

Constraints to Poultry Farmers' Participation in Agricultural Insurance Scheme in Jos South Local Government Area of Plateau State

Momoh, O. Y.¹, Mbube, B. H.² & Silas, Y.G.³

Dept of Agricultural Extension and Management

Federal College of Land Resources Technology,

Kuru- Jos, Plateau State, Nigeria.

E- mail: hopembube@gmail.com. Telephone number: 07031566602.

Abstract

The study examined the constraints on poultry farmers' participation in agricultural insurance schemes in Jos South of Plateau State, Nigeria. The study outlined the socioeconomic characteristics of poultry farmers, ascertained poultry farmers' perception towards agricultural insurance, and identified constraints to poultry farmers' participation in agricultural insurance in the study area. The purposive sampling technique was used to select 120 poultry farmers in the study area. A structured questionnaire and an in-depth interview schedule were used to elicit information from the respondents. Both descriptive and inferential, were employed to analyse the obtained data. The findings showed that 56% of the respondents were male, with a mean age of 37 years. The majority (70%) attained tertiary education with a mean household size of 4 persons. Also, 42% of the farmers had 1-5 years of farming experience, while 82% had 500-1,000 birds. The findings further revealed that the majority of poultry farmers had a negative perception towards agricultural insurance with a mean score of 2.8, 2.9, 2.5, 2.8 and 2.3 respectively. The result identified delay in indemnity (69%), delay in assessment of losses (55%), and administrative bottlenecks (50%) as constraints to poultry farmers' participation in insurance schemes. The study recommends prompt and timely payment of indemnity by insurance companies to compensate for losses in any eventuality.

Keywords: Constraints, Participation, Agricultural Insurance

Introduction

The poultry production typically faces many threats and uncertainties, including natural disasters such as floods, droughts, fire outbreaks, diseases, pest infestations, and theft. Poultry farmers are faced with the option of transferring or sharing the risks associated with production because they cannot predict the probability that these risks will occur and cannot bear the risks and uncertainties alone. Studies have shown that investigating farmers' risk attitudes and perceptions is an important factor in agricultural production, investment, risk management, and farmers' decision-making attitudes in different economic and institutional contexts (Sulewski *et al*, 2020; Mehedi *et al*, 2023).

The National Agricultural Insurance Scheme (NAIS) was established in 1987 for the Nigerian government's recognition of the need for support measures to address agricultural risks. In fact, the fundamental idea behind NAIS's creation is that lowering risk in the agriculture industry will improve its output and serve as a buffer against losses resulting from natural disasters. It also serves as collateral for agricultural loans from banks to farmers. In theory, there is a trade-off between the level of risk that farmers can tolerate and the overall level of domestic food production. The recognition of this trade-off by policymakers has led to the introduction of programmes that seek to address smallholder farmers' risk aversion. One of these is the establishment of an insurance system for agricultural risks to help farmers manage risk and protect their livelihoods (Dongnaan, 2023). Hess and Hazell (2016) found out that about 653,000 farmers had some form of insurance coverage and our updated programme coverage suggests over 2 million smallholder's farmers insurance in Africa. Vincent *et. al.* (2018) claimed that countries have been able to join county risk

pools set up by African Risk Capacity (ARC), which was established at the central level in 2012.

However, Adeyonu et al. (2016) noted that more than thirty years after the program's inception, it still looks to be non-functional, as evidenced by the low level of involvement and awareness among poultry farmers (Akintunde, 2015). Therefore, the nation's poultry farmers can only handle farm threats allied with few influential backing.

Farmers who are unable to successfully manage risk may experience unstable incomes, destitution, and insecurity of food (Aminu and Balogun, et al, 2019). Since the dangers of agricultural losses can be very devastating and crumbling, stakeholders have embarked on several structures and schemes, over the years to prevent, manage or cope with this fearful phenomenon.

In Nigeria, the Government introduced agricultural insurance programme with the tripartite aim of broadening farmers' access to farm resources, positively changing farmers' attitude to risk in their choice of resource use and to achieve increased food supplies in the market. According to a recent study, insurance companies in Nigeria, including the Nigerian Agricultural Insurance Corporation and private firms, offered insurance services to farmers, but most farmers were not interested in purchasing insurance premiums (Okpukpara and Adebayo, et al, 2021). In addition, Akintunde (2015) noted that Nigerian farmers do not seem motivated to take-up an insurance plan. This could be because of the lower satisfaction derived from the insurance industry; there are often cases of loss of compensation, and this problem has created mixed feelings towards agricultural insurance by prospective farmers. As a result, the farmers become reluctant in the decision to take out an insurance cover.

The poultry sector still experiences many problems such as a rise in the price of feed, avian influenza, floods, fire-out break, and inadequate credit with the global financial crisis which leading to a low level of production specialization, (Sims, 2013). Peasant farmers are obviously intense to evade taking risks which might impend their living and is frequently reflected in their farming practices (Olumide and Akinbode, 2014). Also, considering the very low incomes, peasant farmers are usually averse to support the insurance market. It is in view of this, that the study seeks to assess the level of poultry farmer's participation in agricultural insurance in Jos South LGA of Plateau State, Nigeria. Specifically, the specific objectives are to:

- i. describe the socioeconomic characteristics of the respondents in the study area;
- ii. ascertain the farmers attitude towards agricultural insurance in the study area; and
- iii. identify the constraints to farmers' participation in agricultural insurance in the study area.

MATERIAL AND METHODS

The study was conducted in Jos South Local Government Area of Plateau State. Its located between latitudes 9° 30' to 10° N and longitude 8° 48' E to 8.800°E of the Greenwich meridian. It is situated at the north western part of Plateau state with its headquarters at Bukuru, which is about 15 km from the state capital, Jos. It shares boundary with Jos North Local Government Area in the North, in the East with Barkin Ladi Local Government Area, in the south with Riyom Local Government Area and in the west with Bassa Local Government Area. Jos south LGA has four districts: Du, Gyel, Kuru and Vwang(Vom) districts with twelve wards. The local government area has a total land area of about 1,037 km² with a population of 306,716 (NPC, 2006). A total of 120 poultry farmers were purposively selected from the four districts in the LGA. Data were collected primarily through the use of a well-structured questionnaire and an in-depth interview schedule. The data were analysed using descriptive statistical tools and Chi-square model.

RESULTS AND DISCUSSION

Socio-economics characteristics of the respondents

Results in Table 1 shows that most of the poultry farmers (56%) were males. The preponderance of male poultry farmers is an indication that agribusiness is generally laboured intensive and still a strenuous enterprise in Nigeria and also implied that modern poultry farming is still dominated

by male folks probably due to drudgery that characterized the management process that is involve in poultry production.

Table 1: Socio-economics characteristics of the respondents

Variable		Frequency	Percentage	Mean
Sex	Male	67	56.0	
	Female	53	44.0	
	Total	120	100	
Age	18-25 years	5	4.0	37years
	26-33years	22	18	
	34 - 41 years	57	48	
	42 and above	36	30	
	Total	120	100	
Educational level	Primary	5	4	
	Secondary	25	21	
	Tertiary	84	70	
	No formal edu	6	5	
Total	120	100		
Household size	1-2	23	19.0	4persons
	3-4	51	43.0	
	5-6	31	26.0	
	7-8	12	10.0	
	9 & above	3	2.00	
	Total	120	100	
Years of farming experience	1-5	42	35	9years
	6-10	38	32	
	11-15	20	17	
	16-20	12	10	
	21 & above	8	7	
Total	120	100		
Flock size	1-2,000	98	82	
	2001-10,000	17	13	
	Above 10,000	3	3	
	Non respondent	2	2	
Total	120	100		

Source: Field survey, (2024)

The research area's poultry producers were 37 years old on average. This suggests that the majority of poultry owners were in their prime, ready to experiment and take on new ideas that would improve the productivity of chickens. Results in Table 1 shows that majority (95%) of individuals in the poultry business had formal education with a household size of 9 persons. This suggests that the poultry producers in the research area have a high degree of literacy. This is anticipated to have a favourable impact on their decision-making and the acceptance of agriculture insurance policies. Also, the mean household size of the farmer was 4 persons with an average of 9 years of farming experience. This is a fair amount of time to have experienced the risks and whims of raising poultry

birds. This ought to have served as a foundation for understanding the importance of involvement. The results corroborate those of Amugo and Odinwa (2022), who found that the majority of the women engaged in poultry farming in their research region was 37-year-old and were married.

The result presented in Table 1 also shows that majority (82%) of poultry farmers have between 1-2,000 birds which is considered as small scale commercial farms. This implies that poultry farmers should have taken the advantages of this government and private insurance policy cover against any unexpected risk thus stabilizing the income gain sustainably.

Table 2: Perception of Poultry Farmers on Agricultural Insurance (SA= Strongly Agreed, A= Agreed, SD=Disagreed, D=Disagreed, U= Undecided)

Respondents perception on Agricultural Insurance	SA	A	SD	D	U	Mean
Agricultural insurance makes it easier to obtain loan from banks	6	49	9	25	31	2.8
Agricultural insurance exploit farmers with high premium	13	49	12	7	39	2.9
Premium payment in agricultural insurance is stressful	17	80	5	7	11	3.7
Premium payment in agricultural insurance is a waste of time and money	7	45	11	55	2	3.0
Agricultural insurance does not compensate farmers fairly	15	59	3	10	33	3.1
Agricultural insurance protect the income of farmers	8	36	4	34	38	2.5
Agricultural insurance save you from risk and uncertainties	8	38	21	23	30	2.8
The procedures for taking an agricultural insurance is easy	3	21	23	44	21	2.3

Source: Field survey, (2024)

Mean score ≥ 3.00 = Agreed (Positive perception)

Result in Table 2 reveals that farmers agreed that premium payment in agricultural insurance is stressful; is a waste of time and money; and that Agricultural insurance does not compensate farmers fairly with a mean score of 3.7, 3.0 and 3.1 respectively. The finding agree with Lawal and Ajayi, (2014) which also reported that the majority of the respondents in his study area did not agree with the suggestion that agricultural insurance was meant to protect farm against risk and reduce farmers' worries and stress.

From the result presented in Table 2, the respondents disagreed that Agricultural insurance makes it easier to obtain loan from banks; exploit farmers with high premium; protect the income of farmers; saves farmers from risk and uncertainties; and have easier procedure with mean scores of 2.8, 2.9, 2.5, 2.8 and 2.3 respectively. This study contradicts that of Oladipo and Olayode et al,(2018) which reported that most respondents agreed that insurance had a lot of benefits for both small and large scale farmers.

From the result, it is clear that the poultry farmers in the study area do not recognized that agricultural insurance makes it easier to obtain loan from banks and that it can help to exploit farmers' with high premium over risk and uncertainties associated with agricultural enterprises. This implies that respondents had negative perception towards agricultural insurance. This finding indicates that most farmers in the study area do not recognized that most risk and uncertainties faced by poultry enterprises can be avert through insurance cover. There is, therefore, need to sensitize farmers in the study area on the benefit of agricultural insurance in risk and uncertainties faced by poultry farmers.

Table 3: Constraints to Farmers' Participation in Agricultural Insurance

Constraints	Frequency	Percentage	Rank
Delay in indemnity	83	69	1 st
Delay in assessment of losses	66	55	2 nd
Administrative bottleneck	60	50	3 rd
Inadequate information dissemination	59	49	4 th
Inaccessibility to insurance personnel	52	43	5 th
Superstition	39	33	6 th
Rigorous procedure in claim settlement	37	31	7 th
Government complacency	29	24	8 th

Source: Field survey, (2024)

Multiple responses

Result in Table 3 shows that the major constraints encountered by poultry farmers in participation in agricultural insurance were: delay in indemnity (69%), delay in assessment of losses (55%) and administrative bottleneck (50%) ranked first, second and third respectively.

This result agrees with Chuks (2010) which reported that fears that claims may not be paid; inadequate knowledge on the benefits of agricultural insurance; late payment of compensation, high premium rate and compensation paid does not cover losses were the major constraints encountered by poultry farmers in participation in agricultural insurance

The payment of indemnity by insurance companies is usually untimely and inadequate to most of the farmers and this affected farmers perception of agricultural insurance scheme as they tend to believe that insurance companies are only interested in collecting premium and not paying indemnity when due. This untimely assessment of losses and delivery of result by insurance companies made farmers to lose hope and left with the choice to discontinue participation in agricultural insurance scheme. Administrative bottleneck which stems from excessive bureaucracy has the tendency of making the farmers withdraw from insurance scheme because of excessive bureaucracy processes in the operation of agricultural insurance. Other constraints faced by farmers in participating in agricultural insurance scheme were identified as inaccessibility to insurance personnel, cultural belief, rigorous procedure in claim settlement, government complacency among others.

Conclusion

Based on the findings of the study, the study concludes that poultry farmers in the study area are literate and still in their youthful age. They would want to experiment, participate and adopt new innovations that will enhance poultry production such as agricultural Insurance Scheme. Though they showed a negative perception towards agricultural insurance scheme due to the constraints they faced in the participation in agricultural insurance scheme, if those constraint are given a due consideration, the perception of the farmers towards agricultural insurance scheme will turn out positive. This will help the poultry farmers to overcome risk and uncertainty associated with poultry production.

Recommendations

In line with the findings of the study, the following recommendations are made

1. The payment of indemnity by insurance companies should be timely and adequate to clear the negative believe that the insurance companies are only interested in collecting premium and not paying indemnity when due.
2. The agricultural insurance corporation should ensure adequate information dissemination to the rural farmers.
3. Simplified procedures for accessing the insurance premium should be put in place.
4. Since majority of the poultry farmers were well educated insurance corporations need to come up with advocacy programmes to further enlighten the farmers on the importance of insurance cover.

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