9. RECOMMENDATIONS FOR STIMULATING PRO-POOR GROWTH IN THE SEVEN COMMODITIES STUDIED

Our observations and recommendations regarding potential ways of stimulating pro-poor growth provided below are mostly limited to the food marketing and distribution component, since this is the focus of our case studies. All our studies suggest that so-called ‘traditional’ marketing systems in Nigeria are flexible and have changed over time in response to changes in the broader context within which they operate. In many respects they appear to offer the most potential for pro-poor growth, in terms of the level and quality of internal regulation, informal support and the high levels of trust (including inter-ethnic trust) exhibited. Rather, it is the external linkages to the public sector which, in large part, are widely perceived by market participants as obstructions to the efficient and cost-effective operation of the food sector. In Nigeria, producers, consumers and micro enterprise traders have a lack of trust in the public sector and its associated formal legal systems. The problem of enforcement and its entanglement with rent seeking practices is widespread. Rent seeking permeates interactions between the public sector institutions and businesses, as our case studies attest, and are at their most pernicious in certain key areas, notably inter-city transport and market space allocation. Not surprisingly then, these issues recur frequently in our seven commodity reviews below.

1. Livestock marketing and its impact on pro-poor growth, with recommendations on stimulating pro-poor growth in the livestock sector

Livestock marketing in Nigeria, as our case studies illustrate, is a massive business which currently provides income for the poor principally in their roles as producers, or through income obtained in the livestock transport sector. Vast numbers of people, both rural and urban dwellers, including many women, earn vital cash income from small animal and poultry rearing, in particular. Herding, cart pushing and porterage, meanwhile, provides employment for the very poorest (especially poor men in northern Nigeria, but as our Ibadan case study shows, also for some women porters in the south). From a consumption perspective the industry is less significant for the poor, since animal protein is mostly consumed by middle-class and elite groups.

Prospects for stimulating pro-poor growth in the livestock sector lie only partially within the marketing element on which our study focuses: at the site of production much could probably be done to support small rural and urban producers to increase their stock numbers and stock quality through improved veterinary services (to improve animal health, breed quality and reduce stock losses through disease) and improved credit facilities specifically aimed at small producers. Other suggestions are made in a recent PrOpCom report on livestock, notably improved feeding through developing linkages between feed millers and organised producer groups (Cook 2005).
Within the livestock distribution and marketing element, a number of interventions could help induce pro-poor growth by substantially improving the returns to small-scale producers for the animals they rear and market:

- Improved veterinary services in markets and better abattoir sanitation facilities would help to reduce cross-infection and subsequent loss of animals through disease. Many animals unfit for transport will not survive the long journey to southern Nigerian and other markets and need to be weeded out beforehand. Improvements in stock quality could substantially improve prices obtained, if the potentially most lucrative market – southern Nigerian middle-class consumers – buys more local as opposed to imported meat. Veterinary service and abattoir sanitation improvements will require substantial coordination between national, state and local governments. The potential for government collaboration with the private sector also needs to be investigated.

- A central government review of current import controls on meat would be useful. (In the past the Nigerian government has even subsidised the sale of imported meat.)

- Improved transport facilities are urgently needed: this will require a concerted effort from central, state and local governments, together with donor support. Many animals arrive at collecting markets in northern Nigeria and in southern Nigerian markets in extremely poor health because of the appalling conditions in which they are transported. In northern Nigeria this can be partly attributed to poor roads and consequent dependence on herding on the hoof over long distances to collecting markets. The journey to the south further reduces animal health since, as our report suggests, livestock may receive no food or water and are often packed into unroadworthy vehicles for a journey along dangerous roads at as high a speed as the driver can manage: serious accidents with major losses of stock are common. (Reliable transport of refrigerated meat southwards, in place of live animals, might be advantageous, though this was not considered in our studies. A review of any past research on this topic in Nigeria and the current potential for refrigerated meat transport could merit investigation, possibly under PrOpCom.)

- Interventions to reduce rent-seeking and associated harassment by police and other state agents, especially on the journey to southern Nigeria, would substantially improve returns to traders (and thus to producers). The cost in both money and time of illegal checkpoints was highlighted by many respondents: this is particularly serious given that haulage is of live cargo. Out of 15 to 20 check points per journey only about 5 are usually legal. NGOs should be encouraged to find ways to empower transporters to resist unofficial payments, such as through radio phone-in programmes. More timely payment of salaries in the public sector would also assist.

- Livestock traders are currently dependent on informal support/insurance when they send their high-value consignments of animals on long journeys. NGOs and government could work with
national insurance companies to explore whether insurance packages could be developed for small scale produce traders and transport enterprise in the livestock field.

- NGOs may be able to work with local banks and credit unions to experiment towards a fast-track system for small loans for traders and livestock rearers. 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. Government should not be involved since many Nigerians do not appear to feel an obligation to repay government loans.

The PrOpCom livestock report (Cook 2005) puts considerable emphasis on agro-business to resolve current bottlenecks. This seems to revolve around ‘a modified Large Enterprise to Farmer Model’ in which ‘producers are treated as partners rather than just contract growers’. However, no details are provided as to how this will be achieved. Ensuring that such interventions are pro-poor will be extremely difficult, given the past history of scheme capture by Nigeria’s powerful, wealthy elites.

2. Maize marketing and its impact on pro-poor growth, with recommendations on stimulating pro-poor growth in the maize sector

Maize plays a crucial role for the poor across most of Nigeria. It is produced over much of the country by poor small farmers and by larger richer farmers (who employ substantial numbers of poor people as labourers); green maize is cooked and hawked by numerous poor urban women and their children; manufacturing industries using maize as a staple produce a wide variety of products and employ a large labour force of poor urban dwellers; and maize is widely consumed as a staple food among both the urban and rural poor.

Prospects for pro-poor growth in the maize sector have increased substantially over the last two decades in Nigeria, due to the ban imposed on cereal imports. This has led to a massive expansion in the demand for maize from the industrial sector: brewers, millers, animal feed suppliers, bakeries and the confectionary industry have all had to look to maize as a substitute for imported grains. Despite the massive growth in demand for maize, a number of serious bottlenecks appear to reduce beneficial impacts on the poor, both as maize producers and consumers, as our case studies illustrate.

In terms of the marketing component of the maize industry our case studies suggest the following interventions are needed to ensure maximum pro-poor growth is achieved:

- Transport sector improvements are essential across the maize distribution chain. This requires a concerted effort from central, state and local governments, together with donor support. Currently poor producers suffer substantial losses from: failure to evacuate products
from producing areas and get them to the most profitable markets at the right time due to poor roads and unreliable transport; diversion of goods in transit by corrupt transporters and highway robbers; extortion from state officials during transit. These losses reduce prices for producers, reduce profits for traders and manufacturers and raise prices for consumers. Although informal insurance operates among richer traders who support one another when losses occur, poor producers do not have the same safety net. NGOs should be encouraged to find ways to empower transporters to resist unofficial payments, such as through radio phone-in programmes.

- Rent-seeking behaviour by state officials is widespread in the maize industry (and not only within the transport component), and must be reduced if the benefits of increased maize demand are to be translated into increased income for poor producers. This could be assisted by more timely payment of salaries in the public sector.

- Local government control over space/stall allocation in markets often leads to rent-seeking behaviour among elites and damages the interests of poorer traders, especially women. A national study, supported by central government, is needed to examine the potential benefits, difficulties and processes of contracting out revenue collection and market management to private companies. This would be best conducted by an NGO or research institution.

- Small farmers’ dependence on dillalai (commission agents) for credit (which reduces their flexibility in marketing) could be reduced by credit schemes specifically targeted at small producers: these need to provide much more timely credit with far less paperwork than conventional schemes (which commonly respond far too slowly and without consideration for credit needs over the farming year). Interest charges which are higher than conventional bank schemes would be needed to cover the costs of such schemes, but could still be lower than rates often charged by informal and family credit providers. Collaboration between private sector banks and NGOs could probably best achieve this.

- Better regulation to ensure trader’s correct use of standardised measures is needed in the maize sector. Market associations and/or independent NGOs would probably be the best group to undertake such regulation. NGOs could offer market-based education to poor buyers and sellers who need knowledge and experience of standard measures and how to identify potentially adulterated produce. Much time is wasted in maize markets due to arguments over possibly cheating: many of these arguments are related to measurement.
3. Cowpea marketing and its impact on pro-poor growth, with recommendations on stimulating pro-poor growth in the cowpea sector

Cowpea is a critical component of the diet of poor people across Nigeria. Cowpea provides the cheapest protein supplement to Nigeria’s urban and rural poor and production levels have risen substantially to meet growing demand due to the impact of inflation on the price of animal proteins.

Within the cowpea distribution and marketing element, a number of interventions could encourage pro-poor growth by substantially improving the returns to small-scale farmers, informal processors and traders, and by reducing costs to consumers, with a wide variety of knock-on effects on the wider economy.

- Credit is a major issue in the cowpea sector. Much credit (often in kind) to small cowpea producers is provided by wholesalers and dillalai. While this is essential to current production, it arguably reduces producers’ potential to respond to the best market opportunities. As with maize, credit schemes organised by banks in collaboration with NGOs and specifically targeted at small producers may be a route to reducing dependence on middlemen. At present bank credit is rarely accessed by small producers, at least in part because of the paperwork and the length of time taken to process applications. Schemes need to provide much more timely credit with far less paperwork than conventional schemes (which commonly respond far too slowly and without consideration for credit needs over the farming year). Interest charges which are higher than conventional bank schemes would be needed to cover the costs of such schemes, but could still be lower than rates often charged by informal and family credit providers.

- Much time is wasted in cowpea markets due to arguments over possibly cheating: many of these arguments are related to measurement. Measurement regulation need to be tightened to ensure trader’s correct use of standardised measures, as this disadvantages poorer buyers with less experience of trading. Public sector officials are not able to enforce standards. Market associations and/or independent NGOs would probably be the best group to undertake such regulation: in the case of Kuto cowpea market, the market association was seen to fail in this area and thus NGOs may offer a better route. NGOs could provide market-based education to poor buyers and sellers who need knowledge and experience of standard measures and how to identify potentially adulterated produce. NGOs should be encouraged to build on their existing experience to develop consumer associations.

- Local government and state government roles in market affairs need attention. Cowpea marketers in the case study markets were antagonistic to the role played by both (since they demand taxation but
provide no services). Local government control over space/stall allocation in markets often leads to rent-seeking behaviour among. A national study, supported by central government, is needed to examine the potential benefits, difficulties and processes of contracting out revenue collection and market management to private companies. This would be best conducted by an NGO or research institution.

- High transport costs and related transport issues need attention from central, state and local government, with support from donors. The case studies of cowpea did not focus specifically on transport, but many of the problems associated with maize transport are equally relevant to cowpea: failure to evacuate products from producing areas and get them to the most profitable markets at the right time due to poor roads and unreliable transport; diversion of goods in transit by corrupt transporters and highway robbers; extortion from state officials during transit. These losses reduce prices for producers, reduce profits for traders and raise prices for consumers. NGOs should be encouraged to find ways to empower transporters to resist unofficial payments, such as through radio phone-in programmes.

4. Fish marketing and its impact on pro-poor growth, with recommendations on stimulating pro-poor growth in the fish sector

Unlike the other six commodities, we were only able to commission one case study for fish, and this is based in a rather exceptional context (ethnic crisis in Warri). It is thus not possible to make any broad recommendations for the commodity from this study.

Key themes which emerged in the specific case of fish marketing in Warri were the potential dangers of ethnicity and unionisation in terms of exclusion of new market entrants. Losses in transit and harassment by military/police were themes which were repeated for other commodities and locations. The situation is both so complex and so potentially volatile that it would be unwise to draw any specific recommendations without further research.

5. Vegetable marketing and its impact on pro-poor growth, with recommendations on stimulating pro-poor growth in the vegetable sector

Over the years dry season market gardening and some wet season production has experienced and continues to experience significant expansion on the Jos Plateau, both in terms of the number of farmers practicing it and the area of land under dry season irrigated vegetable production. This growth in production has benefited poor producers and its production, handling, transportation, distribution and marketing employ a large
number of people. However, competition for land and water for vegetable production has been a factor in the ethnic conflict that has limited access to production for non-indigene farmers and exacerbated poverty amongst this group.

- Traders have been instrumental in encouraging production by creating new markets in urban areas and increasing demand for production from poor small scale producers as well as wealthier producers. The role of traders should be recognized by all policy makers rather than considered a hindrance.
- The conflict in the area has resulted in an increase in poverty for some groups and limited travelling to some producer areas. However, traders and their associations have put considerable efforts into restoring peace in the markets. National, State and local government should encourage the existing role of associations in peace activities.
- Dillali commission agents operate in all markets and support producers through negotiating on their behalf as they have better access to information, allowing producers to send perishable produce unaccompanied, looking after the produce until it is sold and in many cases being the only source of credit to farmers. Commission agents are paid a fixed commission rather than a proportion of the price which may limit their motivation to reach a higher price. Local government should encourage associations to develop alternative systems that might also attract more sellers to use their markets.
- Informal finance is vital for supporting poorer vegetable producers as there are no other sources of credit available, it is timely and it has an element of flexibility if a vegetable crop fails. Poorer retailers were also found to prefer trader credit as it was timely and flexible. They in turn were offering credit to some consumers. NGOs can collaborate with local banks to increase finance to producers. Where banks are still unwilling to lend to producers, it may be necessary to encourage banks to lend to traders who are willing to lend to producers. In both cases rates of interest may have to be higher than for other clients because of the costs and risks involved but would be lower than the extra amount being paid for informal finance.
- Poorer producers and traders have less access to information. Action can be taken by national and state government to increase the access to mobile phones of those living in remoter rural areas. The highly perishable nature of tomatoes results in dramatic price changes; NGOs rather than the public sector should be encouraged to develop marketing information systems that provide up to the minute information for poorer producers and traders on prices in distant markets
- While there has been much public sector investment in vegetable producer associations, these are not operating at present. Local and State government resources are better used in other ways to increase producers’ bargaining power.
• In Jos, associations play roles in allocating market space although members tend to be wholesalers rather than retailers. Poorer retailers have less access to space and cannot erect stalls in markets. Local government must ensure poorer retailers are represented and their voices heard.

• Associations in some southern cities were found to control the supplies of tomatoes through a quota system and thereby increase the costs for consumers and reduce the prices given to producers. More research is needed on where this occurs and why, as well as considering the impact on producers in terms of increasing gluts in supply areas. NGOs should identify where these cartels operate and local government should ensure limits on competition are removed.

• Security is an issue in many markets and associations in Jos use vigilante groups. However, poorer retailers claimed that they were not well served by formal or informal policing. State and local government should encourage police to liaise with vigilante groups and ensure the poor and less influential are also protected.

• No consumer associations were found and there are threats to consumers health from low quality vegetables that is often sold to poorer consumers. Scales are not used in markets which creates further disadvantage for poorer buyers with less experience of trading. Public sector officials are not able to enforce standards and innovative means need to be developed that use traders associations, consumer associations and, in particular, the media. NGOs should be encouraged to build on their existing experience to develop consumer associations.

• Transporters have to pay high unofficial fees to police and Vehicle Inspection Officers and the perishable nature of the produce means that they cannot afford delays. These costs are passed on to the consumer, hitting the poorest especially. NGOs should be encouraged to find ways to empower transporters to resist unofficial payments, such as through radio phone-in programmes.

6. Cassava *fufu* marketing and its impact on pro-poor growth, with recommendations on stimulating pro-poor growth in the cassava *fufu* sector

Cassava *fufu* is widely consumed in rural and urban areas in Nigeria, especially among poor households. It is a cheap and ready source of vital energy among these categories. But processing is important for cassava because of the short shelf life of the roots after harvesting (typically less than two days). Even more important is the need to target cassava *fufu* marketing such that the product reaches the final consumer with minimum delay (the shelf life of the wet paste is about 7 days). An understanding of the issues identified in this study of Abeokuta markets will provide policy makers with a better view for ensuring that adequate and safe foods are available to urban and rural consumers.
• Fufu processing helps poor processors and traders. Technological changes may help extent shelf life but may also disturb the employment niches of poorer processors and increase disparities. Policies to encourage technology development should consider the effect on poor processors and traders, and support the search for alternative sources of income where this is unavoidable.

• The experience of contracting out the management of markets in Abeokuta can be a way of maximizing income and improving conditions compared to competitor markets. Research on the benefits, constraints and processes of contracting out management should be carried out and disseminated to local authorities.

• There is some elements of control by market associations in Abeokuta over who can sell in markets and the amount of supplies. This may protect the livelihoods of poorer processors and traders allowed to sell by reducing the losses caused by over supply, although it may also restrict market access for other poor processors of fufu. Local governments should investigate cases where similar claims are made. NGOs and the media should play a role in investigating such cartel type situations.

• Market information on price and demand is vital and comes from transporters and personal networks (increasingly contacted through mobile phones). Poorer processors and traders have less access to information. Access to mobile phones needs to be improved for those in remoter areas.

• There is also a need to support poorer processors and traders building personal networks through exchanges and setting up meetings. This would be best carried out by NGOs combined with developing systems of trusted suppliers of information that is not public sector led.

• Security in Abeokuta market is maintained by the OPC ethnic militia group. However the extent to which they support the poor and less influential needs to be considered. Liaison with police should also be encouraged by local government.

7. Gari marketing and its impact on pro-poor growth, with recommendations on stimulating pro-poor growth in the gari sector

Gari - a fermented and roasted granular product from cassava - was hitherto considered a poor man’s crop until recently. It is now elevated to an urban convenience food. The goal of this case is to examine some critical marketing institutions in Benin City and Enugu that have evolved since gari has gained prominence in all the urban centres of Nigeria. An understanding of the issues identified in this study will provide policy makers a better view for improving market access for the rural and urban poor to safeguard their food security and their livelihoods.
The gari commodity chain supports propoor growth through increasing incomes of cassava growers, processors and traders, most of whom are women. It is also an important part of the diet for poor consumers. Improvements in the marketing chain therefore have the potential to help poor people in the chain, although technological development may act to exclude some processors and traders.

- Information on prices in urban and rural areas is gained through transporters and personal connections that may be limited amongst poorer groups. Mobile phones or phone kiosks are used by many but these are not available in rural areas. NGOs can encourage linkages between urban and rural areas and investigate ways of having trusted suppliers of information for the poor, that are not linked to the public sector. Existing collection of price information without standard weights and measures is not a good use of limited resources.

- Some areas of production and processing have built up reputations as suppliers of good quality gari and hence get extra added value because of this ‘branding’. Advice to processors should aim to identify new niches that specific areas can specialize in.

- There is a wide range of informal sources of credit with the potential for NGOs to work with local banks to encourage lending to the operators of saving and credit systems (*jusu* and *akwao*), to those traders who lend to poorer processors, retailers and consumers, and to vehicle sellers offering hire purchase arrangements. These individuals have a better chance of reaching the poorest and using trust based relations to ensure repayment. NGOs should also work with banks to offer loans direct to traders, processors and growers, although the existing experience of this has been poor.

- Rent seeking by officials and police results in higher prices being passed on to consumers and therefore affects the poor disproportionately. Poor consumers also suffer when petrol station owners collude to limit the supply of fuel, although this practice is less common now than previous years. NGOs and local government should identify ways to empower transporters to resist unofficial payments, such as using radio phone-in programmes.

- The study found owners of stalls in Enugu and Benin City bought them at subsidized prices and then rent to traders. Local and state government should use their limited resources on other pro-poor activities rather than subsidizing the sale of stalls to well connected people who are not traders.

- Associations play a wide range of positive roles but at times may limit new suppliers coming into the market. The extent to which this affects poor consumers and producers is not known and needs further research.

Gari processing poses health some health and environmental hazards but the current regulations on consumer safety and weights and measures are not fully enforced. There is a need to encourage trader associations to regulate their members and build a good reputation. NGOs can also play an important role.
role in encouraging consumer associations and the media to identify malpractice. The case of restaurant owners in Enugu collaborating to refuse to give free food to inspectors in an example of good practice in tackling rent seeking.