

REMARKS BY HIS EXCELLENCY, THE VICE PRESIDENT, PROF. YEMI OSINBAJO, AT THE AFRICAN ECONOMIC CONFERENCE THEMED “FEED AFRICA: TOWARDS AGRO-ALLIED INDUSTRIALIZATION”, ABUJA ON DEC. 5, 2016

I am delighted to welcome you all to Nigeria for this important African Economic Conference. The theme of your conference: “Feed Africa: Towards Agro-allied Industrialization” is very timely.

The global commodity price shocks, with the sharp decline in the price of oil, have had major negative impacts on the economies of several African countries. Nigeria is no exception. Because oil accounts for over 70% of government revenue and over 90% of foreign exchange earnings, shocks to global oil prices have significant effects on the Nigerian economy.

But in our peculiar case, the vandalization of oil facilities resulting at some point, the loss of over 1 million barrels of oil per day clearly worsened our situation. As a result Nigeria has witnessed in the last few months a sharp decline in economic growth but we are determined to come out of the oil-price and production shock induced recession.

We are working to expand our share of non-oil revenues, expanding the fiscal space, closing leakages, enhancing transparency and accountability in the management of public finances. But these will not be enough. Even if we get growth back on track, we must ensure that growth is inclusive and that it touches the lives of numerous Nigerians in the rural areas who depend on agriculture as a source of their livelihoods. The key part of the solution therefore must be to rapidly raise productivity on agriculture, reduce our dependency on food import and expand foreign exchange earnings from export oriented agricultural products. Nigeria has a comparative advantage in agriculture with vast amount of arable land and good agroecological environment and as a government we are continuing policies to increase food production.

The improved food approach will help government to address food security and provide decent quality meals for kids in the schools through our home-grown food feeding programme. The government also through its anchor borrower’s programme has launched a massive effort to expand rice production to reduce Nigeria dependence on rice import which put high pressure on our foreign exchange. The private sector of course needs to play a significant role to link farm and agribusinesses, connecting food production, logistics, food processing and agro-allied businesses. As a government we are working on incentives to support the private sector in agro-industrial development. Just last week I was at some agro-allied factories in Anambra state and also in Lagos state. In Anambra, I was at the Pokobros plant; I was also looking at the work that was being done with palm kernel. In Ogun state, I looked at the Honeywell food and agro-allied plant where they have Sorghum, Flour Mill and a Feed Mill. They are also doing a Wheat Processing Mill there. In the same vicinity, the Ladgroup Shea Butter plant is doing possibly the largest Shea Butter plant in Africa. That is just one example of some of the issues around the agro-allied industry that we have seen and what exactly is happening in some of them.

In about an hour or so I will be going to Kano State to visit the Dangote Tomato paste factory, which is one of those private sector agro-allied industries that we are trying to support. We have decided as part of our Strategic Implementation Plan for this year to prioritize the processing of Tomato paste so as to become self-sufficient in that particular product, the choice of tomato is predicated on our ability to produce tomatoes in large quantities several times a year as well as its extensive use in Nigerian meals. There is of course the opportunity to generate a large number of agricultural jobs and also as a means to adding value along the agro-allied chain.

What we have found and which speaks to the importance of this conference is that there are many factors that affect our national aspirations in this regard. Some of these issues start from the farm such as the need to plant the appropriate quality of the food to be used for processing. Now, this of course means drawing on research but also ensuring the right seeds are available to farmers and at the right time; and also that fertilizer is made available at the right time.

And of course, no one factored in the 'Tuta absoluta', in fact I didn't even know such thing existed until it struck the Tomato plants and it affected our huge expectations around the harvest of that particular crop. But quick and effective response to that problem is one of the issues that the honourable Minister of Agriculture will comment on.

Then, there is the issue of uptake and storage. Several of our large commercial farms have outgrower schemes that will buy the produce from their surrounding small scale farmers. However, a lot of small scale farmers are not linked to large farms so they face the problems of transportation and storage, which for ripe tomatoes pose additional challenges.

At factory level, after ensuring that the quality of tomatoes purchased are suitable for conversion into paste, operators still have to contend with issues of infrastructure especially power generation. This is a very important issue because it goes to the very heart of being competitive against import from other parts of the world which have penetrated the market. Indeed that trade dimension is one that is particularly critical because of dumping and smuggling which makes it very difficult for our Tomato factories to compete.

We currently have to calibrate appropriate levels of support and protection for this sector. Of course that involves looking at the whole mirror of trade rules and agreements. But there is a real danger that with even the potential for production and all of that, the Tomato industry may not be competitive against import and dumping. So these are some of the issues that we have to deal with. Some of our manufacturers find it expedient to focus on packaging imported products and save the trouble of competing with tomato paste from abroad. That means that you cut out the farming community entirely and at the expense of our own plant expand their agricultural base and at the same time create opportunities around processing and the entire value.

The other element which Tomato farmers, Tomato paste manufacturers have to contend with include the high cost of finance which we are trying to mitigate through our development institutions like the Bank of Agriculture, the Bank of Industry. We also have micro farmers credit scheme which is really for small scale farmers. And access to grants; we have been trying to expand farmers' access to grants and part of that is working through the Bank of Agriculture so as to revitalize the bank itself and to reinvent it so that it is much more able to give the kind of support, not just financial support but also advise to the industrialists.

I have outlined some of these issues in order to give a flavour of some of the issues that we are dealing with in one agro-allied sector alone and I expect that the outcome of your discussions will throw more light and give policy prescriptions on some of these issues. We are pleased that the African Development Bank is supporting Nigeria in this venture including our efforts to diversify the economy. The recent support of 600 million dollars provided by the African Development Bank as the first tranche of the planned 1Billion dollar support to Nigeria will certainly go a long way in helping the country to further pursue reforms in the agricultural sector as well as the energy sector both of which are crucial to inclusive economic growth and development.

The government is also keen in ensuring that Nigeria adds value to what it produces. This is why we are very pleased that the ADB will be supporting Nigeria in the development of a staple crop processing zones and other agro-industrial parks. Nigeria can learn from the successful experiences of other countries as well. Distinguished guests, ladies and gentlemen, I am very pleased that this conference has brought together top-notch economists and experts from the across the world to share experiences on how to drive the structural transformation of agriculture. We are, of course, especially pleased that Nigeria's former agriculture minister and now president of the African Development Bank, along with Nobel Prize Economics winner, Professor Eric Maskin from Harvard University, and several globally distinguished experts are here to share their wealth of experience with us. We look forward to the outcome of your deliberations as they would be very useful as we design our new economic recovery plan. I have no doubt that agro-industrialization will certainly play a key role in that framework.

I want to again thank you very much for your attention. I wish you a very fruitful deliberation. It is now my pleasure to officially declare open the African Economic Conference 2016 on the theme 'Feed Africa: Towards agro-allied industrialization.'

Thank you very much.