

## Scorecard of Nigeria's Agricultural Development 2015-2023



Buharism, the term used to describe the economic theory and political economy of President Muhammadu Buhari, promised in May 2015 when he assumed office, that his administration would promote self-sufficiency in agriculture and food production. The former Central Bank Governor, Sanusi Lamido Sanusi, described Buharism as a kind of bourgeois nationalism that is radical in the sense of being a progressive move away from domination by a parasitic elite, to one in which a nationalist and productive class gain ascendancy. Buharism also believed its long-held principle argument against Naira devaluation as the means to improve Nigeria's balance of trade. This is based on its persuasion that there are superior alternatives of relieving pressure on Nigeria's foreign reserve.

An expression of this was the appointment of Hameed Ali, a retired army colonel, as Comptroller General of the Nigeria Custom Service (NCS) that enforced import restriction

measures on 41 essential items. The reason was that the products could be produced locally and would relieve the pressure on the Naira. Some of the banned items were agricultural finished products like Rice, Fertilizer, Sugar, Meat, Fish, and Poultry. This policy was also intended to create opportunities for local producers in the domestic market. While there have been highlighted successes, there have been unmet expectations, as well, especially where projected increased production of the banned items and impact on agricultural development in Nigeria didn't happen.

The Anchor Borrower's Programme (ABP) was the main agricultural initiative of the government. It was formulated by the CBN and launched by President Muhammadu Buhari in November 2015. The ABP aimed to provide farmers with agri-inputs in cash and kind. Included in this laudable initiative was also a scheme to connect farmers with off-takers, who would in turn pay fair prices. This

Credit support was provided each year, ahead of the season, by the CBN and the farmers are expected to repay the obligation with their harvests, just like a contract farming model. About 4.2 million farmers are said to be registered on the programme, and participation is limited to only one hectare of farmland per farmer.

The focus of agricultural economics is mainly on increasing growth and productivity of farmers. The ABP was designed to focus on increasing the number of farmers. As existing progressive farmers are not allowed and encouraged to reach 5 hectares (highest class for small commercial farmers) there has been no growth, no increased income and therefore, no spending in the rural economies and, by extension, no employment and income for the rural poor. This policy has not reduced poverty.

The ABF scheme has not grown. One of the reasons for its lack of growth is the high rates of default in repayments from the farmers. According to the International Monetary Fund (IMF) 76% of the beneficiaries have defaulted even though repayment can be made in kind, thereby limiting the tenor to one season. The IMF claims that the cause of default is because the recipients of the loans are not always well targeted. Corruption may have blighted the opportunity for the scheme to register experienced and committed farmers.

At the ABP launch in 2015, President Buhari was particularly hopeful that it would accelerate local rice and wheat production. Since then, we have seen an unprecedented increase in production of rice and massive development along the rice value chain with about 50 new large scale milling factories established across the country. The success is impressive and the country has benefited with sufficiency in rice, employment and income for many tens of thousands through the value chain. However, the programme has failed to show any impact on local wheat production. The CBN has now succumbed to the age-old response of import substitution





and political propitiation by launching The Brown Revolution. The Brown Revolution has to come under scrutiny because the CBN has spent over N40 billion for a one-season programme.

The CBN's direct involvement in agricultural policies and implementation within the last 8 years is as a result of the emphasis of the Buhari administration on the conservation of foreign reserve through import restriction measures – a Buharism alternative to neo-classical economics. Agricultural developmental projects and programmes that came after the ABP, implemented by the government appear to have been an afterthought. The roles of developmental agencies and institutions like the Bank of Agriculture, may have been usurped by the CBN's very direct involvement in their traditional roles.



The Presidential Fertilizer Initiative was a major plan that has made NPK fertilizer accessible and affordable. It was conceived to resuscitate fertilizer blending plants across the country and produce one million metric tons per annum at a pegged price of N5,500.00 per 50kg bag. President Buhari was keen on, and active in, its implementation. It was successful in bringing back to life some moribund fertilizer companies, mostly owned by state governments and the private sector, through the sourcing of scarce raw materials like Potash from Russia and Phosphate from Morocco. Then came the globally disruptive Russia-Ukraine war. It has resulted in total collapse of the supply chain, which has arrested the attention of most Governments in the world. At one of our Trade Missions in 2022, many of the 15 delegates who have blending plants spent much of their time trying to source for potash in Europe. There has been unintended consequence of President Buhari's hopes. As usual, the inefficiencies and corruption in state run enterprises have not eliminated the kind of parasites Buharism seeks to eliminate. The result is still higher prices and unavailability of fertilizer to small holder farmers.

The UREA fertilizer segment also received a major boost recently with the commissioning of the 3 million metric tons per year Dangote Fertilizer Limited plant. Dangote has now emerged as the dominant player over key competitions, Notore and Indorama. The Dangote Group has announced that it will sell its product at international market prices, targeting the export market. It is to be expected that a private sector player must make return on its investment and pay attention to the considerable debt incurred in building the largest single train oil refinery in the world—in which the Urea manufacturing window

opens up, which is also an ingredient in the production of NPK fertilizers. Some remarked that the Government should have sought benefits to the local market, especially being a shareholder in this project. However, this intention of Dangote to pursue dollar receivables may not be totally at odds with the Federal Government's need to shore up its dwindling foreign reserves even though it may be counter intuitive to Presidents Buhari's protestations that he seeks enough fertilizer for its rejuvenated farmers. With the Russian-Ukrainian war, prices of fertilizer are up by 200%. In the future, prioritizing the use of locally produced fertilizer for the agri-food needs of Nigerian farmers by government will be more consistent with an agricultural development agenda.

The National Livestock Transformation Plan (NLTP) was developed and is currently being implemented as a solution to the unending clashes between farmers and herders. It aimed to improve livestock farming by providing land to herders for ranching. It is expected to end the intrusion of nomadic pastoralists into crop farms, educate the nomads and support livestock management. Interested state governments have been encouraged to provide the lands while the federal government provides the funds for the implementation of the plan. It is a great plan, currently at its early stages, and one hopes it will be sustained for its obvious long-term benefits.

President Buhari's late ratification of the African Free Trade Area (AfCFTA) agreement raised anxiety amongst agripreneurs because the AfCFTA has created the world's largest free trade area representing a 1.2 billion consumer market. It mandates that states should remove tariffs and encourage travel in order to boost economic growth. In Africa, Nigeria ranks after South Africa in food production. The AfCFTA could be a big boost to Africa's largest economy. However, practically, it is still easier for goods and people from outside the continent to move than Africans and their produce to move within Africa. The largest economy on the continent should take a lead in pointing the way so that Africa as a whole can benefit from what is a very laudable project. Rwanda is showing the way in policy and initiatives and it is beginning to benefit from its faith in AfCFTA.

In general, the African Union's Comprehensive African Agricultural Development Programme (CAADP) in 2003 established a guiding framework for member countries to develop and measure progress in their agricultural sectors. As part of the programme, Nigeria has agreed to allocate at least 10% of annual budget to agriculture and rural development, and to achieve agricultural growth rates of at least 6% per annum. The results so far is that the federal budget allocation to agriculture for 2020 was 1.8% (N183 billion) and the average annual agricultural growth rate during Buhari's second term is only 2.17%, below both its commitment under CAADP and indeed our population growth rate.

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