10. CONCLUSION AND POLICY RECOMMENDATIONS

The following conclusions are drawn from our case studies completed in seven different commodity chain contexts across Nigeria. Specific policy recommendations for individual groups of policy-makers and other key stakeholders are presented in the final section of the report.

1. Introduction

1.1 The role of markets and different commodity chains in poverty alleviation and pro-poor growth

The studies of different commodity chains and market institutions demonstrate the important role they can play in supporting poor people and pro-poor growth, while also identifying those bottlenecks where the institutions may be acting to reduce access to markets for the poor. Where market institutions are working to support the poor, they can lead to greater private sector investment in agriculture and the food trade; increase competition amongst traders that can raise producer prices and reduce consumer costs; improve the livelihoods of poor producers, processors and traders; build up cross-cultural social capital and reduce conflict potential. The evidence from this study has shown that the precise package of constraints shaping commodity chains differs from commodity to commodity, from market place to market place and from season to season, but that facilitating factors often exhibit similar characteristics (flexibility, informality and trust being keynote features).

Because interlinkages are commonly complex, injudicious intervention at one point in the chain (e.g. re-siting a market without adequate consultation) can cause adverse repercussions for the poor elsewhere. By contrast, judicious interventions based on careful analysis of market linkages and relevant commodity chains and widespread consultation with public and private sector stakeholders can support pro-poor growth by helping to raise incomes (for poor producers, poor traders and the poor who operate in related sectors, notably transport), and by reducing the cost of food for poor consumers. This will thus reduce the overall vulnerability of the poor.

1.2 Regional patterns of food marketing

Our case studies examined food markets in locations across Nigeria. There are strong similarities in very many of the broader aspects of market operation, despite considerable variations in ethnicity, culture, local agro-ecology, population densities etc. e.g.:

- the importance of intermediaries to effective operation of food markets

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8 E.g. see Ezedinma et al. re trust based on village of origin, apprenticeship and inter-ethnic marriage in the Benin gari case; Adamu et al. re religion, language, apprenticeship and family background in trust relations, but also inter-ethnic interaction as a source of trust among livestock dealers in Ibadan; Ahmed and Rikko re trust in the development of dillali-seller relationships in the maize trade.
- the role of petty trade, security and intra- and inter-market portering for the poorest
- the dominance of informal institutions
- women commonly occupy the lowest and least profitable rungs of food market (and related transport, labour and credit market) operations
- indigenes usually dominate prime sites and activities in their home market, unless they are unable to offer advantages to producers or consumers in term of credit and trade networks that stranger traders make available
- rent-seeking behaviour at its most widespread and pernicious among interactions between formal and informal institutions

1.3 Recognising the linkages between different (transport, food, credit, labour) markets

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<tr>
<th>Formal</th>
<th>Informal</th>
<th>Cultural Norms</th>
</tr>
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<tr>
<td>National Government</td>
<td>Traditional authorities</td>
<td>Customs and trading</td>
</tr>
<tr>
<td>Local Government</td>
<td>Trade Associations</td>
<td>practice</td>
</tr>
<tr>
<td>Parastatals</td>
<td>Community groups/CBOs</td>
<td>Reciprocity</td>
</tr>
<tr>
<td>NGOs</td>
<td>Community membership</td>
<td>‘Rules of the game’</td>
</tr>
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<td>Unions</td>
<td>Trust based relationships</td>
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<td>Large-scale private sector firms</td>
<td>Youth vigilante groups</td>
<td></td>
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<tr>
<td>Co-operatives</td>
<td></td>
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<td>Consumer groups</td>
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<td>Legal systems</td>
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The linkages between different markets – transport markets, credit markets, labour markets, food markets - and across the formal and informal sectors (indicated in the diagram above) are strong and complex. Our individual case studies show how they interconnect in specific places, where local context can play a significant role in shaping precise outcomes. However, very strong themes are found to dominate across the country:

9 Ikporukpo describes how in Warri market, although the fish sellers are all women, men retain control of the market because the market chair has to be male.
10 In Warri, for example, the chair of the fish market is appointed by the market land owners: the chair must be an indigene (i.e. Ijaw). The (best) waterfront sites are under the control of the Ijaw Unions and are thus allocated mostly to Ijaw sellers (Ikpurukpo). In Jengre maize market, Hausa stranger traders use to play a major role as commission agents because of their skills, financial resources and connections, but this has reduced since the Jos crisis (Ahmed and Rikko). In Maiduguri cowpea market the Grain Traders’ Association is usually chaired by an indigene (Kanuri), which is linked to the traditional authority (i.e. Borno emirate).
- The predominance and value of informal linkages across (as well as within) markets
- The pivotal role of (informal) credit markets in food markets
- Labour markets for the poorest can be found in the food and transport markets

Although a large number of formal institutional elements affect the Nigerian food sector, the informal associations in the trader sector, the transport sector, the credit sector and the employment sector dominate day-to-day transactions, and have the most positive impact on the livelihoods of the poor. Formal linkages, in large part, are widely perceived as obstructions to the efficient and cost-effective operation of the food sector. Rent seeking continues to permeate interactions between the public sector institutions and businesses, as our case studies attest. They are at their most pernicious in certain key areas:
- Inter-city transport
- Market space allocation

This increases consumer prices and reduces potential trader and producer profits.

Recommendations

- National, state and local government policies need to be sensitive to the variation between market places and commodities and target food market interventions carefully to avoid damaging those parts of marketing systems that are benefiting the poor.
- All policy makers need to recognise both the formal and the informal sector interconnections which link food, credit, transport and labour markets when planning interventions.
- All policy makers must give attention to reducing the rent-seeking which permeates many interactions between businesses and public sector institutions in the food and transport markets. A reduction in rent seeking would allow reduced food prices for poor consumers and improved profits for traders, especially poor retailers.

1.4 How food markets shape access for the poor

Food markets shape access of the poor in a variety of ways. They are clearly crucial to most poor producers – the small farmers and farmer-traders who depend on these markets for cash income. Trader associations and other food market institutions can limit their entry into the market to sell their goods by imposing charges, reduce their income by shaping their trading pattern within the market (i.e. to whom they can and cannot sell) or even exclude them altogether (though exclusion was rarely encountered in our studies). However, many poor producers make their sales to traders in rural markets, where trader associations are often less common and less powerful than in the major urban centres and principal bulking markets. Also, as many of our studies show, strong trader associations can benefit small farmer-traders, since they provide an informal regulatory environment within the market place which can protect their interests, in the absence of adequate state protection.
Our case studies suggest that capital markets and transport markets (see below) place much stronger constraints on small producers than food markets.

**Poor urban consumers** may benefit or suffer from the strength of trader associations and other food market institutions, but disadvantages of strong market associations, in particular, are likely to be greater for the consumer than for the small producer. Poor consumers may lose out for instance from the efforts of trader associations to reduce gluts, when prices would become extremely low and they would thus benefit in the short term. On the other hand, associations act as a forum to create insurance for informal credit systems and improve infrastructure (see below) and thus give direct or indirect benefits to consumers. *Individual* trader actions and knowledge generally seems to work against poor urban consumers, who are least likely to have knowledge of sophisticated cheating practices (such as in measuring) and, even if they know, are the least likely to be able to challenge traders, especially if they are dependent on trader credit to buy food.

Widespread lack of active producer and consumer associations (see section 3 below) is a major factor shaping access of the poor.

The spaces through which the poor benefit most in food market are based around casual employment (notably as porters), which is generally very poorly remunerated but requires few skills. Potential training areas, such as assisting on market stalls, are generally reserved for trader family members or (unpaid) apprentices and thus are unavailable to the poorest.

The interventions of state actors in food markets are currently mostly to the detriment of the poor producer and consumer, rather than to their advantage, since rent seeking is such a strong feature of private-public sector interactions in the food trade sector (see 1.3 above). This raises the cost of produce sold to the consumer and reduces prices paid to the producer.

### 1.5 How transport markets shape access of the poor

Transport markets shape access of the poor (especially the rural poor) to a far greater extent than might be anticipated in an oil-rich country. High transport costs and irregular and unreliable transport on poor roads have a major impact on the production strategies, selling patterns and profits of poor farmers and farmer-traders, particularly those travelling to market from remoter off-road areas. For poor women producers, especially, transport costs are often simply too high to allow access to the more lucrative food markets. Instead sales will be made in the local periodic market or to a travelling trader at the farm gate. Given limited knowledge of prices and supply in distant markets, this may be to their disadvantage. (However, richer traders who buy at the farm gate or remote rural market also suffer substantial risks from market volatility, robbery etc.) Transport constraints also limit remote producers’ access to credit markets.
Although fuel deregulation has improved the situation, depredations both by state officials in the transport sector (police, local government officers, etc.) and by highway robbers are a major hazard for poor travellers, especially those travelling with produce. Even though poor producers will not own the vehicle in which they are travelling, passengers with produce are routinely and illegally taxed and robbed. While richer traders are often supported by their associates (a form of informal insurance) to restock, poor producers who lose their produce are unlikely to receive similar assistance since the members of their social networks are equally poverty stricken.

Transport markets have less impact on poor urban consumers, since the retail food trade is well developed in Nigerian cities and most urban consumers can access food retailers close to their home at limited transport cost. The situation has also been improved by the availability of motorbike taxi services in most cities. Many very poor urban women, in particular, are dependent on this urban food retailing sector: they gain their livelihood from the fact that poor consumers will not wish to travel far to purchase small quantities of food on a daily basis.

Transport markets represent a key employment niche for some of the very poorest people in both urban and rural areas. The significance of human porterage of produce to market and within markets as a source of livelihood for the very poorest should not be underestimated.

2. Building on the roles of trader associations
All of the studies found that (mostly urban-based) trader associations play a key role in facilitating trade through keeping internal order (dispute settlement, enforcing their own regulations, hiring security), acting as a forum to create assurance for informal credit systems, improving the infrastructure and external lobbying. However in a small number of cases\(^\text{11}\), trader associations were also found to be the means by which some people are excluded or denied access to some marketing activities. Trader associations can also be used to restrict supplies to particular markets and manipulate prices. These constraining functions need to be identified and restricted while their positive functions should be encouraged and built on.

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\(^{11}\) See Ikporukpo’s Warri fish marketing study where Ilaje and Urhobo respondents argue that the Ijaw fish selling associations have consistently attempted (with some success) to cut off their fish supplies so they can establish themselves as middlemen. In Sokoto Acida livestock market it is almost impossible to sell without using the dillalai (commission agents); similar conditions apply re control by landlords in southern Akinyele kraal (Adamu et al.). In Giwa maize market potential members of the dillalai association are carefully screened and put on probation (Ahmed and Rikko). In most studies (e.g.Ezedinma et al. re gari) the trader associations do not exclude none association members from markets.
Recommendations:

- Local (and state) government should recognise the benefits of the trader associations and use them as a way to encourage more trade, competition and reduce risk for poor producers, traders and consumers.

3. Building producer and consumer associations

Only limited evidence of functioning producer associations was found, despite the considerable amount of funding that has been given to these forms of organisations in the past. Alternative means of giving power to producers therefore need to be found. No evidence of active consumer associations was discovered in our case studies; this is a major concern given issues around food adulteration and other sharp practices which impact most on the poor.

Recommendations:

- Donors and policy makers should be aware that producer associations may not be the most effective way of giving bargaining power to poor producers: evidence suggests that well intended resources put into these organisations in the past has been wasted.
- NGOs should be encouraged by donors and government to take a role in initiating and developing effective consumer associations which will give poor consumers more power. Central Government should support and encourage NGOs with these competencies. Consumer associations which link to trader associations through informal fora, rather than to municipal authorities, and thus support trader self regulation, would be advisable.

4. Recognising the roles of intermediaries

Intermediaries were found to be playing a key role in mitigating transaction risks and costs, especially when there are large numbers of dispersed sellers and buyers. They are also found to provide credit to producers and other traders. While there are no other sources of credit and imperfections in the marketing systems, intermediaries will continue to play an important role in opening opportunities to poor producers and other retailers.

However, the evidence presented in the case studies shows that there are situations were there are limited numbers of intermediaries, controls on access to markets and limits on the flow of information. This may only occur in particular markets, for particular commodities and at particular times of the year. Careful analysis of day to day price information in different markets and at different points in the commodity chain can be used to identify these selected bottlenecks. It should be noted that protests against intermediaries are often due to the ethnic domination of the markets rather than the intermediary institution itself.

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12 This is the reason that wholesalers rely so much on commission agents in the Maiduguri cowpea trade (i.e. the need to source produce across a wide area) (Adejobi and Ayinde).
Recommendations:

- State and local government should make decisions concerning the impact of market and transport intermediaries on poverty alleviation based on the locally specific evidence base. This should identify both the benefits of intermediaries and those specific occasions where intermediaries exert excessive control over market places.

5. Improving governance of market places

The studies provide evidence that the control of the market place affects access for the poor and can inhibit pro-poor growth. As mentioned above, in some circumstances trader associations can exert oligopolistic powers through working as cartels. They are able to sustain their powerful positions through controlling market space. Most market places are owned by local authorities who can play a role in opening up access to a wider range of stakeholders.

The impact of subsidising the costs of building market stalls is also questioned by the evidence presented earlier. In such cases influential indigenous non-traders were found to get priority and rent the space at considerable profit to traders.13

The case studies show widespread resentment amongst all types of traders about the lack of investment in markets by local authorities. There is evidence that some local authorities (such as in Abeokuta) are looking for innovative ways of managing markets and maximising revenue generation through contracting out to private companies.

Recommendations:

- NGOs could provide local governments with valuable information on potential cartel type behaviour affecting poor producers and consumers by carrying out price studies of particular markets and commodity chains with analysis of daily prices.
- Local governments need to ensure there is greater trader competition through providing more market space. This will result in better prices for poor consumers.
- State and local governments should stop selling subsidised market stalls since this does not tend to help the poor. These resources could be better targeted.
- Local governments should explore the benefits, difficulties and processes of contracting out revenue collection and market management to private companies. This first requires detailed case studies of the few privately

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13 E.g. Ezedinma et al. note that most Benin stall owners are not traders: they are wealthier indigenes/civil servants who sublet or sell on. For this reason many gari retailers have no stall. In Enugu the landlord may obtain N12,000 + annual rent but pay only N50 to the local council! In Maiduguri cowpea traders apply for stalls from the Local Government through the market association, but in most cases the stalls are obtained by influential indigenes who sublet to less influential traders.
operated markets by researchers: donor and central government will need to commission these.

6. Expanding access to market information
The evidence presented in the cases show that there is a disparity in the access to up to date market information on prices and supplies of produce in different markets, which reduces the bargaining power of poorer groups. Personal relationships were found to be particularly important in accessing information from other traders and from drivers. Mobile phones have had a dramatic impact on the marketing chain although poorer groups may not have access especially in remote rural areas, and there is a need to have a personal relationship with knowledgeable people in other markets who can give information\textsuperscript{14}. Radio broadcasts were found to be of only limited use as they were not judged to be up to date and trustworthy\textsuperscript{15}. Traders place little confidence in information provided by government. Market information systems are limited by the diversity of weights and measures used in different markets and for different customers within a market.

Recommendations:
- \textit{Donors and NGOs should encourage linkages between poor producers, traders and consumers who need information by funding networking meetings and exchanges. This will support consumer access to lower priced food and give poor producers and traders access to better information which will improve their marketing potential.}
- Donors and NGOs should help support access to telephones for the poor in more remote areas where there may not be a critical mass to make the service commercially viable
- \textit{NGOs should investigate ways of developing a trusted supplier of information for the poor that is not public sector or donor led.}

7. Improving credit provision
Credit is crucial to the effective operation of the food sector and is intimately interlinked with food markets. Formal credit systems, notably the banks, have made remarkably little impact on the food sector: the case studies show that informal credit regularly provides for producer inputs, trader stock and consumption. Transport markets are less dependent on credit, but even here it plays a role (e.g. in vehicle purchase\textsuperscript{16}). Because the role of informal credit

\textsuperscript{14} Ezedinma, Okechukwu and Sanni emphasise the role of phones for rich traders in their gari studies (Benin and Enugu). Poorer traders here mostly depend on other sources such as talking to drivers (many of whom have mobile phones). Adamu et al. note the crucial importance of drivers in relaying price information in the livestock trade. In the Jos tomato trade mobile phone ownership is now widespread among key wholesale traders (e.g. every bulk purchaser sending tomatoes to southern Nigeria interviewed has his own mobile phone) (Adepetu et al.).

\textsuperscript{15} See Ezedinma et al. re Radio Nigeria Enugu programme which is of limited use because of the lack of standardization of measures.

\textsuperscript{16} Ezedinma et al. refer to drivers accessing informal hire purchase for vehicles from dealers.
is so strong, middlemen (and, to a lesser extent, middle-women) play an invaluable role in ensuring the operation of food markets.

There was very little evidence of traders or transporters using banks and other formal sources for credit as banks were not willing to lend to them and the process was too cumbersome and slow to be useful\textsuperscript{17}. Trust based informal credit systems were found to be very important, either with money changing hands or goods being given to other traders on credit or to consumers on credit. These forms of credit encourage more trading, increased competition and benefits to poorer producers though improved prices and new opportunities. Traders reported widely that those providing credit were flexible in the repayment if the recipient was having financial difficulties\textsuperscript{18}.

Money or goods are often lent for short periods (between a day and several weeks): in such cases, the recipient forfeits any discount which might normally be paid, or pays higher prices (generally 5-10\% more) for the products\textsuperscript{19}. This was not considered the same as paying interest and recipients did not complain about this higher price. However, the compound rates of interest can be calculated as being much higher than that from formal banks. This demonstrates that the cost of credit is less of an issue than its timeliness and convenience. However, these informal forms of credit can exclude the poorer producers, traders and consumers who are not part of the network or do not have trusted guarantors. Poor people who have managed to start a trading business may join rotating credit associations to expand their trading ventures, but these generally do not provide large sums\textsuperscript{20}.

**Recommendations:**

- **Donors should support NGOs willing to collaborate with local banks and credit unions to experiment with a fast-track system for small loans for poorer traders and farmers.** Banks could be encouraged to try a pilot scheme offering smaller than usual amounts of money at higher than normal bank interest rates. This should cover the costs and risks associated with lending to small scale traders and producers over a short time period of say six months. Speed is of crucial importance in processing bank loans.

\textsuperscript{17} At Jengre market, maize traders complained of waiting over a year for bank loans (which have still not been made available) (Ahmed and Rikko). In Maiduguri wholesalers/bulkers are the main source of credit in the cowpea trade: traders admit to keeping large volumes of cash in their stalls because the can not risk the delays associated with bank operations (Adejobi and Ayinde).

\textsuperscript{18} Especially in the Jos tomato study (Adepetu et al.)

\textsuperscript{19} E.g. Ezedinma et al. find in kind loans operate especially between retail and wholesale traders in Benin and Enugu.

\textsuperscript{20} In Warri, the Ilaje Union has an esusu system which gives loans of 10-20,000 Naira, to be paid back within 6-12 months, but traders find this totally inadequate (Ikporkpo). Ezedinma et al. find numerous similar systems operating for gari in Enugu and Benin; normally, where loans are involved guarantors of high social standing have to be found; in Jengre maize market weekly adashe schemes are the only alternative for maize retailers to accessing credit from dillalai (Ahmed and Rikko); in Abeokuta cowpea traders often participate in a similar contributory credit scheme (Adejobi and Ayinde).
8. The importance of informal insurance systems

Formal insurance was not found to be operating except where it is a legal requirement for vehicles. There was no evidence found of any cases where those having insurance had been able to make a successful claim. Traders and drivers have developed their informal trust based insurance systems through associations, support from friends and family, and getting preferential treatment from suppliers after an accident or loss. However, these systems can not be guaranteed to protect people and poorer people may not have the opportunity to get such protection as they do not have access to networks that can support them in case of loss.

Recommendations:

- NGOs, should explore the potential for working with national insurance companies to examine whether the existing formal insurance system can be adapted to meet the needs of smaller businesses such as traders and vehicle owners.

9. Security in the market

The evidence shows that public funded formal policing within the market place is considered more of a hindrance than a help to traders and transporters. Vigilante groups and private security providers are hired by trader associations to reduce crime in market places, reduce the costs of marketing and thereby attract more customers. However, smaller traders especially retailer reported that they had less support from private security compared to larger wholesale traders.

Recommendations:

- The police need to liaise with vigilante groups more consistently to ensure the poor and less influential are also protected. Formal liaison committees meeting at regular intervals may be appropriate, but should not be enforced.

10. Regulating trading practices and food safety

Adamu et al. explain how 'sutura' (informal insurance protection) operates in the livestock trade: traders who have lost all their stock/money from highway robbers are helped to restock by their fellow traders. Informal assistance from friends and trader associations in cases of loss was also observed in the tomato trade (Adepetu et al.).

Ezedinma et al. note how the police may force vigilante groups to register with them. See Adamu et al. re suspicion of police in Sokoto Acida livestock market.

E.g. Jos tomato retailers (Adepetu et al.)
Each commodity study reported a diversity of weights and measures that can be used for different customers, and differences between markets. However, the extent to which standards are set and enforced by local government differs across the country\(^{24}\). There are legal food safety standards but they are not being enforced. ‘Sharp practices’ were found to affect the poor more than others as they did not have the knowledge and experience of trading to notice this or to demand other measures or weighing scales are used. Those buying and selling regularly rely on trust based relations to ensure they are not cheated\(^{25}\).

**Recommendations**

- **Poorer buyers and sellers need to have knowledge and experience of what are standard measures and how to identify potentially adulterated produce.** Local government should encourage schools to include such issues in their curriculum. NGOs may have a role to play in offering market-based education.
- **Local government should encourage each market association to advertise standard measures used in the particular market, together with the name of a specific officer as first point of call within the market who deals with food measurement and standards.** This could do much to improve consumer relations.
- **Innovative means of regulating standards need to be developed that do not rely on local government involvement.** NGOs should collaborate with associations of traders, producers and consumers, combined with reporting by the media. Local radio phone-in schemes can play a major role (recently seemingly very effective in Accra).

**11. Improving transportation and reducing costs**

Transport costs and the risks of moving produce on poor quality and dangerous roads are a major restricting factor in marketing produce and the livelihoods of the poor. The deregulation of fuel is widely considered a positive factor as access to fuel is improved, but the costs of transport are considerably increased through the unofficial ‘taxes’ to police, Vehicle Inspection Officers and others, particularly at state boundaries\(^{26}\). The insecurity of travel requires that traders travel with their produce unless they

\(^{24}\) Rent-seeking by environmental health officials from gari sellers/restaurant owners was observed by Ezedinma et al. In Enugu market restaurant owners have formed an association for self-regulation and protection against such harassment.

\(^{25}\) The maize market studies illustrate the diversity of ways in which buyers may be cheated: inexperienced buyers consequently need to employ the services of the yan komissio (Ahmed and Rikko). In the cowpea study, reductions from 0.91-2.31% of the standard volume Kongo were observed in volume measurements assessed in Abeokuta market (Adejobi and Ayinde).

\(^{26}\) E.g. Ezedinma et al. note the way numbers of police and government check points increase on major routes on market days. Drivers use mobile phones to warn their colleagues about the presence of police etc. along the road. Adamu et al. refer to bribes mostly around N100-200 (but up to N10,000) to avoid delays from informal checkpoints (which average from 15-20 on a single journey).
have close working relationships with drivers whom they trust to deliver their produce to buyers and find ways to receive the money. The use of bank transfers and LPOs is increasing the opportunities for this form of trading, increasing the financial turnover of traders and therefore increasing competition.

There are also considerable costs in transporting produce within markets and between urban markets although this form of transport provides important livelihoods for some of the poorest, including otherwise unemployed youth.

**Recommendations:**

- **NGOs need to work with government and the media to identify ways to empower transporters to resist unofficial payments.** Radio phone-in programmes may be one approach.
- **Donors and central government should encourage trader, transport and financial institutions to develop systems that allow traders to send produce to buyers without accompanying it**
- **When designing and reorganising urban markets, local and state governments should ensure that the livelihoods of porters and other handlers are secured.**
- **State governments need to improve transport conditions (including security, frequency, reliability) and reduce transport costs (especially illegal charges by state officials) for market access from remoter rural food producing areas.**

**12. Expanding labour markets for the poorest in the food and transport sectors**

Poor people occupy specific (informal) spaces in food and transport markets. Petty trade, portering and informal security represent crucial employment opportunities for the poorest. While petty trade commonly provides an outlet for women throughout Nigeria (even in the Hausa heartland, where it is conducted from behind the compound wall), portering provides employment for both men and – to a lesser extent – women. Only vigilantism appears to represent a wholly male (often youth) employment niche.

There are opportunities for producers, processors and traders to deliver new products to consumers: these could open new opportunities for the poor to

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27 In the maize trade the introduction of waybills and escorts for hired vehicles has reportedly eased responsibilities for owners who previously had to travel with their goods (Ahmed and Rikko). Drivers play a key role in relaying price information in the livestock trade, where highway robbery is a major hazard (Adamu et al.).

28 See Ahmed and Rikko re porterage as an occupation for young boys from Koranic schools in Giwa market. Adamu et al. examine cart pushing and porterage in the livestock/meat trade: this includes women meat/carcass porters in Ibadan’s Bodija market.
improve their livelihoods, although changes to the existing systems may have an adverse affect on some people’s livelihoods. Examples identified in this study include the various forms of processed cassava and demand for specific meat types for the growing fast food industry.

Recommendations:

- When reorganizing urban markets, local government needs to take particular care not to disturb the employment niches occupied by the poorest (or at least not without first ensuring that safety nets are in place).
- State and local governments need to ensure that the livelihoods of the poorest are not negatively affected by new processing activities or investment. If this is unavoidable and the majority impact is positive, they should support the search for alternative sources of income.
- State and local government need to give attention to improving transport conditions (including security, frequency, reliability) and reducing transport costs (especially illegal charges by state officials) for market access from remoter and off-road rural producing areas. This is particularly crucial for pro-poor growth.

TOWARDS IMPROVING PRO-POOR GROWTH IN THE NIGERIAN FOOD SECTOR:
RECOMMENDATIONS FOR POLICY MAKERS

1. Recommendations for central government

- Ensure ‘pro-poor proofing’ of all policies relating to the formal and informal sector interconnections which link food, credit, transport and labour markets when developing policy. Because interlinkages are commonly complex, policy developed in one sector can cause adverse repercussions for the poor elsewhere.
- Work towards the development of a more positive relationship between all levels of government and the informal trader sector (without which Nigeria’s burgeoning urban population would starve). This requires a full examination of current patterns and procedures whereby public sector officers take illegal rent from traders and transporters and urgent instigation of policy measures and pilot programmes to reduce this (since it raises both the cost of produce sold to poor consumers and reduces prices paid to poor producers.)
- Support strengthening of producer and consumer power through support and encouragement to NGOs with competencies for working in this field (as opposed to direct state support). NGOs focussed on the poor urban consumer sector may have a valuable role to play in raising awareness, encouraging joint action and supporting positive interaction with trader associations.
2. Recommendations for state governments

- Ensure state policies target food market interventions carefully to avoid damaging those parts of marketing systems that are benefiting the poor. Policies must be sensitive to the variation between market places and between commodities.
- Recognise both the formal and the informal sector interconnections which link food, credit, transport and labour markets when planning interventions.
- Give immediate attention to reducing the rent-seeking which permeates many interactions between businesses and state public sector institutions in the food and transport markets.
- Improve transport conditions (including security, frequency, reliability) and reduce transport costs (especially illegal charges by state officials) for market access from remoter rural food producing areas.

3. Recommendations for local government

- Give immediate attention to reducing the rent-seeking which permeates many interactions between businesses and local government in the food and transport markets. This will require greater punctuality in the payment of staff salaries and stronger sanctions against miscreant staff.
- Reduce conflict with traders and their associations by providing market infrastructure and services from the taxes levied on trade. More transparency in use of market taxes could improve relations substantially.
- Consider the potential benefits, difficulties and processes of contracting out revenue collection and market management to private companies.
- Recognise the benefits of trader associations and use them as a way to encourage more trade and competition.
- Encourage greater competition in markets by providing more selling space, but stop selling subsidised market stalls, since this does not tend to help the poor. These resources could be better targeted.
- Encourage the police to liaise with market vigilante groups more consistently. Formal liaison committees meeting at regular intervals may be appropriate, but should not be enforced.
- When designing and reorganising urban markets, ensure that the livelihoods of porters and other handlers are secured, since these activities are commonly livelihood niches for the very poorest.
RECOMMENDATIONS FOR NGOs

• Very few NGOs in Nigeria have, as yet, taken any initiatives towards supporting produce marketing. This is an area where there may be substantial room for NGO intervention, especially in terms of assistance to small producers and petty traders.

• NGO support would be particularly valuable in areas such as market information provision, where state interventions are often viewed with suspicion. They could:
  o Encourage linkages between those who need market information by hosting or supporting networking meetings and exchanges.
  o Help support access to telephones in more remote areas where there may not be a critical mass to make the service commercially viable
  o Investigate ways of developing a trusted supplier of information that is not public sector or donor led.

• NGOs could help to develop effective consumer associations which will give poor consumers more power (since consumer associations which link to trader associations through informal fora, rather than to municipal authorities, are likely to work more successfully).

• Provide local authorities with information on potential cartel type behaviour by carrying out price studies of particular markets and commodity chains with analysis of daily prices

• Work with local banks and credit unions to experiment towards a fast-track system for small loans for traders and farmers. Banks could be encouraged to collaborate in pilot schemes offering smaller than usual amounts of money at higher than normal bank interest rates with a short time-span on decisions.

• Work with national insurance companies to test whether insurance packages which will allow small scale produce traders and transport enterprise to participate can be developed.

• Offer market-based education to poor buyers and sellers who need knowledge and experience of what are standard measures and how to identify potentially adulterated produce.