



PrOpCom

Making Nigerian Agricultural Markets Work for the Poor

PrOpCom (Promoting Pro-Poor Opportunities through Commodity and Service Markets) is an innovative market-driven programme that aims to reduce poverty in Nigeria. Funded by the United Kingdom's Department for International Development (DFID), the programme works with government institutions, businesses and individuals to enable agricultural markets to work better for the poor. PrOpCom started full implementation in 2008 and will be operational until April 2011.

The overall intention of the programme is to facilitate basic changes to market systems, to improve how markets operate, and to increase profits and revenue whilst providing benefits to the poor from these market interventions. PrOpCom facilitates and catalyses these changes – making them possible or making them happen faster – through active engagement with businesses, civil society and government, in order to address problems in selected commodity sectors. The programme works along the entire value chain, including production, processing and marketing of agricultural products.

Using this market-led, pro-poor development approach, PrOpCom works through market forces to support the poor to:

- enhance their incomes
- increase their job opportunities
- broaden their access to markets
- create more choices for them
- reduce the economic risks they face.

PrOpCom is currently facilitating activities in five markets within a framework of 12 interventions, in order to promote market development that is beneficial to poor people in Nigeria. PrOpCom anticipates that these interventions will positively impact some 412,000 poor households, generate N8.6 billion (£34.4 million) in additional income and create about 70,000 new jobs as they mature.

Market 1: Rice

PrOpCom is supporting efforts to increase production, improve processing and expand demand and markets within Nigeria and among Nigerians living in the region. PrOpCom interventions help establish standards for the development of the rice sector in Nigeria by promoting production of quality local rice. When mature, these interventions will benefit more than 80,000 poor households in northern Nigeria, a key rice processing and marketing region, by generating more than 2.6 billion Naira (N) (£10.4 million) in increased income and creating at least 13,000 new jobs.

There are currently four ongoing interventions:

- Kano Rice Parboilers (facilitating financial access for women parboilers)
- Kano Rice Parboilers (promoting access to improved quality rice)
- Kano Rice Milling (supporting a marketing framework for medium-sized rice processors)
- Kano Rice Destoning (improving access to efficient and modern rice processing machines)



Rice winnowing in Kano

Market 2: Financial Services



Many rural women do not have access to formal banking systems

PrOpCom is partnering with e-Tranzact (a company offering online real-time payment systems) to facilitate financial services and access for the rural 'unbanked' – mainly farmers and agro-processors in rural areas who have limited access to formal financial services. This will be done using mobile banking (m-banking) products, which allow people without formal bank accounts to benefit from cashless and remote transactions and permit anyone with a mobile phone to make financial transactions. The pilot will impact 25,000 poor households, create 125 jobs and generate N7.5 million (£30,000).

Market 3: Fertiliser

Fertiliser is a key agricultural input, yet many small-scale farmers lack the cash and knowledge needed to purchase and use it. PrOpCom is facilitating an innovative fertiliser distribution and marketing system which focuses on increasing access to fertiliser by making it available in small units (1 kg bags). Training through practical demonstrations is also offered to farmers, focusing on using farm inputs to increase crop productivity.

PrOpCom is working with two Nigerian fertiliser companies: Notore Chemicals Ltd (on a fast-track pilot of farmer training) and TAK Agro & Chemicals Ltd (facilitating the production of a new blend of fertiliser referred to as *Tak Aminchi*), as well as in partnership with FIPS-Africa (a non-profit organisation based in Kenya) to implement this market-led initiative. Pilot activities in support of these fertiliser interventions will impact 171,000 poor households, create 55,000 jobs and generate some N1.2 billion (£4.8 million) in increased income.



Farmer in Kaduna holding 1 kg bags of *Tak Aminchi* fertiliser

Market 4: Agricultural Mechanisation



Under the 'FirstTrac' Leasing scheme, Mr Ojo Bello, a tractor operator in Ogun state, can now provide services to farmers that require them

PrOpCom's agricultural mechanisation intervention is targeted at promoting farmers' access to appropriate and affordable farm technology that will lead to increased agricultural productivity in Nigeria. It is estimated that pilot efforts with these interventions will help some 4,000 poor households, create 586 jobs and generate around N290 million (£1.2 million) in increased income. Working with two partners: Springfield Agro Ltd (marketers of Mahindra tractors) and Nova Technology Ltd (a local manufacturer of threshers and other agro-processing equipment), PrOpCom facilitates access to appropriate technology of use to small-scale farmers in rural communities in targeted states. It does this by providing market information to manufacturers,

farmers and other stakeholders on the availability, cost and other details of the products. It also facilitates access to finance by linking the farmers with financial institutions that can offer loans, leases and other support services, thereby enabling them to purchase the products.

Market 5: Agricultural Policy

PrOpCom is supporting efforts to improve the agricultural policy environment, both at the national level and in selected states. The programme works with relevant government and private stakeholders to develop supportive policies that will lead to a well-regulated and business-friendly environment. PrOpCom is also providing support for Public-Private Dialogue (PPD) – a platform for addressing market failures in the Nigerian rice economy. These efforts will have a positive impact on approximately 161,000 households and generate more than N4 billion (£16 million) in increased income from an improved business environment, increased stakeholder investment and enhanced private sector participation in the policy process.

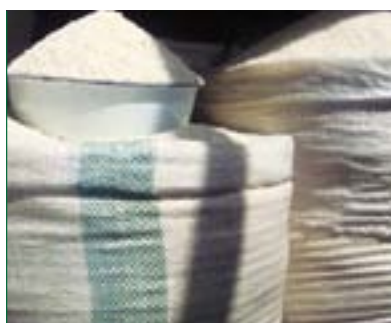


Irrigation farming in Kano

There are four ongoing interventions:

- Kano Rice Policy (facilitating the development of a rice policy for Kano State)
- Ogun Rice Policy (facilitating the development of a rice policy for Ogun State)
- Adamawa Fertiliser Policy (providing evidence to influence fertiliser distribution policy for Adamawa State)
- Nigeria Economic Summit Group (NESG) (partnership with NESG to set up the NESG Rice Network)

Mudu Fund



A 'mudu' of Nigerian rice

The *Mudu* Fund supports PrOpCom's activities by providing grants to selected stakeholders to cover the financial risks involved in adopting new technologies, building new relationships or establishing procedures that will lead to greater market efficiency. PrOpCom recognises that supporting change through providing technical assistance, knowledge and studies or stakeholder meetings and consensus-building is not always enough. Market systems can be held back by a lack of innovation caused by fear of risk among potential investors, policy makers and other key actors in the market system. Named after the standard unit of measurement for food and grain in local markets, the *Mudu*

Fund offers a way to reduce the risks and costs associated with innovation and to encourage actors to form partnerships and share visions and resources, as well as to attract new skills and capital to the sector.

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