

**AGRICULTURAL INSIGHT
TRENDS & ANALYSIS**



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Agricultural Insights

The Agricultural sector grew by 3.17% in Q1 2019 from 2.46% in Q4 2018 and 1.91% in Q3 2018. The first quarter of 2019, started with a positive outlook and an enabling environment for the sector. Analyzing major trends and policies in the sector, one fact is eminent that Nigeria indeed has enormous potential both in human and natural resources.

Trends and Policies – are constantly changing to meet specific demands in terms of development in the present Nigerian agricultural ecosystem. The country's grazing reserves are at the point of development and implementation which should have a positive impact in reducing the farmer's and herdsman clashes, thereby increasing the productivity of regions affected.

However, the process to actualizing the much-needed development in the grazing reserves involves a multi-stakeholder agreement across various regions where these reserves are to be developed, this development may not have an immediate impact, except if prioritized by the parties involved, the construction of grazing reserves would greatly impact food production positively in the country.

Furthermore, the [tomato policy](#) which has been passed addresses issues within the value chain, this policy is aimed at boosting local producing capacity, improving the value chain process and attract formidable investment. The policy is also expected to create jobs, actualize self-sufficiency in tomato production while reducing postharvest loss and discourage the importation of tomato products.

Financial Inclusion – agricultural lending and credit facilities within the sector have been revitalized, but are not sufficiently structured to cater for the growing financial needs in the agricultural space. This has been a major problem especially in the case of smallholder farmers due to the volatile nature of production, seasonal output and inherent risk, most commercial banks shy away from agricultural loans.

There have been commitments from government and private stakeholders through intervention programs to revamp the agricultural sector and sustain the growth, the country is to profit economically from this growth through its agricultural activities and resources. However, the agricultural sector continues to experiences low budgetary allocation with 2.2% of the total 2018 budget of N9.12 trillion and 1.3% of the total 2017 budget of N7.44 trillion (NBS), 2019 budgetary allocation was 57.67bn.

The challenges in the agricultural sector are enormous but not limited to financial inclusion, good agricultural practice and market availability. These challenges provide diverse opportunities for private sector participation as the country seeks to diversify its economy following the fall of global oil prices by prioritizing the Agricultural sector and creating an enabling environment.

Nigeria's agricultural sector contributes [14% of Africa's Agriculture GDP](#) and has the capacity to grow these figures by investing 7% of annual budgetary allocation which is 3% less of [Maputo](#)

[Declaration](#) on Agriculture and Food Security. The World Bank forecasts that Africa's food market is estimated to hit US\$1 Trillion by 2030 and Nigeria can partake in this growth with the right investment and political will.

Agricultural Research and Development

The need to invest in agricultural research and development cannot be overemphasized as it is the foundation for innovation which drives major increase in input/output margins, with proper investment in R&D, there will be a clear increase in crop yields and revenue statements of farmers in the country. Beyond the increased crop yields, research will furnish the country with economic data that provides quantifiable evidence of the value of scientific and technological advancements in agriculture.

Furthermore, beyond the economic data analysis provided, investing in agricultural R&D will address regional and global issues which include food security and nutrition. Leveraging on existing research institutes, Nigeria has the capacity to thrive regionally in R&D by gradually increasing its investment strategy to these institutions which would enable them to set up proper research centers to keep abreast of global technological trends and innovative advancements in agriculture impacting local farmers output and livelihood.

Agro-Processing

With a high propensity to increase productivity, the question has been raised on best practices with regards to agro-processing. There have been concerns on the fact that most smallholder farmers lack the proper training on handling agrochemicals and storage of their products causing products like grains to have high level of humidity which makes them unmarketable. Aflatoxins are a menace in agricultural products ready for consumption and sales, this can be curtailed and managed with sensitization on best practices and use of agrochemicals.

Training on how value can be added to agricultural products is of the essence, although the pursuit for productivity is highly prioritized especially with a growing population, therefore, best practices should be inculcated in the need for nutrition inclusive products that are marketable globally.

Conclusion

There have been innovative actions in the private sector, for example, Diageo Nigeria, "[Grow with Nigeria](#)" initiative which aims at helping improve the livelihood standard of Nigerian farmers by creating a favorable market for them, progress was experienced by the hibiscus farmers in Jigawa state Nigeria where they recorded N3.6billion in exports in the year 2018.

The quest to increase productivity across all subsectors of agriculture is inevitable, although the process is poised with roadblocks from low credit facilities, poor agricultural practices, inadequate input suppliers, climatic conditions amongst others.

These hurdles can be scaled through shared innovations and partnerships between relevant key stakeholders in this sector across all value chains. The outlook for the rest of the year is positive although concerns on weather and climatic conditions have been raised by the Nigeria Metrological Agency on the delayed and early cessation of rain, evaluating this forecast

positively, it has given the farmers the needed knowledge to plan their rain-fed agricultural season effectively.

Recommendations

- Policies should be flexible and made palatable for all to understand, considering the smallholder farmers who are the main stakeholders in the Agricultural ecosystem.
- Policies should be crop and value chain specific in some cases there should be prioritization of high demand crops and value chains.
- A sustainable financial inclusion framework can be built, leveraging on the existing structure, it should cater to all especially, smallholder farmers.
- It should be crop-specific with a low-interest rate.
- The financial inclusion framework to be built should include a value chain management technique and insurance, that supports farmers through the whole value chain.
- Investment in Research and Development should be prioritized, as it would help address problems in agriculture including agro-processing gaps.



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