Cowpea Marketing in Maiduguri, Borno State

By

Adejobi A.O.
Department of Agricultural Economics,
Obafemi Awolowo University, Ile-Ife,
Nigeria

A COMPONENT OF THE

INVESTIGATIONS ON BUILDING A FOOD MARKETING POLICY
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1.0 INTRODUCTION
1.1 General Context of the Study

The role of markets in ensuring efficient distribution of food to the urban centers cannot be
ignored in the development process aimed at ensuring food security in the developing world. The
cowpea market was examined in Maiduguri, Borno State, with a view to:

1. Understanding gender and ethnic composition of traders operating in the cowpea market.
2. Examining the credit structure and the role of various formal and informal institutions
regulating trade finance in the market.

The study area

The study area (i.e. Borno State) falls into the dry savanna and the Sahel belt of the country
and it is located in the border area in the northeastern part of Nigeria sharing boundary with Chad
Republic, Niger and Cameroon. The study area was chosen specifically because of its strategic
position in cowpea production. It is a major production center where the marketing chain starts.

Why cowpea?

The cowpea chain was selected because cowpea is a very important plant protein source that
is a substitute for animal protein, which is almost out of reach of the urban and rural poor. Cowpea
is very important for the federal government’s strategic food programme such as the strategic grain
reserve programme and food aid programme. An example of the food aid programme in which the
federal government relied on cowpea from Maiduguri was the recent food interventions in Dafur in
the Republic of Sudan where there has been civil strife for sometime (Personal Communication
with Kachalla i.e. the market head, January, 2005).

Relevance of the study

This broad study contributes to the understanding of market access to the rural and urban
poor in the following areas:
1. The understanding of the commodity chain enables the policy makers to know the exact point of intervention in food security programmes.

2. Examination of cowpea marketing in the study area is important because of the strategic position of the study area in terms of cowpea production and supply to the rural and urban population in Borno State and other parts of the country.

3. The examination of direction of flow of cowpea trade, access to credit by cowpea marketers, institutional influences (local, state and federal) among others as they affect availability and prices of cowpea would engender better understanding of market access and food supply to the rural and urban poor.

Table 1. General Characteristics of the Selected Commodity Chain

<table>
<thead>
<tr>
<th>Key actors</th>
<th>Local terms for actors</th>
<th>Brief indication of roles</th>
<th>Gender and ethnic pattern</th>
<th>Relative wealth/poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farmer/producer</td>
<td>Kamkuloma</td>
<td>Production of cowpea</td>
<td>Both male and female. Mainly the Hausa/Fulani within Nigeria and the neighboring countries.</td>
<td>Usually poor</td>
</tr>
<tr>
<td>Transborder farmers</td>
<td>Sawurma</td>
<td>Production of cowpea</td>
<td>Both male and female. But mostly males and are made up of mainly Kanuri and few Hausa/Fulani</td>
<td>Usually poor</td>
</tr>
<tr>
<td>Rural retailer/bulkers</td>
<td>Ngaloma, Karaye</td>
<td>Buy in trickles and bulk. Sells to Wholesalers and sometimes rural consumers</td>
<td>Both male and female. Mainly the indigenous Kanuri ethnic group dominates.</td>
<td>Relatively poor</td>
</tr>
<tr>
<td>Commission agents</td>
<td>Dillali (Hausa), Komoshomma (Kanuri)</td>
<td>Buy on behalf of urban traders (brokerage)</td>
<td>Mostly male. Dominated by the Hausa/Fulani and few Kanuri</td>
<td>Averagely rich</td>
</tr>
<tr>
<td>Urban wholesaler/bulkers</td>
<td>Ngaloma/Fatom a</td>
<td>Buy in trickles and bulk through commission agents. He sells mostly to intra country traders</td>
<td>Both male and female. But there are more males than females Dominated by both the Hausa/Fulani and Kanuri.</td>
<td>Usually very rich</td>
</tr>
<tr>
<td>Urban retailers</td>
<td>Ngaloma</td>
<td>Sells to urban consumers</td>
<td>Both male and female. But there are more males than females Dominated by the Kanuri and few Hausa/Fulani</td>
<td>Averagely rich</td>
</tr>
<tr>
<td>Intra-country traders</td>
<td>Sawurma, Ngaloye</td>
<td>Buys from wholesalers/bulkers and commission agents in Maiduguri and transport to other parts of the country</td>
<td>Both male and female. But there are more males than females. Mainly Yorubas and few Ibos.</td>
<td>Usually very rich</td>
</tr>
<tr>
<td>Consumers</td>
<td>Luwayamai</td>
<td>Consumption</td>
<td>Both male and female. All ethnic groups</td>
<td>Mostly poor</td>
</tr>
</tbody>
</table>
Figure 1: Marketing Chain for Cowpea in Maiduguri Area, Borno State

The arrow shows direction of flow.
As shown above, cowpea goes through different stages in the marketing chain from the producer before getting to the final consumers. The majority of cowpea consumed mostly in the urban Maiduguri and outside the State is produced in the rural areas and in the neighboring countries.

The first levels of contact in the chain are the rural farmers, the transborder farmers (i.e. those farmers who bring their produce from other countries) and the transborder retailers. The farmers both within and across the borders, mostly from Niger, Chad and Cameroon are small producers, who are usually poor. They bring their produce in small bags to the village market called “the bush market” where they sell directly either to transborder retailers or rural retailers who bulk together into bigger bags. At times, these rural farmers or transborder retailers sell to urban wholesalers or urban retailers through commission agents. Transborder retailer may sometimes sell to rural retailer/bulker directly.

Both rural retailers and urban wholesalers perform the role of bulking. Several cowpea of the same variety from different producers are bulked together. They hardly mix different varieties together as most believe that such practices are bad. The urban wholesalers are about the most sedentary along the marketing chain, they have permanent brick stalls in Manu garage market as well as space for loading and offloading. The brick stalls and the market spaces are provided by the local government for a fee, which depends on the size of the stall (between ₦100 and ₦500 per month). The trader applies for a stall from the local government (LGA) through the association and a stall is allocated if there are vacancies otherwise arrangements are usually made to share stalls with other traders who had already secured stalls (In most cases, the influential people get the stalls from the LGA and sublet it to the less influential traders, usually at a rate higher than the official fees.). The fronts of the various stalls are usually used as spaces for loading and offloading.
Many of the urban wholesalers have labourers working for them many of whom are usually sent to the “bush market” to buy directly from the farmers or through commission agents who charge between ₦30 to ₦50 per 100 Kg bag, which represents between 1 to 5 percent of the total cost. There are few cases of labourers cheating but it is not a common occurrence since most of the labourers are usually sourced in the locality and they are well known. In the case of cheating, the labourer is reported to his clan head for arbitration. The urban wholesalers do not sell to the consumers as a matter of practice because they believe the consumers will buy smaller quantities than they are willing to sell. Most of the wholesalers sell to intra-country traders who come from Ibadan, Lagos, Onitsha and some other places. The itinerant traders buy as much as a trailer-load for transportation to various destinations.

These wholesalers are about the richest in the chain and control a lot of grains. The commission agents are also rich and have a lot of market power as they link potential buyers to the grain source. In this case, market power refers to the control in terms of the quantity of grains the commission agents control and their ability to determine prices of cowpea in the market. At times, they inflate the price for an unwary buyer. The urban wholesalers carry out most storage and warehousing in the cowpea market though urban retailers also perform some level of storage but the quantities are usually smaller compared to what urban wholesalers store.

Most urban consumers purchase cowpea from urban retailers while rural consumers buy from rural retailers/bulkers. Interestingly, rural farmers hardly sell to rural consumers; this is said be due to the fact that the farmers earn more by selling to rural retailers than rural consumers.

2.1 Study Focus
This study focused on the producer/trader interface with greater emphasis on the traders in the urban cowpea market. The key actors include: (i) Producer/farmer (ii) Transborder farmer (iii) Commission agents (iv) Retailer (v) Wholesaler (iv) Intra country trader. Specific emphasis is laid on the gender and ethnic composition of cowpea traders, credit providing institutions and lending arrangements, trust issues, local government influences and the roles of market associations.

3.0 Methodology

Under this section, the method employed in data collection and analysis are presented. The positionality of the researcher as it affects the data collection procedure and information gathering is also presented in this section.

3.1 Data collection and analytical procedure

The data used in this study were mainly from primary sources collected from the principal actors identified in the marketing chain. There were little or no data collected from secondary sources due to unavailability or inaccessibility of materials on cowpea marketing in the study area. Primary data were collected from the identified principal actors in the cowpea market with the aid of structured and open-ended questionnaires, and through personal observation.

The procedure employed in the data collection was the participatory research approach through personal visits and interaction with the different actors within the cowpea marketing chain in Maiduguri. Focus group discussions were also held with the different trader groups existing in the market. Most of the respondents were met in Manu market, which was described as the largest and dominant wholesale cowpea market in the study area. Other respondents were met in the Monday market except for the transborder farmers who were met at mallari otherwise known as the “bush market”.

7
Six traders each from the different types of cowpea traders identified were randomly selected from the markets visited. Therefore, from the 6 different types of cowpea traders identified, a total of 36 questionnaires were administered and used in the analysis.

The data collected were analyzed using descriptive statistics such as the mean and percentages. Since most of the data collected were qualitative some of the group responses from focus group discussions were reported directly.

3.2 Researcher’s positionality

Though the researcher is based in Ibadan, the existing research network of PROSAB (Promoting Sustainable Agriculture in Borno State) based in Maiduguri to which the researcher belongs was explored to carry out the study. The interview team consisting of both male and female was multilingual considering the heterogeneity of ethnic groups in the market. These factors contributed immensely to the success of the survey, as the team was able to speak to all stakeholders in the market irrespective of gender and ethnicity.

However, the team was unable to interview the large-scale transborder traders who were conceptualized to be responsible for movement of large quantities of cowpea. The transborder operators interviewed were those small-scale traders/farmers, who are producers and only transport small quantities of cowpea and sell to the rural retailers/bulkers and commission agents in the ‘bush markets’.

4.0 Research findings

4.1 Socioeconomic characteristics of trader groups

The characteristics considered under different groups were presented in Table 2. As shown in the table, the Kanuri, who are the indigenous traders and the Hausa/Fulani, dominated most
categories of the trader groups. The trader groups consist of the active population whose average ages ranged between 32 and 42 years and have not less than 10 years experience in cowpea marketing.
Table 2: Socioeconomic characteristics of trader groups

<table>
<thead>
<tr>
<th>Trader groups</th>
<th>Dominant indicators</th>
<th>Years of experience in cowpea marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farmer/producers/transborder farmers</td>
<td>The average age was about 34 years.</td>
<td>An average of 12 years experience in cowpea marketing.</td>
</tr>
<tr>
<td>Rural retailer/bulkers/Commission agents</td>
<td>The average age was about 32 years.</td>
<td>An average of 11 years, with the minimum being only two months.</td>
</tr>
<tr>
<td>Urban wholesalers/merchants</td>
<td>The average age was about 39 years.</td>
<td>An average of 14 years experience in cowpea marketing.</td>
</tr>
<tr>
<td>Urban retailers</td>
<td>The average age was about 38 years.</td>
<td></td>
</tr>
<tr>
<td>Intra-country (long distance) traders</td>
<td>The average age was about 42 years.</td>
<td>An average of 14 years experience in cowpea marketing.</td>
</tr>
</tbody>
</table>

Source: Field survey, 2005 – sample size was 36 (6 each for the trader groups except for the Farmer/producer/transborder farmers group that had 12 i.e.-6 for farmer/producer and 6 for transborder farmers-)
From the Table above, it could be observed that most categories of traders were dominated by the Hausa/Fulani and the indigenous Kanuri ethnic group. It was also discovered that there is harmonious relationship between the Hausa/Fulani and the indigenous Kanuri ethnic group because of long history of trade relationship. They see themselves as one because of religious and traditional affiliations.

4.2 Business organization

i. Business ownership: the business ownership of cowpea marketing varies across the different types of operators existing along the marketing chain. As for the farmer/producer and trans-border farmer types, most of the people interviewed confirmed that cowpea marketing is either an individual or family business. About half said it is an individual business, while the rest responded that it is a family business.

ii. Labour utilization: the labour use in the marketing of cowpea could either be hired or from family sources. The labour use pattern for the different operators is presented in Table 3.

Table 3: Average labour use pattern among market operators

<table>
<thead>
<tr>
<th>Trader groups</th>
<th>Family labour</th>
<th>Hired labour</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No of males</td>
<td>No of females</td>
</tr>
<tr>
<td>Farmer/producers/traders</td>
<td>8</td>
<td>1</td>
</tr>
<tr>
<td>Rural retailer/bulkers/Commission</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>Urban wholesalers/merchants</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Urban retailers</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Intra-country traders</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>


Table 3 shows that all the major actors in the cowpea market make use of family labour except the intra country (itinerant) traders who have traveled long distances to Maiduguri. In the general outlook most of the people involved either as family or hired labour were males suggesting that there is relative women exclusion by all actors except by
the farmer/producer/transborder farmer and the rural retailer/bulker/ commission agent levels in the chain where there was a limited participation of women.

In sum more family labour was involved in cowpea marketing chain than hired labour suggesting that cowpea business is more or less a family enterprise in the study area.

iii. Perception of trader groups on profitability of cowpea marketing: the perception of the trader groups found along the cowpea marketing chain in Maiduguri was that cowpea marketing is very profitable, except for an urban retailer and the farmers who opined that there is a marginal profit. The general opinion of the traders is captured in Box 1.

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Box 1: Perception of trader groups on profitability of cowpea marketing

“I don’t know what you mean by profitability, but what I can say is that any business you are doing and you are able to feed your family, send your children to school, have a decent accommodation and you ride a car, then you should thank God for it”.
-Kayode Abimbola (a.k.a Eka-an intra country trader).

“Cowpea marketing is a big business. You really need a lot of money to do the business. I can tell you that anybody who is a cowpea trader in this market is a rich man”
-Babagana Mustapha (commission agent).

“Producing cowpea is just for us to raise enough money to feed, it could be more profitable if the government provides necessary assistance such as credit for production”
-Bukar Aisami (farmer/rural assembler).
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From the perception expressed in Box 1, it can be concluded that cowpea marketing is a very profitable venture in the study area.

iv. Problems associated with the business and solutions to the problems: many problems were identified to be plaguing the cowpea marketing in the study area; the various trader groups were asked if they face a particular type of problems in a focus group discussion and the summary of the identified problems is presented in Table 4. From the table, one common problem was identified to be lack of credit, except for urban retailers. In essence, different problems confront different category of traders along the cowpea marketing chain in
the study area. The solutions sought by the different group of traders vary depending on the type of problem that is confronting the trader group.
Table 4: Summary of problems identified in the cowpea market

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack credit</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Lack of stalls</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Large family size</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Inadequate supply of cowpea</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Theft/fire</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Accident</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Default/lack of trust</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Competition</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>High cost of transportation</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Seasonality of produce</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Spoilage</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

However, some of the solutions suggested by the various trader groups include:

a. Provision of improved and efficient credit facility by the government in form of soft loan, since most commercial banks are not willing to give loan and those that are willing do so at very high interest rates.

b. Another important solution suggested by some traders is that government should initiate and encourage improved cowpea production technologies as a means of solving the problem of seasonality of produce.

c. Empowerment of local trader associations was suggested through provisions of group credit lending by government and other NGOs to reduce the rate of default. Furthermore, there should also be legislations to legitimize the associations and improve conflict resolution mechanisms in the market.

d. Government should initiate a sustainable insurance scheme for the traders in case of any disaster such as fire and accident.

e. An effort by government aimed at reducing unemployment of youths, which has been traced to have great influence on security vis-à-vis theft was also suggested.

f. Finally, the general consensus of the trader groups in the market was that government should improve on some existing infrastructures such as roads and storage facilities as a means of alleviating problems associated with transport and spoilage.

v. **Sources of supply of cowpea and seasonality of produce**: the sources of supply of the produce vary from one market operator to the other along the chain. The primary source of the cowpea that goes into the market is the farmer/producer who sells directly either to rural retailers who bulk together into bigger bags. At times, these rural
farmers/producers sell to urban wholesalers or urban retailers through commission agents. Another source of cowpea into the market are the transborder farmers (i.e. those farmers who bring their produce from other countries, mostly from Niger, Chad and Cameroon), they sell to the transborder retailers. Transborder farmers may sometimes sell to rural retailer/bulker directly or they sell to the urban wholesalers through commission agents. In a nutshell, there are two main sources of cowpea into the Maiduguri cowpea market viz, the rural farmers/producers and the transborder farmers. The transborder farmers play very important roles in the supply of cowpea. The general agreement on the importance of the transborder sources particularly in times of short supply is captured in Box 2.

| vi. Credit availability: the credit issue was assessed in two ways, i.e. receipt and provision of credit across all the operators in the market. The most prevalent sources of credit in the market were the informal sources, usually from other traders in the market or from family sources. Formal credit sources such as the banks were not seen to have provided any credit to any category of traders in the market. Usually those who provide credit did not charge interests, but very few that charge interest take between 10 and 15 percent of the principal amount borrowed. Most of the farmers/producers/transborder farmers neither receive nor provide credit in any form (both cash and kind) in the cowpea market. The in-kind credit is usually in the |

| “It is wrong to believe that cowpea goes from Nigeria to the neighboring countries. In fact, there are certain periods of the year that we don’t get cowpea from the Nigerian local farmers, we rely on cowpea from these transborder farmers to keep our stocks and satisfy our customers”. |

- Kachalla (Head of cowpea market) |
form of agricultural inputs. As for the rural retailers/bulkers/ commission agents, most of them receive or give credit in various forms.

Various forms of credit agreement apply to the different trader groups in the cowpea market. In the case of the rural retailers/bulkers/ commission agents, they provide credit (both cash and kind) for few farmers/ producers who are Nigerians during planting season with the agreement that the farmer would sell to them after harvesting with no interest charged. However, it was found that they do not provide credit for the transborder farmers because of lack of trust.

The type of credit provided by the urban retailers is quite different. The urban retailers on the average sell about 30 percent of their produce on credit to their customers who pay back at their convenience, usually not longer than two to three weeks. The most prominent people that enjoy this kind of credit facility are the salary earners, who work for the public or private organizations; the urban retailers are sure that this people will pay and they monitor the period by which they pay the salaries of such people so that they can arrange the recovery of their loans. One interesting practice here is that, there is a price differential between those that pay cash and those that buy on credit. Those that purchase on credit usually pay higher prices per unit. Great trust exists between urban traders and their customers and in the case of default, a trader may have to go to the place of work of such customer to retrieve his loan; this however was pointed out to be a rare occurrence.

The urban wholesalers/bulkers/merchants give credit in terms of sales credit to their customers but do not take credit from anybody. The only category of customers who enjoy this type of credit are the urban retailers who operate in the same market and usually belong to the same association with them. They hardly provide any form of credit for the
intra country traders (itinerant traders) whom they fear might abscond and they do not know where to find him. It was found that there are no price differences between those sold on credit and those on cash in this situation because there are longstanding and trust worthy relationships between the urban retailers and the wholesalers/bulkers/merchants. In the case of default, the case is usually reported to the Kachalla (market head) who takes various steps (there are no definite procedures, the steps taken depend on the nature of the case) to ensure that the money is repaid. In an extreme case the defaulter may be banned from selling in the market for an act of insincerity and breach of trust.

Finally, the intra country traders were found to neither receive nor give credit in any form in the market. They are perhaps the most excluded in terms of credit offered in the market. It was found that they are very few of them (in rare cases) who enjoy some credit facility from the wholesalers/bulkers/merchants in the market, this few were identified to have a longstanding relationships with the wholesalers/bulkers/merchants and this credit facility is usually small, not more than what the provider of such can bear in case of default.

An interesting practice in the market was lack of request for collateral before a loan is offered; everything was done on trust and there has been little number of cases of default in the market. Therefore, it is believed that trust plays an important role in provision of credit in the market.

Few cases of default that were recorded in the past have been handled differently, only a few were taken to the police or court if the market association could not resolve it. The common practice is to report first to the association, who then take various steps (inviting the defaulter for discussion and agreement on how to pay back, if the defaulter goes
against the decision, he is subsequently sanctioned by either outright ban from the market to locking up of the his stall for a specified period) in ensuring that the debt is recovered. The view of most of the traders is captured in Box 3.

“If I provide credit to my customer and he refuses to pay, I will report him to the market association, which takes steps such as closing of his stall until he pays back”.
- Alhaji Sule (cowpea Merchant in Manu market)

4.3 Institutional and regulatory environment

The study reveals that not many institutions or organizations were involved in the marketing of cowpea in the study area. The few institutions (formal and informal) found in the market include the following: the local government, State government, Banks and Borno State Grain Traders’ Association. The role of each of these institutions is provided in the subsequent sub-section.

a. The Local Government

The roles of the local government in the market were found to include revenue collection, provision of market infrastructures such as access roads, stalls, etc. In the opinion of most of the market operators, the local government just exists for revenue collection only, underscoring the fact that the local government has failed in the discharge of its statutory duties. The local government was performing no known regulatory roles in the study location.

b. The State Government

The roles of the State government are similar to those of the local government. In the real legal or constitutional sense, the State government has no direct function in the maintenance of market in Nigeria but the market operators believe that the State government has only come to the market for revenue collection purposes, which they charge separately from those of the
local government. Also, no known regulatory roles were found to be performed by the State
government.

c. Banks

Banks were found to perform only one financial service to the market operators in the form of
funds transfer only. All the market operators interviewed did not receive any other form of
services such as loan facilities from any commercial banks in the study area. However, the
banks were found to safe money for only a few of the operators in the cowpea market. An
average cowpea marketer in the study area does not save his money in the banks because he
believes he might need money urgently to transact a business which the delay usually
associated with bank operations might deny him of. It was reliably gathered that most of the
traders keep large volumes of cash in their stalls and this exposes them to a lot of dangers
(theft/burglary and there was a case in Manu market when there was a fire incident and
several millions of cash were lost to the inferno). The traditional saving scheme was not found
to be prominent in the market except for a few small traders that engage in such, the large
traders believe that they transact business with large volume of money that is too large for an
operator of a local saving scheme to handle.

The importance of the banks is vividly captured in Box 4.

“The bank is very useful to me. I have never seen most of my customers from Lagos and
elsewhere before apart from their agents. All they need do is call me on phone (GSM) that
I should supply a specified quantity of cowpea (sometimes up to one trailer load) and they
will send the money through bank in advance of their agents. The agents come at an
agreed period when the trailer would have been loaded and they follow the trailer to the
destination of the goods”

-Alhaji Musa Uba (cowpea merchant).
The above statement highlights one important use of banks in the marketing of cowpea. However it should be noted that the potentials of the banks are yet to be fully utilized.

d. Borno State Grain traders’ Association

This is perhaps the only informal association existing in the cowpea market. The association is run by nominated leaders who are also traders and are predominantly men. The ethnic composition of the association is such that it is dominated by the Kanuri and the Hausa/Fulani but a Kanuri man is usually made the chairman. There is no law or norm excluding women from being nominated into the leadership of the association. The dominant Cowpea market (Manu market) in Maiduguri was established in 1971 and the association was formed in 1985. It is made up of about 2000 traders, with a Chairman, Vice Chairman, Secretary, Treasurer, PRO and a legal adviser as leaders. Only one female is a registered member of the association.

There is linkage between the traditional institutions (i.e. the Borno emirate) and the cowpea marketers’ association. The association’s chairman is an automatic title holder in the Borno Emirate. (A title called - Kachalla). When a chairman is nominated by the marketers, he is always turbaned as a ‘Kachalla’ by the Shehu of Borno.

It is the institution that performs a variety of functions ranging from financial to regulatory. Most of the market operators interviewed mentioned financial intermediation as one of the principal functions performed by the association particularly in times of distress. The association also performs the role of an arbiter in times of crises. The regulatory role performed by the association is in terms of determination of market access to a new entrant into the market particularly if the operator is not a small-scale marketer who requires a stall and space. The association in conjunction with the local government officials arranges for
these facilities and accesses the level of trustworthiness of such trader before he is finally accepted. He is also expected to join the market association at a fee (currently put at ₦500). The association does not exclude other small traders who come to sell in small quantities.

The association also serves as a protective cover for its members particularly when they run into problems with the various government agencies operating in the market. For example a trader that defaults in the payment of his dues to the government revenue collectors risks his stall shut, but the association intervenes by ensuring that his stall is not shut until he pays.

4.4 Peculiarities of the different market operators.

There were some peculiar characteristics of the different operators that were found out during the survey. Some of these characteristics are presented as follow:

a. Farmers/producers/transborder farmers

These are the starting link in the cowpea market; they usually sell their products in small quantities (mudu or small bags). They are not specifically affected by the problem of lack of credit facilities. There are no restrictions in terms of access into the ‘bush market’ where they operate and they largely rely on humans and animals for transportation of their wares to the market where they sell their wares. More often than not, they do not have access to market information to fix the unit price of their goods but they rely on their memories to estimate the cost of production before the prices are fixed. Finally, any regulatory or institutional environments do not affect this group of operators in the study area. Some of them operate in the local border markets and they had been previously described as the transborder farmers. It should be noted that a lot of cowpea consumed in Nigeria is from the transborder trade.
b. Rural retailers/bulkers/ Commission agents

These are the market intermediaries. They consist mainly of the dillalis whose job it is to assist marketers either in buying or selling of their goods and charging specific amount (usually between ₦30 and ₦50 per a small bag) known as commission for the assistance rendered. The dillalis are either locals or urbanites depending on the location where they are operating; those that are within the urban markets are urbanites while those that source cowpea in the farms are usually locals. This assistance is mainly in the areas of sourcing for cowpea from various sources and sourcing for customers within the market. They are described by other operators as having some negative impacts in the market because of some unwholesome practices by some of these commission agents either by misleading a potential buyer or outright cheating of those that patronize them. This view is succinctly put in Box 5.

Box 5.

“There are a lot of commission agents (dillalis) in this market who bring customers to the wholesalers and they are paid ₦30- ₦50 per bag. But at times they inflate the prices, which they will come back to collect after the customer might have gone. They may wrongly influence the decision of a trader who they perceive not to have a good knowledge of the market”.
-Alhaji Sule (cowpea Merchant in Manu market)

This view expressed in Box 5 portends a bad practice, which has a negative impact on the urban consumers. It is noted in the study area that they belong to a not well organized association different from the main association of grain traders in the market, which regulates their activities. They rely mainly on vehicles (usually trucks) to transport their wares from the bush market to the urban markets and head porters within the market. The major problem encountered by this group of trader is captured in box 6.
Box 6: Commission agents’ problem and suggested solution

“The major problem we face in the cowpea market, particularly in the ‘bush market’ where we operate is high level of competition. The wholesalers want to buy directly from the rural farmer and you know if they don’t buy from us we will not be able to charge our commission, which is our principal source of income. The solution to this problem is that the wholesalers or merchants should be discouraged from coming to struggle with us in the ‘bush market’.”

-Babagana Mustapha (Commission agent).

c. Urban wholesalers/bulkers/merchants

These are perhaps the most sedentary of the different operators found along the marketing chain of cowpea in the study area. They usually have stalls in the main markets. They are the largest provider of credit in various forms within the market. The most prominent form of credit offered is the one given to the producers or rural assemblers directly or through their agents with a view to getting the largest share of the producers’ output during harvesting. They prefer to go through these commission agents because of the tedious nature of cowpea sourcing from the producers, particularly in the ‘bush market’, which is the most reliable cowpea source.

These merchants request no form of collateral; their transactions are based entirely on trust. Regarding transport, most of the wholesalers or merchants have trucks of their own. In the absence of trucks of their own, some of them liaise with the road transport employers/national union of road transport workers to arrange for transport for their customers, particularly those that have come from far distances (the intra country traders). This group of traders offers the largest warehousing and storage services along the marketing chain usually for an upward of three months. They are aware and participate in transborder trade through their agents who purchase in the ‘bush markets’. The view as regards to association membership is captured in Box 7.
d. Urban retailer

This group is also sedentary and sells in stalls or they have wards that move about the market to sell their wares. They sell smaller quantities than the urban wholesalers/bulkers/merchants directly to the urban consumers. They also provide and take of credit in various forms within the market. The most prominent form of credit offered is the one given to the consumers who come back after sometime to pay. These retailers request no form of collateral; their transactions are also based entirely on trust. Regarding transport, most of the urban retailers don’t get involved in motor transport. Those that use motor transport rely on their agents to do this. This group of traders does little warehousing and storage. Some of them are aware and participate in transborder trade through their agents who purchase in the ‘bush markets’.

e. Intra-country traders

These are the most itinerant of the different operators found along the marketing chain of cowpea in the study area. They usually don’t have stalls in the main markets. They are not known to take credit within the market. The credit taken by this group is usually from their home market from various sources. The itinerant traders lodge in hotels and pay for their accommodation, but some of the brokers and speculators provide accommodation for their clients. Regarding transport, some of the intra country traders have trucks of their own. In the absence of trucks of their own, most of them liaise with the road transport employers/national union of road transport workers to arrange for transport for their
customers through the wholesaler from whom they purchase their wares. This group of traders relies on the merchants/wholesalers for warehousing and storage services usually for very short periods. They are aware but do not participate in transborder trade in the ‘bush markets’. They are the most exposed group of cowpea traders to armed robbery and motor accidents with no formal insurance cover but they rely on their home market associations for assistance in case of any losses arising from these incidents. They do not face any exclusion from the market irrespective of ethnicity and gender.

f. Transborder trade
For the traders who participate in the transborder trade, the currency of Nigeria (the Naira) is accepted across the borders. The traders confirm that there were no police or custom officers’ interference, in terms of bribes or other illegal collections but there could sometimes be some forms of gratifications from vehicle drivers/owners at various police/custom check points, which does not affect the cost of transportation anyway. However, there are tax/revenue inspectors’ check points and once revenues/taxes are paid correctly, there are usually no problem.

4.5 Comparison of research findings with other existing works
In terms of trade flow of cowpea, the north-eastern (mainly Maiduguri) has remained a principal cowpea market and the destinations of most of this cowpea are the states of the western Nigeria (particularly Lagos) and the eastern Nigeria. This finding agrees with those of Onyemelukwe et. al. (1977) which identified north-east as a major origin of cowpea and Lagos as a principal destination market.
Another important finding from this work is that the cowpea market is largely regulated by association but not the government in the study area. The market is characterized by a large number of independent and competing sellers and buyers. This supports the findings of Ariyo et. al. (2001).

There is dominance of men in the cowpea market in the study area across all the levels of operation along the marketing chain. Though many of the traders have formal education but not many were with postsecondary education. The dominance of the indigenous Kanuri ethnic group followed by the Hausa/Fulani group is expected as t follows the general trend in Nigeria where indigenous ethnic group dominate trade in their locality or region. This findings support several other studies (Ariyo et. al. 2001; Adubi, 1996). Similar to the finding of Ariyo et. al. 2001, the traders had between seven to 14 years experience in cowpea marketing.

Cowpea marketers identified some informal sources of credit including friends and relatives, other traders within the chain and market associations. The prominent of which were the traders within the marketing chain (most especially the merchants/wholesalers). This supports the earlier finding of Adubi, 1996. Not many studies have examined the issue of trust in the dispensation of credit within the market. It was found out however in this study that trust plays an important role in the credit administration within the chain.

5.0 Policy implications of result findings

5.1 Good practice in the study area

The most important good practice observed in the study area is the ability of the traders to raise trading funds within themselves in the absence of formal/institutional financial
support for cowpea traders in the study area. This has great relevance in developing an efficient and sustainable cowpea market that is accessible to the urban poor in Nigeria. Another good practice is the trust issue, which has made the market to function well particularly in the area of credit provisioning.

In terms of quality, most of the operators in the market carry out sorting; this enhances food safety practices in the study area. Furthermore, the market operators have evolved an alternative dispute resolution approach (ADR), which had been used effectively in settling disputes among the various market operators, this has gone a long way in forestalling ethnic conflicts that could have destroyed the market.

Furthermore, the intermediaries provide a vital link between various categories of market operators. Suffice to say that the intermediaries serve as a veritable source of information regarding prices, availability of products, etc within the market system.

In another vein, there was a practice within the chain that was discovered to be inimical to good marketing in the study area. The unwholesome and exploitative practices of the market intermediaries, particularly the commission agents by ether inflating the cost of produce for customers or making the market inaccessible through some unconventional ways for other market operators. This has adverse implications for the poor urban cowpea consumers, who already have limited fund to purchase food.

5.2 Recommendations for policy considerations

In the light of the findings from this study, the following recommendations are proposed for policy considerations. The policies are targeted at different group or stakeholders
in the cowpea market. These include the traders, Local government, State and Federal government.

i. The traders must be encouraged to form themselves into cooperative/credit and thrift societies that will make the existing credit arrangements among the trader groups more sustainable in the study area.

ii. The government should improve on provision of market infrastructures such as market access roads, building of stalls, etc. so as to improve on the existing infrastructures and enhance marketing efficiency.

iii. There should be a harmonization of the taxes and levies charged by the Local and State governments as these may exclude some traders who may not be able to afford the fees. In the real legal or constitutional sense, there should be no interference in the market by the State government as the law of Nigeria puts the administration of the markets at the purview of the Local governments.

iv. There should be policy formulation on insurance of the market operators, particularly the merchants/wholesalers/intra country traders, who invest large volume of money into the trade as they are perpetually faced with a lot of risks, ranging from accidents to fire and armed robbery.

References

