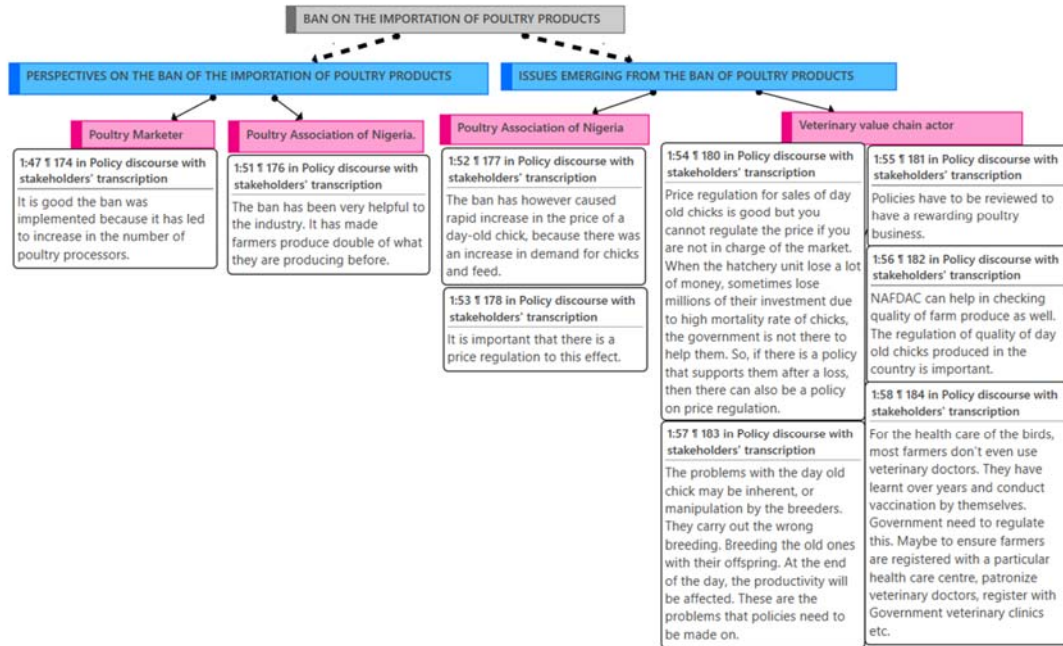


Figure 4: Ban on the importation of poultry products

**Factors influencing high price of poultry inputs (maize)**

Table 1 shows the factors influencing the high price of poultry inputs as reported by the stakeholders. From the results, 19.23% of them stated that climate change was a major factor affecting the price of maize. Significant changes in climate alter the environment in which maize thrives and adversely impacts crop yield. They also noted that growth patterns of maize and other cereal crops such as guinea corn, millet and rice were hampered by increasing temperature. Also, 7.69% of stakeholders reported that activities of middlemen influenced the price of maize.

The COVID-19 pandemic was identified by 3.85% of stakeholders as a factor that affected the price of maize. This is in tandem with findings from Agyei et al. (2021), who revealed that the restriction

of movement and lockdowns in the wake of the COVID-19 pandemic were associated with an increase in the price of maize in sub-Saharan Africa. The insecurity (farmer-herder clashes) challenges were identified by 3.85% of the stakeholders to affect the price of maize. This is associated with the destruction of farmlands because of herdsmen activities, consequently affecting farmers' production. The inability of farmers to harness group potentials to pool resources, which ultimately lowers their cost of production, was identified by the stakeholders (7.69%). High transportation costs and logistics difficulty, maize hoarding, low literacy level of farmers, absence of price regulation, pest incidence, poor engagement of extension officers and poor record keeping were also identified by stakeholders as factors that influenced the high price of maize.

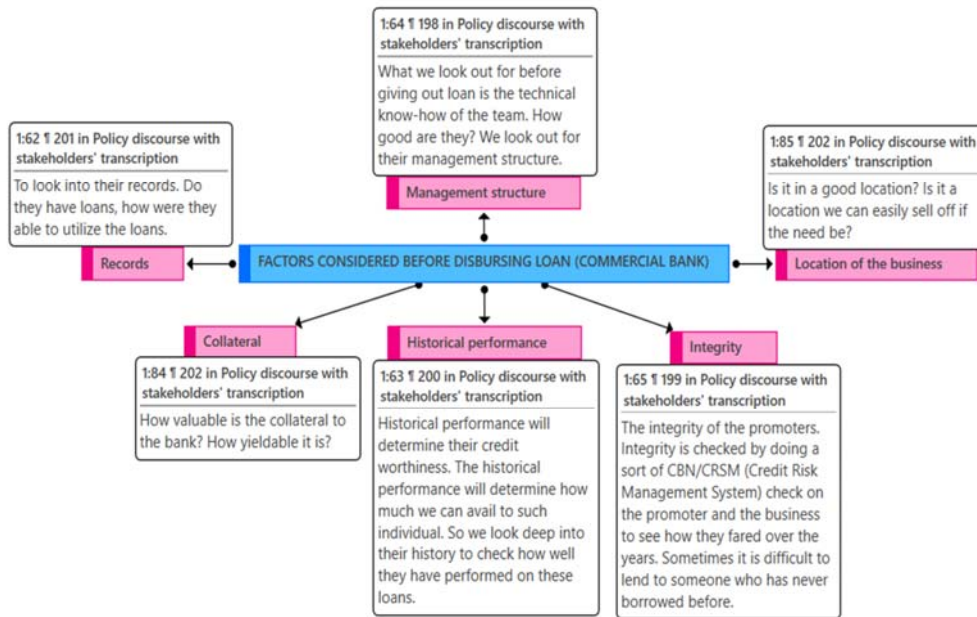
**Table 1: Factors influencing high price of poultry inputs**

Factors	%
Climate change	19.23
Activities of the middlemen	7.69
Farmers are not clustered to reduce production cost	7.69
Lack of integrity of farmers	7.69
Lack of proactive measures by the government	7.69
Low yield of maize	7.69
Transportation and logistics problem	7.69
Lack of processing and storage facilities	3.85
COVID-19 pandemic	3.85
Insecurity issue (farmer-herder clashes)	3.85
Hoarding of maize	3.85
Literacy level of farmers	3.85
Absence of price regulation	3.85
Pest incidence	3.85
Poor engagement of extension officers	3.85
Poor record keeping	3.85

**Factors considered before disbursement of ABP loans to farmers**

Figure 5 highlights factors considered by the commercial banks prior to disbursement of loans to farmers. The factors considered include the management structure of the business, location of the business, farm records, collateral, integrity and the historical performance of the farmers. The technical know-how of the business team is an essential prerequisite for loan disbursement to farmers as this helps the bank to determine how efficiently the team operates (1:64). For loan security, collaterals presented by the farmers must

be certified to be satisfactory by the bank and the location of the business is also substantiated to ensure that it can easily be sold off if the need arises (1:84 and 1:85). Farm records are vital and serve as a guide to the financial institutions on how resources and previous loans accessed have been utilised and managed by the farmers (1:63). Farmers’ historical performance is also vital for determining credit worthiness. A Credit Risk Management System (CRMS) is also used to check the integrity of the farmers and how well the business has fared over time (1:63 and 1:65).



**Figure 5: Conditions for loan disbursement**

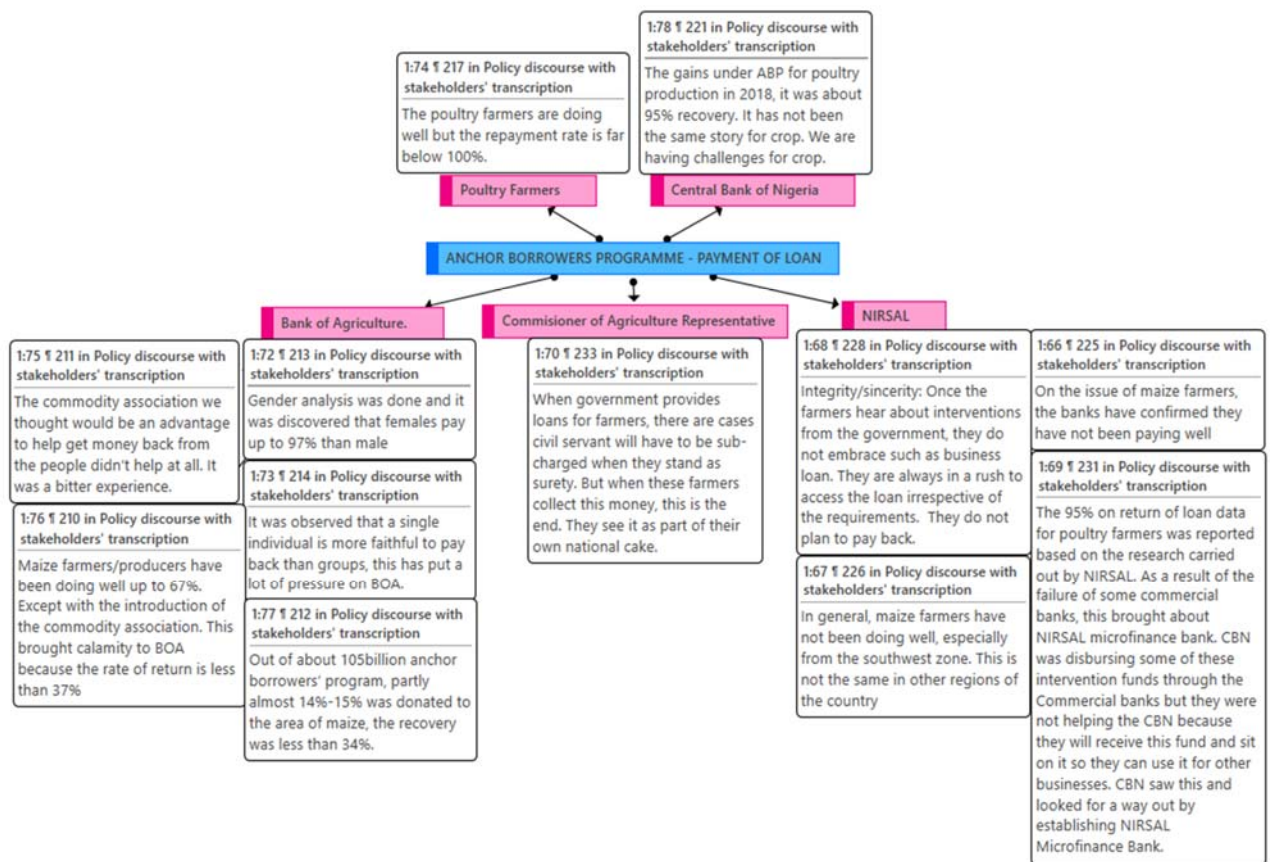


**Repayment of loans by farmers**

Figure 6 describes the repayment of loans by farmers. The representatives from PAN reported satisfactory repayment of loans by its members. Furthermore, stakeholders representing the Central Bank of Nigeria (CBN) noted that 95% recovery from the Anchor Borrowers Program (ABP) in 2018 was recorded among poultry farmers. This was not the case among crop farmers (1:74 and 1:78). Additionally, representatives from NIRSAL based on their research, noted that maize farmers from certain zones defaulted in loan repayments (1:67).

According to the representative from the Bank of Agriculture (BOA), maize farmers performed fairly in the repayment of loans up to 67% until the introduction of a commodity

association which reduced the return rate to less than 37% (1:76 and 1:77). From observations, individuals were found to be more upfront in loan repayment than groups (1:73 and 1:75). Gender analysis carried out by BOA revealed that nearly 97% of the female farmers repaid their loans (1:72). Farmers’ disposition to government interventions involving loan facilities was unfavourable among farmers. They did not regard such interventions to be business loans, they access credits without understanding the requirements and making plans for repayment (1:67 and 1:68). Also, it was reported that civil servants who stood as surety for some of the farmers have had to be sub-charged since farmers regarded the loans as ‘giveaways’ and declined repayment (1:70).



**Figure 6: Analysis of loan repayment**

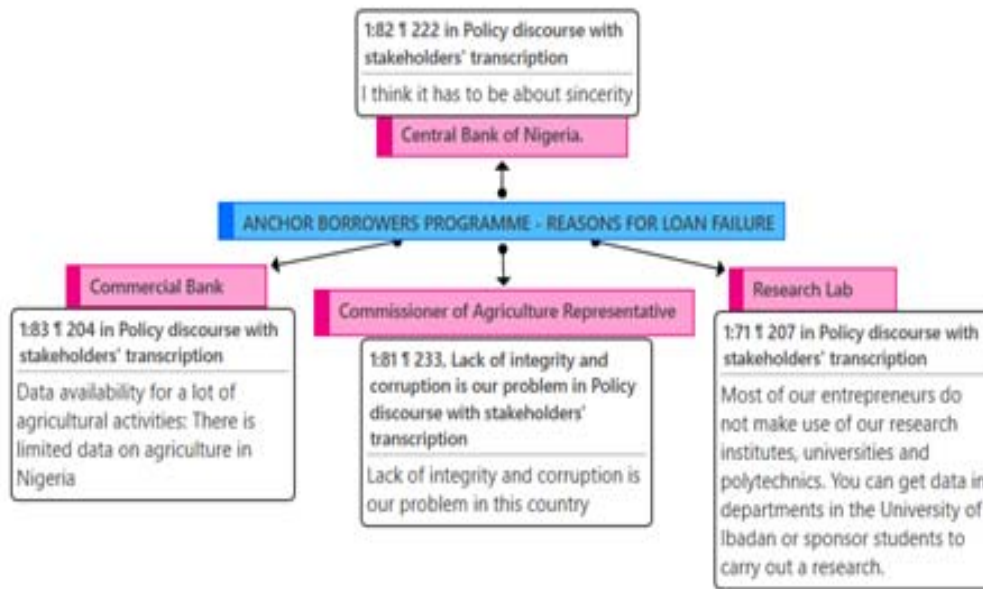
**Reasons for loan failure**

Figure 7 describes the factors associated with loan failures. It was discovered that lack of integrity and corruption were major challenges. Some of the farmers were insincere with the funds received and sometimes diverted funds for unintended purposes, consequently affecting their repayment performance (1:81 and 1:82). Also, Ademola, (2023) posited that loan diversion hurt the capacity to repay loans. Poor data on production

cycles and agricultural activities were reported as part of the reasons for loan failures.

Furthermore, the unique risks associated with the agricultural sector often limit the ability for future yield projections, making it difficult for farmers to fully utilise loans (1:83). Stakeholders from the research institutes noted that the inability to leverage on research outputs by farmers constituted to loan failure (1:71). Research findings are useful for availing farmers with new technology

and best agricultural practices that they could adopt. Jettisoning advisories from research outputs can put farmers at risk of low productivity and poor yields.



**Figure 7: Reasons for loan failure**

**CONCLUSION AND POLICY IMPLICATIONS**

This study highlighted the perspectives of stakeholders about government policies related to the poultry subsector with a conclusion that the policies were relevant with considerable positive impacts on the subsector. Given the ban on maize and poultry product importation, commensurate efforts by the stakeholders should be deployed to support sustainable poultry production in Nigeria, thus facilitating increased production to meet local demand. Policy implementation should be phased, incremental, and gradual. A best practice suggests that actors need to have a shared understanding of the policy change and the commitment to pursue it. The policy design, formulation, implementation and evaluation process is multidimensional, so the relevant dimensions need to be considered when implementing new policies. Domesticating policies are vital due to location-specific peculiarities. Critical to stakeholders' submissions is the fact that no one-size-fits-all solutions exist. Situational context and diversity in beliefs and priorities of implementing agents differ across the policy divide. Therefore, it is crucial to account for this diversity in the policy process.

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