



REPORT OF THE APRNet E-DISCUSSION ON THE GROWTH ENHANCEMENT SCHEME (GES) OF THE AGRICULTURAL TRANSFORMATION AGENDA (ATA)

1.0 Introduction

Currently, the Federal Government is implementing its Agricultural Transformation Agenda (ATA) through complementary programme interventions which aim to solve, in a holistic and integrated manner, the constraints and weaknesses that have for very long held down agricultural development. The ATA seeks to grow and develop agriculture as a business and thereby create jobs, assure food security, promote private sector investments for wealth creation and maximize agriculture sector contribution to the country's economic growth. Growth Enhancement Scheme (GES) is one of the major implementation strands for the ATA.

The GES is designed to enhance agricultural productivity through timely, efficient and effective delivery of yield-increasing farm inputs. GES provides a unique connecting link as it targets the farmers directly with critically needed modern farm inputs on real-time basis.

In order to provide informed and evidence-based contributions for improving the performance of the scheme and correcting any shortcomings, the President of APRNet, Prof Eric C. Eboh initiated a month long blog discussion on the Growth Enhancement Scheme of the Agricultural Transformation Agenda. The discussions were guided by the following questions: What shortcomings, lapses or constraints have been observed since the start of implementation? Is the growth enhancement scheme effective in delivering seeds and fertilizers?

What steps or measures should be taken to improve the effectiveness of the scheme?

With all the necessary facilities in place, including the opening of a forum for the blog discussion on the APRNet website, the discussion effectively started on 31st August, 2013. Towards the end of the month of September, it became necessary to extend the closing date for the discussion to 4th October, 2013. The extension enabled more members of APRNet to send in their views. Furthermore, members who had issues with access to our website were encouraged to send in their reactions through email as attachments.

This report synthesizes the views canvassed while the discussions lasted. The report is organized under the following headings: The shortcomings, lapses or constraints observed since the ATA implementation started; The GES's effectiveness in delivering seeds and fertilizers; and Conclusion and recommendations for improving effectiveness.

2.0 Shortcomings, lapses/constraints observed in the Implementation

The following issues featured prominently as shortcomings observed in the implementation.

i. *Low density and low coverage of Nigeria by functional agro-dealers:* Most of the up-stream suppliers of agro-inputs do not have a national network of agro-dealers that can be relied upon for effective delivery of agro-inputs to every LGA/ward in Nigeria. Their network is concentrated in the state capitals, urban cities and LGA headquarters. The

distribution points are- centralized and farmers travel long and short distance several times to the distribution points for collection of inputs.

ii. *Financial capacity of participating agro-dealers:* The GES program at a minimum requires an agro-input dealer to be able to finance at least 2-trucks of agro-inputs to avoid out of stock problems at the redemption points. Two trucks of fertilizer cost at least NGN6 million and most of the agro-dealers that are participating in GES are unable to finance this level of inventory. The GES program provides a lending opportunity for the financial sector, which unfortunately the banks do not respond to as desired.

iii. *Slow provision of funding under the sovereign guarantee arrangement by banks to agro-dealers and low participation of the banks in the agro-financing component.* As at the time of the discussion, only 5 banks had provided loans to agro-dealers and the loans were given out late in the farming season.

iv. *Supply chain (inventory & logistics) issues:* Upstream suppliers (producers and importers) of fertilizer and seeds do not consistently meet the demand for inputs at all the redemption sites.

v. *Conceptual design:* The conceptual design was that upstream suppliers would be the ones making the claims for GES reimbursement from government. What happens in reality is that suppliers demand payment upfront from agro-dealers who now have to demand reimbursement from governments. The process that was set up for a larger claimant is now complicated for smaller claimants like agro-dealers. This is a significant profit loss risk for small agro-dealers. There is an opportunity to simplify the payment processes and reconsider whether there are other options, for example to escrow GES funds to be administered by banks and the introduction of an e-payment system based on redemptions.

vi. *Farmers' registration exercise:* The exercise is not poor-farmer friendly. Some genuine farmers are refused registration on account of inability and or inaccuracy in completing the requisite forms. Large areas of coverage for each enumerator affect the exercise. Currently, it is one enumerator to a political ward in some states. Secondly, many of those registered are not actually farmers.

vii. *Farmer categorization:* States provided information on 4.3 million farmers; during implementation, it emerged that most of registered farmers were not practicing farmers but were involved in other parts of the farming business. In a related report, farmers' registration process was faulted as most farmers were not registered because forms were not enough or not available. At present, greater proportion of the number of 'registered farmers' are not practicing farmers. Some civil servants have turned themselves into fertilizer merchants. Almost every worker in the various ministries is a 'farmer', collecting fertilizers at the subsidized rate and selling to poor farmers at market price. As a result, there is no clear delineation of who a farmer is, and who should be registered to benefit from the programme, and who should not. As at now, there is no efficient tracking mechanism to ensure the registration of real farmers.

viii. *Appropriateness of the Design:* Some of the farmers have no phone numbers. To this extent, some of the farmers are crowded out. The electronic wallet technique tends to be a little sophisticated for the farmers. Some of the farmers do not have functional handsets. However, the scheme is novel, appropriate and should be given time to make its mistakes and correct them.

ix. *Communication technology:* The desire of some states to use scratch cards in order to avoid the problems of limited mobile phone networks in the rural areas has been reported. Up scaling the use of scratch cards will require a large number of human personnel and limit the cost-effectiveness of GES. An alternative technology, the smart card technology, that can work both on-line and off-line, is being piloted by the Federal Ministry of Agriculture in collaboration with a technology company from the UK and the UK aid agency, DFID.

x. *Adequacy of included packages:* In most states, farmers are given seed types which are not grown in their location; a seed like rice is not cultivated in all locations in all the states, yet seed rice is supposed to be tied to the inputs distributed to farmers. This is the case in both the state sponsored sales (fertilizers) and the inputs procured elsewhere. Some of the packages e.g. the seed maize are more available in the open market than in the GES. Efforts should be made to discourage diversion. The seed rice

component for some states is less than appropriate as rice is not generally grown in all the states; where it is grown in Imo State, for instance, it is lowland rice and not upland rice that is grown. Input supply should therefore be in line with the agro-ecological realities of the state.

xi. *Monitoring and Evaluation Mechanism:* There is no proper method of monitoring implementation. The ministry is doing well in the area of GES and many others but the lack of rigorous M&E reports to substantiate the progress is a gap that needs to be filled.

xii. Aside the identified loophole in the registration of farmers, the E-Wallet is also prone to abuse, as is the case currently. The method of identifying beneficiaries through ordinary SMS is faulty, and the 'smart' ones are already exploiting it. Once one person gets the SMS, he/she forwards it to another person, and so on, and the proof one needs to redeem his/her input is just the text message. There is no means of identifying the SMS source.

xiii. The real targeted rural farmers are not well informed about what the programme is all about. Therefore, there is need for more sensitization especially in rural areas.

xiv. *Poor infrastructure base:* The GES is good but the facilities for execution need to be improved upon. For instance, a farmer in a village without electricity to charge his or her phone may not easily receive information from the information sources. And the farmer's decision for alternative source of energy will definitely increase cost. Solution, cheap rural electrification so that the farmer will not pay additional costs to access information.

3.0 Effectiveness of the Growth Enhancement Scheme

The following reports were received regarding the effectiveness of the scheme.

i. There is no quality control measure in the delivery of the seeds and fertilizers. Farmers do not get the seed component of the inputs. The fertilizers get to the farmers in packages of known and popular brands when the actual contents are less in stated quality. In terms of quantity, the seed rice and seed

maize do not go round while curiously the seed maize is found in the open market. Above all, efforts to supply seed varieties adapted to particular agro-ecological zones should be emphasized. The FGN should devise a way of monitoring and ascertaining the quality of inputs supplied to the input dealers and eventually sold to farmers in the scheme. Rice and maize come from government accredited agencies; fertilizer is left in the hands of the agro-dealers to source from anywhere. This compromises quality of fertilizers. Therefore, the service delivery chain of the fertilizer to the agro-dealers should be effectively monitored. In the GES, fertilizer producers should be in agreement with farmers to produce and supply high quality fertilizer to end-users.

ii. In most parts of the country, the quantity of fertilizers and seeds paid for were not supplied.

iii. Timeliness in the delivery of inputs is not guaranteed. It takes at least 2 weeks after receipt of alert before the inputs are accessed by farmers. The operators should match alert and delivery time so that farmers will have more confidence in the scheme. In Imo State for instance, delivery was late in 2012 but improved in 2013. However, the practice of a distribution centre per local government area (LGA) is not efficient for farmers who have to travel to the centre located at the LGA headquarters with the attendant transportation costs. More centers per LGA should be opened.

iv. The costs of the inputs are fair but could be further reduced to make it more affordable, since most of the farmers are smallholders who have been operating their farm business without financial support from formal financial institutions. Also, there is need to assist them to have access to finance to boost their farm operation.

4.0 Conclusion and recommendations

a. Conclusion:

The GES under the ATA is an effective initiative that is aimed at ensuring that all genuine farmers across the country get access to quality farm inputs, through a courageous and massive overhaul of the national fertilizer and seed supply system. Features of the GES include the elimination of direct procurement and distribution of fertilizers and seeds. All fertilizer and seed companies now sell directly to farmers, not to

government. Therefore, the scheme is novel, appropriate and should be given time to make its mistakes and correct them. Recommendations are contained in the body of the report. The following are some of the recommendations generated from the discussions.

b. Recommendations

- **Design:** There should be more grassroots-based sensitization and dissemination of the scheme, especially as it relates to farmers registration. It is also recommended that the design should incorporate decentralization of agro-input supply centres. This would reduce effort, time and money spent in travelling to distant locations to access the inputs, and also generate youth employment by stimulating the formation of agro-input dealer start-ups. Furthermore, there should be a baseline survey of the various farms in the country to accommodate all the agricultural sub-sectors and not just rice and maize seeds. Input supply should be in line with the agro-ecological realities of the state.
- **Implementation process– timeliness, affordability, adequacy, quality, and logistics:**It is recommended that service providers and multi-national companies be encouraged to invest in the scheme. This could be by offsetting some of the costs borne by the registered farmers. More support could be focused on infrastructural facilities. The operators should match alert time and delivery so that the farmers will take the operators serious. There should be adequate sensitization of farmers on all available sources of finance that will help boost their farm operations.
- **Monitoring and data collection:** There is need to monitor and aggregate the achievements of the scheme in State by State, LGA by LGA, and community by community so that stakeholders will know the proper direction of the programme and its levels of achievement. The Federal Ministry of Agriculture should devise a way of monitoring and ascertaining the quality of inputs supplied to the input dealers and that eventually sold to the farmers. The service delivery chain of the fertilizer to the agro-dealers should be effectively monitored

- **The electronic wallet technique:** There is need to generate mechanism for identifying the SMS source (which must have been developed and codified) before redemption is granted to the beneficiary.
- **Targeting accuracy:** There should be accurate verification of the farmers list. The present distribution pattern should be improved in a way that the inputs would get directly to farmers.

APRNet is a stakeholder-based not-for-profit organization devoted to bridging the gap between research, policy and enterprise in agricultural and rural development.

It seeks to maximize the links research, policymaking and agricultural enterprise and thereby enhance the relevance, utilization and impact of agricultural research. Our strategy is to foster knowledge-sharing and evidence-based communication, dialogue and networking between producers and users of agricultural research. The ultimate goal is to improve the livelihoods of agricultural and rural people, increase food security, reduce poverty and contribute to sustainable agricultural growth and economic prosperity in Nigeria.

APRNet's central object is to facilitate the conduct, communication and utilisation of research for agricultural development in Nigeria. APRNet was incorporated on 14th June 2011 as Corporation Limited by Guarantee. APRNet membership cuts across agricultural policy researchers, academics, technocrats, policy officials, development practitioners, farmers' and agribusiness organisations, professional societies, private sector organisations and the media.