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An Assessment of the Operations of the Presidential Initiatives on Agriculture in Nigeria: 2001-2007

CENTRAL BANK OF NIGERIA

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Acronyms

1.	ADPs	Agricultural Development Programmes
2.	CMB	Cassava Mealy Bug
3.	CMD	Cassava Mosaic Disease
4.	CMP	Cassava Multiplication Programme
5.	CBN	Central Bank of Nigeria
6.	DATCO	Dutch Trading Company
7.	ECOWAS	Economic Community of West African States
8.	FCT	Federal Capital Territory
9.	FDA	Federal Department of Agriculture
10.	FEC	Federal Executive Council
11.	FAO	Food and Agriculture Organization
12.	GDP	Gross Domestic Product
13.	GSM	Green Spider Mite
14.	ICPEP	Initiative on Increased Cassava Production and Export Programme
15.	IREPEP	Initiative on Increased Rice Production and Export Programme
16.	ITFPP	Initiative on Tropical Fruits Production Programme
17.	IFAD	International Fund for Agricultural Development
18.	MTP	Management Training Plot
19.	MoU	Memorandum of Understanding
20.	NAERLS	National Agricultural Extension and Research Liaison Service
21.	NAFPP	National Accelerated Food Production Programme
22.	NBS	National Bureau of Statistics
23.	NCAM	National Centre for Agricultural Mechanization
24.	NCRI	National Cereals Research Institute
25.	NAFDAC	National Agency for Food, Drugs Administration and Control
26.	NSS	National Seed Service
27.	NACRDB	Nigerian Agricultural, Co-operative and Rural Development Bank
28.	NIFOR	Nigerian Institute for Oil Palm Research

29.	NGOs	Non-Governmental Organisations
30.	NRCRI	National Root Crops Research Institute
31.	OFN	Operation Feed the Nation
32.	PIA	Presidential Initiatives on Agriculture
33.	RTEP	Root and Tuber Extension Programme
34.	SMEDAN	Small and Medium Enterprises Development Agency of Nigeria
35.	SSPE	Small Scale Processing Equipment
36.	VODEP	The Vegetable Oil Development Programme
37.	VAT	Value Added Tax

AN ASSESSMENT OF THE OPERATIONS OF THE PRESIDENTIAL INITIATIVES ON AGRICULTURE IN NIGERIA: 2001–2007

Summary

1. Background

The agricultural sector performed very poorly during the three decades, 1971 2000, when oil production and export became the dominant economic activity in the country. During this period, agricultural output recorded an annual average growth of 1.7 per cent. Indeed, it fell by 2.6 percent for the decade 1971-1980, while its contribution to the gross domestic product (GDP) fell by 24.2 percentage points, from 49.5 per cent in 1961 70 to 25.7 per cent during 1971-80. As growth slowed down, agricultural output became increasingly inadequate to meet the rising demand for food and industrial raw materials. Consequently, the country became food import dependent, with rising import bills.

In its desire to restore the sector to its pre-oil boom era pre-eminence, the immediate past civilian administration (1999-2007) anchored its poverty alleviation programme on the revival of agriculture. A major platform for the realization of this objective was the introduction of a comprehensive cocktail of programmes dubbed the 'Presidential Initiatives on Agriculture (PIA)', anchored on public-private sector partnership. Beginning from 2002, the initiatives were designed to promote growth in the production, processing, marketing, utilization, etc, of the various target crops, livestock and fisheries, and thus boost national food security. The other objective of the initiatives was to enable the country re-launch itself into the export market in the nearest future.

Given that the programmes had operated for upward of five years, a detailed study of their performance became necessary to ascertain the extent of the execution of the programmes. The current global food crisis which raised the general price level re-enforced the need for the study. However, the current study covers only four major programmes i.e. vegetable

oils, rice, cassava and tropical fruits. The study attempted to appraise the milestones that have been covered, vis-à-vis the objectives and targets set for each initiative; identify the challenges to the programmes; and make recommendations towards realizing the stated objectives.

2. Data Sources

Both secondary and primary data were used in the study. The secondary data consisted largely of time series statistics on the output and import of vegetable oils, rice, cassava and tropical fruits, sourced from the CBN Annual Reports and Statistical Bulletins; and the National Bureau of Statistics publications. In addition, secondary data/information on the Presidential Initiatives were gathered from the reports of the various implementing agencies that were established by the government. The primary data were generated from a nationwide sample survey of farmers, processors, equipment fabricators, input suppliers and exporters; as well as research institutes, commodities and industrial associations. The survey was conducted in the last quarter of 2008, to elicit information on key variables such as funding of the initiatives, degree of involvement of the stakeholders, output, sales, exports and constraints, among others.

3. Major Findings

3.1 The Vegetable Oil Development Programme (VODEP)

The VODEP Initiative made significant progress in many ways:

(i) Increase in vegetable oil production from 1.3 million tonnes in 2000 to 3.5 million tonnes in 2007, an increase of 177 per cent. This is, however, significantly lower than the target aggregate production of 7.93 million tonnes per annum;

(ii) Increased domestic output and the attendant competition forced down the price, from US$600 per tonne in 2004 to US$250 per tonne in 2007;

(iii) Huge investments in oil palm plantation leading to the addition of 30,000 hectres;

(Iv) More than 65% of large scale oil mills which were hitherto abandoned were rehabilitated;

(v) As at December 2007, an estimated ₦55 billion of new investment had been made by the private sector in various crops production and processing;

(vi) An increase from 25,000 new jobs in 2003 to 40,000 in 2007; and

(vii) Number of families engaged in cultivation of primary commodities rose from One million to One million Eight Hundred Thousand

3.2 Initiative on Increased Rice Production and Export Programme (IRPEP)

The IRPEP recorded the following achievements:

i. national and international research institutes working in Nigeria have developed over 52 rice varieties with potential yields of 28 tonnes of paddy per hectare and maturity periods ranging from 95 140 days;
ii. Increase in area cultivated from 2.2 million ha in 1999 to 2.8 million ha in 2006 and 3.2 million ha in 2007;
iii. increase in annual production from 3.3 million tonnes of milled rice in 2000 to 4.2 million tonnes in 2006, and 4.8 million tonnes in 2007. Although these represented significant increases in output, the targets of 6 million tonnes in 2005 and 9.8 million tonnes in 2007 were not achieved;
iv. increase in productivity per hectare as a result of the introduction of high-yielding NERICA rice variety and R-Box technology among others; and
v. reduction in rice importation from 2.0 million tonnes in 2003 to less than 1.0 million tonnes in 2006 and 2007, thus, conserving foreign exchange.

3.3 Initiative on Increased Cassava Production and Export Programme (ICPEP)

The achievements recorded under the cassava initiative included:

i. increased annual cassava production from 31.7 million tonnes in 2003 to about 49.0 million tonnes in 2006;
ii. over 5,000 tonnes of cassava flour were supplied by flour producers to flour millers under the 10 per cent cassava policy as at December 2006;
iii. over 2,500 tonnes of cassava chips worth ₦55 million was exported to China by Ladmok Nig. Ltd in 2006;
iv. increased private sector investment in the cassava downstream sector as exemplified by Akha Agro Farms (glucose syrup), Ogun State; Nigerian Starch Mills, Ihiala, Anambra State and Vesa Farms (Flour), Benin City, to mention a few;
v. two (2) farm gate primary processing cassava centres were established in Benue and Oyo States, while six others were planned for new locations;
vi. increased foreign investment inflow typified by the Dutch Trading Company (DATCO) in Benue State for cassava flour production;
vii. improvement in the design and development of processing equipment by both the mainstream (e.g. Haniga, Nova, Tropical, Peak Products) and institutional fabricators (like NCAM).

3.4 Initiative on Tropical Fruits Production Programme (ITFPP)

The approval of a two-year work programme (2006-2007) for the ITFPP was made in 2006. The programme is relatively new and data is not available to asses its performance.

3.5 Funding Challenges

Available information showed that budgets of ₦50,675 billion and ₦182.20 billion were approved for implementing the vegetable oil and rice initiatives, respectively. However, only ₦125 million (0.3%) and ₦1.048 billion (0.6%) were released for the programmes, respectively. The approved budgets and expenditure for the cassava and fruits initiatives are not available but they also suffered funding problems.

3.6 Other Challenges

- Grossly inadequate processing facilities

- Inefficient and aging milling/processing machinery and high cost of new ones
- Poor infrastructure, especially epileptic power supply that constrained processing activities and poor road network that increased transport costs
- Inadequate and costly inputs
- Poor market information, especially on foreign markets
- Poor implementation of incentives

3.7 State of the Initiatives

The initiatives have been abandoned owing largely to lack of funding. The gains already made are being lost unless steps are taken to review and renew the programmes.

3.8 Recommendations

In consideration of the above, the following recommendations are made:

a) In view of the adverse implications of food scarcity to price stability, the Bank should encourage the Federal Government to review and reposition the programmes for sustained revival of the agricultural sector.
b) The Bank could advise the government to fund the programmes through raising of long-term bonds, as budgetary provisions are inadequate.
c) The Government should be encouraged to implement the incentives earlier approved for the initiatives.
d) Establishment of coordinating centres for the various commodities.
e) Establishment of cassava industrial development centres.
f) Putting in place a guaranteed minimum price programme.
g) Resuscitate the national agricultural extension system.
h) Establishment of a strong monitoring and evaluation system for the Initiatives.

1.0. INTRODUCTION

Agriculture was the mainstay of the Nigerian economy before the oil boom which began from the early 1970s. It accounted for about 50 per cent of the gross domestic product (GDP) during the period 1961-1970. The average annual growth rate was also impressive at 4.5 per cent (Table 1). The sector attracted less attention during the period of the oil boom in terms of funding and poor articulation of policies. Hence its performance deteriorated, as the contribution to the GDP declined to 25.7 per cent during 1971-80, while a negative growth rate of 2.6 per cent was recorded. Although its share in GDP recovered over the years as a result of the volatility in oil production and prices, the growth rate remained low till 2001.

Table 1: Performance Indicators of the Agricultural Sector, 1961-2007

PERIOD	AVERAGE SHARE OF AGRIC IN GDP (%)	AGRIC. GROWTH RATE (%)
1961 -1970	49.9	4.5
1971 -1980	25.7	-2.6
1981 -1990	40.4	4.1
1991 -2000	38.7	3.7
2001 -2007	41.4	5.2

Source: CBN Annual Report and Statistical Bulletin, various issues

As growth slowed down, output became increasingly inadequate to meet rising demand for food and industrial raw materials. Consequently, the country became food import dependent, with rising import bills, The total food import bill which stood at ₦89.9 million in 1961-1970 period rose phenomenally to ₦3.3 billion during 1981-1990, ₦62.7 billion in 1991-2000 and ₦170.2 billion in 2001-2006.

Table 2: Food Import Bill (₦'million)

Period	Food Import Bill
1961 - 1970	89.9
1971 - 1980	1,154.8
1981 - 1990	3,282.9
1991 - 2000	62, 707.1
2001 - 2006	170, 234.1

In particular, the sum of US$655 million (₦78.600 billion) and US$756 million (₦96.012 billion) were expended on the importation of rice alone in 2001 and 2002, respectively. The import bills for other food items for both final consumption and industrial input were substantial. Owing to the size of the demand supply gap, domestic food prices rose significantly and contributed to the high cost of living that had characterized the economy. Thus, the rate of inflation rose astronomically and averaged 14.1 per cent (year-on-year basis) in the 1970's, 23.2 per cent in the 1980's and 30.2 per cent in the 90's.

In spite of these negative developments, agriculture remained the mainstay of the Nigerian economy. It accounted for an annual average of 25.7, 40.4 and 38.7 per cent of the GDP in 1970's, 1980's and 1990's, respectively, and employed over 60 per cent of the active population.

Given this background, the immediate past civilian administration (1999-2007) anchored its poverty alleviation agenda on reviving the agricultural sector. Thus, the restoration of agriculture to its pre-oil boom era became a national priority. A major platform for the realization of this objective was the introduction of a comprehensive cocktail of programmes tagged the 'Presidential Initiatives on Agriculture' (PIA), anchored on public-private sector partnership. The Initiatives were designed to renew growth in the production, processing, marketing, utilization, etc, of the various target crops, livestock and fisheries, and thus boost the national food security programme. The government, both

federal and sub-nationals, would provide the enabling environment, while the private sector stakeholders would directly undertake different facets of physical agricultural production.

The Initiatives, which focused on cassava, rubber, maize, tropical fruits, cotton, rice, vegetable oil, cocoa, livestock and fisheries commenced at various times, beginning from 2002. It has, therefore, become appropriate to conduct a detailed study on the performance and impact of the programmes having been operated for about five years. In addition, the current global food crisis and the attendant phenomenal price increases reinforced the need for this study. However, this first phase of the exercise would be restricted to four major programmes, i.e. vegetable oils, rice, cassava and tropical fruits for which data can be sourced now. Developments in other initiatives will be explored in subsequent studies.

The objectives of this study, therefore, are to appraise the milestones that have been covered, vis-à-vis the objectives and targets set for each initiative, identify the challenges facing each programme; and proffer recommendations that would promote the realization of the stated objectives. This would be done through a review of the programme documents and official status reports, administration of structured questionnaires, as well as interacting with stakeholders to provide empirical evidence on the impact of the initiatives. Following the introductory section, the analytical framework used in the study is provided in section 2. Since each of the four selected initiatives is a complete programme by itself, they would be treated in separate sections (3-6). The general format in these sections would be as follows: subsection 1, programme background; sub-section 2, objectives; sub-section 3, programme strategies; sub-section 4, targets; sub-section 5, funding; sub-section 6, incentives; and sub-section 7, actions taken to achieve the targets. The achievements, challenges and the way forward are dealt with in sub-sections, 8, 9 and 10, respectively. Section 7 contains the outcome of the interaction with stakeholders while section 8 presents the recommendations and

concludes the paper.

2.0. ANALYTICAL FRAMEWORK USED IN THE STUDY

In view of the nature of this study, efforts have been made to provide a very comprehensive and balanced situation of the impact of the programme by accessing and reviewing secondary data that relate to the programmes; as well as using survey methodology and interviews to gather data and harness the opinions of the stakeholders on the progress that had been made and challenges that lie ahead. Thus, both secondary and primary data were used in the analysis. The study employed descriptive analysis and inference to achieve its objectives.

2.1 Secondary Data Sources and their Limitations

The secondary data consists largely of time series statistics on the output and import of vegetable oil derivatives, rice, cassava and tropical fruits, sourced from the CBN Annual Reports and Statistical Bulletins, as well as the National Bureau of Statistics (NBS) publications. In addition, secondary data/information on the PIA was gathered from the reports of the various implementing agencies that were established by the government.

A number of problems were encountered in the process of data collection. The first is the observed variations in the data collected from the various official sources. For instance, crop output were available from a large number of sources, including the National Bureau of Statistics (NBS), CBN, the Food and Agricultural Organization (FAO) and the Federal and State Ministries of Agriculture and Water Resources. If the Nigerian Statistical system is standardized, the heterogeneity of sources would be an advantage in saving the researchers the trouble of cross-checking and double-checking the information in order to ensure reasonable database for the study. However, our observations of these data sources are that, data for a particular crop for any year usually varied form one source to another. Given the variability, the study team had the problem of deciding which source to use, our experience is that most of the NBS output data estimates for crops such as cassava, rice and

tropical fruits, seemed to be too high, while those of the FAO appeared to be too low. Accordingly, most of the crop output data utilized for our analysis are those obtained from the CBN and the Federal Ministry of Agriculture and Water Resources which fell largely between the two extremes. Needless to say that the problem of supplementing data from one source with those from another source may not be totally error-free. However, these cases are too few to distort the results of this study.

2.2 Primary Data Collection and their Limitations

In addition to the secondary data, the study made use of primary data which were generated from a nationwide sample survey of farmers, processors, equipment fabricators, input suppliers and exporters as well as research institutes, commodities and industrial associations. The survey was conducted during the period July 7-11, 2008 to elicit information on key variables such as funding, involvement in the PIA, output sales, exports and constraints, among others.

2.3 Questionnaire Preparation

The questionnaires had a section devoted to the respondents' assessment of the performance of the various programmes and activities implemented under the PIA. Separate questionnaires were structured for various stakeholders.

2.4 Sampling Procedures

In an attempt to provide a fairly representative sample for the survey, the entire country was divided into six areas, using the contiguity of states and the concentration of commodities produced. From each of the six areas three states were selected, thus, giving a total of 18 states; while FCT was added to provide a good environment for a more representative survey given the nature of the city as seat of the Federal Government.

From all the 18 states and FCT covered, a total of 42 stakeholders were selected using a stratified purposeful sampling technique. The whole sample frame list of 42 respondents was surveyed.

2.5 Limitations of the Primary Data

The first difficulty encountered in the primary data collection was the reluctance of some stakeholders to cooperate and provide answers to some of the questions. Some of them were of the opinion that such exercises conducted in the past did not yield any benefit and never contributed to improving the business environment.

Second, since some of the information obtained from the primary survey is largely based on "memory recalls", such data cannot be error-free. In order to minimize the error, spurious information and inconsistent data were first subjected to vigorous screening prior to processing by the study coordinators. However, necessary care should be exercised in the interpretation of the result obtained from such data which are based largely on "memory recall" of events which occurred over a long period of time, especially when most of the respondents did not keep good records as they are cooperative societies, small-scale farmers or agro enterprises.

2.6 Data Analysis

Both the secondary and primary data were compiled and analyzed with the aid of computer on initiative-by-initiative, and also for the whole country. The project employed Microsoft Excel software to consolidate the returns from the field.

3.0 PRESIDENTIAL INITIATIVE ON VEGETABLE OIL DEVELOPMENT PROGRAMME (VODEP)

3.1 VODEP Programme Background

Nigeria has natural endowment for the production of various oil seeds and nuts, such as oil-palm, groundnut, soyabean, cotton, sheanut, cocoa, sunflower, beniseed, coconut, melon, cashew and castor-bean in the various agro-ecological zones in the country. As at 2000, the estimated demand for oil seeds and nuts stood at 1.6 million tonnes per annum with the domestic supply estimated at 1.3 million tonnes, leaving a deficit of 0.3 million

tonnes which represented imports. Palm oil including palm kernel oil, accounted for about 72 per cent of the total vegetable oil production in Nigeria; groundnut had a share of 23 per cent; while all others accounted for the balance of 5 per cent.

The deficit of 0.3 million tonnes of vegetable oils implied that Nigeria which exported vegetable oils in the 1960s had become a net importer of all types of vegetable oils. At the outset of VODEP in 2002, therefore, the country was importing 262,400 tonnes at US$65.6 million or ₦8.27 billion worth of vegetable oils annually, mainly from Malaysia, Indonesia and some ECOWAS countries. Hence, there was need for a programme that would boost local production and reduce the dependence on imports.

3.2 VODEP Objectives

The specific objectives of VODEP are to:

(i) ensure growth in output to meet the large deficit between domestic demand and supply, and enable the country re-enter the export market in the nearest future;
(ii) create employment;
(iii) alleviate poverty and enhance rural development;
(iv) improve processing skills and introduce more efficient machinery and equipment in order to enhance production and income;
(v) provide up-to-date market information systems to facilitate marketing; and
(vi) improve infrastructure for production, processing and marketing.

3.3 VODEP Strategies

Towards the attainment of the above-mentioned objectives, the following measures were undertaken for the selected oil seeds:

3.3.1 Oil Palm

(i) rehabilitation of existing plantations of about 125,000 ha;
(ii) replanting of moribund plantations of over 30 years of age covering

62,000 ha;

(iii) new plantings of 203,000 ha;

(iv) importation of sprouted nuts/seedlets;

(v) production of 44.5 million seedlings through tissue culture and other appropriate techniques;

(vi) fabrication of small-scale machinery, mills and palm kernel crackers;

(vii) capacity building for farmers and processors; and

(viii) establishment of a 55 ha seed garden at the Nigerian Institute for Oil palm Research (NIFOR).

3.3.2 Groundnut

(i) introduction of proven cultivars from African Groundnut Council of up to 1,000 tonnes for distribution to farmers;

(ii) expansion of land under cultivation to 2.9 million ha;

(iii) encouragement of millers to develop a network of out-growers to cover about 37,525 ha in order to stabilize supply and price;

(iv) support for rehabilitation of post-harvest facilities and processing plants;

(v) fabrication of proto-type shellers/decorticators and dryers;

(vi) research on and development of disease-resistant, short duration and high oil content varieties; and

(vii) strong extension service and input support and capacity building targeted at smallholders.

3.3.3 Soyabean

(i) expansion of land under cultivation;

(ii) introduction of improved and high yielding varieties;

(iii) rehabilitation of obsolete mills and provision of post-harvest facilities such as dryers, threshers and cleaners;

(iv) production of 25 tonnes breeder seed by the National Cereals Research Institute (NCRI);

(v) production of foundation seeds by out-growers; and
(vi) promoting the use of appropriate fertilizers and manure.

3.3.4 Cotton

(i) procurement of 13,500 tonnes of cotton seed for planting;
(ii) production of breeder and foundation seeds by IAR/ABU with a view to increasing yield/ha by 50%;
(iii) expansion of land under cultivation from 500,000 ha to 2.25 million ha;
(iv) rehabilitation of obsolete processing mills and expansion of the capacity utilization of existing mills; and
(v) importation of multi-purpose seed oil expellers/extractors.

3.4 VODEP Target

The targets set for the various oil seeds under VODEP are as follows:

3.4.1 Oil Palm: Development of 1 million hectare-plantation, capable of producing 15 million tonnes of fresh fruit bunches (ffb) or 2.25 tonnes of palm oil.

3.4.2 Groundnut: Development of 6.26 million hectares of land to achieve the expected output of 5 million tonnes of groundnut oil.

3.4.3 Soyabean: Development of 678,000 hectares to produce 678,00 tonnes of soyabean oil.

3.4.4 Cotton: Develop 1.25 million hectares to produce 5 million tonnes of cotton oil.

3.5 VODEP Funding

VODEP was conceived to be private-sector driven. However, the need for government financial contribution was recognized and, therefore, an annual budgetary provision was

part of the blueprint. A total of ₦50.675 billion was proposed for implementing the programme over the five-year period, between 2002-2007, while ₦7.59 billion was approved for the take-off of the initiative. Unfortunately, activities could not commence until late 2004, owing to delays in funds release, culminating in only ₦50.445 million or 0.7 percent of the ₦7.59 billion being released. The crippling delay was further exacerbated by the Due Process Certification requirement. Thus, as at September 2007, total funds released and accessed since the inception of the programme stood at ₦125 million, representing a meagre 0.3 percent of the total funds outlay for the programme.

3.6 VODEP Incentives

Although the funding programme was compromised, government, in a bid to engender an investor-friendly environment that would guarantee private sector participation, put in place a couple of incentives. These included:

- ban on importation of vegetable oils and fats;
- waiver on withholding of tax dividend;
- reduction of duty on inputs to not more than 2.5%;
- 50% subsidy on critical inputs, e.g. fertilizer, seedlings, pesticides, wire collar, processing machines and mills;
- reduction of corporate tax of the stakeholders to 10%;
- interest on lending for production, processing and marketing of agricultural commodities pegged at 18%;
- tax holiday for investment in agriculture increased from 7 to 10 years;
- accelerated depreciation on equipment allowed; and
- investment on social infrastructure by estate developers for host communities made tax deductible.

3.7 Actions Taken to Achieve the Objectives and Targets of VODEP

The following activities were undertaken under the VODEP initiative:

- production of 140,000 sprouted nuts of oil palm into transplantable

seedlings by both public and private implementing agencies;

- production of 500kg of breeder seeds, 29.27 tonnes of foundation and 40.04 tonnes of certified seeds of groundnut for distribution to farmers through a buy-back process;
- procurement and distribution of 179.11 tonnes of chemically-treated foundation and certified cotton seed;
- production of 7 tonnes of cotton foundation seeds for rapid multiplication into certified seeds and 15.71 tonnes of certified seeds for distribution to farmers;
- trained 100 oil palm nursery operators and small processing equipment fabricators/ machine operators at NIFOR, Benin City, Edo State;
- training of 50 fabricators/machine operators on small-scale processing equipment (SSPE);
- construction of collapsible wooden platform dryers on pilot basis to promote hygienic drying of food products through improved drying technology;
- enhanced capacity utilization for vegetable oil companies with more than 60% of large-scale mills rehabilitated nationwide. (milling of fresh fruit bunches by companies has grown from 10 per cent of total in 1999 to over 31 per cent in 2005); and
- fortification of locally-produced vegetable oil with vitamin A.

3.8 VODEP Achievements

Following the implementation of the initiative, edible oil output rose from 1.3 million tonnes in 2000 to 3.25 million tonnes in 2005, 3.41 million tonnes in 2006 and 3.58 million tonnes in 2007. In spite of this favourable development, import of vegetable oil has continued, to meet the upsurge in deficit, arising from the increased demand from industrial consumers.

The objectives of the vegetable oil initiative have largely been met. Also, there has been marked increase in the utilization of locally-produced vegetable oils by manufacturers of soaps and detergents. Furthermore, there is a renewed interest in the industry as both local and foreign investors have committed about ₦55 billion in new investments in the last two years.

3.9 VODEP Challenges

The major challenges to the VODEP initiative can be summarized as follows:

- inadequate and untimely release of funds;
- fluctuation in prices of vegetable oil due to illegal importation;
- inefficient and ageing milling/processing machinery and high cost of procuring new ones; and
- poor infrastructural facilities, especially epileptic electricity supply that constrains processing activities and poor road networks that increase transportation costs.

3.10 Mitigating the Challenges of VODEP (Project Perspective)

For the Initiative to meet the stated objectives on a sustainable basis, the identified challenges would have to be addressed as suggested below:

- adequate and timely release of funds for the various aspects of the programme; and
- encouragement of the flow of credit to millers/processors to enable them replace aged and inefficient mills as well as make new investments.

4.0 PRESIDENTIAL INITIATIVE ON INCREASED RICE PRODUCTION AND EXPORT PROGRAMME (IRPEP)

4.1 IRPEP Background

Rice production in Nigeria is dominated by small holders, cultivating between 0.5 and 1.5 hectares per farmer, using largely manual labour for most operations. The land area under

rice cultivation was 2.10 million hectares before the introduction of IRPEP in 2003. Many states of the federation especially those which fall within the rich plains of the rivers Niger, Benue, Cross River, Imo, Anambra, Benin-Owena, Ogun-Osun, Hadeja-Jama're, Sokoto-Rima, Kaduna-Karaduwa and Chad Basin provide excellent conditions for rice production.

The demand for rice in Nigeria has risen at a very rapid rate over the years, from a per capita consumption of about 3.0 kilograms in the 1960s to 22.0 kilograms in 1998/99 and 35 kilograms in 2006. The annual average demand was estimated at 5.0 million tonnes of milled rice (FAO, 2006). Also, the average production level was estimated at 3.0 million tonnes of milled rice, leaving a deficit of 2.0 million tonnes. Consequently, the country resorted to rice importation to bridge the gap. The rice import bill which was US$259 million (₦22.015 billion) in 1999 rose by 253 and 292 per cent to US$655 million (₦78.600 billion) and US$756 million (₦96.012 billion) in 2001 and 2002, respectively. Before 1999, several efforts were made by successive governments to ensure self-sufficiency in the production of rice and other food items. These included the National Accelerated Food Production Programme (NAFPP), Operation Feed the Nation (OFN) and Green Revolution. Others included banning the importation of rice, subsidy/concessional duties on the import of farm inputs and machinery, use of differential tariffs, etc. The inconsistencies in the formulation of the various policies/programmes and their poor implementation made the realization of rice self-sufficiency programme unrealizable There was, therefore, need for a new policy design and a refocus in policy implementation.

Thus, the policy of self-sufficiency in rice production and generation of surplus for export by 2005-2007, informed the setting up of the Presidential Committee on Increased Rice Production and Export in 2003. At inauguration, three Sub-Committees were established to address the four key areas of importance to rice production and marketing, namely: production, inputs and crop protection; irrigation and land development; and processing and marketing.

4.2 IRPEP Objective

The overall objective of the Initiative on Increased Rice Production and Export was to attain self-sufficiency in the local production of rice in the short-term (2005) and to produce for export in the medium-term (2007). The project was expected to promote the production of 6 million tonnes of milled rice from 10.3 million tonnes of paddy by year 2005. It was projected that 3 million hectares will be put under rice cultivation by year 2007, to produce about 15 million tonnes of paddy or 9.0 million tonnes of milled rice.

4.3 IRPEP Strategy

The following strategies were adopted to achieve accelerated production and attain self-sufficiency and export:

- increase in output per unit area (intensification);
- increase in area under production (expansion);
- rehabilitation of abandoned rice production schemes and increased investment in irrigation infrastructure;
- adoption of new and proven technologies e.g. soil and water management;
- creating awareness on production, processing, marketing, etc;
- provision of farmer empowerment and incentives e.g. credit, subsidies, extension, etc;
- use of appropriate agronomic practices and timeliness of operations such as planting of improved seeds, application of fertilizers, agro-chemicals, correct spacing, timely planting and harvesting, etc;
- expansion of existing FADAMA projects;
- expansion of existing conventional irrigation schemes;
- provision of new irrigation schemes using simple design such as diversion schemes and washbores/tubewells;
- re-orientation of Nigerians to promote the consumption of Nigerian rice;
- strengthening the Guaranteed Minimum Price Scheme to assure farmers of a market and to stabilize the price of the produce;

- expansion of the storage capacity of the nation;
- popularization of rice processing machines fabricated in the country;
- organizing workshops and seminars for rice farmers on good quality and proper practices for the production and processing of rice to meet international standards; and
- strengthening of existing and formation of new rice farmers/miller cooperative associations to enable them access loans from banks to purchase necessary production and processing inputs and machinery.

4.4 IRPEP Targets

- Production of 6 million tonnes of milled rice from 10.3 million tonnes of paddy by 2005.
- Cultivation of 3 million hectares of rice farmland and production of 15 million tonnes of paddy or 9.0 million metric tonnes of milled rice by 2007.

4.5 IRPEP Funding

The total cost outlay for the rice initiative was estimated at ₦182.20 billion. The Federal, States and Local Governments were expected to make budgetary contributions in the ratio of 70, 25 and 5 per cent, respectively. Additional funding was expected from the 10% surcharge on rice imports as well as loans from development finance institutions and grants from donor agencies. However, in terms of actual funding, the sum of ₦1.048 billion only was released for 2005 and 2006, while in 2007, there was no release of funds for the Initiative.

4.6 Actions Taken to Achieve IRPEP Targets

The specific actions taken to achieve the rice initiative included:

i. the release of ₦1 billion by the Federal Government for the multiplication of NERICA and other improved rice varieties;

ii. conduct of six (6) train-the-trainers workshops in all the geo-political zones during

which a total of 370 extension agents were trained on rice production and processing techniques;

iii. convening of facilitation training workshops at 16 venues for 1,550 farmers, 185 extension agents and 37 FDA field officers preparatory to the implementation of the 2004, 2005, 2006 and 2007 R-Box trials;

Iv. 30 extension agents, 63 farmers, 40 FDA field officers and Heads of Technology Transfer Station were trained on water management and fertilizer use in rice fields;

v. establishment of Management Training Plots (MTPs) for demonstration of R-Box technology trials in 36 states and FCT that participated in the programme;

vi. supply of 86,065 R-Boxes ordered from CANDEL Company Limited for distribution to states;

vii. continuous monitoring of the distribution and utilization of R-Box, NERICA rice variety, knapsack sprayers as well as various aspects of project implementation;

viii. production and airing of radio programmes and the production of leaflets, extension guides and flip charts by NAERLS/ABU Zaria for distribution;

ix. training of engineers and technicians in the installation, operation and maintenance of modern rice mills for quality improvement;

x. sensitization training by the Federal Department of Cooperatives and Federal Department of Agriculture in 2004 and 2006, respectively;

xi. joint venture partnership with large-scale rice companies and the Federal Government to enhance rice production in the country;

xii. conduct of mid-term Impact Assessment Survey (Rice Survey, 2006) to assess the contribution of the Initiative to increased production, improved processing and marketing of rice; and

xiii. CANDEL Company Ltd has trained 24 Project Demonstration Assistants and deployed them to rice growing zones to work with farmers and the ADPs extension agents in promoting the use of R-Box and other inputs as well as modern technology.

4.7 Achievements of IRPEP

The Initiative on Rice Production and Export has recorded the following achievements:

- national and international research institutes working in Nigeria have developed over 52 rice varieties with potential yields of 2-8 tonnes of paddy per hectare and maturity periods ranging from 95 to 140 days;
- increase in area cultivated from 2.2 million ha in 1999 to 2.8 million ha in 2006 and 3.2 million ha in 2007;
- increase in annual production from 3.0 million tonnes of milled rice in 2002 to 4.2 million tonnes in 2006, and 4.8 million tonnes in 2007. Although these represented significant increases in output, the targets of 6.0 million tonnes in 2005 and 9.0 million tonnes in 2007 were not achieved;
- increase in productivity per hectare as a result of the introduction of high-yielding NERICA rice variety and R-Box technology among others; and
- reduction in rice importation from 2.0 million tonnes in 2003 to less than 1.0 million tonnes in 2006 and 2007, thus conserving foreign exchange.

4.8 Challenges of IRPEP

The major challenges facing the Initiative and the rice industry in general include:

i. production and dissemination of adequate information on NERICA and other improved rice seeds to improve output per unit area in rice production;
ii. commercialize the existing irrigation schemes and run them on cost-recovery basis in conformity with government policy on agricultural development;
iii. involvement of communal land owners in the Public-Private Partnership efforts in the use of the existing irrigation schemes;
iv. development of small and simple irrigation schemes that can be operated and maintained by small farmers who will benefit directly from them;
v. improvement in the existing processing infrastructure to process quality rice with less odour and low stone content, comparable to imported rice;
vi. farmer and extension staff training in the use of R-Box technology and other

improved farming practices to realize the full potentials of the initiative;

vii. inadequacy of farm inputs supply leading to farmers' low productivity;

viii. late delivery of R-Boxes by CANDEL Company Ltd to different zones;

ix. the existing milling infrastructure has problem of accessories such as de-stoners, rice graders, per boilers, dryers, cleaners as well as spare parts all of which are essential elements for quality improvement; and

x. market information is lacking in the industry resulting in glut of both milled rice and paddy in some areas, but scarcity in other areas.

4.9 Mitigating the Challenges of IRPEP (Project Perspective)

To effectively handle the challenges in the rice industry and the initiative in particular, the following are recommended:

i. the National Seed Service (NSS) should effectively coordinate the production of NERICA and other rice seeds for the Initiative;

ii. the dissemination and popularization of NERICA and other improved rice seeds should continue under the NSS project;

iii. efforts should be intensified towards the rehabilitation and commercialization of the existing large irrigation schemes across the Federation;

iv. there is need to undertake a socio-economic study on the implications of bringing in private firms to own and operate land that were given to government by village communities;

v. it is imperative to develop small irrigation schemes to be operated by small farming communities that will benefit directly from them;

vi. it is also necessary to promote the use of modern processing facilities to improve the quality of locally-processed rice; and

vii. coordination is needed in the entire rice industry to ensure proper communication between producers, processors and marketers as well as consumers.

5.0 PRESIDENTIAL INITIATIVE ON INCREASED CASSAVA PRODUCTION AND EXPORT PROGRAMME (ICPEP)

5.1 ICPEP Background

Cassava is a major staple food in Nigeria and its by-products serve as raw materials for the pharmaceutical, confectionery, ethanol, textile, beverage and packaging industries. In 1982, Nigeria ranked as the sixth largest producer in the world with an output of 6.8 million tonnes. The Cassava Multiplication Programme (CMP) implemented during 1986-1996, with the assistance of the International Fund for Agricultural Development (IFAD) did not only help in boosting production from 6.8 million tonnes/annum to over 33.0 million tonnes/annum in 1999-2001 period, but also, helped in the control of pests and diseases like the Cassava Mosaic Disease (CMD), Green Spider Mite (GSM) and Cassava Mealy Bug (CMB).

In recognition of the socio-economic importance of cassava, the Government inaugurated the Presidential Committee on Cassava Production and Export in August 2002, with the mandate to ensure that Nigeria earned $5.4 billion annually from the export of cassava value-added products, such as cassava chips, starch, etc. The blueprint for the programme was presented to the Federal Executive Council (FEC) which consequently approved a take-off grant of N5.4 million for the execution of the programme in 2003. The project actually took off in 2004.

5.2 ICPEP Objectives

The objectives of the programme were to:

- Ensure food security;
- Ensure poverty alleviation;
- Promote import substitution through the local production of value-added products like starch, glucose, syrup, etc;
- Promote rural industrialization; and
- Ensure increased income to farmers

5.3 ICPEP Strategy

The strategies put in place to achieve the objectives of the programme included:

i. establishment of Federal, State and Local Government Implementation Committees;
ii. production of 9.2 million bundles of breeder stock by NRCRI Umudike;
iii. production of 73.2 million bundles of foundation stock by RTEP;
iv. production of 20 million bundles certified stock by state ADPs;
v. training of fabricators of processing machinery;
vi. conduct of programme facilitation and sensitization workshops for cassava producing states;
vii. establishment of farm gate processing centres for the production of value-added cassava products;
viii. collaboration with relevant ministries, parastatals and agencies in the legislation and actualization of 10 per cent flour policy;
ix. advocating interest on loans to be pegged at not more than eight per cent per annum;
x. market development through trade missions, publicity and exhibitions/trade fairs; and
xi. procurement of tractors/equipment, amongst others, for concessionary access to farmers.

5.4 ICPEP Targets

5.4.1 Production Targets

The production targets for achieving the Initiative are shown in the table below.

Table 3: Production Targets, 2003-2006

Target	Year			
	2003	**2004**	**2005**	**2006**
Hectarage required (million Ha)	3.1	3.6	4.5	5.0
Production (million ton ne s)	77.5	90.0	112.5	150.0
Breed (million bundles)	1.4	3.97	6.53	9.2
Foundation (million bundles)	10.9	31.8	52.3	73.2
Certified (million bundles)	155.0	180.0	225.0	250.0

5.4.2 Processing and Packaging Targets

To achieve the domestic and export market demand for cassava-based products, the following processing targets were set:

i. a total of 13,500 small-scale feed mills of 2 tonnes day capacity would be needed to produce 7,811,000 tonnes per annum of compounded cassava-based feed;

ii. to achieve the processing of 18.9 million tonnes of pellets for export, 547 hard pellet plants of 120 tonnes per day capacity would be needed across the country by 2005;

iii. a total of 5,958 additional fufu flour and garri plants would be required to process cassava into 1,876,000 tonnes of high quality packaged fufu flour and garri for both domestic and export market;

iv. to process 91,243,248 tonnes of fresh cassava into chips to meet the projected domestic and export market requirements, a total of 39,602 units of chipping machines (1 tonne per hour) are required;

v. the establishment of 23 units of commercial starch plants are required to produce 444,250 tonnes of native and modified starches for the domestic market by 2005;

vi. an additional 40 units of commercial starch plants would be required to produce an additional 800,000 tonnes of native and modified starch for export;

vii. to achieve self-sufficiency in meeting our daily National Ethanol consumption of 312,500 litres per day, a total of 156 units of 2000 litres/day plants would be needed by 2005; and

viii. to meet the additional export demand of 270,000,000 litres of ethanol/year, another 469 units of 2000 litres/day plants are needed.

5.5 Actions Taken to Achieve the Objectives of ICPEP

The measures taken so far with the funds released were as follow:

i. establishment of the National Cassava Development and Technical Committees;
ii. Establishment of State Implementation Committees by Delta, Edo, Enugu, Kaduna, Kogi, Niger and Osun States;
iii. 3,000 improved cassava planting materials supplied to the Republic of Senegal;
iv. One (1) set of cassava processing machinery supplied to the Republic of Sierra Leone;
v. official release of five (5) improved varieties of cassava selected from 43 varieties screened under the Pre-emptive Management of Cassava Mosaic Disease (CMD) to farmers;
vi. 15,000 production and 7,500 processing manuals and 15,000 posters produced and distributed to farmers' organizations and NGOs for distribution to their members in the states;
vii. 60 ha planted by NRCRI to produce 24,000 bundles of breeder stock;
viii. 80 ha planted by RTEP to produce 32,000 bundles of foundation stock;
ix. 148 ha planted by state ADPs to produce 59,200 bundles of certified stock;
x. programme facilitation and sensitization workshops held at Moore Plantation (Ibadan, Oyo State), Confluence Hotel (Lokoja, Kogi State) and National Water Research Institute (Kaduna, Kaduna State);
xi. 500 extension agents from the south-west, south-east, and north-central were trained at Akure and Minna;
xii. 21 artisanal equipment fabricators were trained at the National Centre for Agricultural Mechanization (NCAM) in the fabrication and production of processing machinery such as cassava peelers, chipping machine and manual harvester;

Xiii. increased private sector investment in large-scale cassava plantation; and

xiv. trade missions were undertaken to Latin America, Europe, six African countries and China to source for market for cassava products.

5.6 Achievements of ICPEP

The achievements recorded under the cassava initiative included:

i. increased annual cassava production from 31.7 million tonnes in 2003 to about 49.0 million tonnes in 2006;

ii. over 5,000 tonnes of cassava flour had been supplied by flour producers to flour millers under the 10 per cent cassava policy as at December 2006;

iii. prior to the take-off of the initiative on cassava production and export, about 90 percent of the cassava produced was consumed as food. Owing to the activities under ICPEP, 2,500 tonnes of cassava chips worth ₦55 million was exported to China by Ladmok Nigeria Ltd in 2006;

iv. increased private sector investment in the cassava downstream sector, as exemplified by Akha Agro Farms (glucose syrup), Ogun State, Nigerian Starch Mills, Ihiala, Anambra State and Vesa Farms (Flour) Benin City, to mention a few;.

v. two (2) farm gate primary processing cassava centres established in Benue and Oyo States, while six others were being re-allocated to new beneficiaries;

vi. increased foreign investment typified by the; Dutch Trading Company (DATCO) in Benue State for cassava flour production; and

vii. improvement in the design and development of processing equipment by both the mainstream (e.g. Haniga, Nova, Tropical, Peak Products) and institutional fabricators (like NCAM).

5.7 Challenges of ICPEP

i. There has been an increased production of cassava as a result of the activities of the Initiative without commensurate rise in processing facilities and market outlets, leading to lower prices and glut.

ii. Inadequate market information linking farmers and end-users. This also accounted for the glut being experienced by cassava producers.
iii. Inadequate supply of improved planting materials to meet demand.
iv. Lack of specialization in the cassava chain, consequently, everybody seems to be doing everything at the same time i.e. producing, processing and marketing.
v. Misconception about the programme, as most farmers were under the impression that the government was going to buy up all produce.
vi. Inadequate access to credit and slow disbursement where credit is available.
vii. Cost of production is high due to low level of mechanization and low yield as a result of adherence to cultural practice (plant population) and non-application of modern technology and improved seedlings.

5.8 Mitigating the Challenges of ICPEP (Project Perspective)

i. Massive investment by the State and Local Governments in the establishment of farm gate processing centres, especially at the initial stage.
ii. The private sector in their backward integration efforts should empower outgrower farmers through the provision of processing machinery to produce value-added products e.g. chips, flour, etc.
iii. There is need for improved dissemination of market information to farmers, processors, marketers and end-users. Information should be updated from time to time.
iv. SMEDAN should assist the small-and medium-scale producers and marketers by providing entrepreneurship development training.
v. There is need for entrepreneurs to specialize in specific aspects of the cassava chain either as producers, processors or marketers.
vi. There is need for partnership between Nigerian entrepreneurs and foreign investors in the provision and operation of mobile processing units.
vii. There is need for intensive mechanization to reduce cost of production.

6.0 PRESIDENTIAL INITIATIVE ON TROPICAL FRUITS PRODUCTION PROGRAMME (ITFPP)

6.1 ITFPP Background

Increased awareness of the health benefits of fruits has resulted in the phenomenal growth in their demand worldwide. Between 1990 and 2000, the world production of tropical fruits increased from 40 million tonnes to 60 million tonnes with developing countries in Asia, Latin America and Africa accounting for about 98 per cent of the production. International trade in tropical fruits is estimated at over US$75 billion annually.

The major fruits of economic importance produced in Nigeria include mango, pineapple, avocado pear, papaya, citrus, banana and plantain. Others are Irvingia sp (bush mango, ogbono), Chrysophyllum albidum (African star apple, Agbalumo, Udala), Dacryodes edulis (Native pear or ube), Perkia sp (dorowa), Panthaclanthra sp (baobab), kola sp (nitida, acuminate) and gacynia kola (bitter kola). Though not a major exporting country, Nigeria is rated as one of the seven largest producers of tropical fruits in the world. The varied ecologies and climatic conditions suitable for the production of a wide range of tropical and sub-tropical fruits confers on Nigeria an immense comparative advantage and potential to lead the world in tropical fruits production and trade.

In realization of this potential, and in line with the government policy thrust of diversifying the economy, a consultative forum of stakeholders was held at the State House, Abuja on December 15, 2005. A major outcome of the forum was the setting up of the National Implementation Committee on the Presidential Initiative on Tropical Fruits Production.

6.2 ITFPP Objectives

The overall objective of the Presidential Initiative on Tropical Fruits Production Programme in Nigeria is to boost production to meet increasing demand for fresh fruits and processed products, generate employment and enhance rural income and living

standards, as well as earn foreign exchange through export trade. The specific objectives of the Initiative are:

- increased fruits production through the rehabilitation of declining orchards/plantations and expansion of hectarages through new plantings;
- improve yields through the provision of quality planting materials of recommended varieties;
- boost and expand installed and utilization of processing/packing capacities;
- address major constraints in the fruits industry, including wastage, storage and preservation; and
- expansion of market through the provision of critical infrastructure and exploration of overseas markets.

6.3 ITFPP Strategy

Some of the strategies adopted to achieve the set objectives included the following:

- Identify major fruits producers and encourage the rehabilitation of declining orchards;
- Sensitize and encourage producers to carry out new plantings using recommended varieties;
- Provision of critical inputs (fertilizer, pesticides, etc,) to producers at subsidized prices;
- Allocation of land to prospective large-scale producers for the establishment of orchards/plantations;
- Organize stakeholders workshop on processing, storage and preservation;
- Establishment of fruits storage facilities in local government areas/area councils across the country;
- Support for small and medium-scale fabricators of processing machineries and equipment; and
- Nigerian foreign missions to take greater responsibility in promoting bilateral trade relations, and widen Nigeria's export market for fruits.

6.4 ITFPP Targets

- The target for fruits production under the initiative is for Nigeria in four years to account for 10% of world output in the major traded tropical fruits. To achieve the target, over 1.6 million seedlings, and suckers of mango, pineapples, avocado peer, papaya, citrus, banana, and 175 tonnes of tomato seeds will be required.
- A total of 1,077,400.8 hectares to be established for the selected fruits crops.
- 1,500 people including producers, processors, industrialists, subject matter specialists, technicians, nursery men and entrepreneurs to be trained.

6.5 Actions Taken to Achieve the Objectives of ITFPP

- Approval of a 2-year (2007-2008) workplan and release of N250 million as Federal Government contribution.
- Release of funds for the upgrading of the tissue culture facility at Odi in Bayelsa State
- Release of funds to Agencies for the rehabilitation of nurseries and progeny gardens. The agencies are:
- College of Agriculture, Yandev;
- College of Agriculture, Samaru Zaria;
- Federal University of Agriculture, Umudike;
- National Horticultural Research Institute, Ibadan; and
- Plantain and Banana Development Programme, Ibadan
- Production and processing of MoU with collaborating agencies for the production of planting materials.

  Seedlings produced and hectarages planted for specific crops for the Federal Government-supported projects between 2004 and 2006 were as shown in Table 4.

Table 4: Number of Seedlings Produced and Hectarages Planted for Selected Tree Crops

		2004		2005		2006	
S/N	Crops	seedlings Produced	Ha Planted	Seedlings Produced	Ha Planted	Seedlings Produced	Ha Planted
1	Oil Palm	125,312	835.41	77,000	513.33	30,000	200.00
2	Date Palm	15,000	125.00	12,000	100.00	3,000	25.00
3	Rubber	55,000	122.22	7,000	15.55	6,427	14.28
4	Gum Arabic	81,900	75.83	119,000	110.18	45,000	41.67
5	Cocoa	176,763	163.67	150,000	138.89	nil	nil
6	Cashew	65,424	523.39	92,000	736.00	45,375	363.00
7	Mango	7,000	70.00	5,000	50.00	3,000	30.00
8	Citrus	3,600	17.65	5,000	24.51	1,650	8.09
9	Irvingia	7,500	75.00	5,000	50.00	nil	nil
10	Avocado	nil	nil	1,000	66.67	1,500	100.00

Source: Status Report on the Presidential Initiative on Tropical Fruits (2007)

6.6 Challenges of ITFPP

The major constraint encountered in implementing the workplan was the delay in the release of funds. Other identified constraints in the tropical fruits production included:

- Lack of reliable data and information; low yield and productivity;
- Unwillingness of communities to give out land for orchard/plantation development;
- High cost and lack of quality planting materials of recommended varieties;
- High cost of critical inputs such as labour, fertilizer, pesticides, machinery and equipment;
- Inadequate incentives and low investment in the industry;

- High cost of processing and packaging;
- Multiple levies by State and Local Government agencies;
- Multiple charges on products, and corrupt practices by law enforcement agencies at sea and airports; and
- Generally long gestation period of fruit crops and reluctance of banks to finance the fruit crops sub-sector;

7.0 HARNESSING THE PERSPECTIVES OF THE PARTICIPATING STAKEHOLDERS

Efforts were made by the study team to get the perspectives of the private sector stakeholders consisting of commodity producers, input suppliers, commodity associations, research institutes, processors and equipment fabricators. This was imperative as the various initiatives were conceived by government to be private-sector driven. The role of government was to create an enabling environment with the appropriate incentives to enable the private sector operatives achieve the specified targets. Thus, the interaction with them was designed to elicit information pertaining to their level of awareness, programme impact at both individual and national levels, challenges encountered in the course of their operations and suggestions on how to fine-tune the administration of the programme to meet their aspirations.

From the various submissions both written and oral, their varied opinions on the different aspects of the programmes are presented below.

7.1 General Programme Awareness

From experience, laudable programmes in the agricultural sector had failed in the past because the intended beneficiaries were not carried along during the planning stages. Therefore, it was of particular interest to ascertain the level of awareness and involvement of the target beneficiaries in the planning stages of the presidential initiatives. From the responses obtained from the field, it was quite evident that unlike most other programmes

in the past, stakeholders were very much involved in all the planning arrangements. In other words, they were adequately aware of the programmes and the various incentives put in place. As a matter of fact, the private sector stakeholders made inputs into the project documents that outlined the targets, strategies as well as the budgetary outlay. They were also adequately represented in the various implementation committees. The result is presented in Table 5.

Table 5: Awareness Profile of PIA Stakeholders

Initiative	Percentage Aware	Percentage Unaware
VODEP	100%	0%
CASSAVA	100%	0%
RICE	100%	0%
FRUIT TREES	100%	0%

Source: Survey Returns

The high level of awareness recorded from the survey was not unexpected as the sampling was purposeful.

7.2 Impact Analysis

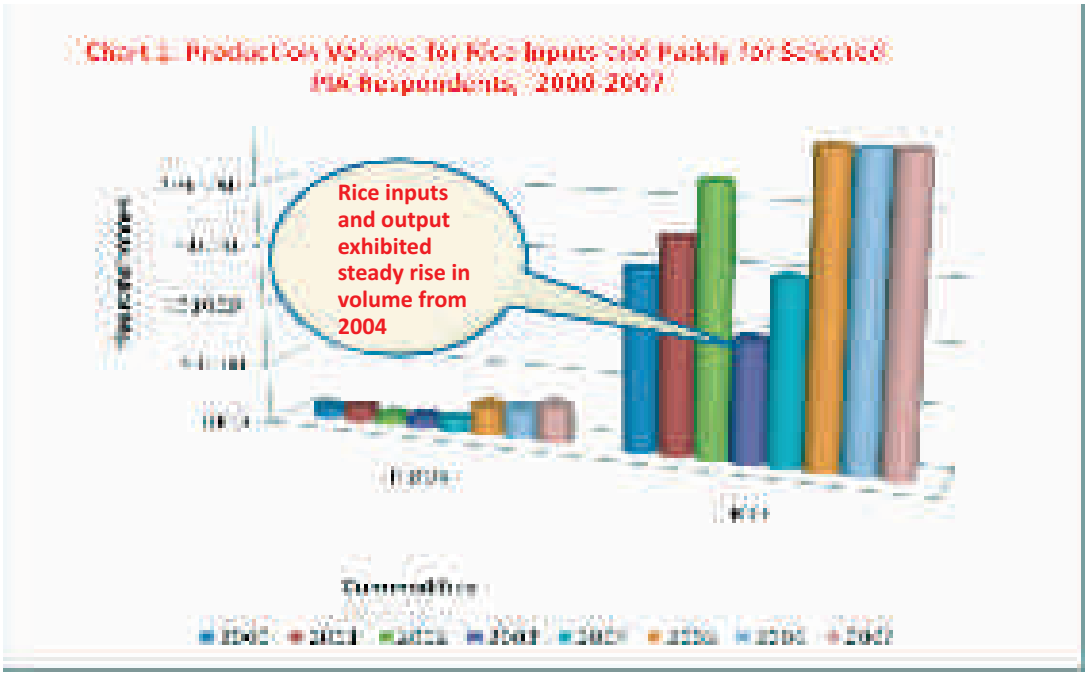
7.2.1 VODEP

The VODEP Initiative made significant progress in terms of raising domestic production of vegetable oils from less than 2 million tonnes per annum in 1999 to 3.5 million tonnes in 2007. This represented a 75 per cent increase over the 8-year period. The increase in output level also impacted favourably on the disparity between the domestic and international vegetable oil prices from over US$600 per tonne in 2004 to US$250 per tonne in 2007. The increase in output was made possible by the huge investments in palm plantations which culminated in an additional 30,000 ha being planted. In addition, more than 65 per cent of large-scale oil mills nationwide, which were hitherto abandoned, were rehabilitated. As at

December 2007, an estimated ₦55 Billion of new investments had been made by private stakeholders in the various crops under the Initiative in both primary production and processing. Available data on employment generation in VODEP indicated an increase from 25,000 new jobs in 2003 to 40,000 in 2007. Similarly, the number of farm families engaged in the cultivation of primary commodities rose from 1 million to 1.8 million within the same period.

7.2.2 IRPEP

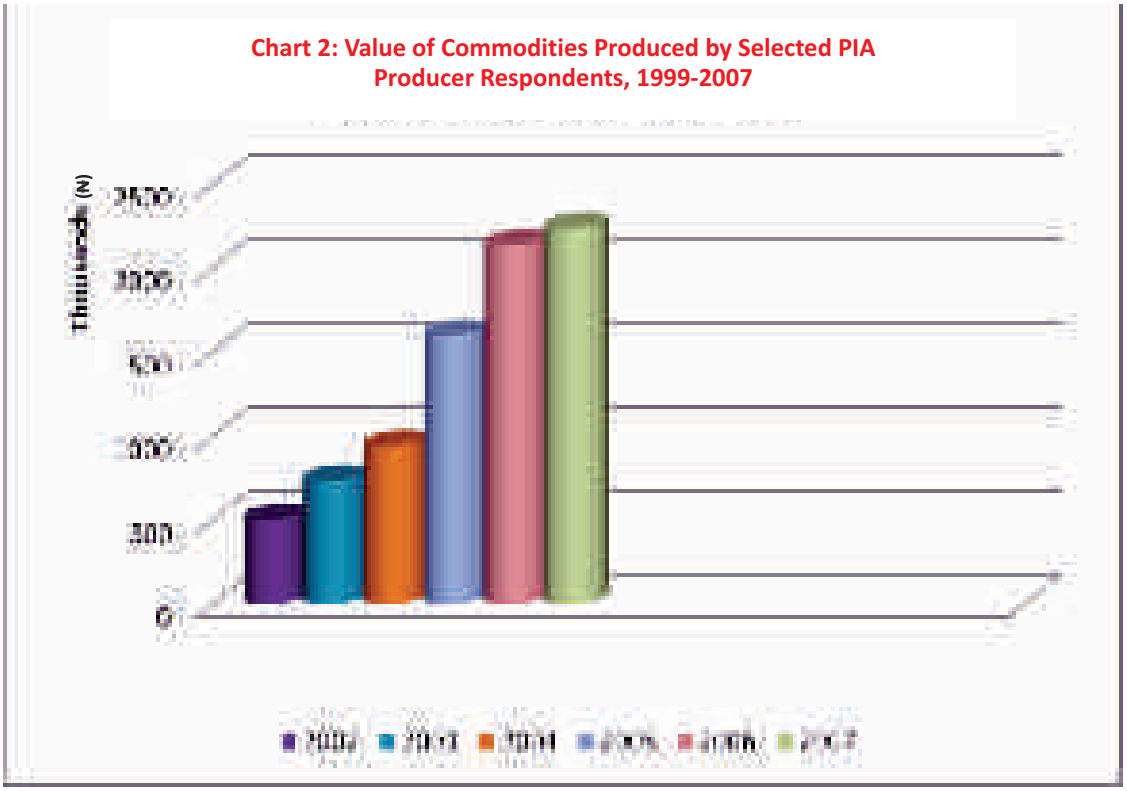
The rice initiative had a modest impact on rice production, particularly in the early years. The aggregate output of the sampled commodity association and other producers which was 2.5 million tonnes of paddy in 2002, rose to 3 million and 4.2 million tonnes of paddy in 2004 and 2005, respectively. This indicated a 40 per cent increase in rice production. It, however, trended downwards to 3.7 million and 2.8 million tonnes of paddy in 2006 and 2007, respectively. The downturn was caused by the non-adherence to the incentives agreed upon at the initial stage of the programme. Production of improved seedlings was boosted by the PIA as the programme witnessed the introduction of R-20 Box technology to Nigerian farmers. During the period 2001-2007, an average of 17,636 kg of R-20 Box inputs were sold to farmers nationwide to boost rice production. Consequently, paddy rice output rose from 1.5 million tonnes in 2000 to 22.5 million tonnes in 2007 by the sampled respondents (Chart 1). Besides raising output, the Presidential Initiatives on Rice brought about the development of new varieties of planting seeds notably FARO 44, FARO 52 and NERICA 1. These varieties have higher yield potentials and are also better suited to our ecological and climatic conditions.



7.2.3 ICPEP

Among the various initiatives, cassava was the most successful in terms of raising national output. For 2005 and 2006 for which field data are available, the combined output of cassava growers' association rose by 20 and 66 per cent, respectively. Similarly, cassava processors achieved 27.6 per cent increase in processing output, but this was not sustained as the level dropped to 15.8 per cent in 2006 due to marketing constraints (Chart 2). In addition, two new products, cassava noodles and chips were developed under the Initiative. Attempts to expand the industrial uses of cassava products particularly in the food industry was not very successful. For instance, despite government directive to bakers to incorporate 10 per cent of cassava flour in bread, the level of compliance has been very low as only 2 per cent was used.

Chart 2: Value of Commodities Produced by Selected PIA Producer Respondents, 1999-2007



7.3 Identified Constraints by Stakeholders

The challenges which militated against the full realization of the set targets of the Initiatives in the face of huge potentials were identified and grouped as follows;

7.3.1 Gross Inadequacy of Funding

One of the major constraints of the initiative was poor funding, which resulted in many of the initiatives not going beyond the pilot stage. For example the financial outlay for implementing the various activities under VODEP was ₦50.7 billion for its lifespan. However, only ₦50.4 million or 2 per cent of this was released; this also affected other initiatives. Subsequent budgetary provisions were never released.

7.3.2 Non-Implementation of Incentives

As part of the deal with the private-sector stakeholders, the Federal Executive Council

approved a package of incentives meant to mitigate the negative impact of the harsh operating environment. Unfortunately, a few of these incentives were at best, partially implemented while the rest were not implemented at all. For instance, the ban on vegetable oils was pronounced but could be enforced as hundreds of trailers still bring in vegetable oils into the country through known routes. Also, there was non-enforcement of the 10 per cent cassava in flour production as against 2 per cent currently used by the flour millers. Some of the other incentives that were not fully implemented included waiver on withholding tax on dividends; tax moratorium of 7-10 years for investments in the sector; exemption of vegetable oils from VAT; reduction of corporate tax to 10 per cent; making investments on social infrastructure by estate developers for host communities tax deductible; allowing accelerated depreciation of equipment; a single digit lending rate to producers, processors and marketers of vegetable oil under the portfolio of the Nigerian Agricultural, Co-operative and Rural Development Bank (NACRDB).

7.3.3 Dearth of Support Infrastructure

The issue of poor supporting infrastructure particularly, energy and bad road network featured prominently among the challenges. For instance, black oil which is a critical input used by oil mills to run their boilers became a very scarce commodity and could only be sourced from Kaduna refinery. At a time when domestic demand could hardly be met, a license was issued for the exportation of the commodity, leading to the emergence of a black market. The situation was similar with diesel as power supply from public source was so epileptic that plants would run for as long as 18 hour per day with grave implications for operating costs.

7.3.4 Smuggling

Stakeholders identified smuggling as one of the major challenges, as vegetable oil and rice continued to be smuggled into the country, resulting in the dumping of all manner of oils in the country, to the detriment of local production. Apart from the associated loss of foreign exchange and employment opportunities, the objective of combating vitamin 'A'

deficiency in vegetable oil in the country may have been compromised as the imported brands do not come enriched with vitamin 'A', as stipulated by the National Agency for Food, Drugs Administration and Control (NAFDAC).

7.3.5 Dearth of Agricultural Extension Infrastructure

A key strategy for realizing programme objectives was the adoption of new technology such as the R-Box technology for rice and new varieties of the other crops. Unfortunately, the initiative did not provide for adequate agricultural extension officers to assist the farmers in adopting the new technology. In the absence of this vital link, farmers did not maximize the benefits of the technology.

7.3.6 Poor Market Information and Inadequate Marketing Outlet

The absence of current information on marketing outlets particularly for cassava led to a glut. Farmers could not find markets for maturing cassava tubers resulting in huge losses. The poor value-chain for the commodity meant that farmers could not take advantage of adding value for both higher shelf life of products and higher income. The lack of marketing opportunities became a major disincentive to further expanding cassava production in the country.

7.4 Suggestions from Stakeholders

Stakeholders consulted were unanimous in their commendation of the Initiatives and called on government to consider resuscitating the various programmes without further delay. In order to enhance the operational efficiency and ensure that the programmes deliver on their mandates, they suggested that government should;

- commit adequate budgetary provisions for programme implementation;
- sustain and enforce the ban on the importation of vegetable oils for at least the next 5 years;
- implement all the incentives earlier approved for the sector;
- establish coordinating centres for the various commodities;

- establish cassava industrial development centres;
- put in place a guaranteed minimum price programme;
- resuscitate the national agricultural extension system; and
- develop agricultural processing infrastructure.

8. CONCLUSION

The intervention of government in the agricultural sector through the Presidential Initiatives on Agriculture was necessary and timely at the time it was introduced. The continued relevance of the programme in present time was reinforced by the recent global food crisis which brought the problem of food deficit to the fore, and exposed the inadequacies of Nigeria's national food security situation and the emergency measures embarked upon by government to stem it. It would be recalled that as part of the emergency measures, a sizeable amount was made available for the importation of rice. Yet, one objective of the rice initiative was to have attained self-sufficiency in the commodity well before the food crisis manifested. Perhaps, if the same level of commitment by way of funding had been shown, the nation would have been saved the huge resources deployed to mitigate the effects of the crisis. Except in VODEP and Cassava, there was no evidence from the field visits that the PIA activities in the sub-sectors generated increased employment. This was due to the fact that the dedicated projects on farm activities were yet to commence. Available evidence showed that no intensified agricultural production activities took place under the programmes. The little funds released were spent on pre-planting activities, seedling, research, consultancy fees, and preparation training and mobilisation of technical resources. There is the need to build on these achievements before the facilities fade away.

While it is regrettable that the entire programme was allowed to suffer on account of funding by the last administration, it is more regrettable that the present government has not taken a position as to whether the programmes would continue or not. Government, as an institution, is a continuum and so should national programmes that address our

developmental aspirations. It should be noted that the conditions that necessitated the introduction of these initiatives/programmes are still very much with us today. It is in the national interest that the Presidential Initiatives on Agriculture be resuscitated

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