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NIGERIA

REVIEW OF ONGOING AGRICULTURAL DEVELOPMENT EFFORTS



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Nigerian agriculture has shown good growth rates in the recent past with growth rates of 7.4%, 7.2% and 6.5% in 2006, 2007 and 2008 respectively. Between 2003 and 2007 its average share of national real GDP was 41.5% thus underscoring its importance in the livelihood of Nigerians.

Of the growth in the 2003-2007 period, the crop, livestock, fishery and forestry sub-sectors contributed 90%, 6%, 3% and 1% respectively. Thus the crop production sub sector is the key source of agricultural growth in Nigeria. Major crops grown in Nigeria include yam, cassava, sorghum, millet, rice, maize, beans, dried cowpea, groundnut, cocoyam and sweet potato. These major crops which accounted for about 75% of total crop sales in 2004 increased from 81,276 thousand tonnes in 2004 to 95,556 thousand tonnes in 2007. Other crops produced in the country include plantain, banana, ginger, cocoa, rubber, oil palm, gum arabic, cashew, mango, citrus, pulses and pineapples. Although agriculture grew substantially in the last few years, the growth has been as a result of increase in land cultivation as productivity has been very low. In fact about 80% of farm holdings are small scale and they hardly produce

enough to sustain themselves for eight months in a year. During bad crop years resulting from poorly distributed rainfall and other natural calamities (e.g. floods, bird and insect infestation, outbreak of plant diseases etc), the smallscale farmers' coping capacity is further reduced and they suffer severe hunger. For example, 65% of households in the Core Welfare Indicators Questionnaire survey of 2006 indicated that they had problems meeting food needs. Currently, 60.8% of Nigerians are malnourished. Moreover, the 2004 Nigerian Living standards survey documents that 37% of the population (47 million people) was unable to meet the 2900 kcal food requirement in 2004. Notwithstanding that the percentage of underweight children diminished from 36 to 30 percent during the 14 year period 1990-2004, it is still short of the MDG's 2015 target by 12 percentage points. Access to adequate and nutritious food is limited

by low income, low stocks and high prices of major staples. As at 2004, the poverty rate was estimated at 54.4% with over 70 million Nigerians living in poverty while 37% who cannot meet the 2900 kcal requirement live in extreme poverty. Poverty is disproportionately concentrated among households whose primary livelihood depends on agricultural activities. Latest data indicate that 64.7% of farm families in Nigeria are wallowing in poverty.

LONG-TERM ECONOMIC DEVELOPMENT STRATEGIES AND AGRICULTURAL DEVELOPMENT FRAMEWORK

Agriculture in the Vision 2020

Agriculture has been identified as a major driver of growth in the Nigerian economy and must play a crucial role in achieving vision 2020 in Nigeria. According to the vision, the agriculture sector shall be a technologically driven sector that is profitable, sustainable and meets the socio-economic aspirations of Nigerians. Towards this end, the sector set to achieve a 3-fold increase in domestic agricultural productivity by 2015 and 6-fold increase by 2020. This is to be achieved through the promotion of greater use of highly productive and disease-resistant crops, livestock, poultry and fish strains, breeds and species. Nigerian agriculture will be professionalized through promotion of educational and professional training incentives to encourage young people to embrace agricultural production, processing, extension and marketing. There is going to be a shift from dependence on rain-fed crop production through significant utilization of irrigation. The sector is expected to achieve a high degree of public-private partnership thrust in agricultural research and development by 2020.

Agriculture in the Major Economic Policy: The 7 Point Agenda

The current agricultural and rural development policies and strategies are being pursued within the framework of the 7-point agenda and the successes and lessons of the National Economic Empowerment and Development Strategy (NEEDS), which was Nigeria's Poverty Reduction Strategy Paper (PRSP) launched in June 2004. In March 2007 a second phase of NEEDS , NEEDS II, was launched. The agenda, which was adopted by government in May 2007, states the broad policy priorities for implementing economic reforms and development programmes in Nigeria. It describes the key policy imperatives, directive principles and instruments

in promoting sustainable economic growth for the achievement of the MDGs by 2015 and Vision 2020. The main agricultural goals enunciated under the agenda are diversified economy, food security, employment generation, economic linkages, exports and poverty reduction. It acknowledges that low productivity, low quality of private sector investment, lack of domestic and international competitiveness, weak domestic policies and institutions, inadequate funding and lack of organized land titling and tenure are the main challenges of agricultural development in Nigeria. The key agricultural elements of the agenda are land reform, commercial agriculture, irrigation development, institutional support and market stabilization. Under the commercial agriculture programme, arable land will be developed in the states for use by well-trained and motivated commercial farmers, who will cultivate carefully selected ecologically suitable and commercial market-responsive crops. It will involve the federal, state and local governments, each playing complementary and reinforcing roles. The major policy offshoots of the 7-point agenda are the National Food Security Programme and the five point agenda.

Nigeria's Key Agricultural Policy: The New Agricultural Policy - 2001

The basic policy which guides the agriculture sector is the new agriculture policy (2001). It replaced the 1988-2000 agricultural policy. It covers a wide range of issues which affect and determine agriculture outcomes and states government policy on them. The policy outlines government position/policy on commodity pricing, agricultural trade, exchange rate, agricultural land, food production, industrial raw material crops, agricultural extension, agricultural credit and insurance, rural bank deposits, produce marketing, commodity storage and processing, agricultural cooperatives, water resources development, agricultural mechanization, rural infrastructure, agricultural statistics, agricultural investment and advisory services. A key aspect of the policy was that it assigned supportive roles to the government while investments in the sector are to be left to private sector initiative. In addition to the new agriculture policy, other policies to guide agriculture related activities include the National policy on integrated rural development and the national policy on food and nutrition.

The National Food Security Programme (NFSP)

Within the framework of the 7-point Agenda, the National Food Security Programme document was published in August 2008. According to the Federal Ministry of Agriculture and Water Resources, its objective is to “ensure sustainable access, availability and affordability of quality food to all Nigerians and for Nigeria to become a significant net provider of food

to the global community”.

The key features of the programme include

- (i) Providing a conducive environment for private sector involvement.
- (ii) Encouraging large scale commercial farming with strategic linkages to small holder farmers.
- (iii) Significantly reducing post-harvest losses through adequate storage, processing and appropriate market outlets.

In the short term, the NFSP is to significantly improve Nigeria's agricultural production while in the medium term it is to improve productivity, expand large scale production and improve storage/processing capacity as well as required market infrastructure to achieve food stability. Specific targets for agricultural products have been set under the NFSP. This is to be achieved through the value chain approach which is planned to address every component of the entire agriculture value chain for crops, livestock and fisheries. This is also going to be collaborative with the intent of increasing productivity and stimulating food production through private sector participation and market development. The Federal Government will set the direction, while the organized private sector as well as the State and Local Governments will drive programme execution. The policy thrusts of NFSP are import substitution, substantial food security, promotion of modern agricultural practices, natural resource conservation and commodity focus.

INVESTMENT PROGRAMMES UNDER THE NFSP/7-POINT AGENDA

The drive to achieve the food security and national development objectives as espoused in the 7-point agenda makes the strengthening of agricultural production, processing, storage and marketing as well as research and development imperative. In light of this, the Federal Ministry of Agriculture and Water Resources developed the 5-point agenda for agriculture and national development as an implementation roadmap in the short and medium-term towards the attainment of the objectives of the National Food Security Programme (NFSP). The strategic objective of the 5-point agenda is to achieve the targets defined in the larger planning framework of the 7-point agenda, NEEDS II, CAADP, the MDGs and Vision 2020. The 5-point agenda focuses on the following five key programmes (*see the policy briefs on the 5 point agenda*):

1. **Developing Agricultural Policy and Regulatory system (DAPRS)** which aims at ensuring sound agricultural policies and regulatory frameworks while its objectives are to review and reform key

agricultural policies and framework and to communicate the new or revised policies and framework.

2. **Agricultural Commodity Exchange Market (ACCOMEX)** which aims at establishing agricultural commodity exchange markets with the objective of achieving efficient marketing and price information systems.

3. **Raising Agricultural Income with Sustainable Environment (RAISE)** which aims at addressing the challenges of infrastructure development and infrastructure for sustenance of the environment (rural energy, rural markets, transport and health) and the focus is the provision of necessary infrastructure to enhance agricultural productivity in addressing the issues concerning small and medium scale agribusiness in Nigeria.

4. **Maximizing Agricultural Revenue in Key Enterprises (MARKETS)** which aims at improving the competitiveness of value-added products leading to increased market share in the domestic, regional and international markets through private-sector led and market-driven growth and development.

5. **Water, Aquaculture and Environmental Resource Management** which aims at achieving intensified aquaculture production systems, sustainable conservation through construction of small dams, irrigation facilities and gaining “Carbon Credit” through afforestation.

AGRICULTURAL FUNDING AND TECHNICAL INSTITUTIONS

Public Agricultural Sector Funding

The underdeveloped state of many markets in developing countries like Nigeria makes government involvement in agricultural investment necessary. Thus, to achieve the objectives of the NSFP, funding will come from three major sources namely government, commercial banks and development partners. Historical data from the central bank of Nigeria statistical bulletins shows that in the 2003-2007 period an average of 2.9% of the federal budget was allocated to the agriculture and natural resources sector. However there are some indications that in 2008 and 2009 that there have been improvements in this percentage. The federal government has also indicated its commitment to achieving and exceeding the 10% Maputo target. It has further designated its Natural Resources Fund (i.e. 1.68% of the Federation Account) to the funding of the National Food Security Program. The government has floated a N200 billion Naira Bond (Federal Government

Intervention Bond Issue) to provide long term credit to private sector organisations entering into partnership with the FMAWR. The fund will be disbursed through commercial banks. Also, the Agriculture Development Fund (ADF) which is a special Intervention Fund will finance short/medium term government obligations in areas such as Guaranteed Minimum Pricing and other forms of price support. The ADF will also be utilized for the funding of micro finance institutions to provide cheap credit to small scale farmers. State governments will, among other responsibilities, subsidize the input services for medium and small scale farming, as well as provide cheap financing for small scale processors through banks/financial institutions. On the other hand, LGAs will fund the provision of required infrastructure e.g. feeder roads, power distribution etc to farming communities in rural areas.

The public investment projections show that 17.5% annual growth in real government agriculture expenditure would be required in the next 9 years in order to support the 9.45 per cent agricultural growth necessary for halving the 1996 poverty rate and thereby cut the 1990 poverty rate by one third by 2017 (See Brochure 4: *Long term funding for agricultural growth, poverty reduction and food security*). However with more efficient agriculture expenditure, the required annual expenditure growth would be reduced to 13.6%. In other words, with better public expenditure management a lower amount of funding would be required to achieve the above poverty reduction targets.

Private Agricultural Sector Funding

Private funding for agricultural development in Nigeria comes mainly from informal credit sources such as farmer organizations and cooperative associations, community based organizations, non-governmental organizations and private money lenders. These sources of fund are always very accessible to farmers particularly in the rural areas but at a very high cost. More than 60 per cent of Nigerian farmers rely on these sources.

Table 1: Output Targets for Selected Crops under the NFSP

Crop	Baseline 2008 (Million mt)	Target for 2011 (Million mt)	Crop	Baseline 2008 (Million mt)	Target for 2011 (Million mt)
Cassava	49.0	100.0	Cotton	0.4	1.0
Rice	2.8	5.6	Cocoa	0.4	1.0
Millet	4.0	6.5	Palm Oil	0.8	1.3
Wheat	0.1	0.5	Palm Kernel	0.4	0.6
Sugar	0.2	2.2	Rubber	0.2	0.3
Tomato	1.1	2.2			

Parastatals and other Public Sector Institutions

Federal Ministry of Agriculture and Water Resources (FMAWR)

The FMAWR is responsible for national agriculture and water resources policy development, technical support to states for agriculture and water resources development, technology generation and dissemination, land use planning, soil management, soil capacity evaluation and soil water resource management, project/programme coordination and planning, monitoring and research. The ministry also has the responsibility to develop and conserve Nigeria's surface and underground water resources.

The National Food Reserve Agency (NFRA): NFRA is a department created in 2000 through the merger of the Federal Agricultural Coordinating Unit (FACU) and the Agricultural Project Monitoring and Evaluation Unit (APMEU) to form the Project Coordinating Unit (PCU) which was later transformed to NFRA in 2007. It is responsible for extension delivery services and coordination of projects and programmes supported by development partners.

River Basin Development Authorities: They are parastatals and major implementing arms of the FMAWR. They are responsible for: (i) development of surface and ground water resources for irrigation, livestock and rural and urban water supply (ii) controlling erosion and floods including watershed management and (iii) construction, operation and maintenance of dams, dykes, polders, wells and boreholes.

Nigerian Agricultural Insurance Corporation (NAIC) was established to reduce farmers' exposure risk, particularly smallholders, by offering protection for losses from natural disasters.

Table 2: Estimated Cost of the 5 Point Agenda

Programme	Estimated Cost 2009 - 2011 (N billion)
1 Developing Agricultural Policy and Regulatory System (DAPRS)	3.6
2 Agricultural Commodity Exchange Market (ACCOMEX)	63
3 Raising Agricultural Income with Sustainable Environment (RAISE)	289
4 Maximizing Agricultural Revenue in Key Enterprises (MARKETS)	135.6
5 Water, Aquaculture and Environmental Resource Management	99
Total	590.2

Nigeria Agricultural, Cooperative and Rural Development Bank (NACRDB) is the result of government's strive to improve the quantum of loanable funds to the sector through recapitalization and to enhance access to credit by the beneficiary farmers, rural dwellers and smallscale entrepreneurs

Agricultural Development Programmes (ADPs) are state institutions with a mandate to raise agricultural production and improve the living standards of the rural population. They provide technical support through extension services to smallholder farmers as a means of promoting the adoption of improved farming techniques.

Producer Organizations

The civil society (farmer organizations) forms one of the important pillars of policy and institutional capability for agricultural development because of their ability to engage in dialogue with the government. The participation of farmer associations in policy formulation, monitoring and evaluation increases ownership and sustainability of policy measures. The All Farmers Association of Nigeria (AFAN) which forms an umbrella body for Nigerian farmers is seen as the national platform for corporate and professional bodies, cooperatives and commodity associations. Currently, there are 43 major farmers' associations in Nigeria and these associations are formed along commodity lines. It is therefore important to build the capacity of these organizations to effectively and sustainably engage in dialogue with government agencies and to improve their overall relevance to CAADP programmes and projects.

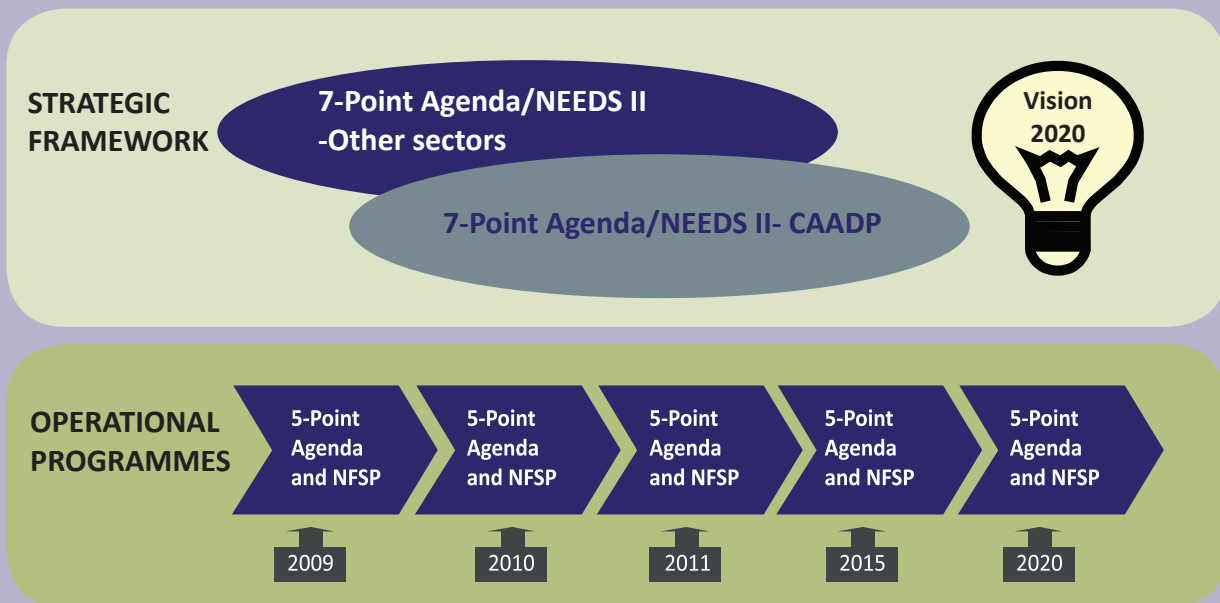
VISION 2020, 7 POINT AGENDA, CAADP AND THE 5 POINT AGENDA

The goal of the Comprehensive Africa Agriculture Development Programme (CAADP) in Nigeria is to support the development of a comprehensive agriculture development component under the seven point agenda of the President and the 5 point agenda of the FMAWR which are aligned with the CAADP objectives and principles that Nigeria and other African countries have collectively defined as part of the broader agenda of the New Partnership for Africa's Development (NEPAD). While the Vision 2020 provides long-term guidance on a broad number of national-level objectives, the 7 point agenda and NEEDS II are the medium term programmatic frameworks seeking to integrate development efforts across key economic sectors. CAADP combines the longterm outlook of the Vision 2020 with the programmatic focus of the 7 point agenda and NEEDS II applied to the agricultural sector. The 5 point agenda and the NFSP, on the other hand, have a strong short-term, operational nature and a primarily subsectoral focus on the agricultural sector. They define and pursue the implementation of the short-term investment and policy measures that are required at the subsectoral level to achieve the sectorwide objectives specified in the 7 point agenda and CAADP frameworks. In Nigeria and West Africa as a whole the CAADP initiative is being implemented in line with the ECOWAS common agriculture policy (ECOWAP) which is a long term plan to achieve sustainable food security in West Africa. Table 3 below indicates the alignment of the 5 point agenda with ECOWAP/CAADP themes.

Table 3: Alignment of ECOWAP/CAADP themes with the 5 Point Agenda and NFSP

	ECOWAP/CAADP THEME	5 POINT AGENDA and NFSP PRIORITY
1	Improving water management	[Agenda5] Water, Aquaculture and Environmental Resource management
2	Sustainable farm development	[Agenda3] Raising agricultural income with sustainable environment (RAISE) [Agenda5] Water, Aquaculture and Environmental Resource management
3	Improved management of other shared natural resources	[Agenda3] Raising agricultural income with sustainable environment (RAISE) [Agenda5] Water, Aquaculture and Environmental Resource management
4	Development of agricultural chains and market promotion	[Agenda3] Raising agricultural income with sustainable environment (RAISE) [Agenda4] Maximizing agricultural revenue in key enterprises (MARKETS) [Agenda2] Agric commodity exchange market (ACCOMEX) [Agenda1] Developing agricultural policy and regulatory system (DAPRS)
5	Prevention and management of food crises and other natural disasters	[Agenda5] Water, Aquaculture and Environmental Resource management
6	Institutional building	[Agenda1] Developing agricultural policy and regulatory system (DAPRS) [Agenda2] Agric commodity exchange market (ACCOMEX)

Figure 1-Relationship between CAADP, 7-Point Agenda and 5-Point Agenda



Definitions and Descriptions

Vision 2020: A long-term, national level strategic framework that is indicative in nature

7-Point Agenda and NEEDS II: Medium term, multi-sector, comprehensive frameworks, guided by the Vision 2020, with a current time horizon to 2011

CAADP: A long term Agricultural sector-specific framework, imbedded in but reaching beyond the 7-point agenda.

NFSP: A set of agricultural, sub-sector-specific operational programmes to be implemented with the objective of achieving the 7-point agenda and CAADP objectives in the medium and long-term respectively.

Programmatic Relationships

CAADP programmatically translates the Vision 2020 by giving it substantive content for the agricultural sector

CAADP provides sector-specific guidance for the definition of the agricultural sector component of the 7-point agenda.

CAADP sets the strategic framework that guides the implementation of the 5-point agenda and NFSP

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