



INCIDENCE OF SHARP PRACTICES IN GROWTH ENHANCEMENT SUPPORT SCHEME REDEMPTION CENTRES OF OYO STATE

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ABSTRACT

Growth Enhancement Support (GES) Scheme was a key component of Nigerian Agricultural Transformation Agenda (ATA) programme under which redemption centres were established for farmers' easy access to subsidised inputs. Close observation however revealed that some forms of activities that ultimately decimated the level of success attainable under this scheme were perpetrated across redemption centres. This study therefore examined the forms of sharp practices, their causes and effects on the scheme at large. In-depth interview with key informants (IDI) was used to elicit information from strategic officers across selected redemption centres under the scheme in three agricultural zones (Ibadan/Ibarapa, Oyo and Ogbomoso) of the state. Data obtained from the study were analysed using descriptive and qualitative analysis. The study unravelled cryptic practices such as registration and sales of inputs by non-practicing farmers, exchange of E-wallet code for money by farmers, deployment of farmers' input to wrong redemption centres and so on. The study concluded that various forms of sharp practices occurred under the scheme which respondents perceived to have had a negative effect on beneficiaries. It was therefore recommended among other things that, there is a need for an on-field validation of GES scheme data base to sieve out non-practicing farmers, introduction of external supervisors for monitoring activities at redemption centres and a feed-back mechanism from beneficiaries. These will serve to forestall the repetition of similar incidents in subsequent intervention programmes.

Keywords: Sharp practices, Growth enhancement support scheme, Redemption centres

INTRODUCTION

Agriculture is considered a strong weapon to tackle the problem of poverty and the achievement of the Millennium Development Goals (MDGs). It contributes about 40% of the nation's gross domestic product (GDP) and engages over 70% of all employments. In fact, of the total population of 165 million people in Nigeria, the majority are found across the rural communities where agriculture is the predominant occupation (Adesina, 2013). It is remarkable that Nigeria has a huge potential in agriculture with 84 million hectares of arable land, cheap and largely untapped water resources and a market of 165 million people. Suppose these resources were appropriately utilised, Nigeria should be a power house of food production. Contrariwise, less than 40% of the available arable land is cultivated by smallholder farmers who rarely have access to mechanised implements and agro-inputs. Only ten tractors are available per 100 hectares of farmland in Nigeria compared to 241 tractors per hectare in Indonesia, while Nigeria's average fertiliser usage stands at 13kg per hectare as against the average annual usage of 100kg per hectare obtainable elsewhere in the world (World Bank, 2013; IFDC, 2013). Consequently, Nigeria has been a net importer of food, spending over \$10 billion a year for the importation of wheat, rice, sugar and fish alone.

According to Adesina (2013), Forty years is the average life span of people in rural Nigeria, but in that period millions of farmers never saw or got subsidised fertilisers, supposedly meant for them. In that period, despite the billions of Naira spent

successively over four decades, no more than 11% of smallholder farmers get subsidised fertilisers by the government. The corruption in the system was massive, due to government direct procurement and distribution of fertilisers. The system disempowered small farmers as the political elites and power brokers siphoned off fertilisers meant for poor farmers. The private sector was displaced and as a result never built fertiliser supply chains to reach farmers. The corruption was so rife in the system that it was common for a bulk of the fertilisers supplied to be half sand and half fertilisers. Subsidised fertilisers were sold off on the open market and exported into other neighbouring countries. Farm productivity continued to decline, food security worsened and incomes of farmers declined, despite massive increases in fertiliser subsidies for decades. The system was no better for seeds, as direct government procurement of seeds led to entrenched corruption and rent seeking, as government officials gave away contracts to cronies, who supplied grains instead of high quality seeds to farmers.

With a strong resolve to ensure that all genuine farmers across the country get access to quality farm inputs, a massive overhaul of the national fertiliser and seed supply system was embarked upon under the Agricultural Transformation Agenda (ATA) of the federal republic of Nigeria. Direct procurement and distribution of fertilisers and seeds were eliminated and all fertiliser and seed companies began to sell directly to farmers and no more to the government. All fertiliser and



seeds supply contracts were scrapped and production of foundation seed handed over to the private sector (FMARD, 2014). In its place, the government launched the Growth Enhancement Support (GES) Scheme to provide targeted support for seed and fertiliser to about 20 million Nigerian farmers. The GES scheme is based upon an Electronic Wallet (E-wallet) System, developed to use mobile phones to deliver seeds at no cost and 50% subsidy on fertilisers and a national farmer data base containing millions of farmers (FMARD, 2014). An E-wallet is a voucher in text format received on a cell phone that entitles the owner to buy agro-inputs with a discount. It was developed by the company Cellulant Nigeria Limited.

Prerequisites for participation in GESS E-wallet system

Participation in the E-wallet system required the eligibility of both farmers and agro-dealers. On farmers’ part, they must be above 18 years of age have participated in the annual national farmer registration exercise conducted by the state government to capture farmers’ personal detailed information using a biometric platform, own a functional cell phone with a registered SIM card and have a credit of at least 60 naira on their cell phone for transactions to take place. Similarly, an agro-input dealer must be selected by the state to be able to participate in the scheme and also own a

functional cell phone with a registered SIM card. Agro-dealers do not need to have extra credit on their cell phones. They must attend training programmes designed for the scheme, understand the process of E-wallet system and regularly attend reconciliation meetings with other stakeholders. The agro-dealers are required to conduct honest business and guide against fraud; choose and prepare a location for the business transaction; provide storage facilities and be available at appropriate time to attend to farmers’ needs.

Other prominent personalities in the scheme are the helpline staff and redemption supervisors. Each state Agricultural Development Project (ADP) supplied helpline staffs, and about 3-5 helpline staffs were assigned to each Local Government Area (LGA). The helpline staffs and redemption supervisors connect farmers on daily basis to attend to their needs. The redemption supervisor helps in validating the farmer’s identity as well as the code in the message received on his/her phone and then compares with the names and codes in the farmers’ register sent by Cellulant Company. The subsidised farm input is delivered to farmers directly through their mobile phones. The scheme is aimed at providing a direct link between the farmers and the government (Ezeh, 2013). The flow chart in figure 1 presents E-wallet process through text messages:

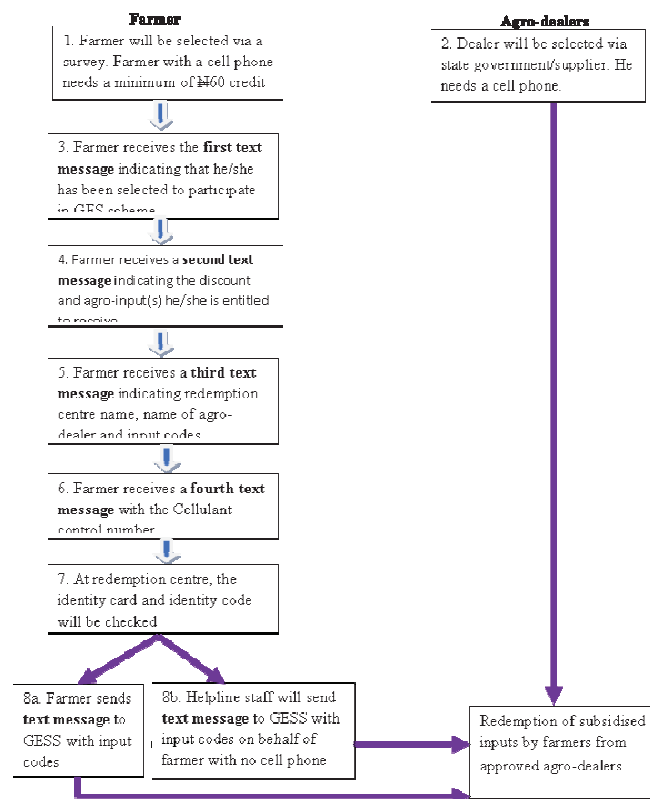


Figure 1: Electronic Wallet System process through text messages

The E-wallet system is farmer friendly as it allows them to do their transactions in local languages. As at 2013, approximately 23 million E-wallet transactions were completed by farmers on their mobile phones with majority in local Nigerian languages. For example, 45% of transactions were in Hausa, 25% was in English, 17% was in Yoruba, 12% was in pidgin while 1% was in Igbo. The national rollout GES scheme in Nigeria commenced on 9th May, 2012. Ekiti state was the first state to commence rollout of GES scheme in Nigeria. The E-wallet system was designed and operated by Cellulant Corporation a private sector contractor on behalf of the Federal Government of Nigeria in 36 states and the Federal Capital Territory (FCT). The redemption or provision of improved seeds and fertilisers occurred in all 774 LGAs of the country. The private sector service providers participating in the scheme within the first two years of implementation included 25 fertiliser producing, importing and blending companies, 77 seed companies and 1800 agro-dealers that operated 2300 redemption sites across the country over a period of 6 months (FMARD, 2014). Figures 2 and 3 show the distribution of total redemption transactions across agro-ecological zones in Nigeria and states in the South-West agro-ecological zones.

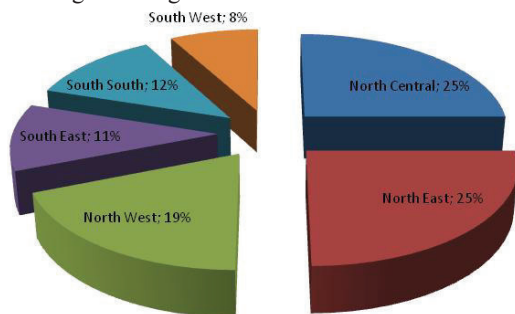


Figure 2: Distribution of total redemption transactions by agro-ecological zones.

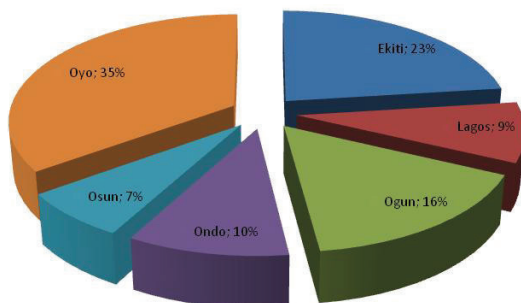


Figure 3: Distribution of total redemption transactions by South-West States.

As impressive as some of the success stories of GES scheme have been, it is important to note that there were hiccups during implementation that attempted marring the success of this scheme.

These hiccups essentially were diverse in nature. While some were institutional, others were technological and yet some were artificial. Artificial hiccups were those created by ill-motivated and corrupt individuals who aimed at manipulating activities of the scheme for selfish gains. While these activities might not properly fit into the legal definition of corruption, they could well be termed as sharp practices which ultimately could metamorphosis into corruption if not proactively nipped in the bud. According to Ayoola (2015), sharp practices connote sneaky or cunning behaviour apparently within the rules or law but deceitful and exploitative. Other words that could describe sharp practices are unethical acts, fraud, dishonesty, misconduct, taking undue advantage, cutting corners, etc. The Business dictionary (2015), as well explained it as a word that describes cunningness, deceit, misrepresentation, trickery and other unscrupulous behaviour just short of the legal definition of fraud. Sharp practice has common features with corruption, except that while corrupt acts are punishable under the law, sharp practices are sneaky and cunning such that they do not substantively fall under the grip of definite legal sanctions.

In fact, the national chairman of the agro-dealers association in Nigeria referred to these acts of sharp practice as the bane of GES scheme (Leadership News, 2015). The federal Ministry of Agriculture and Rural Development in the 2013 Agricultural Transformation Agenda Score Card Report also admitted that there were pockets of challenges that confronted GES scheme at implementation level (FMARD, 2014). This study therefore aims at identifying some of these unscrupulous activities (sharp practices) perpetrated during GES scheme implementation with their causes and implications on the society at large.

The main objective of the study was to investigate incidence of sharp practices in growth enhancement support scheme redemption centres of Oyo State. The specific objectives of the study were to:

1. describe forms of sharp practices in growth enhancement support scheme redemption centres,
2. identify causes of sharp practices in growth enhancement support scheme redemption centres and
3. determine effects of sharp practices on growth enhancement support scheme in the state

METHODOLOGY

The study was carried out in Oyo State. The state is located between coordinates 8⁰00N and 4⁰00E and covers approximately a land area of 28,454sq kilometres. Oyo state has a population of



5,591,589 according to 2006 census (Tijani, Oyewole and Olabode, 2012). Oyo State comprises 33 LGAs which have been delineated into four ADP agricultural zones. The total number of active redemption centres across the agricultural zones in the state was 43 as at 2013. In-depth interview with key informants (IDI) was used to elicit information from redemption centre supervisors and helpline staffs across selected redemption centres under the scheme in three agricultural zones (Ibadan/Ibarapa, Oyo and Ogbomoso) of the state. Data obtained from the study were analysed using descriptive and qualitative analysis.

RESULTS AND DISCUSSION

Personal characteristics of respondents

Respondents to the study were mainly redemption centre supervisors and helpline staffs who served across various redemption centres in the state under the GES scheme right from inception. The lowest academic qualification possessed among the respondents was the Higher National Diploma (HND) while the highest was a Master of Technology in agriculturally related field of study. The level of education of GES scheme officers was appreciably high; this was necessary because the duty to perform was technical and needed some level of ICT skills. The age range of the respondents was between 30 and 45; this implies the crop of personnel recruited for the GES scheme exercise were able bodied individuals who possess the strength to do the assignment however rigorous it may prove to be. They were also men and women in their middle age, usually characterised with lots of aspirations and goals to achieve; if such individuals happen to be greedy, they could probably have high tendencies for sharp practices. Most of the respondents were males, married and were still in their active years of service. Eighty per cent of them were Christians while the remaining twenty per cent were Muslims.

Forms of sharp practices observed during GES scheme implementation in the study area

Sharp practice is a word that describes cunningness, deceit, misrepresentation, trickery and other unscrupulous behaviour just short of the legal definition of fraud (Business dictionary, 2015).

Various forms of sharp practices perpetrated during GES scheme implementation originated from different stakeholders in the scheme such as farmers (the beneficiaries), the agro-dealers and the GES scheme facilitators i.e. the helpline staffs and redemption centre supervisors. Individuals among these stakeholders demonstrated sharp practices either differently or by conniving with each other as described below:

Sharp practices from farmers (the beneficiaries)

1. Sales of subsidised inputs after redemption - It was discovered that some beneficiaries sold their

inputs after redemption, especially fertiliser. The most common rate at which it was sold was between N3000 to N4000 per bag. Among the reasons adduced to this practice was the late commencement of input redemption. Some farmers who sold their redeemed fertiliser claimed to have earlier bought from the open market and by this act they intend to reclaim the money already spent.

2. Trickery - Some beneficiaries brought between two to three ID cards to their redemption centres to redeem inputs. Such beneficiaries claimed that the real owners of the ID cards were indisposed, and they wanted to redeem on their behalf.

3. Tendering of phony E-wallet message/voucher code - There were as well cases of deceit found with some farmers. Such farmers feigned already used E-wallet messages including the voucher code and came to present it for redemption of input. This was not discovered until during reconciliation exercise and such individuals were eventually traced by the assistance of helpline staffs that were usually familiar with the farmers.

4. Multiple registrations - Some farmers were found to register twice within the same LGA. In order to escape being discovered they decided to register with different names and phone numbers. Others who registered twice with the same name and phone number decided to do so in different LGAs.

5. Consumption of rice seed instead of planting - Some farmers under the disguise of late arrival of input went ahead to process the paddy rice (seed) supplied to them and consumed it instead of planting.

6. Tendering of already used ID cards - The study also revealed that some beneficiaries tendered already used ID cards to redeem inputs the second time. These were however discovered and turned down.

Sharp practices from connivance between beneficiaries and agro-dealers

Exchange of E-wallet vouchers for money - Some farmers, especially the non-practicing ones were found to exchange the E-wallet vouchers contained in the messages sent to them for money with agro-dealers at a rate ranging between N500 to N1500 depending on their bargaining power. This act expressly contradicts the guiding principle of the scheme and it was much pronounced in urban centres.

Sharp practices from connivance between agro-dealers and GES scheme facilitators

Collusion - It was discovered in some instances that collusion occurred between agro-dealers and help lines/redemption centre supervisors to deny farmers the opportunity of redeeming inputs. Such farmers were deceived that their names were missing in the register, only for these agro-dealers to sell the inputs later and share



the money with the GES scheme facilitators in question. To put it in the words of a respondent from Ogbomoso South LGA, he said “Some agro-dealers saw the scheme as a means to enrich themselves. So they enticed assigned GES scheme representative (s) to their redemption centres into shady deals to deny some farmers of their inputs. They also connived together to perfect reports that farmers who did not show up to redeem inputs have redeemed. When the agro-dealer later sells the inputs or chooses to pay for them (at subsidised price), they together share the money”. A case similar to this was reported by Leadership News (2015), when a female farmer from Kachia LGA of Kaduna State who has been benefitting from the scheme suddenly stopped receiving E-wallet messages and was so sidelined. She went extra miles by visiting her registration centre where other farmers were being attended to and made enquiries. She even located her name on the farmers’ register and despite this she was denied access to the subsidised inputs. According to the earlier quoted respondent, this practice occurred mostly in the third year of GESS implementation when unemployed youths were engaged to serve as help-line officers. It was easier for some agro-dealers to coerce them based on their newness in the system. Those who gave in also exercised no qualm, believing that they had little or nothing at stake.

Sharp practices from seed companies

Supply of inferior seeds - Inputs, especially maize seed supplied by some seed companies were found to be of inferior quality. Such packs of seed contained broken seeds, full of chaff, and even streak infested etc.

Sharp practices from non-beneficiaries

Facade - Some non-registered farmers brought registered farmers’ messages in disguise to redeem inputs. Such farmers were lackadaisical towards the national registration exercise but later realized their mistakes when the scheme turned out to be real. They then attempted to benefit from the scheme by using other beneficiaries’ e-wallet messages, however, such farmers were discovered as their names could not be found in the register.

Causes of sharp practices during GES scheme implementation

The various forms of sharp practices discovered during GES scheme implementation came in through different channels which could be regarded as causes for these forms of practices. These causes are identified as follows:

From the government

1. Registration of non-practicing farmers
These set of beneficiaries were prominent in exchange of E-wallet messages for money and sales of inputs.
2. Under-aged registration

There were cases of registration of beneficiaries who fell under the minimum accepted age of 18 years. This gave insincere agro-dealers the chance to divert such inputs for selfish gain.

3. Late commencement of GES scheme redemption exercise

This excuse was given by some beneficiaries who engaged in selling of redeemed inputs.

4. Insufficient inputs at redemption centres

This excuse was put forward by some buyers of redeemed inputs

5. Mix-up of farmers’ names on the register

There were instances of mix-up in collation of farmers’ names such that some farmers were directed to redeem their inputs at centres outside their states or location. An example of this was the case of farmers in Surulere LGA of Oyo State who were asked to go and redeem their inputs from redemption centres in Surulere area of Lagos State. This type of challenge could push desperate farmers to buy redeemed inputs from those who are willing to sell.

From technological hiccups

This was mainly related to the challenge of poor network connection. Messages from Cellulant Company could not reach farmers located in areas due to poor network connection. Consequently, there were frequent cases of delayed delivery on either messages sent to/responses expected from Cellulant due to bad network. This was also corroborated by the findings of Adebo (2014), that 43.5% of her respondents experienced constraints from poor network coverage in their efforts to GES scheme inputs.

From GES scheme system

1. Weak quality control system

The quality control of some inputs approved for delivery to redemption centres at some points was not thorough and this led to the delivery of poor quality inputs.

2. Inadequate planning

Plans to supply all registered farmers were not adequately made at some points during implementation which led to insufficient inputs to reach all farmers who came to redeem, especially in 2012. This is in consonance with the findings of Adebo (2014) in her study conducted among GES scheme beneficiaries in Kwara State, who found out that 52% of her respondents, complained of insufficient fertilisers in their respective redemption centres.

From beneficiaries

1. High level of poverty among farmers

This led to abandonment or exchange of inputs for money which dubious agro-dealers took advantage of.

2. Farmers’ interest in exchanging E-wallet vouchers for money



Non-practicing farmers took more interest in exchanging inputs for money or selling rather utilising them

3. Farmers' interest in selling redeemed inputs rather utilising them

4. Release of personal identification cards by beneficiaries to others

This led to trickery by others who were mostly non-beneficiaries

Consequences of sharp practices under GES scheme implementation

On agricultural production

1. Inputs not redeemed by genuine farmers did not optimally benefit agricultural production.

2. Agricultural production could not attain the estimated target.

3. There was reduced agricultural production along with other losses incurred by farmers as a result of inferior inputs supplied.

On agricultural productivity

1. Failure to redeem inputs as designed led to reduced productivity and profitability

2. Insufficient inputs allotted to farmers decimated productivity

Beyond reduced productivity, some farmers' experienced total loss caused by inferior inputs as they carried out no viability test before planting the seeds redeemed. This led to the conclusion that in some instances grains were supplied in place of seed

On objectives of the scheme

1. The objectives of the scheme were not fully realized

2. The success attainable under the scheme was decimated

On the society at large

1. Failures arising from inferior inputs distributed led to farmers' discouragement and made them repulsive to subsequent messages from extension workers

2. Reduced productivity caused by inferior inputs led to losses and worsened standard of living for farmers

3. There was a rise in the level of sharp practices in the society as some farmers were already confessing that during the next available opportunity, they will also engage in sharp practices. This mind-set got stronger reinforcement when it was noticed that perpetrators of sharp practice went scot-free. One of the extension personnel who served as help-line staff reported the comments of some farmers as follows: "We actually received the E-wallet messages instructing us to go and redeem inputs at the redemption centre. However, we felt since there was no money, we should ignore the messages. Only to learn later that some others went to the redemption centre with such messages and collected money (about N1,500)

in exchange for their messages. The next available opportunity will surely not elude us!"

Conclusion and Recommendations

The study concluded that various forms of sharp practices occurred during the implementation of GES scheme in the State. These practices would likely have decimated the level of success attainable under the scheme. It further affected the sincere attitude some farmers had towards the scheme. There is therefore a need to proactively curtail its spread so as to improve on the successes recorded so far in the scheme and provide a platform for better future implementation. The following are therefore recommended:

1. Sincerity among agro-dealers and helpline personnel should be encouraged

2. Stricter monitoring should be factored into the scheme

3. Stricter enforcement of guiding rules and principles should be encouraged

4. Prompt punitive measures should be applied during implementation to serve as deterrent to others

5. Law enforcement agents particularly in mufti should be present at redemption centres to curb sharp practices

6. Number of supervisors saddled with the responsibility of monitoring redemption centres activities should be increased

7. The scheme should leverage on ADP's staff acquaintance with farmers to curb sharp practices.

8. An on-field validation of the current farmers' registration data base should be carried out to sieve out non-practising farmers.

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