THE NIGERIAN AGRO-ALLIED SECTOR: SCOPE, BUSINESS OPPORTUNITIES AND CHALLENGES

VALUE CHAIN: Input production – Farming – Land Resources, Agro dealers – Agro processors – Industrial manufacturers – Trade and exports, Food Reserve & Storage, Finance, Human Resources, Procurement, PPAS (Plan, Policy, Analysis & Statistics) and Co-operatives.

1. INPUT PRODUCTION

Components

- Fertilizers
- Agrochemicals
- Poultry feed
- Medicaments and vaccines
- Etc.

Input Production Professionals

- Producers of fertiliser
- Fertiliser distributors

Challenges in Input Production

- Financial risk for farmers.
- Corruption in disbursement of fertiliser to farmers
- Best practices not understood/adopted.

2. FARMING

Components

- Arable farming
- Fish farming
- Poultry farming
- Livestock farming
- Snail farming
- Etc.

Professionals

- Fish farmers
- Arable farmers
- Poultry farmers

- Snail farmers

Challenges

- Threats from disease, pests, climate.
- Poor farmer extension services.

Business Opportunities

- Establishment of cottage industries for value addition to agricultural produce.
- Entrepreneurial opportunities in food processing.
- Local population growth and increased demand for agricultural produce overseas present viable business opportunities.
- Animal vaccine production.
- Veterinary drugs manufacturing.
- Agrochemicals manufacturing.
- Local fabrication, manufacturing and maintenance of farm equipment and machinery.
- Veterinary services, livestock improvement and breeding.
- Establishment of food processing facilities such as abattoirs/butcheries, dairy farms, cassava processing plants etc.
- Water management: Dams for irrigation and ponds for fisheries.
- Input supply and distribution.
- Commodity marketing and export.
- Processing, storage, agro-allied industry, and rural enterprise development.
- Horticulture.
- Herbal medicine.
- Production of raw materials and intermediate products for local and international industries.
- Processing, storage, agro-allied industry, and rural enterprise development.
- Crop farming.
- Livestock farming.
- Poultry.
- Apiculture.
- Snail farming.
- Forestry.
- Sericulture.

Training

- National Root Crops Research Institute, Umudike
- National Cereals Research Institute, Niger State
- Cocoa Research Institute of Nigeria, Ibadan
- Rubber Research Institute of Nigeria, Benin City
- National Institute for Agric Research, Zaria
- Federal Colleges of Agriculture, Akure, Ishigu & Ibadan

Technical Support, Research And Development

- International Institute of Tropical Agriculture (IITA).
- Nigerian Agricultural Insurance Corporation.
- National Agricultural Extension, Research and Liaison Services (NAERLS).
- National Veterinary Research Institute.
- Cocoa Research Institute of Nigeria (CRIN).
- Lake Chad Research Institute, Maiduguri
- Institute for Agricultural Research, Zaria
- Institute of Agricultural Research and Training, Ibadan
- Institute of Agricultural Research , Ile-Ife
- National Cereal Research Institute, Badeggi
- National Root Crop Research Institute, Umudike
- National Horticultural Research Institute, Ibadan
- Nigerian Store Product Research Institute, Ilorin
- Rubber Research Institute of Nigeria, Benin
- Cocoa Research Institute of Nigeria, Ibadan
- Nigerian Institute for Oil Palm Research, Benin
- National Centre For Agricultural Mechanization (NCAM)
- Nigerian Institute for Water Resources Research, Kaduna
- Lake Chad Research Institute, Maiduguri
- National Animal Production Research Institute, Zaria
- Nigerian Institute for Oceanography and Marine Research, Lagos
- Federal Institute of Industrial Research, Oshodi
- The River Basin Development Authority (RBDA)
- The Agricultural Development Programmes (ADPs)

Funding

- Bank of Agriculture: Provides low cost credit to small holder and commercial farmers, and small and medium rural enterprise.

3. LAND RESOURCES

Components

- **Soil Survey and Land Evaluation**

Detailed soil survey of individual's land holdings, community land and local government areas.

Capability classification of land holdings with a view to separating arable land from those that should be used for recreation, play grounds, grazing, and forestry.

Suitability assessment of arable land for different crops (e.g. maize, cassava, rice, yams, sorghum).

- **Land Use And Conservation**

Provides advisory services to land users in the following areas:

- Erosion control on agricultural lands
- Conservation agriculture
- Reclamation/Rehabilitation of degraded lands
- Drought and desertification control
- Land use planning

- **Soil Fertility Evaluation And Management**

Provides advisory services to farmers:

In the management of problem soils, e.g. acid soils, salt-affected soils, vertisols and soils polluted by oil spillage.

Conducting fertility baseline surveys for appropriate fertilizer recommendations.

- **Soil Testing**

The Soil Testing Division provides analytical services for soils, water, plants and fertilizers to stakeholders through its Soil Laboratories at Kaduna, Ibadan and Umudike

Training

- Manpower training through the Federal Colleges of Land Resources Technology at Kuru and Owerri
- GIS and Remote Sensing Centre at Kaduna

4. AGRO DEALERS

Components

- Grain sellers
- Cocoa merchants
- Egg marketers
- Etc.

Challenges

- Poor post-harvest management.
- Lack of local storage and processing.

5. AGRO PROCESSORS:

Components

- Cassava processing
- Cereal meal production
- Etc.

Challenges

- Poor post-harvest management.
- Lack of local storage and processing.

6. INDUSTRIAL MANUFACTURERS:

Components

- Beverage companies
- Pharmaceutical companies

Etc

Challenges

1. Lack of market linkages.
2. Poor formalisation of retail.

7. TRADE AND EXPORTS:

Components

- Processed agric products merchandising etc.

Challenges

- Working capital.

- Bureaucratic bottlenecks.

General Challenges

- Policy environment: Lack of coherent holistic strategy.
- Infrastructure: Expensive or absent input-farm-market connections.
- Finance: Limited lending as banks perceive sector as risky.
- Market linkages: Information, coordination and aggregation failures.

8. FOOD RESERVE & STORAGE:

Components:

- Warehousing
- Transportation
- Food preservation materials

Professionals

- Food preservation technician
- Warehouse provider (Real Estate Agent)

Persistent Constraints to Investment

Technical Constraint: This manifests in poor technology, poor quality raw materials, and inadequate supply of fertilizer. The main causes of the constraint include low support from government, poor government policy, poverty, low level of awareness, lack of adequate research, and increases in the prices of inputs. The poverty incidence among farmers, which is the highest in the economy, also contributes to the persistence of technical constraints in Nigeria. Thus, farmers are unable to take up new innovations aimed at boosting their productivity and, by extension, their output.

Infrastructural Constraint: The infrastructural constraint has persisted due to government neglect, poor governance, poor political leadership, poor maintenance culture, and poor funding. Infrastructure in this instance is construed to include physical infrastructure, such as roads and the railway system, educational and health facilities, social services such as potable water and electricity, and the communication system.

Economic constraint: The persistence of the economic constraint is a function of some socioeconomic factors which include political instability, poor governance, ineffective government policies, high inflation rate, low

investment, inadequate credit for agriculture, poor resource management, and corruption. Political instability affects policy continuity and the economic climate. It creates undue risks and uncertainties for investors. Furthermore, because agriculture is widely perceived to be a high-risk business, financial intermediaries are highly averse to lending to the sector. Thus, the vicious cycle of low credit flow, low investment, low income to farmers, and low savings/investment is responsible for the widespread incidence of poverty among farmers and hence, the persistence of the economic constraint in the agricultural sector.

Financial constraint: The persistence of this constraint has many economic and social dimensions such as ineffective financial policies, an inefficient financial market, inadequate financial facilities, low credit supply, high risk of lending, corruption, bureaucracy, unstable exchange rates, poor agricultural funding by governments, and low returns from farming. Also, corruption is an important causal factor for the persistence of the financial constraint. This often takes the form of kickbacks to bank officials. Added to this are the bureaucratic bottlenecks involved in loan procurement and the stringent collateral requirements for loans. Besides, the informal sector that provides the bulk of the credit requirement in agriculture operates at high interest rates.

Political constraint: The persistence of this constraint is a function of poor political leadership, political instability, poor governance, and non-participatory governance. The long years of military rule also adversely affected broad participation in governance. The non-participation of people in governance has affected the decision-making process, thus constraining agricultural development.

Macroeconomic policy constraints: The persistence of the macroeconomic constraint in the country derives from many factors which include political instability, policy instability, ineffective policies, poor implementation of policies, and poor coordination of policies. Political instability creates policy instability, as rates of turnover in policies are strongly associated with rate of turnover in governments. Each new regime tends to discard the policies of old regimes only to start instituting its own new set of policies. Related to this are the problems of policy ineffectiveness, poor

implementation of policies, and poor coordination of policies that derive from political and policy instability.

A clear example of policy instability is the frequent banning and unbanning of the importation and exportation of agricultural commodities, especially the frequent banning and unbanning of the importation of some food commodities like rice and wheat. Also notable are the frequent changes in import tariffs that sometimes make imported goods cheaper than their local substitutes, thereby discouraging their local production.

Microeconomic policy constraints: The persistence of the microeconomic policy constraint derives partly from the macroeconomic policy constraint. In addition, there is inadequate attention to microeconomic/sectoral policy issues. When sector-specific policies are instituted, there seems not to be proper synergy between the different sectors of the economy thereby leading to disjointed sectoral policies that are sometimes contradictory or constitute duplications across the sectors. As such, there is lack of coordination of policies aimed at addressing the different segments of the economy. Credit also surfaces as one factor that is responsible for the sustenance of the microeconomic policy constraint in agriculture. Generally, in this regard, microeconomic policies that are aimed at addressing credit availability and utilisation in the agricultural sector are not very effective.

Other Constraints include socio-cultural constraint, health constraint, institutional constraint, environmental constraint, land tenure constraint and labour constraint.

Proposed Guest

- African Farmer is a young farmer that is doing well in the industry. He will sure strike a good chord and connection with the target audience of Ignite TV. He will also be able to denounce the image that farming is for old people. He will reinforce the message that Agriculture could be for a trendy and classy young person.