



APRA COUNTRY BROCHURE AGRICULTURAL COMMERCIALISATION IN COCOA IN SOUTH-WESTERN NIGERIA

The Agricultural Policy Research in Africa (APRA) programme of the Future Agricultures Consortium (FAC) is a six-year research initiative (2016-2022) that is working to **identify the most effective and inclusive pathways to agricultural commercialisation** that empower women, reduce rural poverty, and improve food and nutrition security in sub-Saharan Africa.

What is agricultural commercialisation?

We define commercialisation as a process that occurs when farmers increasingly engage with the markets, either to procure inputs and resources (such as fertiliser, seeds, hired labour, formal credit, and rented land), or to process and sell their produce. Commercialisation may occur through either external investment or market specialisation and farm consolidation, or a combination of the two.

Commercialisation is successful if more people are 'stepping up', 'stepping out', and 'stepping in', and fewer people are 'hanging in' or 'dropping out' of productive agriculture.

What is APRA doing?

APRA researchers are examining how African farmers engage with four different types of commercial agriculture (estate/plantation, medium-scale commercial agriculture, contract farming, and smallholder commercialisation) and the effects this has on the livelihoods of rural people, particularly women and young people. The aim is to help inform future policy and investment decisions to promote inclusive forms of agricultural commercialisation in sub-Saharan Africa targeting six focal countries across East, West and Southern Africa (Ethiopia, Ghana, Malawi, Nigeria, Tanzania, and Zimbabwe).

APRA in Nigeria

APRA has been using both quantitative and qualitative research (focus group discussions and historical trends) among cocoa households to examine 'what has been', 'the present state', and 'what should be' in order to move towards achieving cocoa commercialisation and understanding its impact on the livelihoods of smallholder cocoa farmers.

APRA Nigeria: research objective

This study aims to look into historical trends and quantitative information regarding the interaction of cocoa with the market (commercialisation), farmers' wellbeing, and the influence their wellbeing levels have on rural transformation. It will also investigate drivers of change and cocoa commercialisation in Nigeria, focusing on:

- a. different livelihood trajectories, including changes in cropping systems, land, labour, natural resources and social relations;
- b. historical pathways and the dynamics of change within cocoa production in relation to patterns of migration, accumulation, and dispossession; and
- c. how the economy and livelihoods changed in relation to cocoa.

Study questions

- What impact has cocoa had on the economy and livelihoods?
- What types of relationships do farmers have with the market (i.e. their level of commercialisation), focusing on both inputs and outputs?
- What are the processes and determinants of *stepping in*, *stepping out*, *stepping up*, *hanging in*, and *dropping out* of the cocoa sector? Is capital accumulation converted into other enterprises, including investments back into cocoa, other crops, or non-farm activities (e.g., investment into education and conversion of cocoa wealth into non-farm professions; investment in trade and transport), or does it decline and dissipate?
- What impacts do the global cycles of boom and recession, and the opening up of new areas of cocoa, have on production in Nigeria?



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- What has been the influence of cocoa commercialisation on farmers' livelihoods, particularly on income, food security, nutrition, poverty, productivity, and women empowerment?
- What are the challenges and prospects of further cocoa production in Nigeria?
- What are the changing gender roles and livelihood outcomes for women, men, and youth?

Research findings

- Changes in the economy and livelihoods are evident, as the majority of farmers have shifted their focus to other crops such as oil palm because it is cheaper to cultivate, and less cumbersome.
- An increase in cocoa production has been constrained by limited access to land, inputs and high labour costs, attacks by Fulani herdsmen, poor cocoa yields (in both quality and quantity), poor infrastructure, and inadequate access to financial services. COVID-19 restrictions have also exacerbated economic losses for both farmers and exporters.
- Indigenes who own cocoa farms hand them over to migrant labourers on a complete sale or lease arrangement because they are either too old or busy to dedicate time and other resources to it.
- From an input perspective, the level of commercialisation of cocoa farmers is low indicating that farmers' access to inputs, such as seed through the market, is low.
- Cocoa commercialisation plays an important role in contributing to food security and lowering poverty

levels, as it provides the majority of farmers with enough income to cover their monthly expenditures (both food and otherwise). Despite this, most farmers are deprived in at least one studied indicator (i.e., health, nutrition, living standards); as such a high number are multi-dimensionally poor.

- Based on dietary diversification, the majority of farmers are food secure – although women enjoy more diversification in their meals.
- Household decision-making is led by males. However, women's involvement in intra-household decision-making is relatively high.
- There are varying degrees of involvement in cocoa production between male and female farmers.
- Young adults are migrating to urban centres, and as such are not very involved in the cocoa value chain.

Conclusion

The level of cocoa commercialisation is generally low – even though farmers produce for the market and generate enough income to cover both food and non-food expenditure of their households. Interactions with the input market is low because it is poorly developed; the input market contributes to high poverty levels because low quality inputs reduce yields and profits. Although women participate actively in household cocoa farming activities, production and marketing decisions are mostly made by men. This may be connected with socio-cultural values and the fact that cocoa is considered a 'male' crop. Despite this, cocoa commercialisation contributes to rural transformation through its positive effects on households' income, food security and poverty.



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Policy recommendations

- Conduct gender-sensitive and context-specific research to better understand women's disposition towards cocoa production.
- Develop subsidy mechanisms for farmers around inputs, such as agrochemicals and fertilisers, to enhance commercialisation.
- Create agricultural pricing policies, such as standardised pricing for cocoa and/or guaranteed financial support for actors along the value chain.
- Establish an all-encompassing agricultural input policy which would entail quality assurance, availability, access and knowledge support in its utilisation.
- Devise a rural infrastructure development policy to support input market development and curb rural-urban migration to enhance commercialisation and reduce poverty and food insecurity.
- Create land policies to support and strengthen ownership, control, and access to land for youth.
- Develop a rural entrepreneurship development policy to strengthen rural people's organisations to take advantage of business opportunities and aid in the development of local value chains.
- Farmers need to be sensitised on the importance of agricultural insurance and it should be made readily available to farmers for a reasonable cost, with an easy claims process, and pay-outs need to be swift.

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