



Agribusiness Scheme for Empowering Young Graduates of Agriculture in Nigeria

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Abstract

In Nigeria, agribusiness schemes have a major role to play through the provision of improved food supply and nutrition as well as creating employment opportunities. Most of the young graduates of agriculture in Nigeria lack the required support including capital or collateral to qualify for loans to establish their own agribusinesses. While, the low-engagement of youth in agribusiness is well documented, plausible and workable strategies and schemes for addressing the issue are not. The study captured the benefits of this trend and capitalized on this for long-term agribusiness growth, in which the capacity of agriculture graduates in agribusiness entrepreneurship development should be explored and strengthened. This paper reviewed current agribusiness schemes offerings with a view to empowering the graduates of agriculture in Nigeria. Thus, the paper reviewed the whole gamut of issues related to empowering young graduates of agriculture through the agri-clinics and agri-business schemes for Nigeria. The paper documented the existing and emerging opportunities that can be exploited for the establishment of agribusiness schemes in Nigeria. It also, described the rationale, objectives, and elements of the schemes as well as the indicative list of agri-ventures under the scheme. This paper, therefore, proposed the establishment of a well articulated agribusiness schemes for empowering young graduates of agriculture in Nigeria. The paper recommended that, there is need to give special attention on the establishment and implementation of the scheme for improved performance delivery with respect to trained young agri-graduates and successful implementation of the agribusiness schemes in the country.

Keywords: Agribusiness Scheme, Agriculture, Empowerment, Young graduates, Nigeria

Introduction

Many of the world's youth had weak economies and their numbers are growing (National Strategy on Women in Agriculture (2015 – 2020) (2015). At the same time, the current youth bulge offers an unprecedented opportunity for practitioners and governments to harness the energy, motivation, and innovation of these young people to bolster economic development and social change, while addressing pressing food security needs. For young graduates of agriculture in particular, new business creation in the agriculture sector can present an important and viable opportunity to earn a decent living (Afande *et al.*, 2015). Nonetheless, increasing meaningful employment opportunities along the agricultural value chain can give the youths the chance to engage in productive work to overcome these challenges.

Nigeria depends heavily on agriculture, which may not readily create sufficient jobs for the youth in non-agricultural sectors in the medium term. While, the non-engagement of youth in agribusiness is well documented, plausible and workable strategies, schemes and programs for addressing the issues are not. Currently many youths lack the required skills to conduct a successful commercial farming venture. In most cases, they also lack the required capital or collateral to qualify for loans to purchase farms or establish their own agribusiness enterprises (Ajani *et al.*, 2015). Even those in the fortunate position of being able to access all the requirements to venture into agribusiness lack necessary support that they require in ensuring the success of their farming or agribusiness ventures. Graduates of agricultural programmes have suffered from unemployment as a result of low or non mobilization of investment resources thereby, ending up in endless search of nonexistent jobs.

To remedy this situation, the Nigerian government under the National Directorate of Employment (NDE), which was launched in 1987, introduced an out of school agricultural programme (Godson-Ibeji *et al.*, 2016). Under this programme, unemployed graduates of agriculture were motivated by government to practice their field. They were allocated hectares of land and granted loan to facilitate the practice. However, the scheme did not take into account the training and other aspect of agribusiness. Therefore, this paper proposed an Agribusiness initiative for empowering young graduates of Agriculture in Nigeria. The agribusiness scheme will contribute to the current government efforts of finding more innovative ways of creating decent youth empowerment in particular and informing the design of targeted interventions for more effective empowerment of the youth in the agricultural sector.

This paper aims to provide a systematic understanding of capacity gaps and needs that currently affect the young graduates of agriculture and development of agribusiness in Nigeria. The paper established the rationale for the establishment of agribusiness schemes as well as opportunities for the growth of agribusiness in Nigeria. The paper also identified the essentials for the implementation of the agribusiness scheme in Nigeria. It then presented select examples of projects that could be scaled up to develop the capacity for young graduates of agriculture in agribusiness management and development.

Rationale for the Scheme

Despite the significant role the agribusiness sector plays in providing employment opportunities for the youths, the youths, has continued to face a number of bottlenecks; the outstanding being limited and restrained access to and utilization of the available financial services from the formal sector (Ajani *et al.*, 2015). This scenario may lead to a dependency syndrome both at household and national levels. Therefore; if the young population does not take up the mantle of food production and agribusiness entrepreneurship, the country is consequentially bound to continue in the vicious circle of poverty and food insecurity and unemployment. In pursuit to promote higher investment in agribusiness, there is therefore; need to increase financing (both short and long term) by exploring other innovative and alternative finance delivery channels for in productive agribusiness (Amadi, 2012). This will go a long way in enhancing the young graduate of agriculture livelihoods and a sustainable future of the agribusiness sector.

Cognizant of the fact that youth being energetic with a high propensity to produce, an excellent source of ideas & innovations; empowering youth in agribusiness would so much contribute to not only boosting the economy but also attaining a population that is self sustaining, thus leading to an improved quality of life and economic survival (Babu *et al.*, 2016: West Nile Agrifinance Fair, 2016). There is therefore; need to take deliberate policy actions and practical guidelines by Government, non-state actors, private sector in providing agrifinance alternatives, by developing youth friendly financing models, provide appropriate agribusiness skills, create a platform for inspirations, mentorship and business incubation support programs/services aiming at harnessing youth participation in the overall agribusiness development process.

Opportunities for Growth of Agribusiness in Nigeria

There are many existing and emerging opportunities that can be exploited to build a robust agribusiness sub-sector. This includes the following:

Existing, new and expanding markets: Rapid urbanization in Nigeria and integration into regional and international markets and already existing markets provide an opportunity to gear agriculture into an accelerated commercial direction. Due to the diverse agro-ecology, the country can produce a wide range of temperate, tropical and subtropical products. Large and expanding markets for traditional products like maize and other cereals, beef and dairy products exist. Vast opportunities are also opening up in the production of bio-fuels from sugar cane, maize, millet, sorghum, jatropha and other oil-bearing seeds.

Abundant human resources: Primary, secondary and post-secondary education has expanded and produces thousands of graduates each year. This resource can be used to change the face of agriculture if young people, from primary to university level, are to be attracted to agriculture as a career. The human resource can be used in training and research to develop new and relevant technologies, and to create and expand agribusinesses.

Potential for increasing production: Not much effort has been put into increasing production of traditional commodities in Nigeria. Agricultural productivity can be increased in multiples through better use of unused land in traditional farming areas, and through irrigated agriculture.

Potential points of intervention: There is need to inject a number of innovations in agriculture in order to accelerate its transformation from a non-economic, traditional means of livelihood, to a profitable vibrant sector that can attract new ideas and energies that are represented by the youth.

Re-brand agriculture: There is need to address the deep seated belief that agriculture and rural areas are for those who cannot make a livelihood anywhere else. Agriculture needs to be rebranded as the new unexplored frontier for growth in business opportunities. There exist new emerging markets for high quality produce due to urbanisation, expansion of the middle class, regional integration, and the niche international markets. Concerted efforts to market these opportunities are required from the Ministry of Agriculture and other bodies to market these emerging opportunities.

Develop innovative financial packages: There is need to incentivize entrepreneurs in agriculture by developing financial packages that are tailored to the diverse conditions of the sector. The diversities include varied regional endowments, scales of production, types of product lines, different risks etc. The government and other financial institutions, NGOs etc. need to develop a variety of guarantee schemes that would underwrite the risks involved in such packages. The funds should also be sufficient for the enterprises of choice. Another youth group or youth company could also take the business of collecting, processing the milk and marketing the products.

Value addition: There is need for partnerships to take agriculture to the next level through value addition. Currently there is little on-farm and off-farm processing of agricultural produce both for small holder and large scale agriculture. Post harvest value addition through processing, branding, quality enhancement and shelf life improvements would lead to higher prices, new jobs and eventually increased aggregate incomes in rural areas. Different areas of the country could be designated for different agricultural enterprises and processing factories constructed in such areas to provide market outlets for the producing communities. In addition, there should be limited enterprises at most three in any given area to ensure sufficient volumes for processing or even marketing as fresh produce.

Development of value chains: There is need to improve the performance of value chains in Nigeria if they have to deliver reasonable returns to all the actors in the agricultural sector. Currently value chains for the different commodities are long, not transparent and consist of many players making them inefficient, slow and unresponsive to the needs of the producers. The common problem in value chains includes lack of direct market access by producers, low farm gate prices and high transportation and other transaction costs. A comprehensive approach to value chains for various commodities should be a challenge that each County Government should be persuaded to undertake in partnerships involving the youth and the private sector.

Learning from Other Countries

When it comes to developing programs and institutions for capacity building in agribusiness education and training, there is no need to re-invent the wheel. The contribution of agribusiness to gross domestic product increases as a country develops (Kahan, 2007). This is in contrast to the contribution of agriculture or which declines with a country's growth. Consequently, agribusiness now plays a larger role in developed countries

than traditional agriculture and this has been the case for several decades (Sanginga, 2015). Over the years, agribusiness education and training has evolved to meet the needs of the industries in developed countries. African countries can learn a lot from industrialized and other developing nations, especially the Europe, North America and the Asia on best practices or designing and implementing successful agribusiness capacity building initiatives in both public and private spheres. It is important to note that Africa faces unique challenges and opportunities such as presented in the paper. Hence, the best practices from the developed and other nations need to be adapted for the local context both at the continent and national levels. This paper draws largely from the Indian experience for the scheme.

The Agribusiness Scheme

The Agribusiness Scheme will be established to take better methods of farming to each and every farmer across Nigeria by tapping the expertise available in the large pool of agriculture graduates. The agriculture graduates can be assisted set up their own Agri-Clinic and Agribusiness Centers and provide professional extension services for the farming community across the country. The scheme aims to not only create interest in youths in pursuing agriculture as a career, but also to encourage everyone (old and young, men and women) who demonstrates the interest to engage in agribusiness ventures. A statement of fact imperative at this juncture is that “one must not necessarily own a farm to be involved in agriculture as an entrepreneur”. The scheme will offer entrepreneurship skills training to beneficiaries led by agricultural training institutes to empower the young graduate of agriculture in agribusiness. It provides workplace training, where the youth get to learn farming skills and related non-farming activities. The scheme achieves its objective through capacity building and promotion of entrepreneurship in agribusiness. Agriculture and livestock production activity is considered important as a way of practicing the skills and ideas generated through capacity building. The scheme could be pilot tested in some states. This programme aims to tap the expertise available in the large pool of agriculture graduates, irrespective of whether candidate is a fresh graduate or not or whether currently employed or not, they can set up their own Agri Clinic or Agri-Business Centres and offer professional extension services to innumerable farmers in the country.

Basic concepts

Basic concepts on the agribusiness are as indicated by Revised Agri-Clinics and Agri-Business Centres (Acabc) Scheme – 2010 (2011) and Bairwa *et al.*, 2014). These are as follows:

Agri-Clinics: Agri-Clinics are envisaged centres to provide expert advice and services to farmers on various technologies including soil health, cropping practices, plant protection, crop insurance, post harvest technology and clinical services for animals, feed and fodder management, prices of various crops in the market etc. which would enhance productivity of crops/animals and ensure increased income to farmers and agri-entrepreneurs.

Agri-Business Centres: Agri-Business Centres are commercial units of agri-ventures established by trained agriculture professionals. Such ventures may include maintenance and hiring of farm equipments, sale of inputs and other services in agriculture and allied areas, including post harvest management and market linkages for income generation and entrepreneurship development. These centres will provide a package of input facilities; consultancy and other services with the aim of strengthen transfer of technology and extension services and also provide self employment opportunities to technically trained persons.

Agripreneurs : Agripreneurs also known as entrepreneurs may be defined as innovators who drive change in the economy by serving new markets or creating new ways of doing things. Thus, an agripreneur is someone who undertakes a variety of activities in the agricultural sector in order to be an entrepreneur.

Agripreneurship: Agripreneurship is the profitable combination of agriculture and entrepreneurship. Agripreneurship turn farm into an agribusiness. The term Agripreneurship is synonym with entrepreneurship in agriculture and refers to agribusiness establishment in agriculture and allied sector.

Purpose and Objectives of the agribusiness scheme

The purpose of the scheme is to provide self employment opportunities to technically trained persons and to augment extension services for agriculture. The overall objective of the scheme is to facilitate linkages between young graduates of agriculture and training institutions & financial service providers for improved agribusiness and agricultural development. The specific objectives are to:

- ❖ supplement the efforts of public extension by necessarily providing extension and other services to the farmers on payment basis or free of cost as per business model of agripreneur, local needs and affordability of target group of farmers;
- ❖ create employment opportunities to agriculture graduates in emerging areas of the agricultural sector; and
- ❖ support the development of Nigerian agriculture.

Eligibility:-

The Scheme will be opened to Agriculture Graduates/Graduates in subjects allied to agriculture. These include horticulture, animal husbandry, forestry, diary, veterinary, poultry, farming and other allied activities.

Salient Features of the Scheme

Stakeholders and Their Role in the Scheme

This scheme will involve different stakeholders in the agribusiness and agricultural finance sector (Bairwa *et al.*, 2014). This include financial service providers, youth agribusiness entrepreneurs and professionals, farmer organizations, Agri-insurance providers, NGOs focusing on agribusiness and Youth support organizations, Development partners and among others. Stakeholders both in the public and private sectors will be involved to create an enabling environment and attract relevant institutional support for the scheme in Nigeria. In this regard, stakeholders such as the State wide Agricultural Development Programmes, the International Institute of Tropical Agriculture (IITA), Financial institutions, Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), and the Federal Ministry of Youth Development are pooling resources to ensure that the youths become successful in any chosen field of agribusiness. All these stakeholders are working and complementing the roles of each other to ensure the success of the scheme in Nigeria. The federal government of Nigeria is to provide logistical support for the project, implement relevant supportive policy frameworks in project implementation.

Department of Agricultural extension: Department of Agricultural extension of the Federal ministry of Agriculture will be coordinating the implementation of scheme in Nigeria. It will also facilitate the identification of agri-businesses of interest to trained agripreneurs along crop and livestock value chains and marketing.

The Agricultural and Rural Management Institute: The Agricultural and Rural Management Institute will be the implementing agency for training component of the Scheme through Nodal Training Institutes. The National Agricultural Management Training Institute will train the agripreneurs on the development of bankable business plans for respective areas of interest to the agripreneurs, link the agripreneurs to input and output markets, and facilitate mentorship and partnership opportunities for sustainability. It is responsible for providing training to eligible candidates, through Nodal Training Institutes (NTIs) and motivating them for setting up of Agri- Clinics and Agri-Business Centres.

Bank of Industry (BOI) and Bank of Agriculture (BOA): Financial institutions like the BOI and BOA will clarify the requirements for accessing loans from financial institutions; and provide soft loans to approved agri-businesses at rates lower than those for non-agricultural enterprises. National Bank for Agriculture will be the implementing agency for disbursement of subsidy and monitoring the credit support to agri-clinics and agribusiness centres through the banks. The financial institutions will monitor progress in the implementation of business plans and advise the agripreneurs on necessary actions to take to improve performance.

Small and Medium Scale Enterprises Development Agency of Nigeria (SMEDAN): SMEDAN is expected to enhance the agripreneurs' understanding of the characteristics of micro, small and medium enterprises for them to be able to manage their businesses as they progress.

Nodal Training Institutes (NTIs): NTIs are crucial link between agri- graduates and agri-preneurship in order to be a successful agri-preneurs. Nodal Institutes plays the most important and critical role in the success of the scheme. They play various roles such as mentors, trainers and the guide for the agri-graduates who take up this training in order to be agri-preneurs and want to start a venture of their own. The task of nodal institutes starts from the selection procedure till the time of a venture is established, these have maximum contribution in making

this scheme a successful initiative. The NTIs could include the Private Organizations, Non-Government Organization (NGO), Trusts, Institutes, Universities, Colleges and Polytechnics in the country.

Commercial banks: Commercial banks are major institutional credit source for financing the project in the country. The commercial banks could include First Bank, Diamond Bank, United Bank for Africa, Fidelity Bank, Union Bank among others.

Training Support

Under the scheme, the unemployed agricultural graduates are provided start up training at designated training centers. The successful candidates can later apply for start up loans for any specified venture. As an integral part of the programme, specialized training is being provided to agricultural graduates interested in setting up such center. Training programmes are being launched in recognized training institutes throughout the country to prepare the professionals in entrepreneurship and agri business ventures. The training is free for selected candidates for a certain period in recognised training institutes. The first part of the training may cover the following:

1. Agri Business Management
2. Small Business Management
3. General Marketing Management
4. Agri-marketing Management
5. Project Management
6. Financial Management
7. Information Technology

The second part consists of training in individual enterprises selected by the candidates. It may also include exclusive visits to successful enterprises, market survey and project preparation and evaluation.

Credit Support

The Scheme has a provision of credit support (start up loan) for individual projects and for a group project. Assistance under the scheme will be purely credit linked and subject to sanction of the project by banks based on economic viability and commercial considerations. The eligible financial institutions under the scheme are:

- i) Bank of Agriculture
- ii) Bank of Industry
- iii) Commercial Banks
- iv) Microfinance Banks
- v) Other financial institutions that are eligible

Empowered Steering Committee

The following empowered Steering Committee should take all policy decisions within the framework of the approved Scheme, for its smooth implementation. These include:

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| i) Director of Extension services, FMA - | Chairman |
| ii) Executive Director, Agricultural and Rural Management Institute - | Member |
| iii) Managing Director, Bank of Agriculture - | Member |
| iv) State Agricultural Development Project Managers - | Member |
| v) Managing Director, Bank of Industry - | Member |
| vi) Dir. General, Small and Medium Scale Enterprises Devpt. Agency of Nig.- | Member |
| vii) President, Agric. Ext. Society of Nigeria- | Member |
| viii) Representative of Nodal Training Institutes - | Member |
| ix) Representative of Commercial Banks - | Member |

Indicative List of Agri-Ventures under the Scheme

Agricultural graduates may choose from a range of potential agri-ventures given below:

- ✓ Extension consultancy services
- ✓ Soil and water quality testing laboratories
- ✓ Crop protection services, including pest surveillance, diagnostic and control services (with culture rooms, autoclaves, microscopes, etc. for detection of plant pathogens including viruses, fungi, bacteria, nematodes, and insect pests)
- ✓ Micro-propagation including plant tissue culture labs and hardening units;
- ✓ Maintenance and hiring of agricultural implements and machinery including

- ✓ Micro irrigation projects;
- ✓ Seed production and processing units;
- ✓ Production of bio-fertilizers, bio-pesticides & other bio-control agents;
- ✓ Apiaries (bee-keeping) and honey & bee products' processing units;
- ✓ Agricultural insurance services;
- ✓ Agri-tourism
- ✓ Agri journalism – film production, farm publications and exhibitions;
- ✓ Poultry and fishery hatcheries;
- ✓ Livestock health cover, veterinary dispensaries & services including frozen semen banks and liquid nitrogen supply and artificial insemination;
- ✓ Information technology kiosks;
- ✓ Feed production, marketing and testing units;
- ✓ Post harvest management centres for sorting, grading, standardization, storage and packaging;
- ✓ Metallic and non-metallic storage structures.
- ✓ Horticulture clinic, nursery, landscaping, floricultur
- ✓ Vegetable production and marketing;
- ✓ Retail marketing outlets for processed agri-products;
- ✓ Production and marketing of farm inputs & outputs;
- ✓ Contract farming;
- ✓ Crop production and demonstration;
- ✓ Mushroom production;
- ✓ Production, processing and marketing of medicinal and aromatic plants;
- ✓ Production units like dairy, poultry, piggery, fisheries, sheep rearing, goat rearing & rabbitry etc.

Note: The above project activities are indicative in nature. Any other activity in agriculture, horticulture, sericulture, animal husbandry, fisheries, allied sectors or combination of two or more of the above activities selected by the candidates, which, generate income to the agripreneur and render extension services to the farmers will also be eligible under the Scheme.

Conclusion

Agribusiness is increasingly recognized as an integral part of agricultural development. However, a systematic understanding of capacity needs and challenges and approaches that have worked to build this capacity is not adequately established in Nigeria. This paper attempted to respond to this need and has articulated the scheme needed for successful agribusiness development and management in sub-Saharan Nigeria at the individual, organization and system levels. It is clear that there is a great scope for entrepreneurship in agriculture by empowering the graduates of agriculture and this potentiality can be tapped only by effective management of agribusiness. Therefore, the agricultural sector has a large potential to contribute to the national income, while at the same time providing direct employment and income to the numerically larger and vulnerable section of the society.

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