



# Impacts of non-institutional microfinance agencies on fish marketing in Okitipupa, Ondo State, Nigeria

Olawande Samson Ayewalehinmi, Funmilola Omolara Agbebi \*

*Department of Fisheries and Aquaculture Technology, Ondo State University of Science and Technology, Nigeria*

## Abstract

Impacts of Non-Institutional Microfinance Agencies on Fish Marketing were carried out at Okitipupa Main Market, Okitipupa, Ondo State, Nigeria. Purposive sampling technique was used to select seventy (70) fish marketers and questionnaire was administered on them. Data analytic tool included descriptive statistics. It was observed that all the fish marketers belong to either one microfinance group or association and most of the marketers (74%) took loans for their businesses. However, a larger number of the respondents borrow money from local cooperative societies but microfinance remain the best option for those who do not have savings prior to the time of loan application or starting a new business. Also based on the low interest rate which is mostly below 15% and flexible repayment terms and period, it remains one of the best sources for loans for starting business and catering for marketing emergency needs of these rural people. It also serves as the closest loan option for small scale marketers who cannot approach a commercial bank or private money lenders for loans. The absence of government grants and credit facilities for marketers also makes non-institutional microfinance to be the most accessible option for different forms of savings and loan grants. It can be concluded that 52% of the respondents benefitted from the non-institutional based microfinance agencies. It is recommended that government should support the fish marketers by increasing their financial base through the provision of long term and single digit loans with flexible loan repayment plan and to encourage private investors who are trustworthy to get involved in the process of providing low-interest loans to fish marketers.

**Keywords:** Non-Institutional; Microfinance; Fish Market; Okitipupa

Published by ISDS LLC, Japan | Copyright © 2018 by the Author(s) | This is an open access article distributed under the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.



**Cite this article as:** Ayewalehinmi, O.S. and Agbebi, F.O. (2018), "Impacts of non-institutional microfinance agencies on fish marketing in Okitipupa, Ondo State, Nigeria", *International Journal of Development and Sustainability*, Vol. 7 No. 6, pp. 2017-2029.

## **1. Introduction**

Fisheries and Aquaculture subsector is continuously witnessing upwards growth every day. It constitutes an important subsector of the agricultural sector of Nigerian economy, enhancing the provision of valuable food and employment to millions and also offers a dependable source of livelihoods especially for women in coastal communities. Of the total fish production from all sources between 1995 and 2008, coastal fisheries contributed up to 40% (FAO, 2008). Fisheries Society of Nigeria posited that small scale fisheries provide more than 82 percent of the domestic fish supply, giving livelihoods to one million fishermen and up to 5.8 million fisher folks in the secondary sector comprising processing, preservation, marketing and distribution. Fisheries provides an estimated Gross Domestic Product (GDP) of about \$US 1billion to the total country's GDP. Considering Nigeria's enormous resources such as water resources, human capital and other natural endowments. Fish production estimation by the Federal Department of Fisheries (FDF) was put at over 1.7 mmt comprising 201,300mt from inshore (brackish and coastal fisheries), 33,900mt (offshore fisheries), 288,200 (inland fisheries) and 1180215mt (aquaculture).

Fish production in Nigeria is confronted with several challenges such as inadequate infrastructures, rural poverty incidence (over 80% of rural poor live below the poverty line), environmental problems (e.g. pollution in coastal areas arising from gas flaring, oil spills and industrial wastes), civil unrest in the Niger Delta, climate change effects (sea level rise, coastal erosion and flooding, increased environmental temperatures and wind storms) and coastal degradation due to human activities such as sand filling that destroys breeding grounds. Despite these challenges, fisheries subsector still occupies an important niche in the Nigerian economy. There have been steady contributions of 1.2%, 1.6%, 1.7%, 1.5% and 1.55% of fisheries subsector to total GDP in the last five years (Central Bank of Nigeria's published figures, 2000-2004). Fishery has also contributed significantly to social, economic and cultural spheres of Nigeria. Food and Agricultural Organization (FAO) Official figures put fisheries GDP (current basic prices) at N 106.47 billion in 2003 and N 128.29 billion in 2004. Nigerians total consumption of the fish and fishery product was rated high as reported by FAO(2008), which was about 1.2 million t/yr, out of which about 650 000 t is imported, hence making Nigeria the highest importer of fish and fishery products in Africa. The fish species imported largely consists of mackerels, Sardinella, hakes, herrings and croakers caught off the coasts of the Eastern Central Atlantic countries of Senegal and Mauritania and from the North Sea. The countries which export these species include Spain, the Netherlands, Russia, Denmark, the Irish Republic and, to some extent, USA. Value of imports is over US\$ 400 million. Frozen fish is characterized by the best distribution network within the country. The marketers have access to a chain of strategically located cold stores, whence retailers collect in cartons for supply to consumers at daily markets. To further extend the distribution, some of it is smoked or fried at retail outlets. Abbot and Makeham (1990) defined marketing as a management process which aimed at profit making through anticipation, identification and satisfaction of consumer wants and needs. It also encompasses transportation which brings the product to the right place, storage to adjust supply to demand over time, sorting, cleaning and processing in various ways. Marketing functions occupies a pivotal position in marketing of fish and marketing function. Adegeye and Dittoh (1985) defined marketing functions as the activities performed by a marketing system in relation to the characteristics of agriculture which

include seasonality, bulkiness, perishability, small quantities of production on small farms, non-consumable nature of some agricultural products in the raw form. Amongst these functions are assembling the products from various production centres, processing the commodities in the form that will be suitable for consumption, and then making every arrangement to get them distributed to consumers. Adegeye and Dittoh (1985) also identified some services which are essential and must be carried out efficiently for marketing functions to be accomplished. These services which are termed marketing services include transportation, storage, grading and standardization, packaging, bringing sellers and buyers together, financing and risk bearing. Marketing channel is a path between production and consumption (Akinwumi and Ajayi, 1992). He further disaggregates it as either centralized or decentralized.

Marketing plays a pivotal role in a market economy. The role of marketing with the incentive it creates to fish production and productivity cannot be over emphasized. The effect of marketing process is assessed by the ability of the market to create time, place form and possession utility. In marketing, fish passes through various market participants and exchange pounds before they reach the final consumer, these market intermediaries are the whole sellers and retailers, both play important roles in the marketing system. Akanni (2005) posited that the local fish seller is faced with the problem of profit maximization as a result of the cumbersome nature of the distribution channels. Thus, the effect is the dominance of the sector by private sector with little or no tangible support from the government, therefore, any attempt used at improving a country's marketing system must emanate with a sound analysis of the problem. Ajana (2002) reported that the demand for fish has been on the increase because of its balanced amino acids configuration, digestibility and low cholesterol level hence making it the best available sources of protein. According to Agbebi, (2007), Fish and fish products marketing in Nigeria commences from the harvesting stage through the value chain until it then gets to the final consumer. Marketing of fish is limited by some challenges which makes it hard for farmers and marketers to fully reap the benefits of fish marketing, these challenges have often times hampered the smooth buying and selling activities of fish and fish products, below are some of these constraints:

- Lack of Funds/capitals
- Negative activities of middlemen
- Transportation and communication
- Inadequate storage and warehousing
- Poor market organization
- Lack of institutional support
- Poor road networks

Out of these problems, the most common and detrimental is the lack of funds or capitals to procure the goods to be sold, or to put in place various mechanisms for fish marketing operations. In order to tackle this challenge, various programs have been put in place by governments using specialized institutions which include Bank of Agriculture (BOA), microfinance banks, non-institutional microfinance agencies and other private investors, to enable fish marketers have access to funds required for running their activities.

### 1.1. Micro finance in Fish Marketing

Anyanwu (2004) identified certain factors which favour the growth of private sector-led microfinance in Nigeria to include unwillingness or inability of the formal financial institutions to provide financial services to the urban and rural poor and the un-sustainability of government sponsored development financial schemes. The growing concern of poverty and vulnerability in the fisheries sector due to failure of previous credit programmes called for paradigm shift in making micro-financial services available to farmers (Oladeebo and Oladeebo, 2008). The response to the failure of past attempts by government and international agencies to effectively provide financial services to the poor result in the birth of microfinance which is seen as an alternative financial delivery mechanism. Microfinance is synonymous to loans, savings, insurance, transfer services and other financial products directed at low-income people. Artisanal fishing became the best available alternative means of livelihoods for low-income rural dwellers especially in developing nations where job options are limited. The practice of aquaculture to complement artisanal fishing has increased the growth rate of fisheries sub-sector over the years. Sound and articulated microfinance will provide funds for operators of these sectors of the economy who are mostly poor peasants to ensure sustainable production and enhance income generation. There has been the existence of informal microfinance groups before the advent of the organized formal microfinance. Microfinance institutions in Nigeria face strong competition from commercial banks which has dominated the financial sector for decades. However, the low income groups are attracted to them because of their high deposit rate. Three basic levels of operations are involved in the mechanics of a microfinance; i) the borrowers who invested the borrowed capital in micro businesses; ii) the loan disbursement and recovery system; and iii) the institution or organization that oversee the disbursement system. There are however twin principles in which successful operation of these levels are premised on; the principles of client discipline, where borrowers take responsibility for their decisions and agreements made with the MFI and institutional discipline, where MFIs offer and provide products and services characterized by quality, efficiency and commitment.

### 1.2. Research problem

Loan is expected to play a critical role in fish marketing. Loan has for long been identified as a major input in the development of the marketing sector in Nigeria. The decline in the contribution of the sector to the Nigeria economy has been attributed to the lack of a formal national credit and loan policy and paucity of credit institutions, which can assist marketers among other things. The provision of this input is important because loan-able fund (capital) is viewed as more than just another resource such as labour, land, equipment and raw materials. It determines access to all of the resources on which a fish marketer depends. However, fish marketing have not been able to meet up with the demand of fish within and beyond Okitipupa and this led to the establishment of the various loan facilities in the town.

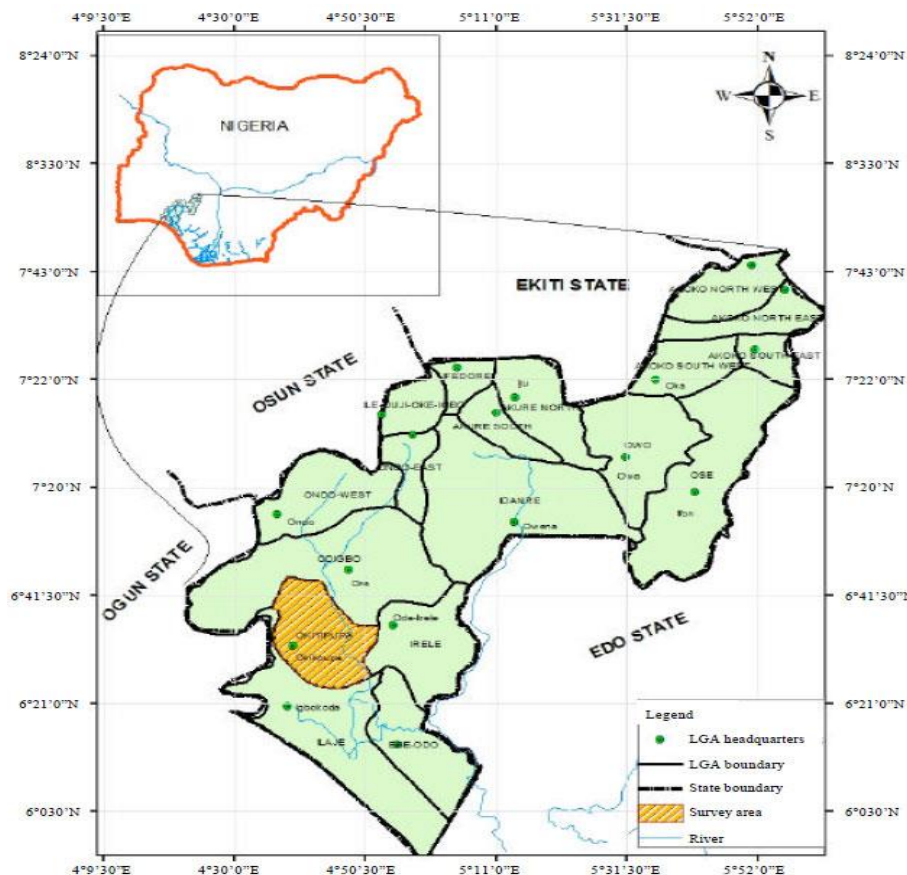
### 1.3. Objectives of the study

The main objective of the study is to examine the impacts of microfinance agencies on fish marketing at Okitipupa, Ondo state, Nigeria.

The specific objectives include:

- 1- Describe the socio-economic characteristics of the fish marketers in Okitipupa, Ondo state, Nigeria.
- 2- To study the marketing demand and cost of meeting marketing targets in the study area.
- 3- To discover how fish marketers obtain loans for various use, its advantages and disadvantages.
- 4- To study the impact of fish marketing on the lives of the marketers in the study area.
- 5- To identify the constraints to fish marketing and marketing operations in the study area.

## 2. Methodology



**Figure 1.** Map showing the study area

Okitipupa Local Government Area is one the eighteen Local Government Areas in Ondo State, Nigeria. The headquarter is in the town of Okitipupa, The town is located in the rain forest zone which has a relatively high humidity and a yearly rainfall of about 2000 mm and experiences a moderate dry season between November and March. It is native to the Ikales who are a sub-set of the larger Yoruba tribe. Okitipupa lies between Longitudes 400.3" and 600. 0"East of Greenwich Meridian and Latitude 50045" and 80015" North

of the Equator. It covers a land mass of about 100sq km. It is bounded on the east by Irele and Ese-Odo Local Government while to its west lies Odigbo Local Government and parts of Ogun State, to its north lies Odigbo Local Government and it is bounded in the South by Ilaje Local Government. The closeness of Okitipupa the study area to Ilaje Local Government area that borders the Atlantic Ocean contributes to the thriving fish market in the area.

### 2.1. Sampling technique

A purposive sampling technique was used for the study. The survey was conducted irrespective of their genders, age, marital status, employment status, educational level, religion and other demographic information. Questionnaires and interviews were prepared to obtain the demographic information and socio-economic parameters of the respondents. Both descriptive and inferential statistical tools were for the analysis. A total number of 70 respondents were used for the study.

## 3. Results and discussion

The result as shown in (Table 1) indicated that female dominated fish marketing sector in the area (80%) which implies that women are into the business than men. This agrees with the work of Agbebi and Fagbote (2012) that consider women to dominate the marketing sectors because women are considered to be more shrewd than men when it comes to marketing of goods and services while most of the marketers are married with a percentage of 57% showing that fish marketing can sustain a family, create jobs for more families and the marketers are experienced. Most of the respondents were secondary school leavers with a percentage of 55%, showing that majority of them can read and write basic English language although only few are able speak, read and write fluently, while the highest number of family size ranges from 3-5 people Most respondents have nuclear family (84%) showing that the rate of polygamy is very low and most of them live with their spouse and children alone, excluding other family members.

**Table 1.** Socio-Economic distribution of Respondents (N=70)

Variables	Frequency	Percentage (%)	Mean/Mode
Gender			
Male	7	10	
Female	63	90	Female
Marital status			
Single	20	29	
Married	40	57	Married
Divorced	5	7	
Widowed	5	7	
Educational status			



Informal edu.	1	1	
Adult literacy	0	0	
Primary	19	27	
Secondary	38	55	Secondary
Post secondary	8	11	
Others	4	6	
Household size			
No child	14	20	
Less than 2	11	16	
3-5	43	61	3-5
6-8	1	1.5	
Above 8	1	1.5	
Family type			
Nuclear family	59	84	Nuclear
Extended family	11	16	
Religion practiced			
Islam	9	13	
Christianity	58	83	Christianity
Traditional	3	4	
Experience Year			
Less than 2	9	13	
3-5 years	18	26	
6-8 years	14	20	
Above 8	29	41	Above 8

Christianity is the most practiced religion (83%) by the marketers in the study area implying that there will be low economic activities on Sundays, majority of them share the same belief and culture making it easier for them to dwell in unity while carrying out their marketing activities, most of the marketers have above 8 years of experience in fish marketing with 41% implying that; they are conversant with the seasonal changes in fish marketing operations, fish marketing is an age-long activity and fish marketing can alleviate poverty to its barest minimum if proper measures are put in place.

**Table 2.** Fish marketing costs, operation and demand

Variables	Frequency	Percentage (%)	Mean/Mode
Species of fish sold			
Tilapia	23	33	
Catfish	26	37	Catfish
Sardines	9	13	
Others	12	17	
Types of fish sold			
Live	19	27	

Smoked	15	21	
Dried	29	41	Dried
Others	5	7	
Target buyers			
Everybody	65	93	Everybody
Selected individuals	4	6	
Daily sales target			
Below 10000	5	7	
10-50000	22	31	10-50000
51-100000	17	24	
101-150000	3	4	
151-200000	0	0	
201-300000	2	3	
Customer's request per day			
Below 10000	30	43	Below 10000
10-50000	9	13	
51-100000	22	31	
101-150000	7	10	
151-200000	0	0	
201-300000	0	0	
Daily Leftover stock			
Smoke	9	13	
Store	51	73	Store
Auction	5	7	
Others	0	0	
Activities involved in marketing fish			
Transportation	65	93	Transportation
Water	21	30	
Manpower	4	6	
Rent	60	86	
Tax	11	16	
Others	27	39	
Amount spent on fish marketing activities (Average)			
Transportation	1000-10000	93	
Water	50-200	29	
Manpower	50-5000	21	
Rent	1000-15000	96	
Tax	20-500	33	
Others	50-10000	99	Others
Challenges			
Transportation	62	89	Transportation



Security	12	17	
Seasonal price change	59	84	
Fuel	12	17	
Storage	40	57	
Capital	32	46	
Labour	11	16	
Bargain	15	21	
Others	62	89	Others
Seasonal fluctuation			
Yes	68	97	Yes
No	0	0	

Source: Field survey 2017

Table 2 shows that the marketers sell various species of fish including Tilapia, Catfish, Sardinella sp. and other seafood, which are live, smoked, dried and other processed types. The marketers acquire most of their stocks from the coastal areas such as Igbokoda market, Ugbo Market, Ebute Ipaare market while few of them get stocks from local fish farms and Lagos (in the case of Iced Fish). They sell to everyone and some selected individuals (e.g. Wholesalers, Bulk buyers, Caterers). 31% of the marketers have a sales target of N10000 to N50000 worth of stocks depending on the season of the year or days of the week, the customers' request more stocks on market days and festive seasons. Most of the marketers are able to meet their daily demands, and only few get their sales target. Various preservation techniques such as smoking, freezing are used to preserve the leftover stocks for each day, others keep their leftovers in water in the case of live stocks while smoked and dried stocks are kept in stores.

Many activities are involved in selling fish stocks on a daily and weekly basis, the activities include Transportation, Water, Manpower, Rent, Tax and Others such as associations dues, security, etc. Also the amount of money spent on these activities, transportation takes the highest having N1000 to N10000, while tax takes the lowest with N20 to N500. There are various other challenges faced while trying to get these activities done. There are seasonal fluctuations in the price of fish with highest price during January-April and November-December, while lowest prices are during May, June, July, August and September. These fluctuations affect the availability of fish stocks and are managed by either increasing or decreasing the prices of stocks in line with the fluctuations.

**Table 3.** Sources of finance for Fish Marketing Activities

Variables	Frequency	Percentage (%)	Mode
Sources of finance			
Personal money	69	99	Personal money
Loans/Credits	52	74	
Government grants	4	6	
Others (NGO)	1	1	
Sources of loans/credits			
Friends/Relatives	15	21	

Private money lenders	4	6	
Cooperative society	59	84	Cooperative society
Commercial banks	1	1	
Microfinance agencies	42	60	
Others (NGO)	2	3	
Microfinance agencies (Non-Institutional)			
LAPO	43	61	
Grooming centre	39	56	
ASIA	23	33	
Daily contribution	64	91	
Cooperative societies	68	97	
Fish seller associations	16	23	
Others	70	100	Others
Percentage interest on loans			
Less than 10%	51	72	
10-20%	45	64	
21-30%	13	19	
31-40%	8	11	
41-50%	2	3	
51-60%	0	0	
61-70%	0	0	
Loans Repayment regimes			
Less than 4 weeks	2	3	
4-8 weeks	12	17	
9-12 weeks	26	37	
3-6 months	51	73	3-6 months
7-12 months	9	13	
1 year and above	1	1	

Source: Field survey 2017

Table 3, shows the various sources for financing fish marketing, Personal Money having the highest with 99%, Loans/Credits (74%), Government Grants (6%) and Others such as Non-Governmental Associations (NGO) (1%). As also shown above, the sources for loans/credits as Private Lenders (6%), Cooperative Society (84%), Commercial Banks (1%), Microfinance Agencies (60%), and Others such as Non-Governmental Organizations (3%). Also, all the fish marketers belong to one or more associations, cooperative societies, and microfinance groups either for loans or for savings whereby some are recognized by the government and others are not. The associations and groups help their members in many ways such as catering for their marketing needs, giving lectures and success tips, savings, and empowering marketers through various mechanisms, but their primary objective is provision of loans/credits to members through a coordinated network, some have executives while others are owned by individuals such as daily contribution

microfinance agencies, meetings are either held daily, weekly, monthly, quarterly, or selected days within the year.

The terms and conditions for obtaining loans are active participation through regular savings, 10% contribution, provision of a guarantor, provision of group captains/leaders, the most important factor is that, one should have a good reputation, good living standard, and a good financial record, those factors will help in facilitating loans/credits quickly, more people or associates will be able to stand in as guarantor for you, especially in cases where sureties/guarantors is a must. It was also observed, that having a large amount of stocks in your shop/store will easily convince the microfinance representatives who are in charge of stock assessment to help in facilitating loans quickly and easily. So, what many marketers do is to borrow stocks from their colleagues to convince the representatives in order to approve more amounts of loans for them, this helps in most cases, to expand their business and clear minor debts. The loans/credits obtained are used for various activities such as acquiring fish stocks, catering for emergency needs, payment of other debts, expanding their market size etc. Others use the obtained loans for other non-primary purposes such as payment of children's school fees, catering for family needs so as not to affect market capital. This findings was in agreement with Omotoso and Daramola (2005). Some agencies offer loans with little interest rate while others offer with high rate. Loans are returned through savings, group leaders, microfinance representatives, etc after the stipulated period which could be daily, weekly, monthly or yearly depending on the agency terms and conditions.

**Table 4.** Impacts of Non-Institutional Microfinance Agencies

Variables	Frequency	Percentage (%)	Mode
<b>Improvements after repayment</b>			
In business			
Yes	30	57	Yes
No	11	21	
In savings			
Yes	22	42	
No	25	48	No
In family standard of living			
Yes	29	56	Yes
No	6	12	
<b>Other improvements</b>			
Improved loan skills	15	29	
Constancy in supply	25	48	
Emergency management	39	75	
Better business experience	45	87	Better business experience

Source: Field work 2017

The advantages include business expansion, more capital for marketing operations, convenience in repayment, higher customers' demand, ability to cater for emergency needs, better saving culture, upgrade in

social class, better skills in risk management, avoidance of unnecessary spending among others. The disadvantages are improper terms and conditions, sentiments, high interest rate, short time for payback, inadequate returns due to low sales which could in turn double the interest rate, incessant disturbance for refund, inability to return result into more debts

The above table also shows the various levels of improvements after repayment of loans. Improvements on business have the highest (57%), followed by improvement in family standard, and improvements in savings having the lowest (42%). Other improvements are constancy in business operations, more sales due to more stocks, more experience in fish business and loan management, poverty alleviation among others.

#### 4. Conclusion and recommendation

The importance of fish marketing development in sustainable livelihood cannot be overemphasized. There is an urgent need for a better diagnosis of the role of fish marketing in poverty alleviation. Fish marketing is an important economic sector in terms of employment, food security, enterprise development and foreign exchange earnings and also important in terms of the livelihoods of many rural people and provision of affordable nutrition. More attention should be directed towards this sector since Nigeria has the potential and capacity to harness or exploit her vast fisheries resources in the reduction of poverty within the Nigeria populace and employ more standard marketing mechanisms. Training must form an integral part of a country's overall fish marketing process, if development is to be sustained Nigeria is a fishing country and Nigerians are fish-eating people.

Considering the results of the study, it can be concluded that the respondents benefitted from non-institutional based microfinance agencies, although the majority still complain about the non-involvement of government and also the non-access to government grants as it was in the past.

In view of the findings, it is therefore recommended that Government should perform their supportive, regulatory, stimulatory and supervisory roles in microfinance programmes in Okitipupa. Also, the Central Bank Agricultural Credit Guarantee Scheme should be revisited and reviewed to give more attention to fisheries sector in this zone. Community and agriculture Banks, State Agricultural Loans Boards etc should consider and make available funds with single digit interest rate with long term repayment plan to the fish marketers in order to augment the impacts on non-institutional based microfinance agencies.

#### References

- Abbott, J.C. and Makeham, J.P. (1990), *Agricultural economics and marketing in the tropics. 2nd Edition*, Intermediate Tropical Agriculture Series, London, UK. Longman Group, UK Limited.
- Adegeye, A.J. and Dittoh, J.S. (1985), *Essentials of Agricultural Economics*, Impact Publishers Nig. Ltd.
- Adekanye, T.O. (1988), *Readings in agricultural marketing*, Lagos: Mexico Enterprises Ltd.

Agbebi, F.O. (2007), "Gender, rural household food security and effective participation in artisanal fisheries in South Western Nigeria", *International Journal of Gender and Health Studies*, Vol. 4 No. 1-2, pp. 168-178.

Agbebi, F.O. and Fagbote, T.A. (2012), "The Role of Middlemen in Fish marketing in Igbokoda fish market, Ondo State, Nigeria", *International Journal of Development and Sustainability*, Vol. 1 No. 3, pp. 88-97.

Anyanwu, C.M. (2004), Microfinance institutions in Nigeria: Policy, practice and potentials. Proceedings of the G24 Workshop on Constraints to Growth in Sub Saharan Africa, November 29-30, 2004, Pretoria, South Africa, pp: 1-81.

Akanni, K.A., Akinleye, S.O. and Sekumade, A.B. (2005), "An appraisal of the Agricultural Credit Guarantee Scheme in Nigeria", *Journal of Agricultural Management and Rural Development*, Vol. 2, pp. 51-68.

FAO (2006), Microfinance helps poverty reduction and fisheries management-policies to support microfinance, livelihoods and resources management. New Directions in Fisheries: A Series of Policy Briefs on Development Issues, No. 04. Rome, Italy.

FAO (2008), "An introduction to the basic concepts of food security", available at: <http://www.fao.org/docrep/013/al936e/al936e00.pdf>.

Olukosi, J.O., Isitor, S.U. and Ode, M.O. (2007), Introduction to Agricultural Marketing and Prices, Principle and applications. Living Books Series, GU Publications, Abuja, FCT. 37-44.

Omotoso, F.O. and Daramola, A.G. (2005), "Institutional and Non Institutional credit supply services to fisher women in South Western Nigeria", *Journal of Agriculture and Sustainable research*, Vol. 5 No. 1, pp. 73-80.