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Agriculture: Farming revolution has yet to take off

By Xan Rice

Soaring costs: food purchases from abroad have added up to $10bn a year

Had he been a child of the sixties, Adeniyi Adewusi would have seen Nigeria's glory days as a world-leading food producer: the biggest exporter of peanuts and palm oil, and an important operator in the cocoa and cotton markets.

Instead, as a farmer's son born in the 1970s, Mr Adewusi witnessed the country's steady agricultural decline. The oil boom was starting, and farming was neglected as the petrodollars flowed. "Agriculture pretty much died a death," he says.

After school, he studied electrical engineering in England and then worked in IT. But when he returned to Nigeria a few years ago he felt agriculture was ripe for resurrection.

The population had soared to 160m, and so had the food import bill. Though Nigeria has the climate and land to grow rice – only about half the 75m hectares of arable land is used – this year it will import 2.45m tonnes of it, more than any other country in the world.

Billions of dollars will also be spent on buying sugar, wheat and fish from abroad; in 2010 the food import bill was $10bn. “We should not be importing a single grain of rice,” says Mr Adewusi, describing the agricultural potential as “ridiculous, just ridiculous”.

Together with two partners in the financial sector, he explored the possibility of starting a commercial farm from scratch, growing crops such as rice, maize and soya. But poor infrastructure and high interest rates meant it was not feasible.

Instead, they decided to move up the value chain, forming a company called Food Pro and taking over a cashew nut factory owned by Mr Adewusi’s father in Ilorin, the capital of Kwara state. The hand processing method was mechanised, and output and quality quickly improved. Most of the nuts are exported to the UK, and sales will reach $750,000 this year. The target for 2013 is $4m.

Since much of the produce the country does export – including cashews – is usually not the finished product, Mr Adewusi has the satisfaction of knowing that value addition is possible in Nigeria.

Yet he still wants to get into primary production. “It’s a question of the government having the will to make this possible,” he says. “Look at Shonga Farms – it shows what can be done if resources are put in.”

Shonga was set up in 2005, when 13 white Zimbabwean farmers who had lost their farms under a land reform programme were invited to start afresh by Bukola Saraki, the then-governor of Kwara state. They were each given 1,000 hectares of land on a 25-year lease, access roads, machinery to clear the terrain, and start-up capital.

The early years were hard, however. The promised irrigation system was never delivered, and maize and rice crops failed. Five of the farmers left. Of those who remain, the four poultry farmers are doing the best. Those focusing on dairy and crops have found it more difficult, especially to find reliable buyers.

Recent moves by the government to force dairy companies and millers to use local ingredients – part of a strategy by Akinwumi Adesina, the minister of agriculture, to encourage domestic production – have, however, provided a lifeline.

Obtaining funding has also been a big problem. The Shonga farmers say banks are not interested in agriculture. The central bank is trying to change this with loan guarantees to commercial banks that lend to farmers.

Graham Hatty, a Zimbabwean who grows cassava, one of Nigeria's staples, says that large-scale commercial agriculture can work "if things keep changing".

Kola Masha agrees. Previously chief of staff to the agriculture minister, and a former executive at Notore, the agricultural conglomerate, Mr Masha is managing director of Doreo Partners, an investment company.

The solution does not necessarily lie in sprawling commercial farms, Mr Masha says, but rather in improving smallholder ones. He says up to 70 per cent of the country's workforce is involved in agriculture directly or indirectly. The sector contributes about 40 per cent of gross domestic product.

"Farming is Nigeria's job creation engine," he says. "The problem is the yields are low. They are good farmers, but they can barely access agricultural inputs, working capital and government services."

Doreo's solution was to create an "agricultural franchise" called Babban Gona, which means "great farmer" in Hausa.

Those who sign up receive training in business and agronomy, access to credit, and inputs, including soil analysis, seeds, fertilisers and crop protection products. At harvest time, they get the use of a thresher, and are given bags and thread to pack their produce, some of which Doreo stores and sells for them.

Doreo has raised $1m, and is working with 107 farmers in Kaduna, in northern Nigeria. Each has about 1.1 hectares of land. Early results are promising, with yields more than doubling, Mr Masha says. Doreo wants to have 1,500 hectares in the programme next year, and 1m hectares by 2020.

Mr Masha believes his model can reduce food imports but equally importantly create much-needed jobs.

"Unless we employ everyone as desk people, there are going to be a lot of people trying to make a living off small pieces of land. We have got to get serious about agriculture very quickly."