

INVESTMENT IN AGRICULTURE: The Pathway to Economic and Industrial Growth



Agriculture has gone beyond farming; it is now a business that accommodates lots of players, because of the need for food for human consumption, raw materials for industrial growth and jobs for the growing population of our youths. Agriculture is now seen in a different ways, not just to farm to feed the populace but as a business that need to be transformed into a mega business that will generate income and employment, as well bring about food security and foreign exchange for the nation. With the coming of departmental stores and plazas, food processing and packaging has become the order of the day. Also with the increasing number of middle class in the society and the busy nature of housewife one is sure of making money once you invest into agribusiness, both online and offline.

Agricultural investment in Nigeria over the years has seen an upward trend due to the relevance of the sector in a nation's economy. Africa as a continent is blessed with over 60 percent of uncultivated land globally. Researches show that Nigeria has over 80 million hectares of arable land; hence, it means agriculture is a profitable and sustainable sector. In recent times, the world market value of crude oil has plunge. Fortunately, this has redirected many investors back to the agricultural sector. Investment in agriculture is relatively a low-risk portfolio diversification; offering profitable returns financially and also ensuring food security in the economy.

In Nigeria, the land use Act and financing has been the major challenges facing agribusiness until the recent issue of fulani Headsmen became a major challenge. Government policies, which are not stable, are another factor to contend with especially for those doing International agribusiness. These has affected the level of participation in agribusiness in Nigeria which Government her Ministries, Departments and Agencies need to close rank to address it urgently in other to encourage more people to participate in the business for an extra output.

Investment Initiatives in Agriculture in Nigeria

USAID (United States Agency for International Development)

The United States Agency for International Development (USAID) has launched a US\$300 million agribusiness investment initiative in Nigeria that seeks to promote private-sector investment in agriculture. Dubbed as the 'Feed the Future Nigeria Agribusiness Investment Activity' invest investment will be implemented under a new contract entered between USAID and the Cultivating New Frontiers in Agriculture (CNFA), an international agricultural development organisation.

Through CNFA, USAID will work to improve the ease of doing business in the agricultural sector and broaden access to finance by mitigating the credit risks of agribusinesses. The five year project is also aimed at promoting investment opportunities for agribusinesses to expand and scale up operations. According to the US Embassy and Consulate in Nigeria, US\$200 million will be spent to facilitate new lending under the Agribusiness Investment Activity and US\$100 million in new investment across the five crops. The investment will be implemented in seven states across the country including Kaduna, Niger, Kebbi, Benue, Delta, Ebonyi, and Cross River States.

“This activity will pursue a unique, robust business-centred strategy to implement this Feed the Future initiative in Nigeria,” said Chief of Party Adam Saffer. “Under this approach, the activity will partner with domestic and multinational companies in order to more effectively bridge the gap between government and the private sector – and to distribute the economic benefits of the project more broadly across Nigeria’s agribusiness sector.” The Agribusiness Investment aims to collaborate with the Nigerians agribusiness sector to integrate and upgrade micro, small and medium enterprises (MSMEs) and producer organizations as high-performing commercial actors.

The initiative will cover the rice, maize, soy, cowpea, and aquaculture value chains. The United States said that this is in line with the governments’ commitment to broaden the economy, increase the quality, quantity, market access and diversification of Nigeria’s agribusiness sector. “Through advocacy for streamlined regulations, more effective policies, improved production and processing practices, and significantly increased finance and investment flows, the activity will help Nigerian entrepreneurs increase the competitiveness and returns of both large and small agricultural enterprises,” said the US embassy in a statement. This activity also aims to help the country develop and strengthen a more business-enabling environment through the promotion of private-sector investment in agriculture.

International Finance Corporation (IFC)

International Finance Corporation (IFC) has signed an agreement with the government of Nigeria to implement a \$2 million initiative through the World Bank Group’s Livestock and Micro Reforms in Agribusiness (L-MIRA) program. The goal is to target regulatory and institutional reforms that will strengthen Nigeria’s agribusiness sector, creating jobs and economic growth.



Nigeria is one of three African countries, along with Ethiopia and Tanzania, to benefit from the World Bank Group’s L-MIRA program, whose overarching objective is to improve the competitiveness of the dairy and poultry sectors.

“Dairy and poultry are important livestock sectors that contribute significantly to agribusiness, a key growth sector in Nigeria,” said Alejandro Alvarez de la Campa, practice manager for the World Bank Group’s Finance, Competitiveness, and Innovation global practice. “By introducing harmonized and simplified regulations related to animal feed, drugs, and vaccines, this initiative will help spur socio-economic development in the country.”

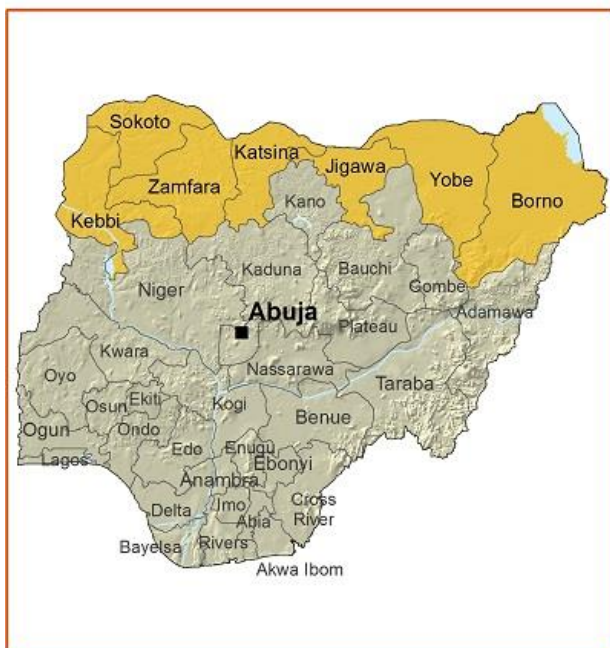
The World Bank Group’s Nigeria project will streamline the regulation of animal feed to remove overlapping or redundant regulatory requirements related to the standards and quality control mechanism, as well as the registration and renewal process for drugs and vaccines. The project also will support reforms to better and more efficiently regulate animal feed in markets, and coordinate government agencies involved in regulating animal feed.

The four-year initiative is funded by the Bill & Melinda Gates Foundation and was endorsed by national partners, including Nigeria’s Federal Ministry of Agriculture and Rural Development, the National Agency for Food and Drugs Administration and Control, the Standards Organization of Nigeria and the Nigerian Institute of Animal Science.

The IFC, a sister organization of the World Bank and a member of the World Bank Group, is a global development institution focused on the private sector in emerging markets. Working with more than 2,000 businesses worldwide, the IFC said it uses its capital, expertise, and influence to create markets and opportunities in the toughest areas of the world.

IFAD (The International Fund for Agricultural Development)

Climate Change Adaptation and Agribusiness Support Programme in the Savannah Belt



STATUS: ONGOING

Country
Nigeria

Approval Date
11 December 2013

Duration
2013 - 2019

Sector
Rural Development

 Programme area

US\$ 93.55 million

Total Project Cost

IFAD Financing
To be determined US\$ 0.92 million

Co-financiers
To be determined US\$ 0.92 million

Financing terms
Highly Concessional

Project ID
1692

Project Contact
Nadine Dominique C. Gbossa

This programme will be implemented in the seven states of Borno, Jigawa, Katsina, Kebbi, Sokoto, Yobe and Zamfara, which constitute the Savannah Belt of Nigeria. The goals of the programme include reducing rural poverty, increasing food security, accelerating sustainable economic growth and reducing vulnerability for smallholder farmers, particularly women and young people.

The main components of the programme include:

- Sensitization and training in productivity enhancement and climate resilience
- Enterprise development for women and youth who have demonstrated an interest engaging in agriculture or related activities
- Institutional development and support for farmers' organizations or producer groups, community development associations and financial services associations.

The target group comprises moderately poor and core poor households, which represent over 90 per cent of the population of the participating states. The core poor are characterized by low disposable income, little capital to invest in agriculture, food insecurity, vulnerability to climate change and farms of less than two hectares. The moderately poor share most of these characteristics but have moderate disposable income, cultivated land of over 2 hectares and produce to sell.

Source: IFAD

Value Chain Development Programme



STATUS: ONGOING

Country
Nigeria

Approval Date
03 April 2012

Duration
2012 - 2021

Sector
Agricultural Development

 Programme area

Total Project Cost

US\$ 193.83 million

IFAD Financing
Co-financiers US\$ 6.80 million

Co-financiers
Co-financiers US\$ 6.80 million

Financing terms
Highly Concessional

Project ID
1594

Project Contact
Nadine Dominique C. Gbossa

This programme takes a holistic and demand-driven approach to addressing constraints along the cassava and rice value chains. It does so through an inclusive strategy, strengthening the capacity of actors along the chain – including producers and processors – as well as public and private institutions, service providers, policy-makers and regulators.

At the same time, the programme strongly emphasizes the development of commodity-specific Value Chain Action Plans at the local government level, which serve as the basis for rolling out sustainable activities to reduce poverty and accelerate economic growth. The objective is to sustainably enhance rural incomes and food security. The target groups include 15,000 smallholder farming households, 1,680 processors and 800 traders.

Specifically, the programme focuses on:

Developing agricultural markets and increasing market access for smallholder farmers and small to medium-scale agro-processors

Enhancing smallholder productivity – and thus increasing the volume and quality of marketable produce – by strengthening farmers' organizations as well as supporting smallholder production.

Thirty-five per cent of the matching grants provided by the programme are to be earmarked for women, enabling them to upgrade their production and processing technologies and capacities. In addition, the programme is applying the Gender Action Learning System, a community-led methodology for rural livelihood development and gender equality.

Source: IFAD

FEW BENEFITS OF AGRICULTURAL INVESTMENT

- ✓ Source of economic growth
- ✓ Source of financial income
- ✓ Increasing cultivation and use of abundant arable lands
- ✓ Job creation for youths and graduates
- ✓ Strengthening food security for the nation
- ✓ Improvement of farmer's income with the use of quality inputs

Sources and related links:

<https://www.foodbusinessafrica.com/2019/04/05/usaid-launches-us300m-agribusiness-investment-initiative-in-nigeria/>

<https://africanharvesters.com/2018/03/09/nigeria-benefits-ifc-initiative-sustain-agribusiness-sector/>

<https://www.ifad.org/en/web/operations/project/id/1692/country/nigeria>

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