SUB-THEME 2: ECONOMIC RECESSION: CAUSES AND AGRIBUSINESS ANTIDOTES.

REPOSITIONING SMALLHOLDERS FOR FOOD PRODUCTION IN NIGERIA

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ABSTRACT

The smallholders are farmers, having less than ten hectares of crop land, depend on household members for most of the labour requirements and produce the bulk of the household's food. They are instrumental to the success recorded in the Nigerian agriculture. This paper investigates the relevance, strength and challenges of the smallholders with a view to providing policy suggestions for repositioning them as major stakeholders in food security attainment and overall economic development process of Nigeria. The paper was prepared from content analysis of secondary data. Results showed that smallholders are efficient and achieve higher productivity with lower capital intensities and contribute largely to foreign exchange earnings, food security and adapt to changing economic and environmental conditions despite poor infrastructures, inadequate credit facilities and declining size of farmlands among other challenges. With a view to repositioning the smallholders for enhancing food security and economic development of Nigeria, the paper recommends serious government commitments to the provision of infrastructure, credit facilities and capacity building among the smallholder farmers. This category of farmers will continue to be major stakeholders in food security attainment, rural development and economic growth of Nigeria and therefore deserve good support.

KEYWORDS: Food production, smallholders, food security,

INTRODUCTION

Despite the oil and gas wealth, Nigeria remains agrarian economy due to the vast contributions of agriculture to the nation's economic development. At least, agriculture employs 70% of the population and contributes 22.9 % and 23.3 % to the gross domestic product of Nigeria in 2014 and 2013 respectively (CBN, 2014). More importantly, agriculture is the major driver of economic growth and prosperity in developing countries because it generates growth that is more effective in reducing poverty than any other sector of the economy.

Studies (Alamu, 2015; Collier and Dercon, 2009) have reported that no country has successfully managed poverty without increasing its agricultural productivity. Indeed, the majority of the present developed economies grew from strong agricultural background, where surplus agricultural output generated wealth. Agriculture is the major panacea to the current economic recession in Nigeria because it creates wealth along the entire value chains and supply inputs for the industry. In addition, agriculture ensures the production of improved seeds, food crops, animal, aquaculture, apiculture, forestry and processing and storage of array of products in Nigeria.

The smallholders are instrumental to the success recorded in the Nigerian agriculture and other developing nations' agriculture. These smallholders have continued to invest their meagre resources and low technology capability to ensure food production in Nigeria despite the limited support. The economic importance of smallholders in food security attainment and economic development of Nigeria remained significant. Smallholders are effective in food production across the globe, most especially in rural areas of developing countries. They feed themselves and majority of the population, generate income and stimulate rural economies and create new opportunities for the rural people.

The World Bank's Rural Development Strategy defines smallholders as those with a low asset base, operating less than 2 hectares of cropland (World Bank, 2003). A study of the Food and Agriculture

Organisation (FAO) also defines smallholders as agriculturalists with limited resource endowments, relative to other farmers (Dixon, Taniguchi and Wattenbach, 2003).
The smallholders have greater roles to play in agricultural transformation, economic recovery and growth objectives of the current administration in Nigeria. This paper investigates the relevance, strength and challenges of the smallholders with a view to providing policy recommendations to reposition them as major stakeholders in food security attainment and overall economic development process of Nigeria.

METHODOLOGY

The paper utilizes secondary data. These are published materials relevant to the objectives of the paper obtained through desk research. These materials were subjected to content analysis in order to extract findings of the paper.

FINDINGS

Smallholders are Pillars of Food Production in Nigeria

According to Nwanze (2011), smallholders are effective in food production in Nigeria and many countries across the globe. The smallholders produce food for themselves as well as people in rural and urban places (Conway, 2011). They generate income and stimulate vibrant rural economies, create new opportunities for the rural people. The smallholders account for large shares of the total agricultural area and output in Nigeria while small farms are home to the undernourished and people living in absolute poverty (Conway, 2011). The smallholders have greater economic efficiency over large farms because they create employment opportunities, reduce poverty and improve food security than large scale farms (Nwanze, 2011).
Study by Eastwood, Lipton and Newell (2010) showed that smallholders are efficient and achieve higher productivity with lower capital intensities than large farms in Nigeria. The efficiency of smallholders stems from the absence of economies of scale in most types of farming and their greater abundance of family labour per hectare of farmland. In smallholders, family workers are mostly employed than the hired workers and provide higher quality and self-supervising labour. They also concentrate and focus on livelihoods rather than hours worked and are less driven by wage rates while they employ labour-intensive methods rather than capital-intensive machines.
The smallholders have been reported to contribute largely to food security in rural areas with poor infrastructure. According to Osondu, Obike and Ogbonna (2015), over 90.0% of Nigeria's local food (cassava, yam, maize, potatoes) production comes from smallholders which are usually not more than 10 hectares in size, while at least 60.0% of the population earn their living from these small farms.

Smallholders Contribute Meaningfully to Nigerian Economic Development

The contributions of smallholders to Nigeria's foreign exchange earnings through tree crops production have been reported to be very significant. For example, Fasina, Badaru and Aikpokpodion, (2001) reported that smallholders accounted for the production of more than 70 percent of cocoa in Nigeria. Similarly, Akinwale and Ayodele (1999) reported that about 60% of Nigeria cashew nut is produced by smallholders with 2-4ha of cashew. Thus, smallholders are contributing significantly to Nigeria's foreign exchange earnings through the production of cocoa, cashew and other tree crops of economic importance.
The smallholders also contribute to Nigeria economic development in many ways. For instance, Odoemenem, Ezihe, and Akerele (2013) reported that smallholders invest their savings in agricultural activities like purchasing of fertilizer, chemicals and other inputs, payment of labour wages and procurement of more lands for farming activities. They spend greater part of their income on locally-produced goods and services and thus "stimulating" employment intensive growth in the local nonfarm economy for the benefit of the poor (Fasina et al, 2001). Smallholders provide the base through which rural households diversify their livelihoods for reducing rural-urban migration. More importantly, smallholders have the capability to survive transformation process, because they can

adapt to changing economic environment better than the large scale. Their adjustments strategies include: buying or renting additional land, diversifying into higher value production activities (fruits, vegetables, livestock and niche markets among others) and expanding into non-farm activities for income generation and employment opportunities.

The Smallholders have Challenges in their Operations

Despite the economic importance of smallholders in the economic development of Nigeria, there are lots of challenges in their operations. One major problem of the smallholders is land acquisition and issues related to land size. According to the World Food Prize (WFP), the size of land holdings is falling seriously in Nigeria and other developing countries (WFP, 2010). Presently, there are insufficient arable lands for cultivation due to population increase, industrial and urban development while the population of smallholders are increasing yearly (WFP, 2010).

There is also degradation of land and water resources that support food production. The Global Assessment of Soil Degradation (GLASOD) reported that, about 300 million hectares (mha), or five percent of the formerly usable land in developing countries, has been lost to soil degradation (Oldeman, Hakkeling, and Sombroek (1991). The current rate of loss is not less than five mha per year. There is also inadequate water supply due to over-use and inefficient utilization and more so, pollution through leachates from dumpsites, erosion and other means. Many river basins in the world have inadequate water for domestic, commercial and agricultural purposes while rivers are drying up, groundwater levels are declining rapidly and salinization and water pollution are increasing.

Majority of smallholders practice subsistence farming due to lack of connectivity to more lucrative markets at local, national or global levels. As a result, their incentives remain weak, investments remain low, and so does the level of technology adoption and productivity, resulting into poor income and living standard.

The smallholders also suffer from inadequate and quality infrastructural facilities for crop production and marketing. Ahmed and Donovan (1992) listed these facilities as research and extension services, financial institutions and irrigation. Fosu, Heerink, Ilboudo, Kuiper and Kuyvenhoven (1995), however listed agricultural infrastructure to include: irrigation and access to water; transportation; storage; processing; public utilities; research and extension services; communication and information; land conservation; credit and financial institutions as well as health and education. Agricultural infrastructure facilitates processing, preservation and value addition and enhances rural and urban activities (Kumbhakar and Lovell, 2000; Lambert, Emmelhainz, and Gardner (1996); Lanjouw, Quizon and Sparrow, 2001; Lebo and Schelling, 2001).

More so, Nigerian smallholders rely on extensive land use practices, lack access to improved seeds, fertilizers and irrigation (Adesina, Langyintuo; Bugo, Makinde, Bigirwa, and Wakiumu, 2011). Though improved crop varieties exist, but level of adoption is low, and so continues to rely on traditional varieties (Alamu, 2015). The low adoption of improved agricultural technologies which resulted to low production has reduced the capacity of agriculture to reduce poverty in Nigeria and other countries (Thirtle, C., Lin, F and Piesse, J, 2003). Some of the factors that responsible for the poor adoption of agricultural technologies are poor and ineffective extension systems, high cost of inputs, poor input and output markets as well as financial markets for accessing the needed capital to invest in new technologies (Smale and Heisey, 2001; Phiri, 2004).

The limited capacity of financial service providers and level of education of smallholders, the risky nature and seasonality of agriculture are impediments to smallholders in securing credit facilities (Mahieux et al, 2011). The commercial banks are not located in the rural areas and so could not provide credit facilities to the smallholders due to: low income levels of smallholders, poor economy, lack of collateral securities and weak infrastructures like bad roads, erratic electricity supply and poor communications systems. The microfinance, savings and credit institutions are supposed to assist in this regard, often suffer from their small loan capability.

RECOMMENDATIONS

The smallholders will continue to be major stakeholders in food security attainment, economic growth and poverty reduction in Nigeria. Efforts must be made to address the challenges confronting them in order to enhance their production activities and improve their living condition. The following recommendations are made to reposition the smallholders as major food producers and major stakeholders in rural development.

- **Good Governance:** Government intervention is necessary for sound policy-making, effective policy implementation, bringing value-chains to the poorest; development and implementation of ecological literacy and creating enabling environment like roads, electricity, communication, information, access to credit facilities, provision and application of the right knowledge, skills and attitudes as well as the utilization of appropriate technologies.
- **Accessibility to the Right Technology**: The smallholders should be provided with right knowledge, skills and attitudes and the right technology for improved agricultural production. The right technologies include: planting improved crop varieties, use of fertilizers, farm practices and soil management techniques among others. There is need for agricultural input and output markets, creation of financial markets to invest in new technologies while extension activities should be strengthen as well.
- **Provision of Credit Facilities:** This is essential for expanding the cropped areas, farm maintenance, procurement of inputs, employment of labour and linkage to market and access to technologies. Government should serve as guarantors to smallholders to enable them have access to credit facilities from the commercial banks while agricultural development banks should function effectively. More so, efforts should be made to ensure that microfinance banks, other savings and credit institutions provide credit facilities for the smallholders.
- **Linking Smallholders to Market Opportunities:** The smallholders require information on product quality, branding and packaging. They are expected to be business-oriented by introducing them to investments opportunities in value chains in order to increase their efficiency, income generation and market opportunities.
- **Accessibility to Information and Education:** The smallholders need agricultural conservation techniques, slash and mulch and indigenous technologies to be able to survive the current changing climate and other environmental challenges through education and information.

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