

Key elements for supporting the renewed focus on agricultural productivity and small-scale agricultural development in Nigeria

The first country programme evaluation (CPE) of Nigeria, carried out by the Office of Evaluation in 2007-2008, revealed that despite Nigeria's present status as a major oil-exporting country, the economic challenges of past decades has led to unrelenting disparities in income and rural poverty. Notwithstanding the re-establishment of a democratic civilian government in 1999 and efforts to promote economic growth and mitigate poverty, the aforementioned difficulties remain a challenge.

The crucial importance of the agricultural sector can be gauged from the fact that small farms of 1-5 ha produce about 90 per cent of the country's food crops and are main drivers of the rural economy. Indeed, Nigeria is Africa's largest producer of yam and cowpea and the world's foremost producer of cassava. More than half of all farmers produce only food crops, while women play a major role in their production, processing and marketing. The small farm sector is also a source of livelihood for landless labourers and other service providers; and plays a major role in the trading of inputs, food and raw materials at the community and village levels.

Despite its crucial role, the small farm sector is beset by problems having to do with low productivity, uncertain financial viability and limited access to services and markets. IFAD interventions in the sector have been successful in some areas, such as in establishing the community-driven development (CDD) approach and in eradicating pest and disease on cassava crops. However, these interventions have yet to adequately influence the performance of small farmers and enable them to realise their full potential. IFAD's success in replicating the CDD approach has led to the empowerment of communities and establishment of social infrastructures in a cost-effective manner. The simple, yield-enhancing technologies and best cultural and conservation practices promoted by the agricultural subcomponent of the programme are further examples of the relevance of IFAD action.

However, the CPE found that the share of funds devoted to such productive, income-generating agricultural activities was generally limited when compared with those for social infrastructure and related services. Moreover, the effectiveness and

impact of project interventions fell short of expectations with regard to: (i) communal aspects of natural resource management; (ii) the profitability and marketability of agricultural produce for increasing agricultural income; (iii) use of the value-chain approach and private-sector participation; (iv) sustainability of enterprises and income-generating activities; and (v) practicability of microcredit provision through commercial or community banks.

It was not entirely unexpected that such funding imbalance would occur in the communities and Local Government Areas (LGAs) where poverty, lack of amenities and services, and limited agricultural potential were prevalent features of the local environment. Conversely, in areas of cash crop production/marketing, a higher proportion of funds was allocated for improving farming operations.



Women in Nigeria play a major role in the production, processing and marketing of food crops.

Painting by Abubakar K. Akobi

The CPE observed that the establishment of social infrastructure facilities and services was encouraged under the CDD approach, but that the upkeep of such investments inevitably imposed a cost burden on the communities and LGAs responsible for operation and maintenance. The ability of communities and LGAs to meet these obligations once project funding comes to an end will depend on the revenue-generating capacity and sustainability of farming operations and agricultural enterprises, which are the mainstay of the local economy. Unless there is a reasonable balance between cost-incurring social interventions and productive, income-creating activities, it may well be that the longer-term impact and sustainability of interventions is threatened. Therefore, the key recommendation of the CPE is that renewed focus should be placed on small-scale agricultural development. But how can this best be done in the less advantaged regions of Nigeria?

The positive factors identified by the evaluation are that: (i) development of commodity value chains is a strong and sustainable instrument for ensuring competitiveness and good returns to farmers, as proved by several projects in Nigeria recently funded by other donors; and (ii) value addition to farm produce through properly planned and managed processing and marketing can create a viable platform for food security, job creation and poverty reduction. However, none of the foregoing can be achieved without the full participation of the private sector. A number of negative factors have been identified as well: (i) a large proportion of small-scale agriculture is uncompetitive, and is neither profit/business- oriented nor sustainable; (ii) there is a vicious circle of low productivity and income, total shortages of cash, and limited investments or input availability/use; and (iii) the lack of market access and of credible processing and trading outlets also hinders improvements in or expansion of production. For example, an effective



The community-driven development approach empowers communities to identify and prioritize infrastructure such as potable water supplies.

Source: *Evaluation Mission, 2008*

distribution system is needed to give smallholders access to fertilizer at affordable prices and help them remain competitive. The existing seed and planting material industries are underdeveloped, and supplies are often of substandard quality.

The **CPE findings** suggest that there are three key elements to renewing the focus on small-scale farming.

Ensuring farmers' access to inputs and to markets for outputs. The private sector should be encouraged to participate in the supply of inputs which would lead to a gradual reduction of the role of the state in this area. It should also be the main driver of competitive commodity value chains and the promoter of farmer group/outgrower marketing schemes, with Government providing an enabling environment for commercial operations. Small farmers must be helped to organize themselves into viable associations or groups that would enable them to respond to market demands.

Public-private partnerships. Such partnerships would ensure an integrated approach to producer, processor, trader and marketer arrangements. The most successful precedents in Nigeria have involved clusters of farmers being organized around major agro-based industries, notably in the supply of rice and other cereals for processing and food manufacture. The private sector's willingness to participate in such arrangements is likely to depend on the Government's commitment to: (i) financing the social element of basic transport and handling infrastructure; (ii) providing policy continuity for, and judiciously applied subsidies to, small farmers; and (iii) undertaking an active programme of sensitization, advocacy, training and mentoring of State and LGA agencies and their field staff with regard to development approaches, partnerships and collaboration.

Provision of business/technical advice and services. The lack of reliable access to credit is a major impediment to improving small farm operations and enhancing the livelihoods of rural households. Priority attention should be given to resolving the problem of microfinance in much greater depth across Nigeria. The national agricultural research institutes are potential sources of much more effective advice and services, particularly if they are better resourced and their operating paradigms are oriented to the commercial, rather than just the technical/scientific, aspects of agriculture. IFAD support is required for commodity-based marketing groups and for marketing information systems.

Finally, in its efforts to support the renewed focus on small farmers, IFAD is in a strong position to take advantage of its experience in West Africa, other parts of the continent and elsewhere. This implies pro-active and strategic use of knowledge management and policy dialogue.

Further information:

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