Why Are Agricultural Inputs Important?

The backbone of any agricultural revolution is access of farmers to modern agricultural inputs. These agricultural inputs range from improved seeds, fertilizers and crop protection chemicals to machinery, irrigation and knowledge. Seeds are critical to successful crop production and inevitably, farm productivity and profitability. Fertilizer supplies nutrients to the soil that are essential for growth. Increased use of fertilizer and improved seeds are partially credited with the large increases in agricultural productivity growth in Asia during the Green Revolution in the 1960s. Irrigation is also essential for growth as it enables off-season farming, provides the potential for multiple harvests per year, and brings additional land under cultivation. Crop protection chemicals (pesticides, herbicides, insecticides and fungicides) control weed species, harmful insects and plant diseases that afflict crops. Finally, technical knowledge and machinery enhance human labor effectiveness and increase farm productivity.

A 2012 study by the Department of Agricultural Economics, University of Ibadan, on rice farming populations in the three major rice-growing regions in Nigeria, showed that in one farming season, the adoption of improved agricultural inputs and technology to rice farming, gave farmers a 358.89kg/ha (approximately 9%) advantage over their peers who neither adopted improved inputs nor technology into farming processes ("Impact of Improved Agricultural Technology Adoption on Sustainable Rice Productivity and Rural Farmers’ Welfare in Nigeria" AFDB, 2012). In the case of cassava, of which Nigeria is the world’s largest producer, current production costs could be reduced by up to 40.5% with the usage of improved varieties of stems and the mechanization of planting and harvesting ("Cassava Demand: A Perspective" IITA, 2014).

Applied with the ultimate goal of maximising agricultural productivity, agricultural inputs definitely have a huge potential to scale-up and unlock agricultural productivity in Nigeria, most especially at such a crucial time in the development of the nation’s agriculture landscape.

Trends and Opportunities in Nigeria’s Agro-Input Space

SEEDS

- In July 2013, Nigeria’s first ever herbicide-resistant maize hybrids were released. These maize hybrids are resistant to metsulfuron methyl herbicide as well as the noxious parasitic weed *Striga hermonthica*. The hybrids were developed by the International Institute of Tropical Agriculture (IITA) in partnership with DuPont Pioneer Seeds, Nigeria, using conventional breeding, with funding from IITA and the Integrated Striga Management in Africa (ISMA) project as part of efforts to control *S. hermonthica* in maize.

- In July 2014, Alliance for a Green Revolution in Africa (AGRA) calculated that 80 small-to medium-size African seed companies in 16 countries are on track to produce over 80,000 metric tons of professionally certified seeds in 2014. Two of these companies, one of which is Nigerian, have reached a 10,000-metric ton production level in a year.

- Bank lending to seed companies and small agricultural input retailers in Nigeria rose from zero in 2011 to $10 million in 2012 and $53 million in 2013 while bank lending to fertilizer companies rose from $100 million in 2012 to $500 million in 2013. (Vanguard, June 6, 2014)

- According to Dr. Akinwunmi Adesina, Minister of Agriculture and Rural Development, indigenous seed companies sold $10 million worth of seeds directly to Nigerian farmers in 2013.

FERTILISER

- In February 2013, the management of Indorama Eleme Petrochemicals Limited concluded plans for the construction of Africa’s largest fertiliser plant in Eleme, Rivers State with financial support from the IFC. The plant, designed to produce 1.4 million tonnes of fertiliser, would start production by the fourth quarter of 2015 and engage largely in the production of Urea, NPK and other types of fertiliser.
Trends and Opportunities in Nigeria’s Agro-Input Space (cont’d)

- In June 2014, the board of directors of the African Development Bank (AfDB) approved a $300 million loan facility to Dangote Group to enable the conglomerate to boost fertiliser production in Nigeria through the construction of a $1.9bn fertiliser plant in Edo state.

- According to Dr. Akinwumi Adesina, Minister of Agriculture and Rural Development, indigenous fertilizer companies sold $100 million worth of fertilizers directly to farmers in 2013.

CROP PROTECTION

- In 2013, the IFC invested $6 million in Saro Agrosciences Ltd, a major distributor of herbicides and insecticides, in an effort to increase access to agrochemicals for over 500,000 smallholder farmers by 2016.

Initiatives & Innovations In The Agro-Input Space

Growth Enhancement Support Scheme (GES): GES is a scheme to provide an avenue for direct redemption of hybrid seeds and fertiliser by Nigerian farmers, through an e-wallet system. This is one of the critical components of the Federal Government’s Agriculture Transformation Agenda (ATA). One of the objectives of the e-wallet system is to increase the ease of fertiliser purchase for farmers and make fertilisers more accessible than a phone recharge card or coca-cola bottle. Prior to GES, only 11% of farmers received subsidized fertilisers that were distributed by the government due to leaks in the pipeline that allowed for diversion. However, under this scheme which was introduced in 2011 and has registered over 24 million Nigerian farmers, farmers receive SMS alerts on their mobile phones and proceed to the nearest agro-dealers to redeem the inputs at 50 per cent value of the inputs price aided by the e-wallet system. This e-wallet system has been replicated in various countries across the African continent. In 2013, about 6.5 million farmers received farm inputs of seeds and two bags of fertiliser each under the scheme. Although this fertiliser allocation is still substantially below the needs of the farmer, it is a significant improvement on fertilizer availability compared to previous years.

Village Promoter Program: Notore, one of the leading fertiliser and agro-allied companies in Africa, established the Village Promoter Program which is focused on Nigeria's smallholder farmers in areas not covered by their formal distribution networks. Firstly, the program involves ‘breaking bulk’ as it provides farmers who cannot afford standard 50-kilogram bags of Notore fertiliser access to 1- and 10-kilogram bags. In addition, the "Village Promoters" who sell the fertilizer to farmers demonstrate the best practices in using fertiliser to maximise output. (www.notore.com)

Transforming Irrigation Management in Nigeria Project: This year, the World Bank approved a $495.3m (N79.3bn) International Development Association credit to improve farmers’ access to irrigation and drainage services. The objective of the project is to improve access to irrigation and drainage services and strengthen institutional arrangements for integrated water resource management and agriculture service delivery in select large-scale public schemes in the North.

Kickstart: Kickstart, currently exploring opportunities in Nigeria, is a non-profit social enterprise that sells low-cost, human-powered irrigation pumps to smallholder farmers in Burkina Faso, Kenya, Mali, and Tanzania. These tools allow for irrigation of farmland which enhances agricultural productivity and inevitably, improves household incomes and sustainably contributes to poverty reduction. The annual capital outlay required for a KickStart MoneyMaker pump, is approximately one-tenth that of a conventional irrigation system. Therefore, KickStart gives farmers access to more cost-effective irrigation machinery. (www.kickstart.org)
Recent Events

Bayelsa State Investment and Economic Forum
Sahel Capital spoke on a panel at the 1st Bayelsa Investment and Economic Forum that held from July 16-18. The panel explored the opportunities and challenges faced in unlocking the untapped potential of agriculture in Bayelsa State.

Center for Strategic and International Studies & the Rockefeller Foundation
Sahel Capital participated in a high-level convening focused on ‘Achieving Agriculture Supply Chain Efficiency in Africa: Engaging Smallholder Farmers and Reducing Post-Harvest Loss.’ The convening held from July 22-24 in Bellagio, Italy.

Launching Ceremony of IFAD Funded Projects
Sahel Capital spoke on a panel at the launching ceremony of two IFAD funded projects: “Enhancing the Competitiveness of High Quality Cassava Flour (HQCF) Value Chain in West And Central Africa”, and “Improving The Quality, Nutrition And Health Impacts of Cassava Flour & Nutrition Health Impacts of Inclusion of Cassava Flour in Bread Formulation in West Africa (Nigeria & Ghana)”. This ceremony took place on July 23, 2014 at Sheraton Hotel, Ikeja, Lagos.

Industry Highlights & Sahel News

WAAPP targets 1.5 million farmers, releases 966.5 tonnes of certified seeds
Agronigeria (www.agronigeria.com.ng) Date, July 01, 2014
West Africa Agricultural Productivity Programme, (WAAPP-Nigeria), in collaboration with several research institutes and seed companies in Nigeria, has produced and released a total of 966.5 metric tonnes of high yield and drought resistant certified seeds to farmers for the current planting season. The major crops released were rice (434 metric tonnes ), maize (432.5 metric tonnes), and Sorghum (100 metric tonnes).

FG approves plans to slash controversial 110% duty on rice
SUN NEWS (www.sunnews.online.com) Date, July 08, 2014
The Federal Government has approved plans to slash the levy on imported rice from 110 per cent to 20 per cent and 60 per cent for rice mill owners and full-time traders respectively. The move follows relentless pressure from various stakeholders who see the tariff hike as premature since local production was yet to meet Nigerians’ demand for the staple commodity.

Africa’s largest farm opens in Nasarawa State
BusinessDay (www.businessdayonline.com) Date, July 21, 2014
In line with the agenda to improve the crop yield and ensure food security across Nigeria, Olam has commissioned Africa’s largest rice facility in Nasarawa State. The 6,000 hectare-farm was officially opened for production in Rukubi village, Doma local government area, in July.

Contact Information
Office Address
Plot 14, Block 43A
Chris Maduike Drive
Lekki Phase I, Lagos
Nigeria
Phone
+234-1-628-2670
Website:
www.sahelcp.com
www.fafinnigeria.com
Email
info@sahelcp.com
fafin@sahelcp.com