

Proceedings of the 27th Annual National Congress of the
Rural Sociological Association of Nigeria (RuSAN)
REVIEW ON EFFECT OF ANCHOR BORROWER PROGRAMME ON THE LIVELIHOOD
OF SMALLHOLDER RICE FARMERS IN NIGERIA

¹ Olughu, K. C., ² Umar, S. I. and ² Ajayi, O. J.

²

Department of Agricultural Extension and Rural Development, Federal University of Technology, P.M.B. 65
Minna, Niger State, Nigeria

ABSTRACT

Nigerian economy in the past decades thrived on the agricultural sector as agriculture is reputed as the key driver for economic growth and development in the early 1960's. After the discovery of oil in 1970's (post-oil boom), a decline in the agricultural sector's share was recorded in terms of its contribution to Gross Domestic Product (GDP) as a result of gross shift from agriculture to oil. Consequently, the shift resulted to economic crisis, like food insecurity, import dependence, inadequate supply of raw materials to industries, excessive borrowing, and balance of payment deficit, high unemployment and inflation rates, rural-urban drift, exchange rate depreciation, among others. To remedy the situation and restore the glory of agriculture, past administrations enunciated agricultural and rural development programmes, which was associated with numerous constraints. As part of the effort to solve the problems of agricultural development, improve the livelihood status and productivity level of Smallholder Farmers in Nigeria, the Federal Government of Nigeria through Central Bank of Nigeria (CBN) initiated Anchor Borrowers Programme (ABP) in 2015. The policy thrust of the programme are provision of farm inputs in kind and cash to Smallholder Farmers to boost production, improve their livelihood status, stabilise input supply to agro processors by building strong linkage between Anchor Companies involved in processing and Smallholder Farmers. This paper reviewed the effect of Anchor Borrower Programme on the livelihood status and productivity level of participant Farmers; in extension its effect on the economy of Nigeria. This paper concludes that information generated from this study will guide CBN, various Stakeholders in ABP and Government at all levels; in their policy formulation and implementation, on how to improve Smallholder Farmers' productivity, livelihood status and grow Nigeria economy from agriculture.

Keywords: Anchor Borrower Programme, smallholder farmers, productivity level

INTRODUCTION

Agriculture is a veritable instrument for the economic development of every country especially developing countries like Nigeria. It is the bedrock for economic growth, development and poverty eradication. In the words of Gunner (1984) as cited by Kamil et al. (2017) "The battle for longterm economic growth will be won or lost in the agricultural sector". Nigerian economy in the past decades thrived on the agricultural sector as agriculture is reputed as the mainstay of the economy in the early 1960's. Agriculture accounted for more than one third of total Gross Domestic Product (GDP) and labour force (Dauda et al., 2015).

After the discovery of oil (post-oil boom), a decline in the agricultural sector's share was recorded in terms of its contribution to Gross Domestic Product (GDP). According to Aigbokhan (2011), the agricultural sector accounted for over 63% and 54% of GDP in 1950s and 1960 respectively. The author further reported that agricultural contribution declined to 47% in 1965-1969 and further declined to 29.2%, 20% and 19% between 1970, 1980 and 1985 respectively. The decline in the agricultural sector's contribution to GDP was attributed to high revenue receipt recorded from the sale of crude oil products during the era of

neglect of agricultural sector and more focus on the petroleum sector (energy sector).

As a result of this gross neglect, agricultural sector of Nigeria is now characterized by lack of farm inputs, little or no extension agent education, lack of credit facilities, absence of storage facilities, poor infrastructural development and limited areas under cultivation culminating in low yields and poor standard of living among smallholder farmers. Consequently, the shift from the people's oriented agricultural sector to unpopular oil sector in Nigeria resulted to economic crisis, such as food insecurity, import dependence, inadequate supply of raw materials to industries, excessive borrowing, balance of payment deficit, high unemployment and inflation rates, rural-urban drift, exchange rate depreciation, among others (Eze, 2017).

To remedy the situation, restore the glory of agriculture and maximize the vast potential of agriculture, past administrations tried to address the problems of agricultural development through enunciation of some agricultural and rural development programmes, policies and schemes.

Despite the promising nature of these programmes, policies and schemes, the agricultural sector in Nigeria economy still experience



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oil boom of 1970s. This discovery has led to the

retrogression in development and output. To

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address the aforementioned problems and fully restore the glory of agriculture in Nigeria, the Central Bank of Nigeria (CBN) in line with its developmental function introduced the Anchor Borrowers Programme (ABP) which was launched by President Muhammadu Buhari (GCFR) on November 17, 2015.

The Anchor Borrower Programme (ABP) was initiated and implemented in 14 states of Kebbi, Sokoto, Niger, Kaduna, Katsina, Jigawa, Kano, Zamfara, Adamawa, Plateau, Lagos, Ogun, Cross-River and Ebonyi among farmers involved in the production of Cereals (Rice, Maize, Wheat), Cotton, Roots and Tubers (Cassava, Potatoes, Yam, Ginger), Tree crops (Oil palm, Cocoa, Rubber), Legumes (Soybean, Sesame seed, Cowpea), Vegetables (Tomatoes), Sugarcane, and Livestock (Fish, Poultry, Ruminants) (CBN, 2016). The programme was initiated by the Federal Government of Nigeria under Central Bank of Nigeria to create economic link between Smallholders Farmers (SHE) and reputable largescale processors with the intension of increasing productivity, better livelihood for smallholder farmers, and significantly improve capacity utilization of the processors. The programme thrust of the ABP is provision of farm inputs in kind and cash to Smallholder Farmers to boost production of these commodities, Farmer-Processor linkage to stabilize inputs supply to Agro processors and create market for Farmers which will help to address the country's negative balance of payments on food. Meanwhile, at harvest, the SHF supplies farm produce to the identified Agro-processor (Anchor) who pays the cash equivalent to the farmer's account.

The general focus of ABF policies were geared towards increase in bank's financing to the agricultural sector, reduction in agricultural commodity importation and conservation of external reserves, creation of new generation of farmers/entrepreneurs, generation of employment for the teeming unemployed youths, deepening of cashless policy and financing inclusion, reduction in the level of poverty among smallholder farmers, and to assist rural Smallholder Farmers to grow from subsistence to commercial production levels (CBN, 2016).

This paper broadly reviewed Anchor Borrower Programme (ABP) and its policy thrust. Specifically, it reviewed the effect of ABP on the livelihood and productivity level of participant farmers.

METHODOLOGY

This study adopted document survey method to generate data. Data and information were generated from journals, books, and other online

literature materials available to the researcher during the course of this study. Findings were presented in discussion format.

Review of the effect of anchor borrower programme on the livelihood and productivity level of smallholder farmers - In a study on Evaluating the Prospects of Anchor Borrower Programme for Small Scale Farmers in Nigeria, with sub-theme: Financing the Farm Business (contract farming), Evbuomwan G. O and Okoye L. U. (2017) stated that Federal Government of Nigeria under the Anchor Borrower Programme has spent huge amount of money in promoting local production of rice, soya bean, sugar and other important agricultural produce. The authors stated that about 78,000 rural farmers in Kebbi State benefitted from the pilot project which was launched by the Federal Government of Nigeria in November, 2015 and yields as high as 7.5 to 8.0 metric tons per hectare were obtained by farmers compared with less than 2.0 metric tons per hectare previously obtained. This increase in productivity level equally increased livelihood status of the Farmers.

In the study of Ayinde O.E et al. (2018) on the Assessment of Central Bank Intervention on Rice Production in Kwara State, Nigeria: A Casestudy of Anchor Borrower's Programme. It was observed that Anchor Borrower Programme had positive effect on the income of beneficiaries as a result of increase in yield which stood at 3.94 metric tons per hectare of rice farm. This increase in yield resulted in increased in the livelihood and general standard of living of the participant Farmers as well as increase in Nigerian economy.

Again, Saheed, Z. S. et al. (2018) conducted a research on the Impact of Anchor Borrower Programme on Agricultural Commodity Price and Employment Generation in Kebbi State, Nigeria. Data collected were analysed with the use of descriptive statistics and multiple regression analytical tools. The results revealed that ABP supports to farmers had positive and statistically significant impact on agricultural commodity price (ACP) and employment generation (EMPG) in agricultural sector in Kebbi State, particularly in Argungu LGA. ABP supports in extension increased the livelihood status of the participant Farmers. The findings are in line with that of Dori (2016) who observed that Central Bank of Nigeria's Credit schemes increased the level of credit inflow which increased the level of productivity, employment generation, and agricultural output.

CONCLUSION AND RECOMMENDATION

This paper concludes that rural agricultural development programmes implemented by past administrations had positive effect on the productivity level and livelihood status of participant farmers but was unable to actualize its full set goals



due to numerous challenges. These challenges range from lack of markets, political interference, diversion of funds, lack of farm inputs, disconnection between institutions and farmers, lack of capital/ credit facilities, poor extension contacts, high labour cost, use of crude implements among smallholder farmers, inadequate storages facilities and lack of social amenities. Anchor Borrower Programme was initiated with policy thrusts to address the aforementioned challenges and it has recorded positive results especially in the lives of participant farmers. This study will be of immense benefits to CBN, various stakeholders in ABP and government at all levels in their policy formulation and implementation, how to improve livelihood status of Smallholder Farmers, increase their productivity level and grow Nigeria economy from agriculture.

In order to improve the living standards of Smallholder Farmers and stimulate Nigeria economy, it is necessary to make policy framework that will fit better to the needs of the agriculture households, more interaction and feedback between institutions and farmers, provide advisory services and better conditions for agricultural development.

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