Nigeria Agricultural Policy Activity

EBONYI STATE BUSINESS ENVIRONMENT, SUSTAINABLE DEVELOPMENT, AND THE IMPLICATIONS FOR AGRI-FOOD (MICRO, SMALL AND MEDIUM ENTERPRISES) VALUE CHAIN ACTORS: STAKEHOLDER PERCEPTION AND EVIDENCE REPORT

By

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# TABLE OF CONTENTS

NAPA RESEARCH PAPERS ..................................................................................................................... ii

Authors ....................................................................................................................................................... iii

Authors’ Acknowledgment: .................................................................................................................... iii

TABLE OF CONTENTS ........................................................................................................................... iv

List of Tables ............................................................................................................................................. Error! Bookmark not defined.

List of Figures .......................................................................................................................................... Error! Bookmark not defined.

ACRONYMS .................................................................................................................................................. v

EXECUTIVE SUMMARY .......................................................................................................................... 1

INTRODUCTION ....................................................................................................................................... 1

UNPACKING EBONYI STATE BUSINESS ENVIRONMENT ................................................................. 2

IMPLICATIONS FOR AGRI-FOOD VALUE CHAIN ACTORS IN EBONYI STATE ............... 3

TRACKING FOR SUSTAINABLE DEVELOPMENT ............................................................................. 5

POLICY RECOMMENDATION ................................................................................................................. 6

CONCLUSIONS ........................................................................................................................................... 7

REFERENCES .............................................................................................................................................. 7
### ACRONYMS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABP</td>
<td>Anchor Borrowers' Programme</td>
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<tr>
<td>BOA</td>
<td>Bank of Agriculture</td>
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<td>CBN</td>
<td>Central Bank of Nigeria</td>
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<tr>
<td>EBADEP</td>
<td>Ebonyi State Agricultural Development Project</td>
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<td>EBEC</td>
<td>Ebonyi Export Club</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>HACCP</td>
<td>Hazard Analysis and Critical Control Point Certificate</td>
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<td>IFAD</td>
<td>The International Fund for Agricultural Development</td>
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<td>IFPRI</td>
<td>International Food Policy Research Institute</td>
</tr>
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<td>ISO</td>
<td>International Organization of Standardization</td>
</tr>
<tr>
<td>LGA</td>
<td>Local Government Area</td>
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<tr>
<td>MDGs</td>
<td>Millennium Development Goals</td>
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<td>MSU</td>
<td>Michigan State University</td>
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<td>NAFDAC</td>
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<td>NEWMAP</td>
<td>Nigeria Erosion and Watershed Management Project</td>
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<td>NIRSAL</td>
<td>Nigeria Incentive-based Risk Sharing for Agricultural Lending</td>
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<td>RIFAN</td>
<td>Rice Farmers’ Association of Nigeria</td>
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<td>SDGs</td>
<td>Sustainable Development Goals</td>
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<td>SON</td>
<td>Standard Organization of Nigeria</td>
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<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
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EXECUTIVE SUMMARY

Ebonyi state is predominantly dominated by agricultural-based businesses such as farming, food processing and the sale of farm produce such as rice and yam. The business environment is also characterized by other business ventures such as transportation, sales of conventional goods, and financial services. However, the state business environment faces several challenges such as multiple taxations, epileptic power supply, insecurity, and business insurance. In addition to these challenges, the Agri-Food sub-sector is also challenged with issues such as communal clashes, transportation, lack of storage and preservation facilities, low technical know-how, lack of irrigation facilities and natural hazards such as erosion.

To reduce poverty and hunger the state government facilitated the release of funds for the conveyance and installation of parboiling plants in the 3 government rice mills, approval of the assessment of twenty billion naira agricultural credit scheme in rice production and the disbursement of approximately twenty-one million naira to 20 rice farmers co-operative societies, procurement of 20 tractors with accompanying 20 sets of implements, training of unemployed youths at the Sunghai Agriculture Center in the Benin Republic. Also, the state government empowered over 30,000 women and youths in the rural areas, especially the low-income earners with a special grant of two hundred and fifty thousand naira each to start any business of their choice.

It is also recommended that for improvement in the state economy, the development of the state agriculture sub-sector is paramount. To achieve this feat, policies must be formulated and implemented to favor and improve the ease of doing business in the Agri-Food sub-sectors. Policies toward reducing agriculture produce based tax and eradication of multiple taxations must be encouraged. Furthermore, policies that will improve access to facilities, security and good extension services must be encouraged.

INTRODUCTION

Ebonyi State is a state in the South-East geopolitical zone of Nigeria, bordered to the north and northeast by Benue state, Enugu state to the west, Cross River state to the east and southeast, and Abia state to the southwest. Named for the Abonyi (Aboine) River, a large part of which is in the state's south, Ebonyi state was formed from parts of Abia and Enugu state in 1996 and has its capital as Abakaliki. It is one of the smallest states in Nigeria, 33rd largest in the area and 29th most populous with an estimated population of nearly 2.9 million as of 20161.

Modern-day Ebonyi state has been inhabited for years by various ethnic groups, primarily the Igbo people with significant minorities of Orri people in the northwest and Agbo people along the Cross River. In the pre-colonial period, what is now Ebonyi state was a part of the medieval Kingdom of Nri and later, the Aro Confederacy before the latter was defeated in the early 1900s by British troops in the Anglo-Aro War. After the war, the British incorporated the area into the Southern Nigeria Protectorate which later merged into British Nigeria in 1914.

Ebonyi state is primarily an agricultural region. It is a leading producer of rice, yam, potatoes, maize, beans, and cassava, and has a notable basket market in Nigeria. Rice is predominantly cultivated in Ikwo, yams in Izi, with other regions in the state such as Amasiri, Edda and Ezzamgo making notable contributions, Effium and Ezzamgo taking the top spots in cassava production, and basket production in Ntezi. Apart from its exploits in agriculture, Ebonyi is blessed with several solid mineral resources including lead and large salt deposits. The state government has, however, given some incentives to investors in the agro-allied sector to encourage production but capacity remains largely under-utilized.

1 https://nigerianstat.gov.ng/elibrary/read/474
There are also some tourist locations within the state, prominent ones include Abakaliki Green Lake, Uburu Salt Lake, Unwana and Ikwo Beaches.

UNPACKING EBONYI STATE BUSINESS ENVIRONMENT

The business environment of Ebonyi state is predominantly dominated by agricultural-based businesses such as farming, food processing and sales. Nevertheless, apart from agriculture, other commercial activities exist in the state in various sectors of the economy such as the financial sector, health, transport education etc. As a developing state, Ebonyi state is also characterized by the presence of other business ventures that can be explored by existing and potential investors. One of such business opportunities yet to be fully explored with good investment potential is car hiring or taxicab services. Many business entrepreneurs must make use of commercial bus services which sometimes cause delays. Transportation of farm produce from the farm to the market and other final consumers is another business opportunity yet to be fully explored. Many farmers find it difficult to transport their farm produce properly because of the unavailability of trucks specifically modeled for the transportation of agricultural produce. Potential investors can invest in Agri-Food transportation and make a good profit.

Preservation and storage of farm produce have been a major challenge for farmers. Modern storage facilities for agricultural produce are lacking in Ebonyi state which has led to huge post-harvest losses. Individuals and firms can seize the opportunity and establish private storage and preservation facilities such as cold rooms, cold storage for fruits and vegetables, modern barns and silos for storing grains. The establishment of these storage and preservation facilities by private firms and individuals will not only make these investors make a profit but create jobs, increase welfare and ultimately reduce hunger and poverty of a good number of Ebonyi citizens. Because of the epileptic power supply in Nigeria, investment in solar energy was also identified as an investment opportunity in Ebonyi state. Although some solar energy providing firms already exist in Ebonyi state, there is still more room for investment. Solar power can solve the power needs of most farms since most of them are found in rural and remote areas where power supply might be a major challenge.

Another business opportunity existing in the state is the real estate business. Today a lot of people are living under very deplorable housing conditions which require interventions in the provision of decent and affordable accommodations. As such, well to do individuals can invest in the development of real estate to provide the needed housing infrastructures for the teeming population currently without decent accommodations.

Agro-processing is also an existing area of business investment in Ebonyi state. This is because there is a lot of wastage in agricultural production currently as a result of the lack of processing facilities. Therefore, investment opportunities are there for investors that are interested in opening factories for the processing of some farm produce like rice into products such as flour and fruits into juice becomes an area of investment that could be quite lucrative.

Just like any business environment with lots of opportunities, there also exist challenges facing existing businesses and discourage prospective investors. One of such challenges is the issue of multiple taxations and the absence of a streamlined or clearly defined tax policy. Taxes are collected by different groups and government agencies. This challenge is not peculiar to the Agri-Food sub-sector but that of all other business sectors of the state economy. Tax collection in the state is usually carried out by non-professionals or quacks in tax administration who lack adequate knowledge of existing tax policies and laws which makes them adopt the wrong approaches in collecting taxes from businesses and individuals. This has made business difficult for business owners because of the embarrassment of different tax collecting groups. Thus, discouraging prospective investors. If tax policies are clear, it makes it easier for investors to operate their businesses without any encumbrances.
Another challenge is a lack of knowledge of existing or new production technologies which has also been identified as a major challenge existing in the agribusiness environment today. This is why a lot of businesses are not progressing because improved or modern technologies are required in boosting the productivity of any given economic venture. This challenge exists mainly because of the lack of proper and periodic education by extension agents to farmers and farming communities.

Attitudes toward regulatory agencies are another major challenge for businesses in Ebonyi state. It takes a lot of time for businesses to get registered and obtain permits from regulatory agencies. The hurdles in getting permits, approvals and the monetary implications have discouraged many businesses and prospective investors to invest especially the small-scale enterprises.

Most agricultural produce in the state is sold in the market and its environs. The lack of export markets for agricultural products has discouraged many farmers to expand. For example, rice husk which is a by-product of the rice milling process is currently being wasted due to a lack of export opportunities when it can be converted to useful commodities if exported to other countries with the relevant technologies. Some of the industrial uses of rice husk are furniture, animal feed and fertilizer productions, as well as power generation. Palm kernel shell is also an agricultural by-product with export potential which has remained unexplored because of a lack of export opportunities. Also, most farmers in the state operate at the subsistence level which does not encourage large scale production and commercialization, and this poses a challenge to agricultural promotion and expansion in the state. This is because it limits the export potentials of entrepreneurs since they cannot supply the large quantities of agricultural products usually requested by interested importers outside Nigeria.

IMPLICATIONS FOR AGRI-FOOD VALUE CHAIN ACTORS IN EBONYI STATE

Ebonyi state is known for various agricultural production activities that present business opportunities along the value chain spanning production, processing, storage and distribution. The Ebonyi state Agri-Food sub-sector comprises various stakeholders which include the state government and some of its Agri-based agencies, the federal government, non-governmental organizations, farmers, cooperative groups, and regulatory bodies. Major Agri-Food stakeholders in the state included: the Ebonyi state government which controls and supervises the Agri-Food sub-sector in the state through the state ministry of agriculture and natural resources which is saddled with the responsibility of providing the enabling environment for Agri-Food businesses through policies and legislation, as well as incentives for other stakeholders in the agricultural, State Fadama Coordinating Office Ebonyi State Agricultural Project (EBADEP); international organizations such as the International Fund for Agricultural Development (IFAD); farmer cooperatives societies; community leaders; youths; financial institutions such as Central Bank of Nigeria (CBN); Bank of Agriculture (BOA) and Nigeria Incentive-based Risk Sharing for Agricultural Lending (NIRSAL) Micro Finance Bank as well as other commercial banks involved in agricultural financing in the state; Farmer's processors and millers of agricultural products such as rice, cassava, maize, regulatory agencies such as National Agency for Food and Drug Administration (NAFDAC), Standard Organization of Nigeria (SON), Hazzard Analysis and Critical Control Point Certificate (HACCP) and International Organization of Standardization (ISO). Other relevant stakeholders include: Marketers/exporters such as Ebonyi Export Club (EBEC), Rice Farmers’ Association of Nigeria (RIFAN), women entrepreneurs’ association, pig farmers’ association, poultry farmers’ association and others that operate at various stages of the value chain, especially at the level of production.

As a leading producer of various food crops such as yam, cocoyam and rice there is no doubt the Ebonyi state Agri-Food sub-sector is a major source of income for the government and individuals. To further boost food production, especially rice production, the state identified and set aside 50,000 hectares of
land across the 13 local government areas of the state for rice farming and production. Similarly, the state government procured 13 graders among other equipment to aid rice production.

To improve farmers' access to fertilizer, Ebonyi state fertilizer and chemical co. limited was revived. This has greatly improved farmers' access to fertilizer as fertilizers are sold to farmers at subsidized rates. In 2015, the Ministry of Agriculture and Natural Resources in the face of the dwindling oil price, decide to revive agriculture and make it a major revenue earner for the state has made efforts in the following areas: the creation of a comprehensive database of all co-operative societies and commercial farmers in the state to help in the planning of agricultural program; convoked the stakeholders' colloquium on moving agriculture forward in Ebonyi state; facilitated the release of fund for the conveyance and installation of parboiling plants in the 3 government rice mills; demonstration of farm implements/machines and the training of Ebonyi farmers/youths on the usage of the farm implements/machines; approval of the assessment of 20 billion naira agricultural credit scheme in rice production and the disbursement of N20,550,200 (Twenty million five hundred and fifty thousand two hundred naira) to 20 rice farmers co-operative societies in the state. Also in 2013, the Ebonyi state government procured 20 tractors with accompanying 20 sets of implements. In 2009, another batch of unemployed youths was trained at the Songhai Agriculture Center in the Benin Republic and soft loans were granted to them by Ebonyi State Government.

Apart from the state government investment in agriculture, there are still a lot of investment opportunities that Agri-Food entrepreneurs can invest in given the state's comparative advantage in the production of some agricultural commodities such as rice, cassava and cocoyam due to the availability of fertile lands for the production of these crops. This presents lucrative investment opportunities which need to be explored. Prospective investors can take advantage of these and invest in the above-mentioned crops in production, storage, processing and distribution to local markets and international markets.

With all the investment and prospects of the Agri-Food sub-sector, the sector is faced with challenges that will deter its progress. Some of the challenges identified include:

- Lack of relevant processing technologies (machines) and lack of efficient storage facilities for farm produce such as rice, yam and maize.
- Another one is the difficult terrain and topography of the land in various parts of the state which makes it difficult for efficient and cost-effective soil preparation using tractors.
- High cost of agricultural inputs such as animal feed, lack of access to loans/credit facilities, high-interest rates, and high cost of labor are all challenges existing in the agribusiness environment in the state.
- There is a lack of opportunities for synergy among farmers and agribusiness investors towards more efficient utilization of available resources for mutual benefits.
- Lack of irrigation facilities for dry season crop productions in the State. Many farmers don't have the facilities for dry season farming reducing their production process to the rainy season only.
- The farming population in the state is fast aging while the youth who are to replace the aged ones do not seem interested in the farming business. This is also a challenge because some of the services required in agricultural production are gradually becoming scarce. After all, the youth who are the primary providers are not available.
- Lack of effective insurance in the agribusiness space is also a challenge.
- There is a lack of relevant agricultural processing equipment coupled with a lack of access to modern production technologies.
- Low technical know-how is another major challenge. Most farmers do not have knowledge of some of the basic requirements for running an effective agribusiness such as record keeping. This constitutes a challenge in the agribusiness environment because the lack of relevant data makes planning by relevant authorities difficult and ineffective.
• Natural and environmental challenges. There are challenges arising from incidences of flooding and other natural disasters in parts of the state. However, the current intervention by the Nigeria Erosion and Watershed Management Project (NEWMAP), funded by the World Bank, is helping to address this challenge.

• Certain aspects of customs and tradition are inhibiting meaningful commercialization of agriculture in most places. For example, farming activities in places like Afikpo Local Government Area (LGA) are largely moderated by local institutions that legislate on issues such as when to start farming activities each year and when to start harvesting crops like yam. As such it becomes difficult to take advantage of some modern production guides such as weather information which is necessary for managing climate cancer-related issues in farming.

• There are also challenges associated with land tenure systems which encourage land fragmentation which again does not favor commercial agriculture. Moreover, women are prohibited culturally from owning lands thereby inhibiting their agricultural investment potential, since land is a primary resource for every agricultural production activity.

• Insecurity arising from inter-communal and intra-communal as well as other types of conflicts abound in parts of the state. There have also been cases of farmers' and herders' crises in some parts of the state. These security challenges have greatly disrupted agricultural activities.

• Poor agronomic practices are also a challenge among the farmers in Ebonyi state. For example, there is often abuse in the application of agrochemicals such as herbicides and pesticides due to a lack of relevant knowledge. This is detrimental to both the health of humans and the environment.

**TRACKING FOR SUSTAINABLE DEVELOPMENT**

In Nigeria, one of the states that embraced the Millennium Development Goals (MDGs) in Ebonyi state. The state embraced the MDGs program because the people of the state suffer deprivation to the extent that guinea worm infestation became part of their history, as good drinking water was in short supply; good roads were lacking, a situation that looked as if the MDGs were specially tailored to turnaround their plight. Aware of the situation, the state government domesticated MDGs in the state in 2009 and made conscious efforts to tackle an array of issues under the MDGs that included combating poverty and promoting sustainable development. To build on the modest achievements recorded by the previous government in the implementation of the MDGs, the present government demonstrated its passion for the implementation of the Sustainable Development Goals (SDGs). Since the implementation of the SDGs commenced in January 2016, the government has embarked on various projects to give the Ebonyi citizenry a new lease of life, especially those in the rural communities.

The strategic plan of the state government in the implementation of the SDGs focuses on key areas, which include poverty alleviation, quality education, gender equality, reduction of inequality, peacebuilding, and climate action. The MDGs adopted in September 2000 was aimed at eradicating extreme hunger and poverty in the 189 member–countries of the United Nations by 2015. To ensure the success of the implementation of the SDGs in the State, the office of the focal person on SDGs was established to ensure a smooth transition from the MDGs to the SDGs. The state government's strategy of implementing the 17 global goals was based on the philosophy of not leaving any segment of the society behind in its drive to implement the 17 global goals, particularly poverty alleviation, enhancing quality education, ensuring gender equality and decent work.

The United Nations report on Nigeria's poverty index carried out in 2014 indicated that Ebonyi state is one of the poorest and most unequal states in Nigeria with the poverty rate at 56 percent. In terms of the proportion of Nigerian states by percentage above poverty (below the national average), Ebonyi state's rate was 44 percent. With a Gross Domestic Product (GDP) of $2.27 billion (as of 2007), Ebonyi state is comparatively a poor state, no doubt, with largely unexplored mineral resources and arable land. Worried
by the ranking of Ebonyi state among the poorest states in Nigeria, the present administration embarked on initiatives that tackle poverty from a multi-sectoral perspective in order to create opportunities for good and decent jobs and secure livelihoods. The government is also encouraging inclusive and sustainable business practices and promoting better government policies as well as accountable public institutions. One of the poverty alleviation programs embarked upon by the state government is the empowerment of women and youths targeted at empowering over 30,000 women and youths. The target of the empowerment program is to touch the lives of the citizenry positively, especially the low-income earners and the rural dwellers by giving them a special grant of ₦250,000 each to start any business of their choice. The idea was to ensure that poverty was reduced to its barest minimum and to positively engage the youths and women across the state to be self-reliant. The fund is being distributed through the State Ministry of Economic Empowerment and Poverty Reduction and has been done transparently. The disbursement of the grant is monitored by the state government to ensure that the beneficiaries utilize the funds as required.

Furthermore, to ensure poverty reduction to the barest minimum, the Ebonyi state budget of 127 billion naira for the 2017 fiscal year was tagged: "Budget of Inclusive Growth and Poverty Reduction in Economic Recession." The state government has utilized it to implement a plethora of poverty reduction programs; and this has lifted a lot of people out of poverty. To further reduce poverty, Ebonyi state embraced the social investment program of the federal government known as the N-Power for job creation initiative. The scheme is geared toward reducing poverty by empowering the unemployed youths. The state government earmarked about N600 million for the scheme which was given to 2,400 youths in its revolving loan scheme program. The strategy is to help youths own businesses, curb crime and youths’ restiveness and significantly reduce the rate of unemployment.

Ebonyi state has been an agrarian state, a leading producer of rice, yam, potatoes, maize, beans, and cassava with more than 250 hectares of arable land for farming, especially rice farming the state government has also prioritized food security and hunger-reduction. To achieve this, the government embarked on an aggressive agricultural revolution with about 2 billion naira consolidated funds to boost rice production in the state. This investment has yielded dividends as Ebonyi is now one of the leading producers of rice in the country. In addition, the state government in conjunction with the CBN has made it possible for rice farmers in the state to benefit from the Anchor Borrowers' Program (ABP) introduced by the Apex bank. Over 100,000 farmers in Ebonyi state have benefited from the scheme.

Another program initiated by the state government to boost food production and alleviate poverty is the ‘one man one-hectare program.’ This program enjoins every inhabitant of Ebonyi state to have a farm. Based on the government's investments in agriculture, Ebonyi state has regained national prominence as one of the food baskets of the nation.

POLICY RECOMMENDATION

Ebonyi state being an agriculture-dependent state, policies that are focused on developing the Agri-Food sub-sector will go a long way in ensuring the state meets its objectives of achieving the targets of poverty and hunger eradication as well as meeting up with the targets of the other SDGs. Policies targeted at solving or reducing peculiar challenges facing the agriculture sectors should be encouraged. It is therefore recommended that policies should be formulated and implemented to address these challenges:

- Security challenges must be resolved; the government must put mechanisms in place to ensure boundary disputes among communities are avoided. Also, policies to ensure adequate security for the farming population should be enacted.

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2 http://oradi.org/
3 https://www.ebonyistate.gov.ng/
4 https://www.ebonyistate.gov.ng/Ministry/Agriculture
• Supply of electricity is a major challenge for Agri-Food entrepreneurs. It is very important that policies be formulated and implemented to improve power supply and reduce the cost of power. Policies that will encourage rural electrification and the provision of alternative power sources such as solar energy should be encouraged.
• Farmers need to be informed of new technologies and agronomy practices. Policies that will encourage agricultural extension services must be encouraged. This will greatly improve the technical know-how of farmers. Lack of adequate funds is also a major business challenge. This has made so many farmers remain at the peasant level of farming due to a lack of funds to hire labor or purchase modern farming equipment. Policies geared toward providing or improving agricultural financing should be implemented and/or improved if the state has an existing policy.
• Policies to improve farmers’ access to equipment such as processing equipment, irrigation facilities, tractors, and storage facilities should be formulated. For instance, farmers’ access to machinery such as tractors will increase output, improve farmers’ welfare and encourage exportation as many farmers will move from peasant farming to semi-commercial and commercial farming. Thus, improving productivity and reducing poverty and hunger.
• In regard to the aging population of farmers in the state, encouraging youth participation in agriculture must be implemented. This will go a long way in ensuring the state is a forerunner in agriculture in Nigeria.
• Taxation is a major challenge for businesses in the state. The state tax policy should be reviewed. Policies to avoid multiply taxation should be encouraged.

CONCLUSIONS
Agriculture is key to ensuring an end to poverty and hunger in Ebonyi state since the majority of households are agriculture dependent. The state is also a leader in the cultivation of various key crops such as yam, rice, cocoyam, ginger and cotton, which are key to ensuring food security in Ebonyi State and Nigeria. Despite the contribution of the Agri-Food sub-sector to the state, the investment level in the sector by government and private firms is still low. The agri-food sub-sector has many business opportunities available to investors but only a good business environment can attract investors and develop the sector. Therefore, to make Ebonyi state’s Agri-business sector improve and retain its status as a leader, policies to improve the ease of doing business must be enacted and implemented.

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