Proceedings of the Annual Conference of the Agricultural Extension Society of Nigeria
Number: Thirty-First Annual Conference
Theme: Strengthening the Agricultural Extension Innovation Systems for Greater Development Impacts
Date: 12th to 15th April 2026
Venue: Michael Okpara University of Agriculture, Umudike, Abia State, Nigeria
ISSN: 1595 – 1421.
Website: https://info@ajol.org,
Email: agricultural.extension.nigeria@gmail.com; editorinchief@aesonnigeria.org

Poultry Farmers' Access to Agricultural Loans in Osun State, Nigeria

https://dx.doi.org/10.4314/jae.v31i1.44S

Dolapo, Tawakalitu Abiola[1*], Kareem, Oyewole Waheed[2], Azeez, Kaothar Kayode[3], Egbewole, Halimah Olayinka[4], Adio, Taiwo Atinuke.[5]

[1,2,3,4,5]Department of Agricultural Extension and Rural Development, University of Ilorin, Ilorin, Nigeria
[*]correspondence and presenting author: dolapo.ta@unilorin.edu.ng; +2348060161228; [2] kareem.ow@unilorin.edu.ng, +2348032151063
[3] azeez.kk@unilorin.edu.ng +2347036103195;
[4] egbewole.ho@unilorin.edu.ng +9068497275
[5] adiotaiwo@gmail.com +2348060161228

Abstract

The study assessed poultry farmers' access to agricultural loans in Osun State, Nigeria. The study adopted a descriptive survey research design, with data collected through the administration of a questionnaire. A cluster sampling technique was employed to select 180 poultry farmers for the study. Data was analyzed using frequency, percentages, mean score and Pearson Product-Moment Correlation. Majority accessed loans through cooperative societies (91.1%), microfinance banks (85.0%), and commercial banks (63.3%). High interest rates ($\bar{x}$ = 4.77), stringent risk assessment ($\bar{x}$= 4.44), and scale of operation ($\bar{x}$ = 4.35) were major factors affecting access to credit. Poultry farming experience and household size were positively associated with loan access (r=0.274, r=0.326) (r=0.274, r=0.326), whereas annual income was negatively associated (r = -0.242) (r = -0.242). Poultry farmers in Osun State are largely, sourcing agricultural loans from cooperative societies, microfinance banks, and commercial banks with cooperatives playing the most important role. The study recommends that stakeholders, government and other financial institutions should simplify application procedures, reduce bottle necks and adopt farmer friendly lending conditions to improve farmers' access to loans.

Keywords: Poultry farmers, agricultural loan, access to credit

Introduction

Agriculture remains a central pillar of the Nigerian economy, contributing significantly to employment, food security, and rural livelihoods despite the country's reliance on oil revenues (Oyelami et al., 2023). Agriculture employs a large proportion of the labor force and contributes substantially to national output (Food and Agriculture Organization [FAO], 2022; Tesgera et al., 2024). Beyond crop production, livestock including poultry plays a critical role in enhancing income diversification, nutritional security, and economic resilience among farming households (Birhanu et al., 2023).

The livestock sub-sector is one of the fastest-growing components of agriculture globally and in Nigeria, driven by rising population, urbanization, and increasing demand for animal protein (Abdulrahman et al.,2022; Orina, et al., 2024). In Nigeria, poultry production is particularly important due to its relatively short production cycle, high feed conversion efficiency, and ability to provide affordable protein through meat and eggs (Ogunnusi et al., 2023). The sector supports millions of households and contributes meaningfully to employment generation and income creation, especially among smallholder farmers (Adesiyan, 2025).

Despite its economic importance, poultry production in Nigeria faces numerous constraints that limit its productivity and expansion. Key challenges include high cost of inputs (especially feed), disease outbreaks, poor access to modern technologies, and limited access to finance (Nyambo, et al., 2022). Among these, access to agricultural credit remains a critical bottleneck. Credit is essential for enabling farmers to acquire improved inputs, invest in modern production systems, and scale up operations (World Bank, 2021). Agricultural credit refers to financial resources provided to farmers and other actors along the agricultural value chain to support production, processing, and marketing activities. Access to credit has been widely recognized as a key driver of agricultural productivity and rural development, as it enables farmers to overcome liquidity constraints and adopt improved technologies (Adesiyan, 2025). However, in Nigeria, access to formal financial services among smallholder farmers, including poultry producers, remains limited due to factors such as lack of collateral, high interest rates, and perceived risks associated with agricultural lending (Seluhinga, 2023).

Investment in poultry farming requires substantial capital for infrastructure development, procurement of quality breeds, feeding, healthcare, and biosecurity measures. Additionally, modern poultry production increasingly relies on technology such as automated feeding systems, climate control, and disease monitoring tools, all of which require financial investment (Food and Agricultural Organization, 2022). Without adequate access to credit, many farmers are unable to make these investments, resulting in low productivity and reduced competitiveness. Given the growing demand for poultry products and the sector's potential to drive economic growth, (Kleyn & Ciacciariello, 2021) enhancing access to agricultural credit is essential. Although several studies have established the importance of agricultural credit in enhancing farm productivity, technology adoption, and income generation among smallholder farmers in Nigeria (Adesiyan, 2025; Seluhinga, 2023), access to credit remains a persistent challenge for poultry farmers.

Existing studies (Dubale & Beshir, 2020; Kassegn & Endris, 2022; Odhiambo & Upadhyaya, 2021; Silong & Gadanakis, 2020) have largely focused on the general determinants of credit access, loan repayment performance, and agricultural financing among crop farmers and mixed farming households, with relatively limited attention given to poultry producers as a distinct category of farmers. Furthermore, while previous research has documented

the constraints associated with agricultural credit, there is insufficient empirical evidence on the specific institutions through which poultry farmers obtain loans, the extent to which such loans contribute to different aspects of poultry production, and the challenges farmers encounter in accessing these financial resources. This knowledge gap is particularly important given the capital-intensive nature of modern poultry production and its growing contribution to food security, employment generation, and rural livelihoods.

In addition, the dynamic economic environment characterized by rising production costs, inflationary pressures, and increasing demand for poultry products necessitates updated evidence on the credit needs and experiences of poultry farmers. Therefore, this study seeks to fill this gap by examining the institutions providing loans to poultry farmers, assessing the areas in which agricultural loans are beneficial to poultry production, and identifying the constraints faced by poultry farmers in accessing agricultural credit. Specifically, the study aims to;

i. identify institutions providing loans to poultry farmers;
ii. determine benefits of loans for poultry farmers; and
iii. ascertain constraints faced by poultry farmers in accessing agricultural loans.

The study hypothesized that there is no significant relationship between selected socioeconomic characteristics of poultry farmers and their access to loans.

Methodology

The study was conducted in Osun State, Nigeria. The state lies approximately between latitudes 6°30′N and 8°10′N and longitudes 3°55′E and 5°05′E. It occupies a land area of approximately 9,251 square kilometers, making it one of the medium-sized states in Nigeria. The state is characterized by a tropical climate with distinct wet and dry seasons, favourable for agricultural activities. The vegetation is predominantly derived savannah and tropical rainforest, providing suitable conditions for both crop cultivation and livestock production (Borishade et al., 2021).

The study adopted a descriptive survey research design and primary data were collected using a questionnaire administered electronically through the Computer-Assisted Personal Interviewing (CAPI) system with Kobo Collect. Content validity of the instrument was carried out while the reliability of the instrument was established using the test-retest method, which yielded a Pearson correlation coefficient of 0.86, indicating a high level of reliability. A descriptive survey research design was adopted while using a multistage sampling procedure to select 180 respondents. In the first stage, the Osogbo ADP zone was purposively selected from the three agricultural zones of the state (Osogbo, Iwo, and Ife/Ijesha zone) due to its relatively higher concentration of registerd poultry farmers based on the higher number of registered members under the association in each zone. In the second stage, four (4) blocks (Osogbo, Odo-Otin, Ede South and Ifelodun) were

selected from the twelve (12) blocks within Osogbo ADP zone using simple random sampling. The third stage involved the random selection of one cell out of eight cells in each block (Aiyetoro, Oyan, Akoda and Ikirun). In the final stage, a total of 45 farmers were selected using systematic field random selection of every second poultry farmer that attended the association meeting in each cell, giving a total sample size of 180 respondents. The study measured access to agricultural loans as the dependent variable and institutions providing credit which were both measured using a dichotomous scale of yes (1) and no (0), , benefits derived from loans, and constraints to credit access were measured using a five point likert type scale of strongly agree (5), agree (4), undecided (3), disagree (2) and strongly disagree (1) and four point likert type scale of not a constraint (1), not severe (2), severe (3) and very severe (4cr) respectively, constituted the independent variables. Data collected were analyzed using frequencies, percentages, and means, while Pearson Product Moment Correlation (PPMC) was used to test relationships between selected variables at the 5% level of significance.

Results and Discussion

Access to Loan and Granting Institutions for Poultry Farmers

Table 1 shows that the majority (91.1%) of poultry farmers source for loan through cooperatives societies, while minority (35.6%) source for loan through non-government organization. This shows that cooperatives societies, commercial banks, micro-financial banks, and bank of agriculture played significant roles in providing loans to poultry farmers. The high percentage of respondents sourcing loans from cooperative societies highlights their critical role in providing financial support to poultry farmers. This result corroborates with Shaoo et al. (2020) who opined that agricultural cooperatives play a significant role in agricultural financing that poultry farming has evolved beyond subsistence production into a more commercialized enterprise capable of attracting formal financial institutions Vihi et al., (2024), reported that poultry farmers in Plateau State increasingly depended on formal financial institutions for agricultural credit to expand their poultry enterprises. access to bank loans significantly supported farm expansion and improved poultry production. The high percentage of respondents sourcing loans from microfinance banks demonstrates that microfinance banks are the most accessible and preferred source of credit among poultry farmers. This finding suggests that poultry farmers largely depend on microfinance institutions because they provide easier access to loans compared to conventional commercial banks. The popularity of microfinance banks may be attributed to their less stringent collateral requirements, flexible repayment conditions, proximity to rural farmers, and focus on supporting small and medium-scale enterprises. Adebisi et al. (2023) observed that microfinance credit positively influences agricultural productivity and growth in Nigeria.

Table 1: Access to loan and granting institutions for poultry farmers

Access to agricultural loan	Percentage
Ever applied for loan	90.0
Ever gotten	71.93
Granting institutions	
Bank of Agriculture	57.2
Microfinance Bank	85.0
Cooperatives societies	91.1
Non-government organization	35.6
Commercial bank	63.3
Government grant and subsidies	50.6

*Multiple responses
Source: Field survey, 2024

Benefits of Loan for Poultry Farmers

Table 2 indicates that agricultural loans are highly beneficial to poultry enterprise development, with the highest support for enterprise expansion and diversification ($\bar{x}$= 4.59), suggesting that credit improves productive capacity, reduces risk, and enhances income generation. This aligns with Birhanu et al. (2023) and Tesgera et al. (2024), who similarly reported that access to finance supports livestock expansion, asset acquisition, and household income growth.

Loans were also associated with branding of poultry products ($\bar{x}$ = 4.47), environmental protection practices ($\bar{x}$ = 4.45), and technology adoption ($\bar{x}$= 4.42), indicating that credit facilitates market-oriented production, sustainability, and modernization. These results corroborate Adesiyan (2025), Nyambo et al. (2022), and FAO (2022), who emphasized the roles of finance in value addition, sustainable practices, and adoption of improved technologies. Similarly, Seluhinga (2023) noted that limited financial access constrains innovation uptake among farmers.

In addition, the purchase of equipment ($\bar{x}$ = 4.41) and feed ($\bar{x}$= 4.38) emerged as important benefits of agricultural loans, showing their relevance to efficient production and cost management. This is consistent with Orina et al. (2024) and Ogunnusi et al. (2023), who highlighted the importance of investment in production facilities and feed management for profitable poultry farming. Access to market ($\bar{x}$= 4.26) was also recognized, implying that credit strengthens commercialization and value-chain participation, as observed by Adesiyan (2025).

Overall, the findings suggest that agricultural loans are critical to the sustainability, modernization, and market expansion of poultry enterprises. They accentuate the need for improved credit access to strengthen productivity, innovation adoption, and enterprise viability.

Table 2: Benefits of loan for poultry farmers

Benefits	Mean	S.D	Rank
Expansion and diversification	4.59	0.595	1st
Branding	4..47	0.815	2nd
Biodiversity measure	4.45	0.827	3rd
Technology adoption	4.42	0.651	4th
Equipment purchase	4.41	0.493	5th
Working capital	4.39	0.735	6th
Infrastructure development	4.39	0.564	7th
Purchase of food	4.38	0.71	8th
Market access	4.26	0.912	9th

Source: Field survey, 2024

Constraints Faced by Poultry Farmers in sourcing Agricultural Loans

Table 3 showed that disease outbreaks ($\bar{x}$=3.73) ranked first, while high initial investment ($\bar{x}$=2.93) ranked the twelfth as least constraints to accessing loan indicated by respondents. It implies that disease outbreaks, seasonal nature of poultry farming, and fluctuation in poultry price were the leading constraints to accessing loan for poultry production in the study area which is in line with Abadula, et al., (2022), who reiterated that access to loan by the poultry farmers had been hindered mostly by disease outbreaks, seasonal nature of poultry farming, and fluctuation in poultry price. Disease outbreaks can significantly impact poultry farmers' ability to repay loans, making lenders more cautious and increasing the perceived risk of lending as observed by Adeyonu et al. (2021).

Table 3: Constraints faced by poultry farmers in sourcing agricultural loans

Constraints	Mean	Std. dev	Rank
Disease out breaks	3.73	0.443	1st
Seasonal Nature of poultry farming	3.56	0.59	2nd
Fluctuation of poultry prices	3.49	0.523	3rd
Inadequate infrastructure and technology	3.47	0.553	4th
Limited access to market	3.28	0.562	8th
Environmental concern	3.43	0.57	5th
Climate change risk	3.34	0.601	6th
Competition and dynamics	3.29	0.815	7th
Limited collateral	3.27	0.682	9th
Lack of financial literacy	3.24	0.794	10th
Government policies and regulations	3,24	0.720	10th
High initial investment	2.93	0.852	12th

Source: Field survey, 2024

Relationship between Selected Socio-economic Characteristics and Poultry Farmers' Access to Loan

Table 4 shows that years of experience in poultry farming (r=0.274) and household size (r=0.326) showed positive relationship while annual income from poultry farming (r = -0.242) showed negative relationship. This shows that an increase in years of experience of poultry farming and increase in number of persons in household will increase the farmers' access to loan

while farmers with increased annual income may access less loan for poultry farming. More experienced poultry farmers are more likely to access loans, possibly due to their established reputation, improved creditworthiness, and better understanding of loan requirements. Large household size could be a source of cheap family labour especially during peak of farming activities when cost of hired labour is high. In this aforementioned scenario, such household head will have high propensity to save lots of money that could have been used for hired labour and use it offset his/her loan. In contrary, Yakubu et al. (2022) opined that large family size that comprises more of dependent population, the household head has greater possibility at being loan defaulters since such loan are often diverted to family welfare upkeep.

Table 4: Relationship between selected socio-economic characteristics and poultry farmers' access to loan

Variables	r-value
Age	0.122
Annual income	-0.242**
Years of experience	0.274**
Farm size	0.088
Household size	0.326**
Gender	0.056

Source: Field survey, 2024

Conclusion and Recommendations

Poultry farmers in Osun State are sourcing agricultural loans from cooperative societies, microfinance banks, and commercial banks with cooperatives playing the most important role, with agricultural loans found to have contributed significantly to enterprise expansion and economic diversification, thereby enhancing the productive capacity and livelihood opportunities of poultry farmers. However, disease outbreaks remain a major constraint to loan access, as they increase the perceived risk associated with poultry production and reduce the confidence of financial institutions in lending to farmers. Furthermore, the study established that years of farming experience and household size have a positive and statistically significant relationship with farmers' access to agricultural loans, suggesting that more experienced farmers and those with larger households are more likely to secure agricultural credit. The study recommends that stakeholders, government and other financial institutions should simplify application procedures, reduce bureaucratic bottle necks and adopt farmer friendly lending conditions to improve farmers' access to loans. In contrast, government veterinary services and extension agencies should strengthen disease surveillance, vaccination programmes, and biosecurity awareness campaigns to reduce disease risks and improve the creditworthiness of poultry farmers. Extension services should likewise provide financial education to farmers on proper loan utilization and repayment. In addition, extension agencies, government and stakeholders should make efforts to improve market access and infrastructure so that increased production can translate into better income and sustainability for poultry farmers.

References

Abadula, T. A., Jilo, S. A., Hussein, J. A., & Abadura, S. Z. (2022). Poultry production status, major constraints, and future prospective. *Journal of World's Poultry Science*, *1*(1), 22-28. https://doi.org/10.58803/jwps.v1i1.4

Abdulrahman, O. L., Gafaru, B. O., Kayode, A. O., Busari, I. Z., & Koloche, I. M. (2022). Awareness of poultry farmers on biosafety practices against infectious diseases in Kano State, Nigeria. *Journal of Agricultural Extension*, *26*(2), 1–10.

Adebisi, A. O., Zannu, S. M., and Alaka, A. T. (2023). Assessing the effectiveness of micro credit on agricultural productivity in Nigeria. *African Banking and Finance Review Journal*, *6*(6),185-203. https://www.abfrjournal.com/index.php/abfr/article/view/106

Adesiyan, T. (2025). Leveraging agricultural credit and digital finance for enhancing smallholder productivity and rural economic growth. *International Journal of Research Publication and Reviews,* *6*(8), 3090–3100. https://doi.org/10.55248/gengpi.6.0825.3090

Adeyonu, A. G., Otunaiya, A. O., Oyawoye, E. O., and Okeniyi, F. A. (2021). Risk perceptions and risk management strategies among poultry farmers in south-west Nigeria. *Cogent Social Sciences*, *7*(1), 1891719. https://doi.org/10.1080/23311886.2021.1891719

Birhanu, M. Y., Osei-Amponsah, R., Obese, F., and Dessie, T. (2023). Smallholder poultry production in the context of increasing global food prices: Roles in poverty reduction and food security. *Animal Frontiers, 13*(1), 17–25. https://doi.org/10.1093/af/vfac069

Borisade, T. V., Odiwe, A. I., Akinwumiju, A. S., Uwalaka, N. O., & Orimoogunje, O. I. (2021). Assessing the impacts of land use on riparian vegetation dynamics in Osun State, Nigeria. *Trees, Forests and People, 5*, 100099. https://doi.org/10.1016/j.tfp.2021.100099

Dubale, S., & Beshir, H. (2020). Factors affecting loan repayment performance of smallholder farmers in Ethiopia. *Agriculture, Forestry and Fisheries*, *9*(3), 82-92. https://doi.org/10.11648/j.aff.20200903.15

Food and Agricultural Organization. (2022). The state of food and agriculture. Food and Agriculture Organization. https://www.fao.org/documents/card/en/c/cc2211en

Kassegn, A., & Endris, E. (2022). Factors affecting loan repayment rate among smallholder farmers got loans from the Amhara Credit and Saving Institution: In the case of Habru District, Amhara Regional State, Ethiopia. *International Area Studies Review*, *25*(1), 73-96. https://doi.org/10.1177/22338659211040993

Kleyn, F. J., & Ciacciariello, M. J. W. S. P. S. J. (2021). Future demands of the poultry industry: will we meet our commitments sustainably in developed and developing economies? *World's Poultry Science Journal*, *77*(2), 267-278. https://doi.org/10.1080/00439339.2021.1904314

Nyambo, P., Nyambo, P. & Mavunganidze, Z. & Nyambo, V. (2022). Sub-Saharan Africa smallholder farmers' agricultural productivity. *Food security for African smallholder farmers* 47–58, Springer. https://doi.org/10.1007/978-981-16-6774-83

Odhiambo, F. O., & Upadhyaya, R. (2021). Flexible loans and access to agricultural credit for smallholder farmers in Kenya. *Agricultural Finance Review*, *81*(3), 328-359. https://doi.org/10.1108/AFR-05-2020-0072

Ogunnusi, O. J., Toye, C. O., & Akinwemoye, A. A. (2023). Feed management for profitable poultry enterprise. *Animal Research International*, 20(1), 4684 – 4693

Orina, P. S., Chepkirui, M., Orina, T., Olala, M., & Oluwole, F. A., (2024). A Review on Africa's Agricultural Farming Systems and Potential for Transition. *Collective Journal of Agricultural Sciences; 1: ART0032*. 01-08. 10.70107/collectjagricsci-ART0032

Oyelami, O., Adekoya, A., Ogunbayo, I., Osadebamwen, U., Enya, E., Aburime, P., & Akano, O. (2023). Oyo and Kaduna States maize farmers' perception of selected agricultural policies in Nigeria. *Journal of Agricultural Extension, 27*(4), 1–12. https://doi.org/10.4314/jae.v27i4.1

Sahoo, A. K., Meher, S. K., Panda, T. C., Sahu, S., Begum, R., & Barik, N. C. (2020). Critical review on cooperative societies in agricultural development in India. *Current Journal of Applied science and technology*, *39*(22), 114-121. https://doi.org/10.9734/cjast/2020/v39i2230865

Seluhinga, N. S. (2023). Factors influencing smallholder farmers' access to formal financial services in Morogoro Region, Tanzania. *Tanzania Journal of Agricultural Sciences*, *22*(2), 434-443. https://www.suaire.sua.ac.tz/handle/20.500.14820/6440

Silong, A. K. F., & Gadanakis, Y. (2020). Credit sources, access and factors influencing credit demand among rural livestock farmers in Nigeria. *Agricultural Finance Review*, *80*(1), 68-90. https://doi.org/10.1108/AFR-10-2018-0090

Tesgera, W. D., Beyene, A. B., & Wakjira, T. K. (2024). Does non-farm employment increase rural households' consumption in western Ethiopia? Empirical evidence from the horo guduru wollega zone. *Heliyon*, *10*(7). https://doi.org/10.1016/j.heliyon.2024.e26449

Vihi, S. K., Tanko, P. K., Selzing, P. M., Jesse, B., & Ahmad, I. I. (2024). Analysis of poultry farmers' utilization of agricultural credit in Jos South Local Government area of Plateau State, Nigeria. *International Journal on Food, Agriculture and Natural Resources*, *5*(2), 54-62. https://doi.org/10.46676/ij-fanres.v5i2.226

World Bank. (2021). Agricultural finance in Nigeria. https://www.worldbank.org/en/country/nigeria/publication/ag-finance

Yakubu, D. H., Musa, N., Abubakar, B. Z., & Jabo, M. S. M. (2022). Rural households' attitude to diversification into non-farm enterprises in Katsina State, Nigeria. *Journal of Agricultural Extension, 26*(2), 24–33. https://www.journal.aesonnigeria.org/index.php/jae/article/view/3085