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## Nigeria Agricultural Policy Activity

### **KEBBI STATE BUSINESS ENVIRONMENT, SUSTAINABLE DEVELOPMENT, AND THE IMPLICATIONS FOR AGRI-FOOD (MICRO, SMALL AND MEDIUM ENTERPRISES) VALUE CHAIN ACTORS: STAKEHOLDER PERCEPTION AND EVIDENCE REPORT.**

By

Monday Shaibu and Oyinkan Tasié



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# TABLE OF CONTENTS

NAPA RESEARCH PAPERS .....	ii
Authors.....	iii
Authors’ Acknowledgment:.....	iii
TABLE OF CONTENTS .....	iv
List of Figures.....	v
ACRONYMS.....	vi
EXECUTIVE SUMMARY .....	1
INTRODUCTION .....	1
METHODOLOGY.....	1
UNPACKING KEBBI STATE BUSINESS ENVIRONMENT .....	2
IMPLICATIONS FOR AGRI-FOOD VALUE CHAIN ACTORS IN KEBBI STATE .....	3
TRACKING FOR SUSTAINABLE DEVELOPMENT.....	4
POLICY RECOMMENDATION .....	4
CONCLUSIONS .....	5
REFERENCES .....	5

**List of Figures**

Figure 1. Map of Kebbi State showing the various Local Government Areas (LGAs) ..... 2

## **ACRONYMS**

ABP	Anchor Borrowers' Programme
AFAN	All Farmers Association of Nigeria
CBARDP	Community Based Agriculture and Rural Development Programme
CBN	Central Bank of Nigeria
CCT	Conditional Cash Transfer
FGD	Focus Group Discussion
IFAD	International Fund for Agricultural Development
KSG	Kebbi State Government
LGA	Local Government Area
MAN	Maize Farmers Association
MSME	Micro, Small and Medium Enterprise
NBS	National Bureau of Statistics
NASME	Nigerian Association of Small and Medium Enterprises
RIFAN	Rice Farmers Association of Nigeria
SDG	Sustainable Development Goal
SMEDAN	Small and Medium Enterprises Development Agency of Nigeria.

## **EXECUTIVE SUMMARY**

This report is a product of in-depth interaction during a workshop and focus group discussion from relevant stakeholders, including Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), Nigerian Association of Small and Medium Enterprises (NASME), Policymakers (Ministry of Agriculture, Ministry of Commerce, and Ministry of Justice), All Farmers Association of Nigeria (AFAN), Rice Farmers Association of Nigeria (RIFAN), Maize Farmers Association (MAN), and other relevant stakeholders from Kebbi State. The essence of the workshop was to obtain firsthand, evidence-based information on stakeholders' perceptions of the business environment for Micro, Small and Medium Enterprise (MSME, the business environment for Agri-Food enterprises and regulatory frameworks specific to Kebbi state. Consequently, various opportunities and challenges in Kebbi state were highlighted while suggestions were proffered to enhance the environment for MSMEs and Agri-Food enterprises.

## **INTRODUCTION**

The contributions of Micro, Small and Medium Enterprises to country economies is well established, and this is particularly true for Nigeria. Repeatedly, and most recently, policies and applicable regulatory frameworks on MSMEs recognize their importance to Nigeria's Economy. For instance, the National Policy on Micro, Small and Medium Enterprises (2021 – 2025 Edition) referencing data from Nigeria's National Bureau of Statistics records that in 2017 MSME's in the country account for about 60 million jobs. Presumably, this number has risen given the increasing concerted focus on MSMEs by government at all tiers in the country, local; state; and national; and similar focus at the regional and continent-wide governance structures. Hence, strengthening the understanding of the business environment for MSMEs in Nigeria, particularly agri-food enterprises, which is in focus is critical. In addition, focus on regional and continent-wide policy and regulatory frameworks that enhance the business environment for MSMEs in Nigeria is important.

## **METHODOLOGY**

The scope of the general research was limited to selected states in Nigeria, this report is on Kebbi State. Key informant interviews and focus group discussions were utilized in the study. For Kebbi State, 35 stakeholders, representing as holding strong and relevant expertise on the subject were purposefully selected. The selection cut across public and private sector and included participants from the non-governmental organization space. Prominent institutions participating in the study included the Small and Medium Enterprise Development Agency of Nigeria, State Ministries of Agriculture, Commerce and Justice. Also participating were, Farmer Associations and the National Association of Small and Medium Enterprises. Recordings and transcription of recordings were applied. Further, a perception survey was administered prior to the commencement of the Focus Group Discussion on participants to get their prior knowledge of the subject issues before the communal type discussion.





Figure 1. Map of Kebbi State showing the various Local Government Areas (LGAs)

## UNPACKING KEBBI STATE BUSINESS ENVIRONMENT

Kebbi State is in Northwestern Nigeria which have a lot of business opportunities due to its geographical location, sharing border with Niger Republic, Benin Republic and remarkable rivers in the country (River Niger) traversing a distance of about 374km (KSG, 2018). There is the Sokoto-Rima River which intercepted the River Niger at various junction rendering large areas natural flood plains, and Kainji Lake on the River Niger with 50% surface water which give its different business opportunities such as transportation via waterways, importation and exportation business with neighboring countries, farming in both dry and raining season, and mining. The State is endowed with different mineral resources such as cawling, limestone, gold, and salt which are deposited around Shanga LGA, Ngaski (Wara), Zuru and Suru LGAs. It was also noted during the discussion that the State has opportunities for leather production due to high level of livestock production which provide animal skin for various products.

In encouraging MSMEs and the establishment of businesses, Kebbi State has an industrial site (industrial layout) where investors can access land for the establishment of industries at no cost. The allocation of such site is made possible through collaboration between the Ministry of Commerce and the Ministry of Land and Housing. Aside from the relative peace in major parts of the State, Kebbi State also enjoys relatively stable power supply (18-20 hours per day) which stimulates the business environment.

Many challenges were listed by the participants as affecting business development or the activities of MSMEs in Kebbi State, including insecurity resulting from kidnappings and terrorism; especially in the southern part of the State (Yauri and Zuru). Kebbi State had been previously reported as one of the most peaceful States in Nigeria; however, there are cases of insecurity in Kebbi south senatorial district which has disrupted business activities. Several killings associated with the activities of bandits from neighboring states, kidnapping and cattle rustling are prevalent in this region (*TheCable*, 2022). Multi-taxation or tax

collection at different stages was also mentioned as a serious constraint to MSMEs activities in the State due to the absence of a central body or government agency for tax collection.

The participants further complained about the lack of access to capital or loans at low interest rate for some small businesses. Despite the presence and contribution of financial institutions/agencies such as Bank of Agriculture, Bank of Industry, Central Bank of Nigeria's (CBN), and the Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NISRAL), the majority of small-scale businesses in Kebbi State continue to struggle to access affordable financial services to boost their operations.

Finally, the challenge of absence of price control mechanism was mentioned as bane to the activities of MSMEs in the State. Price control mechanism can come in form a ceiling price or a price floor. For price ceiling, government is expected to mandate a maximum allowable price for a good, while for a price floor, government set a minimum price, below which the price of a particular produce/product is not allowed to fall.

## **IMPLICATIONS FOR AGRI-FOOD VALUE CHAIN ACTORS IN KEBBI STATE**

The agricultural sector is the backbone of Kebbi State's economy and the primary source of income for the majority of the rural population. The State is totally agrarian and over 80% of its population are farmers. The total cultivable land in the state consists of 320,000 hectares (ha) upland and 170,000 ha of Fadama land, with high potential of surface water and extractable shallow aquifer to support medium- and small-scale irrigation activities (KSG, 2017). The state is traversed by two major rivers: River Niger and River Rima. Furthermore, there is vast cultivable land suitable for crop production and these hectares have untapped potentials. The participants mentioned that there is no part of Kebbi State that do not produce a certain type of crop, from Argugun a border with Sokoto up to our border with Niger State. While rice is generally grown in all parts of the State, Maize, Soya Beans, Millet, Groundnut, Beans, and Sorghum are majorly produced in Kebbi South. Gender dynamics was perceived to favor the women when it comes to value addition activities, while men are more involved in production or farm related activities. Other crops produced include groundnut, cotton, wheat, sugar cane, sweet potatoes and cassava. Sesame, soya beans, bambara nuts and acha are grown as minor crops while vegetables such as tomato, onion, garlic, pepper, carrot and cabbage are also produced. The available water bodies also influenced fish production and irrigation farming.

Existing water bodies and available raw materials for feed production encourages fish farming in the State. However, processing of fresh fish into its most preferred state seems to be an area yet untapped in Kebbi's agricultural space. Fish processing opens business opportunities for indigenes at different levels not just the agricultural practitioners. A backup to this statement is the progress the state made when heavy investment was made on rice production and how it opened up opportunities for different businesses.

Kebbi's agricultural space or agri-food value chain is saddled with some challenges, as it is the case with Nigeria as a country. Some of the mentioned challenges include: bureaucracy in accessing credit facilities and input support, high cost of production, high tariff, lack of agricultural mechanization, and scarcity of extension services, among others.

Another challenge affecting agribusiness in Kebbi State is driven by factors such as low level of technology and lack of access to credit at low interest rate, increasing low level and duration of rainfall, fragmentation of farmland resulting from inheritance and population growth, which has continuously reduced individual household farm size, inability to secure farm inputs at the right time and non-availability of improved seeds. There are also reported cases of serious postharvest loss/spoilage.

## **TRACKING FOR SUSTAINABLE DEVELOPMENT**

Sustainable Development Goals (SDGs) are blueprints aimed at achieving a better, safer and more sustainable livelihood for the society. The 193 member countries of the United Nations in 2015, Nigeria inclusive, agreed to seventeen (17) goals to be achieved by the year 2030. The world is expected to be sustainably built around four cardinal areas of People, Planet, Prosperity, and Partnerships by 2030. Two (SDG 1 and SDG 2) of the 17 SDGs are aimed at national food security. SDG 1 focused on eliminating poverty, while SDG 2 aims to achieve “zero hunger”. The target of this goal is to end hunger, achieve food security, improve nutrition, and promote sustainable agriculture by the year 2030 (Shaibu, 2021).

According to *The Guardian*, the 2020 Decade of Action’s report in Nigeria reviewed the progress made with respect to issues of poverty (SDG-1) among other six priority goals (SDG: 8,3,4,5,16, and 17). A national voluntary review on the implementation of SDGs in 2017 showed that Kebbi State is one of the focus States in Nigeria’s efforts for economic diversification and resource mobilization. The targeted diversification into agriculture yielded positive results with Kebbi State harvesting over one million tons of rice.

Part of the efforts in achieving SDG-1 and SDG-2 is in access to agricultural finance. A significant number of farmers in the State have gained access to credit for agriculture and agro-allied investment. It was further discussed during the workshop that Kebbi State farmers are major beneficiaries of the FGN’s Anchor Borrowers’ Programme (ABP) as coordinated by the CBN. In Kebbi State, out of a total of about N15.137 billion disbursed to 73,941 farmers, N7.119 billion representing 47 per cent has been fully repaid and returned to CBN (FGN, 2017).

- Kebbi State is also a beneficiary of the FGN’s Conditional Cash Transfer (CCT). The FGN through Kebbi State Government (KSG) established a “National Social Register” for the poor and vulnerable households in Kebbi State in ensuring that no one is left behind during the SDGs era. The CCT of five thousand naira (N5,000) to the poor and vulnerable households is part of the national social safety net program.
- Kebbi State is also participating in the International Fund for Agricultural Development (IFAD)-Community Based Agriculture and Rural Development Programme (CBARDP) towards poverty alleviation. The report of the joint FGN, IFAD and World Bank supervision mission in June 19-26, 2008 revealed that IFAD-CBARDP’s programme is an international one with the following objectives; to empower poor rural women and to critically analyze their constraining opportunities and support requirements, and to effectively manage their own development; to support institutionalization of the policies and processes, create awareness and develop the capacity of public and private sector service providers to become more relevant and responsive to the rural poor; and to support balanced sustainable social, agricultural and economic development interventions for appropriate village groups and individuals.

## **POLICY RECOMMENDATION**

In achieving SDGs and harnessing the available MSMEs opportunities and agri-food business potentials in Kebbi State, the following policy recommendations were made on the short, medium and long term.

1. On the short term, there is need for relevant training on the provisions of AfCFTA and its potential benefits among MSMEs and other actors in the agri-food value chain. This training will develop the business skills of stakeholders with a multiplier effect on increased productivity and better livelihood.

2. Empowerment. Considering the inability of most agri-food business owners in accessing credit for their operations, there is the need to create empowerment programmes that will ease access to resources on the short run. MSMEs operators should also be advised to work in clusters as this will ease their access to financial institutions.
3. The available water bodies can be harnessed for large scale irrigation farming to increase food availability on the medium term.
4. Security issues need to be addressed on the short and medium term. The current security situation in the southern part of the State remains a potential threat to the achievement of SDG-1 and 2.
5. For sustainable production and State's food security, farmers should be encouraged to consciously commercialize agricultural production through provision of inputs and relevant extension services to enable them adopt good agricultural practices.
6. Food safety has become a global issue. For Kebbi's agricultural produce to remain competitive in the global market, there is the need to train farmers, processors and other actors along the agri-food value chain on food and nutrition security. Relevant government agencies and regulators should liaise with various associations (farmers, processors and marketers) on the need to ensure quality produce/products at each stage of the value chain.

## CONCLUSIONS

The workshop assessed Kebbi State's business environment and identified opportunities in the agri-food value chain. It was established that the State has vast opportunities, including available land suitable for agricultural production, deposits of mineral resources, available water bodies for irrigation and fish farming, abundant raw materials for the cottage industries and processing firms, fairly stable power supply that encourages agribusiness operations, available of industrial layout, exportation opportunities due to its border, among others. However, there are key challenges to MSMEs activities in the State. Some of these challenges include multiple tax payment, insecurities in some part of the State, and access to financial resources. The provision of real and sustainable solutions to these challenges will further boost business activities in the State and also help the State in tapping from the gains of AfCFTA.

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