

Transforming Agriculture to Grow Nigeria's Economy

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The Vice Chancellor, Members of the University Council, Deans, Heads of Departments and distinguished faculty members, students of the one and only, the foremost university in Nigeria, Obafemi Awolowo University - Great Ife! Good afternoon. I am greatly honored to be invited to deliver this lecture.

I am especially delighted to be back here at this wonderful citadel of learning which prepared me for who I am today. It is a special joy because I am here with my dear wife, Yemisi. We both finished together here at Ife. Ife laid the foundation for my career, but it did more: it gave me the greatest blessing of my life, Yemisi, for a wife. I am here today also with my Permanent Secretary, an ex-alumnus of this great university. It is so lovely to see all my old professors here. What a joyful reunion!

Let me start by celebrating the graduating class of 2012, to whom I say Congratulations!

I will be speaking to you today about agriculture. My lecture is titled '**Transforming Agriculture to Grow Nigeria's Economy**'.

Agriculture is close to my heart but I must tell you that my being in agriculture was not by choice but rather by destiny. When I finished my O-level examinations in 1974, I was just 14 years old and desperately wanted to get into the university. My father wanted me to study medicine and he was always the one that filled out the university entry forms for me. The choices were the same every time: first choice, medicine, second choice, veterinary medicine and third choice, dentistry. He really wanted me to become a medical doctor but I was not admitted for medicine, but was given an offer to come in for agriculture. My father did not want this, as he

grew up as a farmer himself before ending up in the civil service, and the last thing he wanted was for me to become a farmer!

I went on to my A-levels. When in my first year at the Ibadan Polytechnic, I applied again to the University. Daddy was there on hand, as he filled my forms for me, for the same choices. I had to be a doctor at all cost. The University said they would take me for agriculture.

I ended up completing my A-levels and when I applied to the University yet again, I was told I would be admitted to read agriculture. That is how I went on to study agriculture - and that was how I was educated at this first class university.

I am happy that God led me to agriculture, for look at it today: I am a doctor (at least of agricultural economics, so my dad left me alone) and by God's grace the Federal Minister of Agriculture for Nigeria. I always remind my Dad: even doctors will tell you to eat first before taking your medicines! And for that you need agriculture to work.

Nigeria has huge agricultural potential. With an arable land potential of 98 million ha, out of which 84 million ha is cultivatable, Nigeria's agricultural potential remains untapped. Only 34 million ha is cultivated or 48% of the available land for agriculture. The FAO report on Competitive Commercial Agriculture for Africa, shows that Africa, especially Nigeria and Mozambique, have vast areas of savannahs that can become the breadbasket for the rest of the world, if properly harnessed. According to the International Food Policy Research Institute, the value of agriculture in Nigeria at constant 2010 dollars was 99 billion dollars. This is projected to grow to 256 billion dollars by 2030. The growth is expected to come from yield expansion (44%), area expansion (33%) and diversification into high value crops (23%).

In spite of this huge agricultural potential, Nigeria which used to be the major player in agriculture in the world has lost its place in the global community. In the 1960s we had glory. That glory was visible for all to see. Nigeria accounted for 42% of the world's exports of shelled groundnuts. Our total export volume was 502, 000 MT. This declined to zero by 2008. The major

problem we had was aflatoxin which we did not bother to fix. Nigeria lost her leadership position and was overtaken by USA, China and Argentina. Nigeria was also the largest exporter of palm oil in the world and accounted for 27% of the global export volume for palm oil. Total export volume for palm oil by Nigeria was 167,000 MT in 1961. This declined to 25,000 MT by 2008. As the global export volume rose from 629,000 MT in 1961 to over 33 million MT in 2008, Malaysia and Indonesia took over using the oil palm seedlings obtained from Nigeria! Today, Malaysia earns \$ 18 billion from export of palm oil alone.

Let us take a look at the case of Cocoa. The entire Western Region built its economy on cocoa in the 1960s. Indeed, the University of Ife was built from cocoa money. Nigeria accounted for 18% of the global export volume for cocoa in 1961. Cocoa farmers were rich. While Nigeria's cocoa sector stagnated, the global market for cocoa rose from 1.8 million metric tons in 1961 to 2.7 million metric tons by 2008. Nigeria's share of the global market for export declined from 18% in 1961 to 8% by 2008. Cote d'Ivoire, Ghana and Indonesia overtook Nigeria. The story is the same for cotton. Nigeria, which was the largest exporter of cotton in West Africa, has lost this position to Mali and Burkina Faso.

The neglect of the agricultural sector, as Nigeria became dependent on oil, has been a disaster for the country. If Nigeria had held to its market share in palm oil, cocoa, groundnut and cotton, it would be earning today at least \$10 billion per year from these commodities.

Nigeria is now one of the largest food importers in the world. It spent over 1.3 Trillion Naira per year on imports of wheat, rice, sugar and fish. In 2010 alone, Nigeria spent 635 Billion Naira on import of wheat, 356 billion Naira on import of rice (that means we spend 1 Billion Naira per day on rice alone), 217 Billion Naira on sugar imports, and with all the marine resources, rivers, lakes and creeks we are blessed with, Nigeria spent 97 Billion Naira importing fish.

This is not fiscally, economically or politically sustainable. Nigeria is eating beyond its means. While we all smile as we eat rice every day, Nigerian rice farmers cry because the import of rice undermines domestic production. Our farmers sow in hope, but reap in tears, as cheap food imports dash their hopes of better prices and incomes.

As Nigeria imports food from the global market, with rising world food prices, all it is doing is importing inflation. At the same time, low productivity of our domestic production systems increases the price of our staple crops. Together, these two factors lead to high domestic food prices. Our poor urban and rural households spend 70-80 % of their incomes on food and as a result life has become unbearable for many.

Nigeria can no longer continue to depend on expensive food imports, nor can she continue to rely on volatile global markets to meet her food requirements. In 2008, we experienced a global food crisis. As food prices rose to an all-time high, several food exporting countries put bans on food exports. Food importing countries became vulnerable as it became clear that even if you have the money to import the food, the food may not be available. Such a situation can easily lead to food riots and societal unrest and we did have this occurring in many countries. This year, America experienced its worst drought in the last 50 years. The price of wheat is already rising and it is feared that America may restrict the export of wheat as its stocks decline. This is another wake up call for Nigeria. It is clear that having enough food produced domestically is an issue of national security.

Our taste for imported food items has also contributed to high levels of unemployment for our youths. Our imports provide jobs for the youth of the countries we import from, while our youth wander about our cities and towns looking for jobs. This is unacceptable. We must use the power of our population to create markets for our local foods. We must produce what we eat and eat what we produce.

We must turn Nigeria into a breadbasket - a power house for food production. To do so, we must make a fundamental paradigm shift: Agriculture should be seen as a business, not a development program. It must be structured, developed and financed as a business for us to fully unlock its potential to make Nigeria food self- sufficient.

In my position as the Minister of Agriculture, I have travelled across the country meeting with farmers, processors, distributors and all other players along the entire agricultural value chain. I am inspired by the hard work and efforts of our farmers. I have seen what this country has to offer from the abundant land areas in the northern guinea savanna in the North, to large

cocoa growing areas of the South West and to vast oil palm plantations in the South East stretching as far as the eye can see. Nigeria is blessed!

Yes, Nigerian agriculture has potential, but no one can eat potential.

To reverse this trend, we have articulated a clear vision to make Nigeria an agriculturally industrialized economy, to create wealth, jobs and markets for farmers, and revive the rural economy. We plan to grow the size of the agricultural sector from the present level of \$99 billion per year today to about \$300 billion per year by 2030.

I wonder always, why a country that has 84 million ha of arable land will be spending \$11 billion importing basic foods such as wheat, rice, fish and sugar. How can we have so much good agricultural lands in the north, and yet have so much poverty? I am fully convinced that Nigeria has no business importing food. Nigeria should be a major net exporter of food. For that to happen, we must take a hard look at ourselves and change our approach to agriculture.

To turn things around, we have embarked on a major effort to unlock the potential of Nigeria's agriculture and to move the country from its ignoble status as one of the largest food importers in the world, to a food self-sufficient country, with expanded exports. We are focused on achieving this through the rapid transformation of agricultural value chains.

We are treating agriculture as a business. Agriculture is no longer a development program. Let me be clear: this is not a populist approach or one that distributes the largesse of government for cheap political gains. Our focus is fixing structural issues that have hampered the performance of the agricultural sector. Just like building a house, the foundation must be solid. We are building strong policy, institutional, investment and infrastructure foundations for the transformation of the agricultural sector. Gains will not come easy, but as we do the right things, we will succeed in unleashing the power of agriculture to feed our nation and turn Nigeria into a leading exporter of food.

I want to share with you what our farmers and private sector are doing in our collective effort to unlock wealth in agriculture. I will not talk about what we plan to do, but what we have done.

Let us start from policy reforms. The backbone of any agricultural revolution is access of farmers to modern agricultural inputs, especially fertilizers and seeds. Government for decades procured and distributed fertilizers. The government system was corrupt and undermined the private sector. It did not deliver fertilizers to genuine farmers. Instead, rich commercial and powerful political farmers hijacked the subsidized fertilizers. Opportunistic middlemen sold them to neighboring countries, ripping off farmers.

Unscrupulous traders sold sand to government as fertilizers and grains as seed. Only 11 % of farmers got the government-distributed fertilizers. Nigeria was not subsidizing farmers. It was simply subsidizing corruption.

Within 90 days of becoming the Minister of Agriculture last year, the corrupt system was totally dismantled. We took the government out of procuring and selling fertilizers. The private sector now sells seeds and fertilizers to farmers directly. And that is the way it should be. Government is not the farmer. Some decried the policy. I am not surprised. Those that benefitted from the old corrupt system would rather have it continue. But subsidies are not for rich political farmers. They are for poor smallholder farmers.

The policy has spurred private sector activity to build supply chains that reach farmers- what they have never done before. The Chairman of TAK Fertilizer Company, the 2nd largest fertilizer company in the country had this to say: *"before this new policy, fertilizer companies did not do business. Government was our business. We used to run from Villa to Ministers of Agriculture for contracts. With the new government, this ended. For the first time, we are now doing real business, selling directly to farmers. Farmers are running after us. We can barely meet the needs of farmers. The policy is the best thing to happen to the private sector. The policy is working!"*

The new policy has eliminated the middlemen and rent seekers from the system, while targeting genuine farmers. We launched a Growth Enhancement Scheme, where farmers receive 50% subsidy on fertilizers, for a maximum of two bags, through the use of their mobile phones or what we call E-wallet system. The system working! Within 140 days, about 1.2 million farmers have bought their subsidized fertilizers using the E-wallet system. We expect to reach over 1.5 million farmers by the end of the dry season. It was revolutionary. Government for the

first time can account for who got subsidized fertilizers, when they got it, where they got it, how much they paid, how much government paid and which companies supplied what inputs to farmers.

We have empowered farmers. Listen to the testimony of Nnenna, woman farmer in Abia State who said *'for the first time 1 get my seeds and fertilizers fast, without any political interference'*. A fertilizer trader came to me from Sokoto and said *"1 used to be a critic of your policy. But today I am one of your strongest supporters. I now sell 3 lorry loads of fertilizers daily to farmers, who are buying them with their E-wallets"*.

The impact of this innovation is already reaching beyond the borders of Nigeria. Several African countries have already approached Nigeria to adopt the Electronic Wallet of Nigeria to help them stem the tide of fertilizer corruption in their own countries. To go to scale in 2013 and onwards, the Federal Ministry of Communications Technology in collaboration with the Federal Ministry of Agriculture and Rural Development will distribute 10 million mobile phones for free to smallholder farmers - with 5 million to women farmers - as we ramp up and deepen the system.

We are focused on developing agricultural value chains that will provide new income opportunities for farmers, for all of our major crops.

Let us take the case of rice, where government policy is to make Nigeria self-sufficient in rice production by 2015. Nigeria is now the largest importer of rice in the world. As our population rises, demand for rice is projected to rise from the current level of 5 million MT to 36 million MT by 2050. Unless Nigeria begins an aggressive import substitution programme for rice, it will spend \$150 billion annually importing rice by 2050. The nation will be broke. Worse, a lot of the rice imported into Nigeria, especially from Thailand and India, is 10-15 year old rice coming out of their strategic grain reserves. It is being dumped on our market and that is why it is so cheap. But as that happens, Nigerian rice farmers are being run out business. To encourage the production and milling of local rice, the Federal government has raised tariffs on imported brown rice and finished rice.

The policy is working.

In the last twelve months, 13 new rice mills, with a total capacity of 240,000 MT, have been set up by the private sector. Miva and Ashi rice in Benue, Ebonyi rice, Umza rice in Kano, have all hit the market and are so popular and better than imported rice in terms of quality and price. A new investor, Dominion Farm is currently investing \$40 million in commercial rice production in Taraba State. This rice farm will use smallholder contract farmers and out-growers to produce close to 300,000 metric tons of rice within 24 months. It will create close to 15,000 jobs and replace 15% of rice being imported. Several other private sector companies are expanding their investments in local rice production.

To ensure that Nigeria has in place industrial capacity for international quality grade milled rice that can compete with imports, the Federal Government is facilitating the acquisition of 100 large scale integrated rice mills, with a total capacity of 2.1 million MT, to be located across the country, owned and operated by the private sector. This is being acquired under a low interest rate facility of \$ 1 billion from the China EXIM Bank. For the first time in our history as a nation, Nigeria will have the full industrial capacity to mill and replace all the rice it currently imports - and become an exporter of finished rice to other African countries.

Cassava

Consider the case of cassava. Nigeria is the largest producer of cassava in the world with 34 million MT produced per annum. But Nigeria contributes zero percent in terms of value added in global trade. Yet our farmers grow cassava in abundance and the price of cassava has collapsed around them.

We are turning this around. We are rapidly developing the value chains for cassava into new products that will expand markets and raise incomes for cassava farmers. We are expanding the production of high quality cassava flour for use in composite flours to substitute for some of the imported wheat flour being used in the baking industry. Corporate bakers have started commercializing the inclusion of 20% high quality cassava flour in bread.

In February 2012, UTC commercialized the cassava flour bread with 20% cassava flour

substitution for wheat flour. The feat was repeated in April 2012 by Butterfields, another large corporate bakery. In October, the 20% cassava bread by Park and Shop in Abuja was launched and it is being rolled out to their shops across the country. You should go and have a taste. It is fantastic bread! As we speak, nation-wide training of master bakers on the use of cassava flour to mix with wheat flour for bread making has started. A Cassava Bread Development Fund has been established to support master bakers. The cassava bread is healthier than 100% white wheat flour bread. It is also cheaper: it costs 40% less than 100% wheat flour bread.

It is a moment of pride for Nigeria. Starting this month, UTC will begin exporting cassava bread to ECOWAS region, starting with Ghana and Togo. Think about it: that means that we are turning what used to be a non-tradable commodity into a tradable commodity to earn us foreign exchange. Nigeria will become the largest producer of cassava bread in Africa and help all other African countries to do same and reduce dependence on wheat imports. That is what I call market leadership from innovation.

We are taking advantage of external markets. In the past one year, we secured an order for a total of 2.2 million MT of dried cassava chips from China. This amount is 200,000 MT greater than our 2015 projected plan. We have already started the export of 1.1 million MT of cassava chips to China. This will earn farmers \$136 million - a great development for many of the farmers who for a long time had lacked access to markets.

We were able to secure financing of over \$ 200 million from the China Exim Bank for the procurement and installation of 18 large scale industrial cassava flour processing plants, with capacity of 1.3 Million MT of High Quality Cassava Flour. They will be in place within 18 months. The processing plants will be run and owned by the private sector and meet all of Nigeria's cassava flour needs to do up to 40% substitution for wheat flour.

Government provided 30 million bundles of cassava cuttings, free of charge, to cassava farmers across the country this year - a first in the agricultural history of Nigeria.

Maize

We achieved significant impacts in our work on maize. This year, 67,000mt of improved -

certified seed of maize, expected to plant 3.5 million hectares of land, was deployed to farmers nationwide. With average yield of 2 tons/hectare, the addition to the national food supply this year will be 7 million MT of maize grain.

Cocoa

Let us take a look at cocoa. Our goal is to double the production of cocoa from approximately 250,000 MT per annum to over 500,000 MT per annum by 2015. Cocoa is currently undergoing massive transformation. We are taking advantage of the recently released high yielding hybrids of cocoa by the Cocoa Research Institute of Nigeria. These varieties give yield of 2 tons per ha compared to 0.35 tons per ha that farmers currently achieve with existing varieties. They are also early maturing, with maturity of 2.2 years compared with 4.5 to 5 years of the current varieties used by farmers. This year, the Federal Government is distributing, free of charge, over 3.5 million hybrid cocoa pods or a total of 114 million cocoa seeds. This will rehabilitate 86,100 ha and plant 56,920 ha of new plantations.

Oil Palm

We are working hard to restore Nigeria's lost glory in palm oil production. That is why government is supplying, free of charge, high yielding improved seedlings of oil palm to farmers and plantation estates in the country - the first time ever. So far, we have provided 1.34 million sprouted seedlings to 18 oil palm estates. We expect to distribute 9 million sprouted seedlings this year, which will cover smallholder farmers.

Cotton Transformation

Finally, let us consider cotton, where we are focused on creating value by reviving cotton production in the North. As part of our efforts to revitalize the cotton sector, Government provided, free of charge, total of 1,506 tons of improved cottonseed in the on-going 2012 season. Over 75,319 hectares of cotton farm lands were planted, by 38,000 farmers. This is the first time in decades that cotton farmers will get free seeds.

The seeds, valued at N234 million, were targeted at cotton farmers in Katsina, Kano, Jigawa, Kebbi, Zamfara, Sokoto, and Kaduna states, respectively. We expect to produce 240,000

tons of seed cotton this season. Government also committed a total of N170 million to produce about 800,000 capacity cotton cloth bags for distribution to farmers through participating gmnenes.

We are working hard on transforming the fisheries and aquaculture sector, with the goal of attaining 250,000 MT of table size fish per year and reaching 1 million MT per year within five years. We hope to do 1.8 million MT of aquaculture fish feed per year within five years, by expanding investments of the private sector in fish feed production. We are also expanding investments in the livestock sector, especially on dairy, poultry and beef value chains, with a focus on fattening, artificial insemination and Halal Certified Meat value chains.

So, what does this add up to in terms of food production for our country? When we started, we informed the country that we will add 20 million MT of food to our domestic food supply by 2015. Today, from our efforts this year alone (from maize, rice, cassava, sorghum), we are adding a total of 8.1 million MT of food. That is 41 % of the total target that we set for 2015 - just in our first year. We will continue to work hard.

Even as we do this, we must reduce postharvest losses. We are working with the private sector to address the issue of high post-harvest losses, especially for perishables such as horticulture produce and fruits. For example, Nigeria produces 1.8 million MT of tomatoes per year, accounting for 68% of the total production of West Africa. Over 45% of this is lost annually due to postharvest losses. Yet Nigeria spends over 16 Billion Naira annually importing tomato paste and is the largest importer of tomato paste from China and Italy. To address this, we are working with Nigerian private sector to put up processing plants for tomato. DANGOTE Foods Company is currently constructing a 1,250 MT per day tomato processing plant, to be expanded to 3,600 MT per day by 2015. This will significantly reduce the waste and turn Nigeria into an exporter of tomatoes. In Makurdi, the TERAGRO Company in partnership with the Benue State government has already set up its juice processing plant to process oranges and mangoes in Benue State, creating new market opportunities for farmers.

We are also developing marketing institutions and infrastructure to allow farmers to get better market access and higher prices for their products. The scrapping of the marketing boards under the structural adjustment programs of the World Bank and IMF left commodity markets

poorly organized, creating high price volatility, high levels of post-harvest losses, poor grades and standards and high transaction costs for market participants. We are establishing new marketing institutions to replace the old marketing boards. These institutions, to be called marketing corporations, will help to improve the coordination of markets for agricultural commodities. They will provide market price information, improve access of farmers to credit and assure grades and standards.

We will complement these with the development of agricultural commodity exchanges so that commodities can be easily traded on the exchange. To facilitate the operation of the agricultural commodity exchange, we have completed the construction of a total of 550,000 MT of silos capacity in the last one year, in ten states. These will be privatized and used to operationalize a nation-wide agricultural commodity exchange system.

To unlock the potential of agriculture, it is necessary to realign the banking and finance sector to lend more to agriculture. Despite accounting for 44% of the GDP, the agricultural sector only receives 2% of the total lending by commercial banks in Nigeria. The high demands for collateral by banks, lack of capacity to develop appropriate credit instruments for agriculture, high perceived risks of lending to the sector, and general aversion of banks to agriculture have led to under-capitalization of the agricultural sector. Nigerian banks are still reluctant to lend to the real sector and need to be encouraged to do so as real growth can only come from increased performance of the real sectors of the economy.

There is need to address the issue of high interest rates. The interest rate charged by banks, at 23%, is inimical to the growth and competitiveness of agriculture. No farmer or agribusiness can ever borrow at 23% interest rate and make profit. The demands by banks for collaterals that are impossible to get makes it difficult for farmers and agribusinesses to access credit. A total overhaul of the financial system to lend to agriculture is needed.

We have worked hard to fix the agricultural sector. We have fixed the value chains to ensure that farmers are supported all the way from receiving farm inputs to the marketing of their produce. This has significantly reduced the risks of lending to the agricultural sector.

Let me use this opportunity to call on our banks to take advantage of these positive developments and accelerate lending to the agricultural sector. To further achieve this, the President has approved that funds for agricultural lending be set aside, to provide credit at single digit interest rates, starting in January 2013. The Bank of Agriculture will also be restructured and recapitalized to expand the volume of loans going to the agricultural sector.

Also pertinent is the need for longer term financing, with tenor of 5 years and above to allow for greater investments in infrastructure, irrigation, farm machinery, silos and processing plants. Because the deposits of commercial banks are short term, it is difficult for them to lend for long term needs of the agricultural sector.

To secure access to cheaper long term financing, we must think outside the box. The experience of the US offers some lessons. In the early 1900's US farmers faced similar challenges as Nigeria in accessing credit. Banks were not lending to the sector, and with a largely rural agricultural population, the government decided to put in a place a long term fund for lending at low interest rates to farmers. In 1916, the US government raised long term bonds, backed by government guarantees, to finance its agricultural sector. As a result, practically no farmer in the US takes credit from commercial banks. They borrow through a system of specialized private sector agricultural lending institutions. US farmers therefore secure over \$200 Billion in financing at 4.3% interest rate. This has been a critical factor in driving the productivity and competitiveness of US agriculture.

The time has come for Nigeria to consider raising long term bonds to finance the agricultural sector. The rising domestic debt is certainly of concern. However, this should not be used to argue against agriculture bonds. Many countries in the world are using the so called green bonds to power their agriculture, including China and India. Institutional investors, for example pension funds, can consider diversifying their portfolio further by investing in agricultural bonds in Nigeria.

So much has been achieved in the past one year. But we have also had challenges. Across the nation, we witnessed in September and October significant levels of flooding which affected some of our farm lands. I have been to see some of the affected areas. I am deeply saddened by the loss of lives and farm lands. Mr. President has shown remarkable leadership and put in place

a robust system to address the challenges arising from the floods, especially for emergency relief, food and shelter for displaced populations.

There was a lot of panic when the flood occurred. Doomsday predictions filled the papers, claiming millions of hectares of farm land have been washed away. Some even called for the declaration of a state of emergency. Unfortunately, these claims were not based on any real data. Briefcase food importers, desperate for waivers to bring in food, fuelled the media frenzy on "looming food crisis".

What did my Ministry do? We brought in the International Water Management Institute, the world's leading center on water management and flood control. Using satellite imagery and remote sensing, we estimated the area that was inundated and area under which we suffered crop loss. The estimates showed that 1.4 million ha of land was inundated. But not all inundated land is agricultural land and not all agricultural land is cultivated land. Using vegetation data, we estimated that only 460,000 ha of land suffered crop loss. We probably lost about 1.2 million MT of our production. But we must have a sense of proportion. The total cultivated crop area in Nigeria is 40 million ha. That means that the total areas which suffered crop loss was only 1.17% of total cultivated area.

We have already put in place a Flood Recovery Food Production plan to support farmers in the flood affected areas. We have embarked on a flood recession food production intervention. Mr. President has approved N 9.7 Billion Naira for us to implement this plan. The plan has four components: first, we have started the release of 40,000 MT of food from the strategic grain reserves to the families affected directly by the floods. Second, we are providing improved seeds and fertilizers to farmers that are directly affected. These are being provided free of charge, to allow them to quickly return to their farms. Third, in states that are affected by floods, but with vast areas that are unaffected, we are providing improved seeds and fertilizers for farmers in unaffected areas to produce food for their states. Finally, in other parts of the country that are not affected by the floods, we are providing improved seeds and fertilizers to help them double up production.

Let me therefore assure Nigerians: we shall not have a food crisis or famine. We will

recover from the flood.

We have already secured 100 MT of seed of extra-early maturing maize, which matures in 60 days, to plant 5,500 ha of farm lands in affected areas. This will allow affected farmers to have a crop and feed themselves quickly before the next planting season. This will produce 11,000 tons of maize.

We have mobilized from within and outside Nigeria, over 14, 300 MT of rice seed, enough to plant 300,000 ha of rice farm lands in flood affected areas. This will allow the production of 880,000 MT of rice grain. We are also providing planting materials for cassava, yams and bananas for flood affected areas. We will complement this flood recovery food production plan with expanded dry season production of food. We expect to produce over 500,000 MT of maize in the dry season. We expect to produce an additional 1.2 million MT of rice in the dry season in ten states in the North. From the flood recovery food production programme and the dry season accelerated rice paddy production, we expect to add 2 million MT of rice paddy. With that we will more than compensate for the estimated 1.2 million MT of production we lost from the floods.

The flood is a wakeup call. With changing weather patterns, we must now develop policies for protecting farmers from the impacts of climate change, especially droughts and floods. We need to scale up weather-index crop insurance schemes for farmers. Area-based flood insurance schemes must be put in place to ensure disaster payments to farmers and communities from floods and droughts that occur over vast areas and well beyond individual farmers. We must move towards small scale water management systems, that are cost effective and which empowers farmers to harness rainwater and underground water for food production. As part of the flood recovery food production initiative, the Ministry of Agriculture will distribute 5,000 pumps to farmers to be able to use for flood recession food production in the dry season.

But as we deal with the flood issue, we must not forget that today Nigeria's agricultural transformation is getting global attention. We have been able to attract \$ 8 billion of private sector investment commitments into the agriculture sector in the past one year. The world is noticing. The World Bank is providing \$500 million. African Development Bank has committed

\$250 million. The Bill and Melinda Gates Foundation have selected Nigeria as a priority country for its investment in agriculture. The International Fund for Agriculture Development has put up \$80 million. The USAID has committed \$60 million. And the DFID, Ford Foundation and Rockefeller Foundation have committed for technical support facilities.

Achieving the transformation of the agricultural sector requires a structural change in the labour composition of the sector. The farming population is ageing rapidly and unable to meet the increasingly complex challenges of markets and technology. To feed our rising population well into the future, we will need young commercial farmers. We also need to create jobs for our many unemployed youth and the agricultural sector holds the greatest potential to create millions of jobs.

This is where universities like yours have a crucial role to play. Universities and especially faculties of agriculture need to wake up to the reality around them. Agriculture is changing rapidly. Today, only countries that move into commercial agriculture and agriculture as a business have a chance to compete. We must change the way we train students, what we train them on and what we prepare them for. Look at any profession: lawyers practice law because they were prepared for it; doctors practice medicine, they were prepared for it, but the agriculture graduate does not practice agriculture. They run from it. They look for jobs in other sectors.

We must retrain our students to become job creators, not job hunters. The faculties of agriculture and the Universities of Agriculture need to change their curriculum to be in line with the realities of the labour market and prepare students with practical technical and business skills they need to set up agribusinesses. This will require linking of the faculties of agriculture and business administration to set up "**agribusiness entrepreneurship centres**". These centres should be used to provide technical farming skills as well as agribusiness management skills for young commercial farmers.

To get the youth into agriculture, we must rapidly mechanize our agriculture. This is particularly necessary if we hope to overcome the image of drudgery that discourages many youth from getting into the agricultural sector. Data shows that the Nigeria has less than 20,000 functioning tractors in the country, one of the lowest tractorization rates in the world. Creating a market for contract tractor service providers will not only mechanize the sector but present job

opportunities for many industrious youth. We need to design a comprehensive system that facilitates a strong relationship between financial institutions, tractor manufacturers, tractor vendors and all other relevant parties to make it easier to afford, own or lease tractors.

We are not just talking about it. We are doing it. In April 2012, we succeeded in attracting AGCO, the world's leading manufacturer of Massey Ferguson tractors, to initiate an investment plan for over \$100 million in Nigeria. They have already started building their first modern Farm Training Center in Oyo State and expect to roll out into other states. They expect to hire 3,000 agricultural graduates, in what I see as Nigeria's first major drive ever to mechanize agriculture.

We are also revamping the extension system. While Nigeria used to have a vibrant agricultural extension system in the 1980s, this collapsed with the structural adjustment of the late 1980s, which dismantled the public extension system and retrenched staff. The Agricultural Development Projects (or ADPs) which used to offer extension have become moribund since the funding from the World Bank ended. Nigeria's extension to farmer ratio is 1 :20,000, which is twenty times below the internationally accepted norm. We are turning this around. We have already developed a comprehensive agricultural extension programme which will combine public and private extension systems. For the first time ever, extension will be given a high priority in the Federal Ministry of Agriculture and Rural Development. A Federal Department of Agricultural Extension will be created in 2013, to provide overall national extension policy guidance and work closely with the state governments to revamp extension systems. The new department will also provide employment opportunities for young agricultural graduates.

We have already started to design a new initiative to create a new generation of young commercial farmers that will help transform the agricultural sector - and feed Nigeria today and well into the future. They will be called 'Nagropreneurs'. Our goal is to create 760,000 Nagropreneurs by 2015. They will be young, commercial and market driven farmers - majority agricultural graduates- who will become the elite group of young commercial farmers to further drive the agricultural transformation of Nigeria.

Already we have some of them. Take the case of Mosunmola Umoru, who left a profitable career in banking to become a commercial farmer. Today she runs her own 20 ha farm

and makes a lot more than when she was in banking. Take the case of Kofo Adegoke, who sold his car and moved from Abuja to his village in Kwara State to start a cassava farm. His parents wondered what went wrong with him. In less than one year, he has already a 20 ha farm and has joined our exporters of cassava chips to China. These young people knew a secret: agriculture in Nigeria is changing rapidly into a business and only those that get into it will reap the benefits. I challenge all the students of this great University to join the new crop of Nagropreneurs for Nigeria. In few years from now, you will become like other farmers in advanced countries: with profitable businesses, exporting and feeding our rapidly growing population.

Obafemi Awolowo University should become one of the leading universities to prepare and produce the next generation of Nagropreneurs for Nigeria's agriculture. All across this hall today, I can see vast potential. Mr. Vice Chancellor, I challenge you 'today "***unlock this potential***"!

For as you do, I have every faith not only that you will succeed, but that, through you, our nation will once again be able to hold up her head high in the community of nations and be a breadbasket for Africa and the world. Together, we can be great again! Today our future lies before us. For deep within me I can see Nigeria arising as an Agriculture Power House. Nigeria will arise, my friends. For agriculture was Nigeria's past, and agriculture is Nigeria's future!

Once again, I congratulate the graduating class of 2012. Great Ife!

I wish you all of God's blessings.

God bless you all.

