

**ELECTRONIC WALLET (E-WALLET) AS AN AGRICULTURAL
POLICY OF THE FEDERAL GOVERNMENT: A CRITICAL
ASSESSMENT**

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Abstract

The development of agriculture anywhere in the world cannot be successfully achieved without a strong, visionary and viable policy to back up such agricultural development. To that extent, the Electronic Wallet (E-wallet) policy by the Federal Government in the agricultural sector is one policy that has been commended by stakeholders in the agricultural sector in Nigeria. This piece of work set out to critically assess the Electronic Wallet (E-Wallet) as an agricultural policy of the Federal Government. After a careful assessment of the policy, it was discovered that, the policy, being the first of its kind, has impacted meaningfully on the Nigerian farmers. Today, through the E-Wallet system, farmers in Nigeria get fertilizers and seeds at subsidized rate through their mobile phones. Despite the challenges faced by the implementation of this innovative policy, the policy has done well for the Nigerian farmers and to that extent, this work suggests that the policy should not be discarded by subsequent administrations.

The uphill task of building a strong and stable socio-economic Nigeria in the 21st century calls for fresh and bold thinking, a capacity to defy

conventional wisdom and overthrow irrelevant frameworks and dogmas, the courage to generate historical apposite strategies of national liberation, an

idealistic vision of a great and just society and a political commitment to total national development. It also demands a practical policy of fundamental efforts necessary for the rapid development of Nigeria in the 21st century and its emergence as a major global power, a self directed, confident and modern country.

In order not to be guilty of unwillingness to domestically conceive and implement self-initiated vision, strategies, programmes and policies of transformative development, the federal government of Nigeria introduced the e-wallet system as an agricultural policy. For more than four decades, the Nigerian government sought to support its agricultural sector through the procurement and distribution of fertilizer and other inputs to farmers in the country. And throughout those decades, failed to genuinely procure and distribute fertilizer and other inputs to the vast majority of the Nigerian farmers which according to Okunseinde (2015) was due to “government reliance on a broken and corrupt system resulting to the siphoning of billions of dollars and a small percentage of farmers actually receiving the inputs”.

Recognizing the need to extricate the middlemen so as to do away with the monumental fraud in the procurement and distribution of fertilizer and other inputs, the then minister of agriculture Dr. Akinwumi Adesina, in 2012, oversaw the introduction of a first-of- its- kind Electronic Wallet (e-wallet) system through subsidized electronic

vouchers for inputs are delivered directly to the farmers’ mobile phones after which the vouchers are used like cash to purchase the inputs directly from agro dealers. This innovation from the agricultural sector has done wonders in this industry and as Iweriebor (2004) averred in his book-Nigerian Technological Development since Independence, “The historical background and contemporary existence rationale for the formulation of this emancipatory philosophy and strategy, is the complete failure of the previous path of national economic development.” This quotation is aptly relevant to the topic under review.

It is therefore on record that, the e-wallet system, which took ninety days to implement, has enjoyed rapid adoption across the value chain. On the demand side, they are about ten million Nigerian farmers with access to the e-wallet system. On the supply side, there has been ten-fold increase in the number of fertilizer, seed companies and provision of these inputs has become a one billion dollar industry.

Impressed by the success of Nigeria’s e-wallet system, both Uganda and Kenya are collaborating with Nigeria in order to introduce the system into their respective countries and the African Union is encouraging the use of the system throughout the continent. And as further evidence of strategic cooperation and mutual assistance amongst south-south nations, Brazil, India and China have also expressed

interest in replicating the system in their own agricultural sector.

The Electronic Wallet (E-Wallet) Policy in Nigeria

As a matter of policy, the e-wallet system ensures that government pays a 50% subsidy (25% federal and 25% state) while the farmer pays the remaining 50% for each bag of the fertilizer. Seeds are currently given to farmers for free, although they are expected to pay a certain percentage of cost of seeds in the coming year. This policy is based upon technological, institutional, and financial support “subsidies” that are needed to transform agriculture into a viable commercial enterprise in Nigeria. Furthermore, this government policy is to increase fertilizer procurement and usage by small holder farmers. The government has brought fertilizers to the doorsteps of farmers. This policy is consistent with the aims of the Abuja food security summit of African Heads of State on food security, which sought to increase the level of fertilizer nutrients used from the current average of 8kg/ha to an average of 50kg/ha by 2015.

Like most government administration-projects and programmes, the traditional system of government procurement and distribution of subsidized fertilizer in Nigeria has been fraught with persistent problems. This include, late delivery and diversion of fertilizer from the intended beneficiaries, (Nagy and Edun 2012). Leverages of the product into the regular

market were common, distorting the market price and providing arbitrage opportunities. The impact of this government- managed program has led to varying degrees of failure and underperformance. Despite many years of fertilizer subsidy programs, only half or less of household in two key agricultural production zones in the north used fertilizer, about 50 percent in Kano state and 40 percent in Taraba state (National Bureau of Statistics 2010). According to Banful (2009) Liverpool-Tasie, and Olaniyan, (2010) “policy inconsistencies, timely access to fertilizer, price and poor fertilizer quality are the major constraints to fertilizer use”. On this note the use of vouchers through the E-wallet program has been proffered as a potential solution to the short comings of subsidized fertilizer distribution by the government.

It is on record that the E-wallet system has the following characteristics and has achieved these specific objectives;

- It involves an electronic system developed using mobile phones to deliver seeds at no cost and a 50% subsidy on the fertilizers, for a maximum of two bags, to farmers on their mobile phones. The vouchers are then used as cash to redeem across the farm inputs from registered agro-dealers across the country.

- A data of 4.5 million farmers was developed in 2012 for Growth Enhancement Scheme (GES), and as at

2014, the number of farmers in the data base was updated to 10 million.

- A total of ₦30 billion (equivalent of approximately \$87.5 million) was leveraged from commercial banks, using government guarantees to finance the seed and fertilizer supply in the country without spending one naira from the federal ministry of agriculture and rural development. This is the first time this will be done in Nigeria.

- A total of 16 seed companies were able to draw down the sum of ₦1,527, 335,00 from the ₦30 billion facilities made available by the government. The policy has spurred private sector activity to build supply chains that reach farmers in ways that have not been done before. The GES program stimulates demand for the farmers via e-wallet.

It is interesting to note that, this new system seems to be working relatively better compared to the old system. In the past two years, the government claims that the system has reached 6.4 million smallholder farmers and enhanced food security for 30 million persons in rural farm households. Women farmers in particular who never got fertilizers for decades under the old government system now have access to fertilizer and are very likely to realize better yields.

Despite the successes recorded so far by the e-wallet policy in the Nigerian agricultural sector, there is still

a huge amount of leakage of government subsidized fertilizer into the market, which depresses prices and tends to undercut the private fertilizer companies. There is also high adulteration, a rent-seeking entrepreneurs buy the fertilizers and reconstitute them into lower quality fertilizers. In addition, there is an absence of an independent regulatory and legal framework to monitor the market in terms of quality and standards. There is also the issue of delays in effecting payments to the agro dealers and importing and distributing fertilizers for the next season, which invariably leads to late fertilizer applications and large amounts of carry-over in some years. A paucity of agro-dealers means long queues in some redemption centres, where frustrated farmers may abandon redeeming their vouchers.

The e-wallet Policy: the Kwara State Experience

The E-wallet policy of the Nigeria state can only be appreciated in this work by taking a look at the Kwara State experience of this agricultural policy. This Kwara State experience was aptly captured by Adebo (2014) in her work "Effectiveness of E-Wallet practice in Grassroots Agriculture Delivery in Nigeria – A case study of Kwara State Growth Enhancement Support Scheme".

The study revealed that most of the farmers that participated in the agricultural policy use young people within the range of 28 – 68 years, mostly

male, married with large household sizes but low educational status. Most of them had farming as their primary occupation (91.0%) with long years of experience. Crop produced were cassava, yam, maize, rice, vegetable, plantain and cocoyam.

Interestingly, the major source of land for production was through inheritance and rent. The participants in the scheme were mostly small scale farmers. All the respondents were aware of the Growth Enhancement Scheme (GES) with extension agents, cooperatives societies, radio and friends as their major source of information. All of them possess mobile phone directly or indirectly and have registered with Growth Enhancement Programme (GEP), some in 2011 and others in 2012. They all attended GEP training.

Consequently, some benefited from the subsidized improved maize seeds and two bags of fertilizers each while others benefitted from improved rice seeds. The study showed that, not all the respondents have access to fertilizer. However, benefits derived from the use of E-wallet approach by the respondents include; quickened accessibility to improved seeds, to fertilizer and subsidized farm inputs. Farmers indicated that E-wallet approaches to agricultural activities have actually increased their output and quality of rice/maize produced but have less impact on their farm size.

Unfortunately, the challenges of the policy as highlighted by the study include low level of awareness among

farmers, insufficient supply cumbersome procedure of getting approval from cellulants, poor telephony network and low density coverage of agro dealers. In addition, a huge proportion of the respondents have not benefitted from agricultural intervention programmes before.

For the sustainability of the e-wallet approach, the study recommended thus;

- Since the farmers used mostly interpersonal communication, more extension agents should be involved in the scheme.

- Radio and television broadcasts of the programs in various Nigerian local languages should be increased most especially before the onset of each program.

- The training programmes should be intensified to address the challenges of getting approval from cellulant.

- Also, an operational handbooks/manual on e-wallet approach should be developed and distributed to all the stakeholders.

- There is the need for the government to sensitize mobile network owners in Nigeria for wide coverage to improve phone use in rural areas.

- Agro dealers should make proper arrangement before production

season starts with fertilizer companies in order to guide against failure.

- There is the need to review the bureaucratic verification process to avoid time wastage.

The Kwara experience of the E-wallet agricultural policy of the federal government is a pointer to the fact that, though this policy has its challenges, it is however true that the policy has revolutionized the agricultural sector which has brought development to the country.

Agricultural Policy and the Future of Nigeria

Over two hundred years ago, in the revolution of 1789, the dearth of bread helped to topple France's centuries-old monarchy and according to Onucheyo (1998), "Even today, governments can and do still fall when lack of food leads to popular unrest". The first cry of the Russian revolutionaries in 1917 was not, after all, for social change but for-bread, land and peace. Nearer home, there are similar unrests in some African countries like Zimbabwe where the shortage of food stuffs like bread; rice etc has triggered political unrests which have threatened the very existence of the regime in power.

When the barest essential of life are missing, there is genuine discontent and, very often, real danger. Nigeria is faced with a real danger today as a result of the neglect of the agriculture sector.

But for the intervention of the E-wallet agricultural policy of the federal government which Adebo (2014) asserted that it has increased food production in Nigeria, there would have been series of uprisings in Nigeria today. In 2014, through the E-wallet policy of the federal government, 14 new rice mills with the capacity to process 240 metric tons of rice were set up by the private sector while in addition; a sum of 1.2 billion dollars was secured by the federal government to install 100 large scale rice processing mills to produce 2.1 million metric tons of rice. And as Adebo (2014) puts it "farmers indicated that E-wallet approaches to agricultural activities have actually increased their output and quality of rice/maize produced..." this and other initiatives of government in 2012 resulted in the creation of about two million new jobs among rural dwellers. Today, Nigeria has reached an unprecedented 60 percent sufficiency in rice production, a feat which the Food and Agricultural Organization (FAO) recently described as capable of raising world rice output to a record high in subsequent years.

Nigeria has managed to keep herself alive, perhaps because of the rural nature of our agriculture. Although conditions are hard and tough, the rural population manages to feed itself and manages to send some surplus to the cities as long as no major natural disaster strikes. But have we considered what would happen if there is a major drought or if more and more people in the rural areas abandon agriculture and

migrate to the cities for the more profitable trade of petrol?

In order to avert the occurrence of the above question in the Nigerian state, the ministry of agriculture has launched a Growth Enhancement Scheme, where farmers receive 50% subsidy on fertilizers, for a maximum of two bags, through the use of their mobile phones or what we call Electronic –Wallet system (e-wallet). It is on record that, the E-wallet system is the first of its kind in Africa and already several African countries have indicated they want to implement the Nigerian system. Encouragingly, multilateral and bilateral agencies are providing donor-related investment support and have shown immense interest in the major reforms that are ongoing in Nigeria's agricultural sector. They have therefore shown support by committing more than \$1billion towards Nigeria's Agricultural Transformation Agenda. Taken singly, the World Bank (AFDB) has committed \$500 million while African Development Bank (AFDB) has committed \$250 million. The Bill and Melinda Gates Foundation has selected Nigeria as a priority country for its investment in agriculture. The International Fund for Agricultural Development (IFAD) has put up \$80 million. The United States Agency for International Development (USAID) has committed \$60 million, while the UK Government, through Department for International Development (DFID) has committed 37 million pounds. This is in addition to Tony Elumelu Foundation,

Ford Foundation and UNDP who are providing significant technical support facilities as well.

Conclusions

Going by the critical assessment carried out in this piece of work, it is obvious that the E-wallet scheme as an agricultural policy of the federal government of Nigeria has actually yielded positive results, despite its challenges. This policy perfectly fits into the framework of fresh and bold thinking, defying conventional thoughts and bringing into limelight visionary and progressive strategies that encourage national development and societal change.

Looking at the Kwara State experience of the E-wallet policy in respect to the prospects and challenges, coupled with the recommendations proffered, one is left with no doubt that, the present government has no choice but to sustain the E-wallet policy which has evidently provided food security for Nigeria and Nigerians, provided employment and systematically halted rural urban migration. This technologically based agricultural policy of the Nigerian government is the future of the Nigerian people and can propel Nigeria and her people into the 21st century agricultural enterprise.

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