

**1<sup>st</sup> UTAFITI SERA FORUM ON EMPLOYMENT CREATION IN AGRICULTURE AND  
AGRO-PROCESSING IN THE CONTEXT OF INCLUSIVE GROWTH IN NIGERIA**



**FORUM REPORT 31<sup>ST</sup> JANUARY, 2017**

**AMAECHI HALL, ROCK VIEW HOTEL (ROYALE)  
ABUJA, NIGERIA**

## EXECUTIVE SUMMARY

On 31<sup>st</sup> January, 2017, the Nigerian Institute for Legislative Studies (NILS) in collaboration with The Partnership for African Social and Governance Research (PASGR) and the Dutch Knowledge Platform on Inclusive Development (INCLUDE) organised a one day stakeholder's forum on employment creation in agriculture and agro-processing in the context of inclusive growth in Nigeria. This marked the first major activity of the *Utafiti Sera* project in Nigeria.

The forum brought together 47 key stakeholders in the agriculture and agro-processing industries, the academia, policy makers, practitioners, international civil society and other active players in the economy to discuss the findings and policy recommendations of the study on 'Political Settlements Analysis of Employment Creation in Agriculture and Agro-Industries in Nigeria'. The study which was facilitated by PASGR and carried out by a group of researchers led by Dr Aremu Fatai focused on the rice and cotton sectors. The study found that the sectors were characterised by competitive clientelistic political settlements where there isn't large coalition of interest groups that share the long term vision of the state to support local production and create jobs, but rather individual interests. In both sectors the influence of importers are a major blockage to employment creation, as small holder farmers are crowded out by imports leading to collapse of rice mills and textile factories.

The study informed the presentations at the forum. The first presentation focused on the findings of the study as well as existing literature on employment creation in the agriculture sector in Nigeria, while the second was a presentation on transforming domestic private investment in the rice and cotton value chains to promote employment creation.

Following the presentations and discussions, the house was divided into three discussion groups. Group I discussion was centred on the 'Consolidation of institutions and resources in the agriculture sector for employment creation', while the debate on 'Gender and Youth inclusiveness in wage employment in the agricultural value chain' was assigned to Group II. Group III deliberated on 'reducing the importation of agricultural products and turning importers to producers for employment creation'.

From the discussions, the *Utafiti Sera* house in Nigeria resolved to pursue four issues with regards to the promotion of employment and inclusiveness in the agriculture value chain. They include:

- Monitoring and evaluation of agriculture budget for job creation;
- Operationalization of youth in agri-business policy;
- Promoting industrial clusters;
- Addressing gender disparity in wage employment.

As a way forward, these issues will inform further discussions with key members of the Nigerian Senate, House of Representatives, and the Executives in three Breakfast meetings.

## 1. Introduction

On 31<sup>st</sup> January, 2017, the Nigerian Institute for Legislative Studies (NILS) in collaboration with The Partnership for African Social and Governance Research (PASGR) and the Dutch Knowledge Platform on Inclusive Development (INCLUDE) organised a one day stakeholder's forum on employment creation in agriculture and agro-processing in the context of inclusive growth in Nigeria. This marked the first major activity of the *Utafiti Sera* project in Nigeria and was informed by findings and policy recommendations of an employment creation study in the agriculture and agro processing in the textile and rice value chains. The forum brought together 47 key stakeholders in the agriculture and agro-processing industries, the academia, policy makers, practitioners, international civil society and other active players in the economy. .

While delivering the welcome address, Dr Ladi Hamalai<sup>1</sup> emphasised the need to strengthen the linkage between research and public policy as it holds the potential to remedy social problems. She noted that research helps to provide a broader understanding of issues which can be useful if policy and development are inclusive.

Mr Abdul Azeez<sup>2</sup>, in his Keynote address acknowledged that growth in Nigeria and across Africa was not inclusive, and emphasised the need to develop new growth models to salvage the situation. He noted that whilst growth is important, it would be useful to



harness the potentials of employment creation in the agricultural sector, arguing that *people do not eat GDP, people eat food*. Hence, the need to revive the agricultural sector and make it attractive to new entrants, particularly the youth in rural locations. He further noted that development in the agricultural sector is crucial to rural development because the rural

environment is a vehicle for job creation as it has significant proportion of the current labour force in the agricultural sector. This can be made possible by harnessing private sector involvement in agriculture development for increased production to serve local and export markets.

Mr Azeez also observed that the export of raw agricultural produce dominates the Nigerian agricultural sector, and this can be further enhanced by employing the use of

<sup>1</sup> Director General, Nigerian Institute for Legislative Studies (NILS)

<sup>2</sup> Director, Federal Ministry of Agriculture and Rural Development (FMARD)

improved machinery to remain internationally competitive and to assist farmers mitigate risks and manage losses. To this end, Mr Azeez reported that the Nigerian Government, through the Federal Ministry of Agriculture and Rural Development (FMARD) and Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL) have been involved with assisting farmers reduce risk but that more needed to be done. He argued that since credit acquisition for agricultural purposes remains a major concern, loan facilities to players in the industry should be increased.

Mr Azeez concluded by identifying strategies to improving agricultural production viz. ease access to finance from the private sector; strengthen financial institutions and recapitalize the Bank of Agriculture; put in place appropriate and operational policies; create strategic partners to foster agricultural investments; make agricultural activities attractive to youth and women; prioritize the development of export market; commission reliable storage systems; provide support for agricultural extension; target corridor development and link farmers to the markets, among others.

## **2. Introducing *Utafiti Sera* (Research – Policy Community)**

Dr Nicholas Awortwi introduced *Utafiti-Sera* to the audience and noted that the rationale for the initiation of the programme was to fill the observed gap between the academia and policy actors. Nicholas noted that translation of research evidence into policy action is necessary to fast track the much needed development in African and that it is in this regard that PASGR has developed '*Utafiti Sera*.' He described *Utafiti Sera* as an intervention that provides opportunities for new ways of thinking and collaborating to address the challenges that hinder the transition of research evidence to policy action and programming decisions.

*Utafiti Sera* represents a community of researchers and policy actors who work together to ensure that appropriate policy actions are set forth either through programmes, legislation, policies or administrative and other actions around an issue for which research has provided evidence - in this case employment creation in the context of inclusive growth in Nigeria. As such, *Utafiti Sera* is a “process”, “space”, “platform”, “forum” and a “vehicle” for translating research evidence to policy action.

The objectives of '*Utafiti Sera*' in Nigeria are to: establish and sustain a vibrant research-policy community on employment creation in Nigeria through well planned programme activities; generate new research evidence and synthesize existing relevant research evidence on employment creation in agriculture and agro-processing sectors; make this evidence available to policy actors and practitioners using policy briefs, newspaper articles, video documentaries, among other forms of communication; and engage key policy actors and practitioners through direct contact, policy advocacy and the use of issue champions during breakfast meetings, policy debates and workshops.

## **3. Presentations**

After the opening sessions, there were two presentations that focused on studies on employment creation in the agriculture sector in Nigeria. The first presentation focused on the findings of existing literature on employment creation in the agriculture sector in Nigeria, while the second was a presentation on transforming domestic private investment in the rice and cotton value chains to promote employment.

### **3.1. Presentation 1: Synthesis of the Literature on Employment Creation in Agriculture and Agro-Industries in the Context of Inclusive Growth in Nigeria**

Dr Eric Ogunleye<sup>3</sup>, Managing Consultant at Emerging Frontiers, in his presentation emphasized the huge potentials of the Nigerian agriculture sector in creating employment. He noted that despite high economic growth rates over the years, joblessness prevailed in Nigeria, hence the high level of inequality and poverty. Eric argued that Nigeria can draw useful lessons from Brazil who has over the years succeeded in eliminating bottlenecks in agriculture. It did this by investing \$61.6 billion on research and development between 1981 and 2013, to revive its agriculture sector and this has provided a generous incentive package to support farmers.

The presentation by Eric noted useful lessons that Nigeria can learn from Brazil namely: strengthening institutional frameworks to promote agricultural policies, enhancing investment in research and development, good blend of private sector investment in the sector, persistence of policies, and land reforms. The study identified a number of challenges in the Nigerian agriculture sector including: inadequate credit facilities to farmers, use of crude tools, and poor infrastructure. The study argued for specific government role in de-risking agriculture and noted that the entry point could be to elevate agriculture to a national priority. It would be useful to also improve co-ordination among the donors and strengthen partnership among all stakeholders.

#### **a. Emerging Trends in the Literature:**

- **Agriculture and agribusiness have high potential for promoting inclusive growth in Nigeria.** Currently, Nigeria has under cultivation, only 33 million hectares out of a total agricultural land area of about 68 million hectares. Similarly, just about 7 per cent of the estimated 3.14 million hectares of irrigable land area is being cultivated, revealing the large existing gap and untapped potential of agriculture for reducing poverty, increasing income and generating employment. Another source of potential is the large annual food imports bill of about US\$22 billion, mainly on basic necessities like rice, wheat, sugar and fish. Bridging this gap through domestic production could help bring into productive work, many Nigerians with high potential for improved livelihood.

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<sup>3</sup> Managing Consultant at Emerging Frontiers

➤ **Key challenges facing limiting the potential of agriculture and agribusiness to foster inclusive growth in Nigeria revolve around 3 issues:**

- **Paucity of Specialised knowledge:** This a challenge as majority of smallholder farmers also lack basic education. This is seen in their use of manual farm tools and methods of farming like hoes and cutlasses, to prepare land, plant and harvest. This is the result of illiteracy and non-availability of modern farming equipment and technology.
- **Poor infrastructure:** Lack of basic infrastructure like feeder roads, storage facilities, irrigation systems, electricity, and processing infrastructure constrain the sector's potential.



- **Institutional weakness in research and development:** A large percentage of the tons of agricultural research institutions are in a dire state, sometimes emanating from funding and capacity issues. Input and commodity prices are also highly unstable.

Inconsistencies in

agricultural policies also contribute to limiting the potential of agriculture and agri-business. There is also the challenge of high post-harvest losses where between 20- 40 per cent of annual harvest is lost as a result of poor storage and processing facilities.

➤ **Coordinated and focused policy interventions are required to mainstream agriculture as an engine for inclusive growth.** Presently, different stakeholders and actors in agriculture and agribusiness in Nigeria present limited on their interventions. Many of the stakeholders appear to be working in isolation without sufficiently collaboration resulting in duplication and dissipating energy in the sector, while other important ones are being neglected.

➤ **Rural infrastructure imperative to generate and sustain job creation in agriculture and improve rural livelihood.** One way to encourage agriculture and agribusiness, especially for the youths is to make the rural sector sufficiently attractive to live in. This will require the provision of basic hard and soft infrastructure and amenities like electricity, potable water, health care facilities, schools, etc. In addition, agriculture and rural livelihood supporting

infrastructure are also needed to promote agriculture and agribusiness. These include feeder roads, storage facilities, irrigation, etc.

- **Agricultural value chain development offers opportunity for increased rural livelihood.** Nigeria has high potential for agricultural value chain development in several commodities. The key ones are cassava, cocoa, cotton, rice, tomato, palm oil and livestock. The benefits of agricultural value chain development are numerous. They assure buyers of good and acceptable product quality, supply and safety through integrated systems spanning production through retail. It also assures suppliers of a market and the benefits of economies of scale. It improves access to the market and reduces the time needed to respond to changing customer demands, as a result of better communication with partners in the chain.
- **There is a large untapped pool of employment opportunities in agriculture.** This potential is however hindered by drudgery and lack of interest by youths. Sometimes, this lack of interest is the result of poor remuneration associated with low-productivity of the sector. Risks associated with agricultural activities also limit the interests of youths in agriculture, thus limiting its employment potential.

## **b. Recommendations**

### ***Government***

- a) Develop agricultural value chains in areas of comparative advantage. This should be planned over the short, medium and long-term. There is a wide array of commodities to choose from. These include rice, cassava, wheat, cocoa, cowpea, groundnuts, oil palm, rubber, maize, soybeans, cotton, tomato and sugarcane.
- b) Develop the agro-industry through upgrading and modernization. This can be achieved through promotion of science and technological innovations and human capacity for agro-industrial development. This will help promote competitiveness of agriculture and agro-industry sector through increased productivity.
- c) Accord indigenous technology a prominent role in promoting agriculture and agro-industry. Intensive use of indigenous technologies should be considered for the agro-industry sub-sector and integrated into activities of institutions focusing on technology development. This is imperative because indigenous technology is a necessary condition for building successful technological capabilities and sustaining domestic efforts that would effectively adapt foreign technology.
- d) Develop the export market and promote trade at regional and international levels. The starting point will be to focus on leveraging West African regional integration based on commodities for which the country has comparative

advantage and then gradually scale up to central Africa, the African continent and then globally. This may require taking advantage of global initiatives like the Africa Growth and Opportunity Act (AGOA).

- e) Promote private enterprise and foreign direct investment (FDI) in agro-industries. This will require improvement in sector's return on investment and minimisation of the risks associated with activities. Business environment as well as personal security and security of investment need to be stabilised to ensure predictability. Also important is attractive fiscal incentives for investors engaged in the sector.
- f) Promote agro-industry and rural infrastructure development. The infrastructure would specifically target the peculiarities of the sector. Both hard and soft infrastructure such as roads, electricity, healthcare facilities, education facilities, etc. should be provided for the rural areas to attract and keep Nigerians, especially the youths in the rural areas for gainful employment in agriculture.
- g) Develop robust political will. Policy interventions should not be limited to pronouncements only. Government should ensure effective implementation and follow through on all implementation activities. Strong monitoring and evaluation system should be instituted to track implementation and monitor progress.
- h) Ensure facilitative Policy Framework. Government should focus on its role of providing clear and consistent policy direction and as facilitator to promote private sector involvement in agribusiness. This will assure certainty and further instil confidence for private sector engagement in agribusiness.
- i) Ensure availability of adequate capital. To succeed, agribusiness requires adequate financial capital, machineries, human capital, improved seedlings, fertilizers, pesticides, etc. Provision of capital in these different forms through government special interventions and commercial loan guarantees coupled with entrepreneurial trainings will help achieve this.
- j) Encourage commercial farming while nurturing smallholder farmers. There is need for balance in the support provided for agriculture and agro-industry. Smallholder farmers should be given tailor-made support to help them compete favourably. These two categories of agro-industry participants complement each other and contribute to overall inclusive growth in the sector.

### ***Development Partners***

Assist in promoting inclusive growth through provision of technical assistance to all segments of the agricultural value chain.

### **c. Cross-cutting Issues**

- Strong partnership among all stakeholders is crucial for success. National and sub-national governments should partner with farmers to allocate and grant them access to land for agricultural purpose
- Provide credit extension to all segments of farmers - smallholder and commercial.
- Treat agriculture as a national priority. This is important to ensure its sustainability. The specific policy action to achieve this is through increased government funding of the agricultural sector.
- Promote agribusiness education and youth vocational training. This should not be left to the Federal Government alone. Sub-national governments should be partnered in.

### **3.2. Presentation 2: Transforming Domestic Private Investment in Rice and Cotton Value Chains to promote Wage Employment in Nigeria**

Dr. Aremu noted that in addition to large domestic market, there is massive untapped regional market for agricultural and allied commodities. However, potentials cannot feed a growing population nor are potentials sufficient for employment creation. Potential is meaningful only when it is transformed to tangible benefits through proactive policies and implementation. Despite series of government interventions, agriculture has failed to attract substantial private investment and generate decent wage employment.

With a population of about 170 million projected to reach 279 million by 2050, Nigeria is on track to become the 3rd largest country in the world, hence food security and employment creation will remain a core policy concern. The rice sector in Nigeria is bedevilled by huge rice imports due to domestic supply gap, and the result of these include: food insecurity, foreign reserve depletion, pressure on forex and worsening unemployment, not to mention the negative impact this would have on the local farmers and processors. Other policy issues highlighted include extreme fragmentation of institutions and resources, lack of internal coherence and synergy, poor inter-ministerial coordination within and among agricultural parastatals.

Despite these, policy recommendations to salvage the situation include:

1. Consolidation of existing agricultural and associated institutions and resources (Brazil's EMBRAPA model);
2. Increased coordination and harmonization between FMARD and FMITI<sup>4</sup> for effective linkages and synchronization along the value chains;
3. Genuine efforts to harmonize and synchronize interventions across the various tiers of government;
4. Provide incentives and stimulus for increased private sector investment in agriculture and agro-processing;
5. Increase investment in infrastructure that specifically targets the farms and processing firms;
6. Access to modern technology, including information, is critical to the successful transformation in agriculture;

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<sup>4</sup> Federal Ministry of Industry, Trade and Investment

7. Deliberate & systematic effort to integrate women and youth as specific target beneficiary of government intervention;
8. Urgent need to reform and energize knowledge production, dissemination and consumption processes.

In conclusion, private investment in agriculture and agro-processing is necessary to unlock the immense potential for job creation, however, unless the conditions are made conducive by government, the sector will not attract substantial private investment

#### **d. Comments, Questions and Discussions**

Employment creation may not be a deliberate policy in the agriculture sector. Instead, job creation should be a fall-out of investments in agriculture. This can be achieved only if there is a framework to co-ordinate agricultural activities. Unfortunately, the lack of coordination among ministries remain a major setback.

#### **4. Break Away Sessions**

After the presentations and plenary discussions, the house was divided into three breakout sessions.

#### **Group 1: Consolidation of Institutions and Resources in the Agriculture Sector for Employment Creation**

The discussion concerned itself on how best agriculture could be taken seriously, the strategies of making the sector attractive to women and youth, as well as the role research can play in transforming the agricultural sector. The group emphasised the need for more interaction between researchers and farmers, while government would require registering farmers country wide as there is insufficient insight into farming communities. The group also proposed the need to establish a funding system for farmers, while the amendment of the land use Act could go a long way in reducing corruption in land use for Agriculture. (See summary of deliberations in the Table below).