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ASSESSMENT OF THE EFFECT OF RICE SMUGGLING ON WELL-BEING OF SMALLHOLDER FARMERS IN OGUN STATE, NIGERIA

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Abstract

This study was carried out to assess the effect of rice smuggling on the well-being of smallholder rice farmers in Ogun State, Nigeria. The population of the study comprised of all smallholder rice farmers. Respondents were made up of 125 farmers who were randomly sampled from nine Local Government Areas (LGAs) purposively selected based on their location along Nigeria-Benin border where smuggling activities take place. A structured questionnaire was used to obtain data for the study. Data collected was subjected to descriptive and inferential statistics analysis. Findings from the study revealed that most of the respondents (75.2%) were male, 26.4% were between 41 and 50 years and only 14% are above 50 years of age. The respondents (31.2%) had at least secondary education and majority of them (65.7%) reported that rice smuggling into the country adversely affect the level of patronage of homegrown rice. Yet, the study revealed that of all the responses on effect of rice smuggling, only bribery and corruption was statistically significant to have effect on well-being of smallholder rice farmers. It was recommended that Government should provide more incentives to rice farmers by subsidizing rice production inputs and processing machines in order to encourage more production and rice milling for value addition to discourage further smuggling of rice into Nigeria.

Keywords: Smuggling, well-being, smallholder rice farmers

Introduction

Successive regimes in Nigeria have attempted to reduce poverty and food insecurity in the nation, the approaches used have habitually been adopted by the meaning given to food unavailability by the different military regimes or interventionists. For the past three decades, successive governments have been making tremendous efforts to curtail the high dependency on rice (*Oriza sativa*) importation by putting embargo on it, at the same time creating an enabling environment that will stimulate the production of home-grown rice.

The Nigerian government established the Green Revolution in 1980 as a tool to ensure sustainable rice production but the government then imported rice from America and India without protecting the home industries (Matemilola & Elegbede, 2017). Not until, recently, the democratically elected government in 2015 came up with a strong policy that totally bans the importation of foreign rice into the country and creating an enabling environment to stimulate local rice production through the provision of subsidized farm input such as fertilizer, herbicides, pesticides and improved varieties of rice seeds to farmers through cooperative groups nationwide.

Given the current globalization trend and an increasingly competitive world economy that Nigeria faces in relation to the rice economy. Nigeria, which is the largest producer of rice in West Africa and third in Africa after Egypt and Madagascar producing about 3.3 million metric tons on the average annually, falls short of meeting its local demand which is placed at about 5 million tons

(Osabuohien & Urhie, 2017). The amount of money set aside for rice importation, if redirected into the improvement of rice production such as supporting both small scale and large-scale rice cultivation and milling of rice grown in Nigeria to meet international standards like its rivals from other countries, would enable Nigeria meets its rice demand and maybe exporting rice to neighboring countries in a couple of years from now (Agro Nigeria, 2019). Rice producers in the country are struggling against imported varieties to dominate the market, the federal government shut land borders between Nigeria and neighboring countries to curtail rice smuggling into the country (FAO, 2018).

In the last 3 years, smallholder rice farmers in Ogun State have suffered a setback as a result of some difficulties facing them such as less patronage, low income, and inadequate facilities due to the activities of rice smugglers that had struck back with full force with the assistance of some personnel of the authorities concerned who had compromised at the expense of rice farmers which has led to the deteriorating well-being of these farmers (Ibrahim, 2018). People engage in smuggling to make illegal money as the products are gotten at much cheaper price, hence they tend to make ample profits. If rice smuggling into the country is not banned, it may destroy Nigeria's rice value chain attained by the previous administrations and this might lead the indigenous farmers to go into other trade (NRMAN, 2019). Smuggling can destroy the health through importation of expired, inferior and unhealthy goods, it destroys the economy drastically and it's basically an act of criminality that can lead to armed robbery and other crimes. The native farmers suffer a great deal from the effect of smuggling, with high cost of in rice production along with decreasing price of rice, farmers will not be able to make profit and this discourages them from planting. Rice smuggling prevents domestic traders from engaging in the rice business because of unfair competition (Emmanuel, 2015). Smuggled rice is sold below production cost because smugglers avoid tax payments on imported rice, hence, minimizing costs, and giving them price advantage over farmers who plant rice locally.

The World Bank report that over N6 billion representing about 25 percent of the total current annual revenue in Nigeria were collected by the Customs Service through nefarious smuggling across the sub-regional borders (World Bank, 2019). The report, further indicated that rice smuggling into Nigeria will further hamper the operational efficiency of the custom service and cause more revenue losses if urgent steps are not taken by government to tackle it. It advised a liberalization of trade policies which encourage smuggling across the borders (The Nigerian Voice, 2019). Nigeria is considered as the Africa's largest rice importer, the government and private sector therefore need to join efforts to develop ways to enhance means to improve the efficiency of domestic rice production (FAO, 2017). The government of Nigeria is expressing its determination to end the era of food imports, particularly rice smuggling and develop rice value chains to produce and add value to the product and create domestic and export markets for farmers (IFPRI, 2018). It is however, not clear whether rice smuggling into Nigeria has effect on well-being of rice farmers in Ogun State, Nigeria, which form the tenet of this research.

Objectives of the Study

The general objective of this study is to assess the effect of rice smuggling on well-being of smallholder rice farmers in Ogun State, Nigeria. Specifically, this study intends to:

i. describe the socio-economic characteristics of smallholder rice farmers in in Ogun State;
ii. assess the perceived effects of rice smuggling in Ogun State; and
iii. determine the effect of rice smuggling on well-being of smallholder rice farmers in Ogun State.

Methods and Material

The study was carried out in Ogun State which is geographically located in the south west Nigeria. Geographically, it lies on longitude 7˚00'N of the equators and 3˚35'E of the Greenwich meridian. It covers area approximately 16,980.55 square kilometers. The State has an estimated population of 3,751,140 (Census 2006). It was created in February 1976 and borders Lagos State to the south, Oyo and Osun states to the north, Ondo to the east and Republic of Benin to the west. The State has 20 LGAs with nine of them bordering Nigeria-Benin boarders where smuggling take place. The climate is equatorial, notably with dry and wet seasons with relatively high humidity with an average daily temperature ranges between 32˚C (WDI, 2016). Agriculture is one of the major occupations in Ogun State and the climate in the state favors the cultivation of rice and other food crops.

The population for the study comprises of all smallholder rice farmers in the study area. A multi-stage sampling procedure was used to select a representative sample for the study. Ogun State consists of 20 Local Government Areas, nine LGA's were purposively selected based on their location along Nigeria-Benin border where smuggling activities take place and also known for rice cultivation. Three communities from each LGA were randomly selected in the second stage. A total of 125 smallholder rice farmers were randomly selected in the third stage. A structured questionnaire was used as instrument for data collection, which were categorized according to the specific objectives set out for the study.

The data collected was analyzed using descriptive statistical such as frequency counts and percentages. Regression analysis was used to establish the effect of rice smuggling on well-being of smallholder rice farmers. The model is shown below:

$Y=\alpha+\beta_1X_1+\beta_2 X_2+ \beta_3X_3 +\beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \mu$

Where:

Y= Cumulative effects of smuggling and associated variables on well-being of native rice farmers

β = Constant

μ=Random error term

β_1 …….. β_6 = partial regression coefficient attached to the predictor.

X_1 = Age

X_2 = Farm size,

X_3 = Income

X_4 = Educational qualification

X_5 = Perceived effects of smuggling

X_6 =Factors contributing to rice smuggling

Results and Discussion

Socio Economic Characteristics of Respondents

The selected socio-economic characteristics of the respondents include age, sex, marital status, religion, educational qualification, family size, primary occupation, secondary occupation, monthly income, farm size, and means of farmland acquisition and years of farming experience.

Table 1 shows that 26.4% of the respondents were between 41 and 50 years and 14.4% were above 50 years. It further shows that the mean age of the respondents was 34.5 years which implies that the majority of the respondents are in their active years. This corroborates the findings of Bello-Kano (2008) who reported that rice farmers in Ogun state are in their active years. Result on Table 1 shows that the male respondents constitute 75.2% while the female constitutes 23.2%. The dominance of the male rice farmers shows that rice production is a male dominant occupation in Ogun State. However, it

has been observed that more females will probably engage in farming, especially rice production with encouragement and incentives (Bakare, 2004).

Result on Table 1 shows that 48.8% of the respondents were married while 29.6% were single and 12% were divorced. The dominance of the married ones among the respondents is likely as a result of the need to meet family food need and income, this may be as a result of the need to use family labour to compliment the efforts of the farmers. This further corroborates with the findings of Bakare (2004) who reported that farmers are married to enhance their labour strength through family labour. Results on Table 1 show that 31.2% had formal education while 18.4% of the respondents had no formal education. Literate population are easy targets for extension information dissemination. So, since more of the respondents have at least primary education, it will be easy to educate them on modern rice production information and value chain development information.

Results on table 1 indicate that 38.4% had family size of 5-6 children, 28.8% had between 1-2 children while 16.4% of the respondents had between 3 and 4 children. However, the mean family size is 4 which implies that most of the respondents have a small family size. The result further shows that all the respondents take rice production as their primary occupation. This is probably as a result of the lucrativeness of the venture and recent policy initiatives that focus on rice production. Yet, 36.0 of the respondents are traders, 16.8% are marketers while 15.2% engaged in painting and 12.0% are carpenters distinctively. The need for engaging in these secondary occupations may be as a result of the need to augment income from rice farming which is in tandem with the findings of Ajala (2015) who alluded to the fact that farmers engage in numerous incomes generating activities. About 21.6% of the respondents' income falls within the range of ₦31,000 – 50,000 as their monthly income, 16.8% of the respondents' income were between ₦71,000 – 90,000 while 15.2% of the respondents earned within ₦91,000 – 110,000. This corroborates the findings of Ajala, (2015) who reported that farmers in Ogun State are narrowly above poverty line.

Table 1: Socio-Economic Characteristics of Rice Farmers

Variable	Frequency	Percentage (%)	Mean
Age			
Less than 20years	19	15.2	34.5
21-30years	34	27.2	
31-40years	21	16.8	
41-50years	33	26.4	
>50	18	14.4	
Sex			
Male	94	75.2	
Female	29	23.2	
Marital status			
Single	37	29.6	
Married	61	48.8	
Divorced	15	12.0	
Widowed	7	5.6	
Separated	5	4.0	
Religion			
Christianity	64	51.2	
Islam	49	39.2	
Traditional	12	9.6	
Educational Qualification			
No Formal education	23	18.4	
Primary education	36	28.8	
Secondary education	39	31.2	
Tertiary education	27	21.6	
Others	.0	.0	
Family size			
1-2	36	28.8	5.0
3-4	21	16.8	
5-6	48	38.4	
7-8	9	7.2	
9-10	11	8.8	
Primary occupation			
Farming	125	100	
Secondary occupation			
Teaching	9	7.2	
Painting	19	15.2	
Carpentry	15	12.0	
Tailoring	9	7.2	
Trading	45	36.0	
Marketing	21	16.8	
Plumbing	7	5.6	

Source: Field survey, (2019)

Perceived Effects of Rice Smuggling

Results on Table 2 presents the perceived effects of rice smuggling. Highlights of the findings shows that 43.2% of the respondents strongly agreed that rice smuggling into the country has led to low patronage of local rice while 34.4% agreed to the statement. Additionally, 39.2% of the respondents agreed that massive rice smuggling into the country is threatening the

confidence and ability of local rice millers and farmers whereas 34.4% strongly agreed, and 12.8% disagreed with the statement respectively. Also, 40.8% of the respondents agreed that most rice farmers are unable to meet the cost incurred in production because Nigeria market is flooded with smuggled rice while 9.6% strongly disagreed. Furthermore, 28.8% agreed that many prefer smuggled rice to locally produced rice because it is cheaper while 20.0% strongly agreed. Hence, 39.2% of the respondents strongly agreed that rice smuggling discourages local production whereas 18.4% disagreed. On the issue of rice smuggling contributing to unemployment rate, 38.4% of the respondents believe that rice smuggling does not contribute to unemployment rate and 20.0% strongly disagreed. In another perspective, 44.8% strongly agreed that it is usually difficult to source for loan to finance rice production because lenders believe that smuggling will affect loan recovery. However, 38.4% of the respondents agreed that many farmers, especially youths are discouraged from rice production due to increase rate of smuggling activities in their areas. Yet, 35.2% of the respondents agreed that their income from rice production has considerably reduced due to high rate of smuggling while 21.6% strongly disagreed to the statement.

Table 2: Perceived Effects of Rice Smuggling

S/N	Statement	SA(%)	A(%)	U(%)	D(%)	SD(%)
1.	Rice smuggling into the country has led to low patronage of local rice .	43.2	34.4	3.2	8	12
2.	Massive rice smuggling into the country is threatening the confidence and ability of local rice millers and farmers	34.4	39.2	7.2	12.8	6.4
3.	Most rice farmers are unable to meet the cost incurred in production because Nigeria market is flooded with smuggled rice	27.2	40.8	0	18.4	9.6
4.	People prefer smuggled rice to locally produced rice because it is cheaper.	20.0	28.8	7.2	28.8	15.2
5.	Rice smuggling discourages local production.	39.2	30.4	0	18.4	12.0
6.	Rice smuggling discourages investment in local rice production	18.4	23.3	38.4	-	20.0
7.	Rice smuggling has contributed to high unemployment rate in my area.	10.4	25.6	9.6	36.0	18.4
8.	It is usually difficult to source for loan to finance rice production because lenders believe that smuggling will affect loan recovery	44.8	26.4	0	8.8	20.0
9.	Many farmers, especially youths are discouraged from rice production due to increase rate of smuggling activities in my area.	23.2	38.4	5.6	15.2	17.6
10.	My income from rice production has considerably reduced due to high rate of smuggling.	26.4	35.2	.0	16.8	21.6

Source: Field Survey (2019)

Perceived Effect of Rice Smuggling on Well-Being of Smallholder Rice Farmers

Table 3 presents the effect of rice smuggling on well-being of smallholder rice farmers. The highest average mean rating of these factors revealed that porosity of borders ($\bar{x}$= 28.0), poor processing and packaging of locally produced rice ($\bar{x}$ = 27.3) and high rate of unemployment ($\bar{x}$ = 26.7) were major perceived effect of rice smuggling. Collectively, these imply that the porosity of Nigeria borders encouraged smuggling of rice, the more porous borders are, the more smugglers take advantage of this ugly situation. In the same vein, poor processing and packaging of locally produced rice as a factor that encourages smuggling of rice, this could affect consumers' preference due to its value addition to foreign rice. The next set of highly rated factors by the respondents include; low price of smuggled rice ($\bar{x}$ = 26.3), nonchalant attitudes of custom officers ($\bar{x}$ = 25.6), insufficient local rice production ($\bar{x}$ = 23.2), bribery and corruption ($\bar{x}$ = 21.0), and high profit accrued from smuggled rice occasioned by non-payment of tariffs and tax to the government ($\bar{x}$ = 8).

Table 3: Perceived effect of rice smuggling on well-being of smallholder rice farmers

Possible Factors	To a larger extent (%)	To a lesser extent (%)	Not at all (%)
High rate of unemployment	45.6	36.0	18.4
Insufficient local rice production	34.4	44.0	21.6
Low price of smuggled rice	31.2	36.8	40.0
Porosity of Nigeria borders	55.2	32.8	12.0
Poor processing and packaging of locally produced rice	39.2	34.4	26.4
Nonchalant attitudes of custom officers	30.4	38.4	31.2
Bribery and corruption as Impediments to avert smuggling	18.4	32.0	49. 2
High profit accrued from smuggled rice occasioned by non-payment of tariffs and tax to government	32.8	49.6	17.6

Source: Field survey (2019)

Regression Analysis showing effect of rice smuggling on well-being of smallholder rice farmers.

The study findings on Table 4 shows that low price of smuggled rice (0.185), poor processing and packing of local rice (0.324), nonchalant attitudes of customs officers (0.173) and bribery and corruption (0.239) positively affect rice smuggling. One unit increase, increase rise smuggling by their corresponding coefficient. However, high rate of unemployment (0.079); insufficient rice production (-0.289); porosity of Nigerian borders (-0.089) and high profit accrued from rice smuggling (-0.208) inversely affect rice production. Implying that one unit increase of these variables decrease rice smuggling by their corresponding coefficients. Yet, the findings shows that only poor processing and packaging of local rice and bribery and corruption were significant.

In a study by Mohammed (2018) reported that rice production in Nigeria is primarily affected by poor harvesting, handling, processing and packaging. These factors tend to reduce patronage and consumption pattern and also increase the chance of consumers' preference for foreign rice. This is in

line with the findings of who reported that bribery and corruption are important factors contributing to smuggling of rice in Nigeria, (Hasan, 2011). In another perspective, poor processing and packaging of local rice as a predictor of rice smuggling, the findings of Nabegu (2016), contributes to the study were poor processing and handling of rice by farmers and processor affects the consumption of local rice by the masses.

Table 5: Regression Analysis on Factors Contributing to Rice Smuggling

	Beta	SE	t-value	P-value
Constant	-	-	-	-
High rate of unemployment	-0.079	-	-0.0887	0.271
Insufficient rice production	-0.289	-	-0.879	0.351
Low price of smuggled rice	0.185	-	1.674	0.173
Porosity of Nigeria borders	-0.089	-	-0327	0.583
Poor processing and packaging of local rice	0.324	-	1.251	0.021*
Nonchalant attitudes of custom officers	0.173	-	-1.58	0.117
Bribery and corruption	0.239	-	2.217	0.039*
High profit accrued from smuggled rice	-0.208	-	-0.891	0.243

Conclusion

It is concluded that majority of the rice farmers are male in their active years. Also, rice smuggling into the country had a great effect on the patronage of the homegrown rice. It is evident from the study that porosity of Nigerian borders, poor processing and packaging of locally produced rice, affect the well-being of smallholder rice farmers. It is concluded that rice smuggling generally affects the entire nation's economy and make rice farmers suffered from related rice smuggling activities leading to poor well-being (financial, health, mental and psychology). If rice smuggling into the country remain unabated, it will destroy Nigeria's rice value chain development attained by the previous administration and this might lead the abandonment of rice production by indigenous farmers.

Recommendations

Based on the findings from this study, the following recommendations are made towards reducing the effects of smuggling on the well-being of smallholder rice farmers.

i. It is recommended that platform for sensitization on rice farming and processing should be intensified to encourage rice value chain activities.
ii. The economic recovery growth plan of the current administration that has employment generation and total closure of land borders should be given more attention to encourage patronage of local rice
iii. Strict laws with adequate sanctions should be enacted by Federal Government to checkmate rice smuggling activities using its apparatus to reduce to a large extent, rampant cases of bribery and corruption.

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