

# **Nigeria's High Growth, Low Development Gap: Harnessing the Untapped Potential of Agriculture for Inclusive Growth**

Convocation Lecture delivered by

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## **Protocols**

Good morning! I feel deeply honored to have been invited by the Chancellor of the Land Mark University, my dear brother and friend, Bishop Oyedepo, the Vice Chancellor and the Governing Council, to deliver the first convocation lecture of the Land Mark University.

To the first graduating class, the class of 2014, I say congratulations! Today, you form the first batch of graduates from this first rate institution, released into the world to achieve great things. Today, God has crowned your efforts with success, to the delight of your parents, families and friends. Well done!

Vision is very important in life. And you are today the product of a vision, by a visionary leader, Bishop Oyedepo, who established this university. There is a difference between a visionary and a dreamer. While a dreamer may have ideas, visionaries are the ones that translate their dreams into reality. I therefore congratulate you Bishop for being a visionary. I commend your leadership and commitment to higher education. As with everything you do, it is done with a touch of excellence. This beautiful university adds to your legacy of excellence. To the graduating class of 2014, therefore, I say do not remove the ancient landmarks, as the Bible says. As you graduate remember this is the place where your dreams were formed, and you must leave here determined to translate your dreams into reality, for that is the whole essence of your training at Land Mark University.

Today I will be speaking to you about agriculture. You may not know it, but agriculture was the first profession on earth. God loves agriculture, because the first place he put man was on a farm, a beautiful garden, full of all manner of fruits and plants. All civilizations in the world had come through revitalization of agriculture. Joseph was a young leader in Egypt and he used his knowledge of agriculture to boost the economy of Egypt, turning it into the breadbasket of the world during his time. So powerful was the agricultural economy then that the entire world went to buy food in Egypt. Food is the most powerful instrument on earth, so much so that God said "man shall not live by bread alone". Well, you need the word of God, but without food, you can do absolutely nothing. Therefore, any nation that cannot feed itself is at the mercy of others. And no independence is complete until there is independence from relying on others to feed the nation.

It is with this in mind that I approach agriculture with a different perspective. Agriculture is close to my heart but I must tell you that my being in agriculture was not by choice but rather by destiny. After finishing my O-Levels in 1974 at the age of 14 years, my father, who grew up as a farmer, desperately wanted me to study medicine. He filled all my university admission forms, and his choices were consistently the same: first choice, medicine; second choice, veterinary medicine, and third choice, dentistry. In three successive attempts to get into the university, I was always admitted to study agriculture, not medicine. It was clear at the third attempt that God wanted me in agriculture. That is how I went on to study agriculture.

I am happy that God led me to agriculture, for look at it today: I am a doctor (at least of agricultural economics, so my dad left me alone) and by God's grace the Minister of Agriculture for Nigeria. I always remind my Dad: even doctors will tell you to eat first before taking your medicines! And for that you need agriculture to work.

Today, seven of the ten fastest growing economies in the world are in Africa. Nigeria is the fourth fastest growing economy in the world, and we are now the largest economy in Africa. Nigeria's economy has been growing strongly. GDP annual growth rate for Nigeria has averaged 6.21 percent from 2005 until 2014, above the average for the rest of Africa. But there exists a huge paradox. The growth in Nigeria, as in most of the countries in Africa, is not inclusive, as millions only hear about the growth numbers, but feel alienated from the growth process. Nigeria's rural economies harbor the greatest share of those being left behind or excluded.

There is no doubt in my mind, therefore, that we need a new growth model that stimulates shared prosperity, creates jobs for millions of our rural youth and unlocks the huge sleeping potentials of our vast agricultural lands. The poverty rate in Nigeria has declined to 32%, thanks to the economic policy reforms of the government, but we must do more to reduce poverty. Poverty is not an industry nor a tradable, so we must not grow poverty. We must create wealth all across our rural communities. And only agriculture has the power to do this.

To unlock the potential of agriculture, we must end treating agriculture as a development program. Agriculture must be treated as a business.

When I was appointed as Minister of Agriculture in 2011, the first thing I did was to take stock of Nigeria's immense agricultural potential. Nigeria is one of the most blessed nations on the face of the earth. With over 84 million ha of arable land, abundant water and cheap labor, Nigeria should be a global powerhouse in food, a net exporter of food. Nigeria has no business being a net food importing country. To ensure this, President Jonathan three years ago launched the Agricultural Transformation Agenda to unlock the potential of agriculture. The role of the government would be to enable the private sector, but the engine of growth of the agriculture sector would now be the private sector. From the farm to the table, we decided to improve the efficiency of the entire agricultural value chains.

No agricultural sector can develop unless it gets its farm input supply system working. For decades in Nigeria the government monopolized the seeds and fertilizer sectors. The government controlled system of direct procurement and distribution of seeds and fertilizers was very corrupt, as less than 11% of farmers ever got the farm

inputs. The system also displaced the private sector. But that was the past. Within 90 days of my appointment as Minister, we ended the corruption of forty years in the fertilizer and seed sectors. Nigeria launched the Growth Enhancement Scheme, under which farmers across the country now receive their subsidized fertilizers and seeds via electronic coupons (e-wallets) on their mobile phones.

The impact has been massive. Within three years the e-wallet system reached over 10 million genuine farmers. We restored dignity to farmers. As high quality fertilizers and improved seeds reached millions of farmers, food production rose dramatically, while improving the food security of 40 million persons in rural households. Nigeria is the first country in Africa, and in the world, to develop the electronic wallet system for reaching farmers with subsidized farm inputs on mobile phones. The impact is reaching well beyond Nigeria. Several African countries, India, Brazil and China have expressed interest in adopting the electronic wallet system in their own countries.

We also decided to unlock our enormous potential in gas supply to manufacture fertilizers. Nigeria flares its natural gas and this has been going on for decades. It has been estimated that Nigeria's flared natural gas supply is equivalent to 30 million metric tons urea equivalent per year. Our reforms of the fertilizer sector and the gas industrialization policy have now combined to open up the sector to new investors. Today, \$5 billion of new investments in fertilizer manufacturing are ongoing by Dangote, Indorama, Notore and others. Nigeria expects to become a net exporter of fertilizers within three years.

We are boosting production of our local staple crops to reduce our dependency on food imports. A nation that cannot feed itself is simply at the mercy of others, subject to the volatility of global commodity markets. Today, Nigeria is feeding itself. Our rice self sufficiency policy was directed at saving Nigeria N 356 billion annually and putting this into the hands of our rice farmers and rural communities.

Against all odds, we are succeeding. Within three years, our national paddy rice production rose by an extra 7 million MT. The number of integrated modern rice mills in the country rose from just one in 2011, to 18 by 2014, all processing the local paddy into high quality finished rice. President Jonathan recently commissioned a 210,000 MT capacity rice mill by OLAM, the largest in Africa. High-quality and well-packaged Nigerian rice is now in the market, including Quarra Rice here in Kwara State, Umza rice, Ebony super rice, Eko rice, Mikap rice, Ashi rice, Queen of the Niger and Mama's Pride from Olam. Nigerians eat our high quality local rice, but do not know. We have totally changed the quality. You may wish to know that Stallion "Shinkafa rice" and "Stallion super" are all locally milled rice from Nigeria, not imported. Our expanded local rice production has added N 750 billion to the economy, with over N 407 billion as net incomes to farmers and rice processors, and boosted rural economy by 360,000 jobs. Soon, Nigeria will be a net-exporter of rice.

We are turning our comparative advantage as the world's largest producer of cassava into absolute competitive advantage. Our goal is to soon become the largest processor of cassava in the world, with the use of cassava for flour to partially substitute for imported wheat flour in bread and confectioneries, starch, sweeteners, chips and ethanol. Thirty bakeries, including the largest international supermarket chains,

Shoprite and Park and Shop, now regularly sell cassava-wheat flour bread. This alone will save us over N 125 billion in foreign exchange on wheat imports and instead put this in the pockets of our farmers and local processors. Work is ongoing to establish large-scale high quality cassava processing plants to boost the production, reliability of supply and lower cost of high quality cassava flour.

Nigeria is the second largest producer of citrus in the world, the largest producer of pineapples, mangoes and tomatoes in Africa. But we import orange juice and concentrates from South Africa and tomato paste from Latin America and China. That is now rapidly changing. A number of private investors now invest in horticulture. Teragro, a local private firm, has established a \$ 10 million plant to process oranges into concentrate. Dansa Foods, another local private firm, is investing \$35 million in the establishment of a tomato processing plant in Kano. The company is also investing \$45 million to set up a 6,000-hectare pineapple plantation and processing plant in Cross Rivers State.

The Federal Government is restoring Nigeria's lost glory in palm oil production. This involves recapitalizing our plantations by providing 9 million high yielding improved seedlings of oil palm to smallholder farmers and plantation estates in the country – free of charge. Private sector investments are expanding with new palm oil processing plants. Today, palm oil processing companies, Okomu and Presco are two of the best performing company stocks on the Nigeria Stock Exchange.

We are revamping our cocoa plantations, replacing old trees with high yielding cocoa hybrids that give farmers five times the yields they currently obtain. Over the past two years, we have distributed 1.1 million pods or 39 million seedlings, free of charge to farmers, enough to plant 40,000 ha of new cocoa fields. Foreign exchange earning from our cocoa exports has grown from \$900 million in 2012 to \$1.2 billion in 2013 and we expect to reach \$1.5 billion in 2014. The cocoa revolution in Nigeria is receiving global attention, as Hershey, one of the largest chocolate companies in the world, has invested \$20 million to procure cocoa from over 20,000 certified cocoa farmers in Nigeria. Nigeria has also launched into local manufacturing of Nigerian chocolates through a strategic partnership with a US-based company, a first in the history of Nigeria.

We are working hard to drastically mechanize our agriculture from reliance on hoes and cutlasses. Hoes and cutlasses are for museums, not for modern agriculture. To allow farmers to acquire and or lease modern mechanized machinery, we have launched 600 Agricultural Equipment Hiring Enterprises, run by the private sector, to provide full complements of tractors and pre- and post-harvest machinery to farmers. Farmers will be provided subsidized mechanized services via electronic vouchers on their mobile phones, for mechanization support, to allow them to hire agricultural machinery from private sector operators. These centers will create employment for agricultural engineers, as operators, managers or owners of agricultural mechanization centers.

We are getting banks to lend more to agriculture, as we deployed risk-sharing instruments that lower the risk of lending to the agriculture sector. The financial sector is seeing the profitability and viability of the agricultural sector and are lending more than ever before. Agricultural lending as a share of total bank lending rose from

0.7 per cent to 5 percent within the past two years. Bank lending to seed companies and small agricultural input retailers rose from zero in 2011 to \$10 million in 2012, and to \$53 million by 2013. Bank lending to fertilizer companies rose from \$ 100 million in 2012 to \$ 500 million by 2013. It is remarkable that the default rate has been zero percent over the past two years.

Over the past three years, we have attracted \$4 billion in private sector investments in our agricultural sector. In the last two years, we have increased national food production by 17 million MT, well ahead of the 20 million MT target we set for 2015. Nigeria's food import bill has been significantly reduced from One trillion, one hundred billion Naira (N1.1tr) in 2009 (\$6.9 billion) to Six hundred and eighty four billion, seven million Naira (N684.7 billion) (\$\$4.35 billion dollars) as of December 2013. Agriculture is reviving the economy and bountiful harvests are keeping inflation low.

So, welcome to a new agriculture sector, which is unlocking the power for inclusive growth in Nigeria. It is critically important for universities to connect with these rapid changes and spur further growth. Universities must produce graduates with broad set of skills to drive and manage the agriculture sector. The focus must be on developing competencies and not labels. The walls between faculties of agriculture, law, business administration and economics need to be broken down. Universities should collaborate across all these faculties and develop new programs sharply focused on producing leaders and managers for the agriculture and agro-allied industries. One way to achieve this is for universities to establish Centers for Agribusiness collaboratively across these faculties, where well-rounded cadre of new leaders will emerge for the agriculture sector. Today's agriculture graduate must be well versed in technical skills in agriculture, as well as economics, business management, business law, trade and intellectual property rights. Only through cross faculty programs can this be achieved.

Universities also need to be well connected to the agribusiness and agro-allied industries to develop innovations and technologies to drive the transformation of the agricultural sector. The business sector needs universities to become centers of excellence for technology and business incubation. Technology and business incubation centers should be established in universities to help small and medium sized agricultural businesses to thrive.

And many of you graduating today must also become the elite leaders of our renewed agriculture sector. Nigeria faces a rapidly ageing farming population and the youths need to be encouraged to take to agriculture as a business. To achieve this, the Federal Government is in the process of rolling out the Youth Employment in Agriculture Program to develop 750,000 young commercial farmers and agribusiness entrepreneurs, mostly agricultural graduates, within five years. They will make our agriculture more productive and competitive.

Now as you graduate, and go into the world, let me give you some words of advice.

You must have confidence in yourself to attain your goals. Obstacles will come. At times you may be frightened, others may tell you your dreams are unattainable, distractions will come from some stumbling you may have or even failings, others

will remind you of those that have tried before you and failed. You must never listen to discouraging voices. Like the aircraft that lifts itself and moves against the head winds, you must have the tenacity and drive to pursue your dreams.

In everything you do in life, strive to be the very best. Do not settle for second best. You are not inferior to anyone. Remember that impossibility only lasts for as long as someone has not tried to do the impossible. Be that person. Set high goals, achieve and surpass them. Do not waste your time with underachievers. You must cultivate integrity. Albert Einstein said "whosoever is careless with the truth in small matters cannot be trusted with important matters". You must learn to make sure that what you say and what you do are in alignment. Integrity is more important than your academic qualification.

As you go through life, you will achieve many successes and have accolades. Take them, but never let anything get into your head. Humility is priceless. Your successes should keep you always mindful that without God you can do nothing or achieve anything.

Today, you are here because of the sacrifice of your parents and families. Your mothers nursed you and made sure you were healthy. Your fathers gave you strong support. Your friends encouraged you. You did not get here alone. Never forget those that got you here. You will never have another mother or father. I urge you to respect and honor your parents. It is biblical. The bible says: "honor your father and mother that it might be well with you and that you may live long on the face of the earth". Whatever you become in life, never forget your parents. And always remember your teachers. Their rewards should not just be in heaven.

As you go out today, the future awaits you with open arms. Now you must go out there and excel. You must go out and prove our mettle. You must go out, compete and win. For failure is not an option. Your parents and teachers, families and friends are proud of you. Some of you one day will become Agriculture Ministers, business leaders, and maybe Governors or future Presidents.

But do not forget: you must invest in agriculture and be part of this great future of Nigeria's agriculture. The future millionaires and billionaires of Nigeria will come from agriculture, and they will create jobs for millions and bring hope to rural communities all across our beautiful country. For in agriculture as a business, lies Nigeria's greater future for inclusive growth.

I have faith in you to make this happen, so now arise and shine!

God bless you all.