Farmers appreciate 1-kg packs of fertiliser

Despite low soil fertility and increasing nutrient depletion, fertiliser use among farmers in Nigeria is among the lowest in the world. The average annual consumption of fertiliser is 8 kg/ha; this is lower than the average 43 kg/ha for South Africa, and much lower than the 190 kg/ha average in Brazil.

The major challenge facing smallholder farmers in Nigeria is access to fertiliser. Because of government market interference through subsidies and leaky channels of distribution, which result in an unreliable supply, many farmers are forced to go without this vital input. Another challenge is that fertiliser is currently distributed in 50-kg bags. This puts the cost of a bag out of reach for many poor smallholder farmers.

To address this market gap, local fertiliser merchants have resorted to opening bags and selling it by the mudu (a weight measurement of about 3.5 kg). But the fertiliser quality suffers, becoming adulterated by the introduction of foreign matter or through inaccurate mixing of nutrients. Splitting bags also means nutrients are lost through evaporation. The resulting poor quality means that many farmers’ crops produce low yields, despite fertiliser application.

Tak Aminchi is an innovative new blend of NPK plus sulfur and calcium. It is sold in 1-kg packs directly to farmers.
Many farmers also lack knowledge about best farming practices, despite the state-managed Agricultural Development Programmes which were designed to provide them with extension services. A 2010 study by the International Food Policy Research Institute discovered that, in a given year, village extension agents meet on average less than 4% of all farmers in the states studied. Furthermore, extension agents spend on average less than 20% of their time training farmers.

In response to the challenges confronting the fertiliser market, Tak Agro Ltd., one of Nigeria’s leading fertiliser companies, introduced an improved blend of fertiliser by adding sulphur (S) and calcium (Ca) to the standard nitrogen, phosphorus and potassium (NPK) blends available on the market. They also made this new NPKSCa blend available in 1-kg bags for farmers in Kaduna state.

These small packs, called ‘Tak Aminchi’, aimed to improve farmers’ access to high quality, affordable fertiliser, and give them the opportunity to buy factory-bagged fertiliser in affordable quantities. The product also has a more suitable nutrient mix for Nigeria’s soils than other NPK mixes available on the market.

Tak Agro combined the sales of its Tak Aminchi packs with farmer education, including on-farm training in correct fertiliser application. This provided farmers with a private sector alternative to the inefficient and overburdened system of publicly funded village extension agents.

The trainings were conducted by Tak Rural Promoters (TRPs), the rural sales agents for the 1-kg fertiliser bags. The 150 TRPs trained farmers across five zones of Kaduna state (Hunkuyi, Makarfi, Giwa, Soba and Anchau) on how to apply fertiliser efficiently to get maximum yields. The training focused on exposing participants to good agricultural practice and filling the gaps in farmers’ knowledge, for example on plant spacing, correct dosage and the timing of fertiliser application. The TRPs then extended their education services to farmers in the neighbouring states of Kano and Katsina. In the 2010 season, TRPs set up a total of 859 fertiliser demonstration plots on farm households across the three states.

The TRPs also organised ‘brown field’ days for farmers in October 2010. These demonstrations showed both the traditional and improved practices on the same field, so farmers could compare improvements in harvest yields as a result of using the new farming methods. A total of 267 farmers participated in the farmers’ brown fields, at five locations in Kaduna state.

The TRPs were themselves trained to demonstrate the application of fertiliser to farmers. Farm Input Promotions Africa (FIPS-Africa), a Kenyan non-profit organisation with expertise in innovative fertiliser distribution methodologies, conducted this training.

TRPs and their urban-based suppliers, the Tak Retailers, were also taught how to market the 1-kg packs of improved-blend fertiliser. The TRPs tested these newly acquired marketing skills during the 2010 season. They conducted market promotions in

The benefits of reforming agricultural policy

PrOpCom’s agricultural policy interventions work with multiple stakeholders – farmers, politicians and the private sector – to seek reforms that will stimulate agricultural productivity in Nigeria. State-level interventions are currently supporting the governments of Adamawa, Kano and Ogun states to adopt policy reforms that will make agricultural markets work better for poor people.

To broaden the impact of its state-level policy work, PrOpCom convened a national dialogue for agricultural stakeholders in Abuja on 10th August 2010. The objective was for key stakeholders in Adamawa, Kano and Ogun states to share their experiences and lessons learned from working with PrOpCom on their states’ respective policy reform processes. Top-ranking government officials from the ministries of agriculture of 12 other states also attended (Adamawa, Benue, Cross-River, Delta, Ebonyi, Gombe, Imo, Kaduna, Kwara, Niger, Ogun and Ondo).

At the forum, Mrs Fatima B.A. Bamidele, the Permanent Secretary of the Federal Ministry of Agriculture and Rural Development, was represented by Mrs O.F. Ogungbela, the Acting Director of Policy, Planning, Research and Statistics. In the Federal Ministry’s opening goodwill remarks, she pledged its commitment towards the development of sustainable, pro-poor agricultural policies. She furthermore acknowledged PrOpCom’s facilitative role in encouraging agriculture policy reforms in Adamawa, Kano and Ogun states.

The forum continued with representatives of Kano and Ogun states giving presentations on their states’ respective reform processes in rice policy. Alhaji Muhammad Kura, the Managing Director of the Kano State Agricultural and Rural Development Authority delivered the Kano state presentation. Mr Alfred A. Onabanjo, the Director of Planning, Research and Statistics of Ogun State Ministry of Agriculture, presented his state’s rice policy experience.

Both presentations outlined the rationale for new rice policy documents, existing opportunities in the rice value chain, the responsibilities of public and private actors, and the role of state governments in creating a business-enabling environment, for example by investing in infrastructure.

The presenters also spoke about the newly adopted process of policymaking. This involved a more participatory approach to include all stakeholders in the defining of commodity-based policies. For example, the Kano and Ogun states’ rice policy documents were developed through a series of stakeholder meetings, which allowed different value-chain actors to have inputs in the policies that affect their business.
PrOpCom played a facilitating role, engaging a policy consultant who collected and analysed policy data, organised stakeholder workshops and held a validation meeting. At this final meeting, the stakeholders evaluated and agreed on the content of the policy documents, set timelines for their implementation, and identified roles for each stakeholder towards the actualisation of set goals. The Executive Councils of Kano and Ogun states have since approved the documents as the guiding policy for budgeting and planning for the rice subsector.

The next speaker at the national forum was Dr Louis Mandama, the Permanent Secretary of the Adamawa State Ministry of Agriculture. He spoke about his state’s policy reforms, which developed more appropriate and effective mechanisms for distributing fertiliser to poor farmers. Here, PrOpCom helped the state to objectively evaluate the strengths and weaknesses of the existing government distribution channels, in order to provide a strong evidence base upon which to determine future policy decisions.

To do this, PrOpCom conducted an assessment in December 2009 of the efficacy of fertiliser distribution in the 2008 and 2009 cropping seasons. The results indicated that only 13% of farmers in Adamawa state actually had access to government-subsidised fertiliser. The survey findings stimulated policymakers to improve their distribution processes to ensure greater coverage.

A follow-up study was recently conducted on the changes in Adamawa’s distribution efficacy for the 2010 farming season. The report indicated that farmers’ access to subsidised fertiliser had increased to 42% in 2010 due to the reforms initiated by the state government.

At the national dialogue in Abuja, all the participating states agreed with the approaches used by Adamawa, Kano and Ogun states to develop agriculture and/or commodity-specific policies. This agreement represented a first step towards other states adopting PrOpCom’s approach to policy development in Nigeria.

The states' agreement to the approach is already being transformed into concrete actions. After the national dialogue forum, representatives from Abia State Ministry of Agriculture approached the Kano State Ministry of Agriculture to request an interstate exchange programme, and Abia officials subsequently visited Kano to study its rice policy development process. Furthermore, RBS Consulting, a policy consultancy firm, has approached PrOpCom for assistance in helping the Lagos state government adopt the Kano rice policy model.

By including public–private dialogue in the policy-drafting process, setting up clear roles and responsibilities for government and private sector actors, and making policy decisions based on objective evidence, PrOpCom has demonstrated how public and private sectors can collaborate to design policies that improve agricultural productivity. Through improved partnerships, policymakers can establish a more business-enabling environment that benefits poor farmers across Nigeria’s 36 states.
Rice farmers excited about mechanised rice threshers

Rice farmers across Nigeria have commended the mechanised rice thresher as a positive development towards the growth of the country’s rice sector. Tired of the drudgery, time and cost of threshing rice paddy manually, they spoke to PrOpCom of their desire to improve paddy processing.

Malam Abubakar Geriyo, a paddy farmer in Adamawa state, said, “My problem is getting the required number of people; it takes me days before I am able to mobilise people to help. But now that I have a mechanical thresher, I do not need to wait. I can thresh at any time, so that is a big relief for me.”

In Nigeria, most rice farmers practise manual threshing, detaching rice grains from the panicle by hand or by hitting the paddy on a hard surface. This process often results in dirt and stones being swept up with the grain when it is bagged.

Manual threshing is also labour-intensive. A study commissioned by PrOpCom in March 2009 showed that manually threshing a 2-hectare plot takes an average of 13 labour days (assuming a small-machine capacity of 150 kg/hour), whereas mechanical threshing takes less than three labour days.

Manual threshing incurs a 7–12% rate of grain loss, compared to just 2% for mechanised threshing. And many mechanical threshers remove the need for manual winnowing (a process to separate grain from chaff), generating a further saving of 13 labour days. This results in a total saving of ₦26,500 (£106) to a smallholder farmer. Additionally, farmers stand to benefit from higher market prices by selling cleaner rice paddy.

To reduce the labour costs and toil associated with rice processing, Nova Technologies, a Nigerian agricultural machinery firm, designed and manufactured a mechanical rice thresher. The thresher costs ₦70,000 (£280) and, because it is mobile, it can be easily moved from one farm to another. This means that a farmer who purchases the thresher for his own farm can also hire it out to neighbouring farmers.

The new machine was recently showcased to farmers at 11 demonstrations in Adamawa, Benue, Ekiti, Kano, Nasarawa and Ogun states. Nova used the events to sensitise rice farmers to the benefits of using the new thresher and demonstrated how it can improve the quality of their locally produced rice. A total of 162 rice farmers from the Rice Farmers Association of Nigeria (RIFAN), the states’ Agricultural Development Programmes and other agricultural stakeholders participated.

Engr Bankole Oyeniyi, the managing director of Nova Technologies, said that his demonstrations aimed to show stakeholders in the rice sector the benefits of the new thresher. “We need to change rice processing methods from manual to mechanised threshing, if we are to increase the current rice production capacity. Farmers need to adopt the new model thresher. It is not only time-saving and cheap, but also increases the quality of the grains.”

Oyeniyi used the demonstrations to teach rice farmers how to operate the thresher, including its special features, and discussed the economic benefits of using the thresher. He explained how the thresher would not only reduce production costs by performing both rice threshing and...
Farmers purchase tractors under a private sector scheme

Agricultural productivity in Nigeria is constrained by a lack of manual farm labour. This is partly due to the drudgery of land cultivation, meaning few people want to do this work. The scarcity of labour supply makes land preparation expensive and getting the seasonal cropping done in time is a regular challenge for farmers.

Most farmers clamour for tractors to help cultivate their crops, as mechanised land preparation can achieve estimated cost savings of 30% over manually primed land. But tractors are in short supply in Nigeria; there are only an estimated 15,000 functional tractors available in a nation of 150 million people. Farmers often have to wait months before they can hire the services of the few public and private tractors.

However, farmers in Kaduna, Ogun and Oyo states are now benefiting from the 39 tractors purchased by private tractor service providers between June and September 2010. These tractors were acquired as part of PrOpCom’s tractor intervention, which seeks to expand smallholder farmers’ access to tractor hiring services. As part of this intervention, PrOpCom coordinated a lease-financing scheme with three key market actors: First Bank Plc, a leading financial institution; Springfield Agro Limited, the distributors of Mahindra tractors; and the Tractor Owners and Operators Association of Nigeria (TOOAN).

The initiative is the first in Nigeria that is wholly operated by private sector actors. For TOOAN members, it is a significant departure from their past experiences with public–private partnerships (PPPs). In previous PPPs, the government would purchase tractors from private distributors and then use them for public tractor hire services, or resell them at subsidised rates to farmers’ groups. In Kano, one group of farmers and tractor buyers even paid initial deposits for tractors and were promised a subsidy payment by the state government, as well as a bank loan to finance the remaining equity. But unfulfilled subsidy disbursements from the state government meant they never actually purchased the machines.
PrOpCom’s private–private sales and lease-financing scheme is a new model. Under the scheme, each tractor is sold to an individual member of TOOAN for ₦3.725 million (£15,000). Participating TOOAN members put down a 20% equity contribution, amounting to ₦745,000 (£2,980). The Central Bank of Nigeria and PrOpCom provide a guarantee for each tractor, and Springfield supplies the physical assets as well as a 5% recoverable credit to First Bank at the time of purchase.

First Bank provide a lease finance product (a form of loan) to the TOOAN participants for the remaining ₦2.98 million (£11,900), repayable over a 24-month period. Additionally, the buyers are given comprehensive insurance cover, a 2-year warranty, maintenance support and technical training by Springfield. To date, 39 tractors have been sold to participating customers and an additional 11 buyers in Kaduna state are awaiting final approval of lease finance applications.

Mr Bello Ojo, a 28-year-old tractor operator based in Oyo state, said buying a tractor was “more like dream than a real life experience”. He could not hide his joy at receiving the keys to his new tractor from First Bank. An excited Ojo summarised his feelings as such: “When there was a delay in approval by First Bank, I initially thought that it was ‘419’ (a Nigerian slang term for a scam). Now, I am a tractor owner. I am overwhelmed.”

Mr Lookman Ajayi, the branch manager of the Igbogila First Bank branch in Ogun state, remarked, “The event marks the introduction of a private-sector funded tractor-lease financing scheme in Nigeria. First Bank is happy to hand over the tractors to the participating customers and service providers.”

Alhaji Bature Garba, a farmer with a medium-sized plot based in Kaduna state, also bought a tractor through the scheme. He stated, “I am happy to acquire a tractor through the scheme. It will enable me to increase the size of my farm and provide tractor services to farmers in my community. This is better than the manual labour I used before.”

The Kaduna state government also commended the tractor-lease financing initiative. Speaking at the launch of the scheme in Zaria, Dr Ibrahim Ramalan Giwa, the State’s Commissioner for Agriculture, said, “This is the most viable and sustainable initiative that, if properly handled and monitored well, could take us to the Promised Land.” He advocated for other states to replicate this model, where the private sector finances tractor leases, to achieve the goal of agricultural mechanisation.

As part of their commitment to strengthening the capacity of stakeholders in the tractor services industry, Springfield Agro conducted a series of trainings for TOOAN members in Ogun and Kaduna states. The training focused on improving tractor operators’ skills, teaching mechanics key engineering skills to service the machines, and providing information on general tractor maintenance.

A total of 125 tractor operators and 15 mechanics benefited from the training, which will extend the functional lifetime of the tractors and improve after-sales services. Springfield Agro said it has a strategic plan to build a network of technically competent professionals in all fields in the tractor industry, which would enable efficient service delivery to tractor operators.

PrOpCom’s role has been to facilitate partners to work together to improve the agricultural mechanisation market. By developing a new working model, poor farmers in Nigeria will have increased access to tractor services. Through its tractor intervention, PrOpCom aims to create 691 jobs, generate a direct impact of ₦54.9 million (£0.2 million) in increased income for farmers and tractor service providers, and improve access to tractors for over 3,150 poor farm households.
Mobile banking kicks off in Nigeria

The race to introduce mobile banking and mobile payments in Nigeria is just beginning. Pagatech – an operator offering a new, mobile-based banking service called ‘Paga’ – is set to be a strong contender in improving financial access to unbanked Nigerians.

Only 20% of Nigerian adults have access to formal financial services, one of the lowest rates in Africa. And 53% of adults are financially excluded, lacking access to any financial services, formal or informal. The banking sector in Nigeria largely focuses on the urban elite, mostly salaried employees, leaving large sections of the rural population, mostly farm workers, excluded.

The dearth of banking services in rural areas means that people have difficulties in terms of saving and moving money, or accessing their funds in cash. The result is that 86% of rural inhabitants have no formal banking services.

But the increased penetration of mobile phones in Nigeria is changing this. At the end of 2010, 56% of the population used mobile phones, while about 80% live in an area with mobile phone coverage. This creates an unprecedented opportunity – the provision of mobile-phone based financial services to the rural unbanked.

The Central Bank of Nigeria (CBN) has granted 16 ‘licences in principle’ to potential mobile-payment operators. In January 2011, the CBN advised these licensees to conduct pilot programmes to test the viability of their products in the market. The pilots set parameters for all the contenders to operate in one urban and three rural areas, and to target a maximum of 5,000 users served by 100 sales agents.

PrOpCom were pleased to witness the Paga scheme, which brings its product to the attention of people who are largely uninformed about mobile banking and mobile payments. We have been collaborating with some of these operators to facilitate their foray into the rural market, acting as advisers to help them think about their business models and find partners for their services.

In March 2011, Pagatech embarked on a series of roadshows to raise brand awareness and solicit new agents and users in Lagos, Anambra and Kano states. The event in Kano was a noisy affair, with multilingual presenters corralling passers-by and working them up into a “Paga” chanting frenzy. This excitement caught the attention of curious onlookers, who came to find out more; many opened accounts on the spot.

Pagatech also took the opportunity to find and recruit ‘Paga Stars’ – banking agents who will enable rural people to cash in and cash out transactions at numerous locations, without the need to enter banks. Paga users can also transfer their electronic funds to distant friends and relatives, purchase goods and services, or just store credit on their phones until they need the cash. This ‘electronic purse’ is more secure than storing cash in their homes.

The pilot phase ended on 31st March 2011. We are now waiting to see which of the potential operators will be given the go-ahead to roll out their services across Nigeria. One thing’s for sure: Paga will be giving them a run for their money!
PrOpCom

Making Nigerian Agricultural Markets Work for the Poor

PrOpCom (Promoting Pro-Poor Opportunities through Commodity and Service Markets) is an innovative market-driven programme funded by the United Kingdom’s Department for International Development (DFID) that aims to reduce poverty in Nigeria. The programme works with government institutions, private sector organisations and individuals to enable agricultural markets to work better for the poor. PrOpCom started full implementation in April 2008 and will be operational until December 2011.

The overall intention of the programme is to facilitate basic changes to market systems and institutions, to improve how markets operate, and to increase profits and revenue whilst providing benefits to the poor from these market interventions. PrOpCom facilitates and catalyses changes (making them possible and happen faster) through active engagement with businesses, civil society and government, in order to address problems in selected commodity sectors. The programme works along the entire value chain, as appropriate, including production, processing and marketing of agricultural products.

Using this market-led, pro-poor development approach, PrOpCom works through market forces to support the poor to:

• enhance their incomes
• obtain access to jobs
• gain greater access to markets
• have more choice in the markets
• use the market to reduce the economic risks they face.

PrOpCom is currently facilitating activities in five markets (Fertiliser, Rice, Financial Services, Agricultural Mechanisation and Agricultural Policy), within a framework of 12 interventions, in order to promote market development which is beneficial to poor people in Nigeria.

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