



Federal Government's Commitment to Supporting Agriculture Transformation for Employment Creation

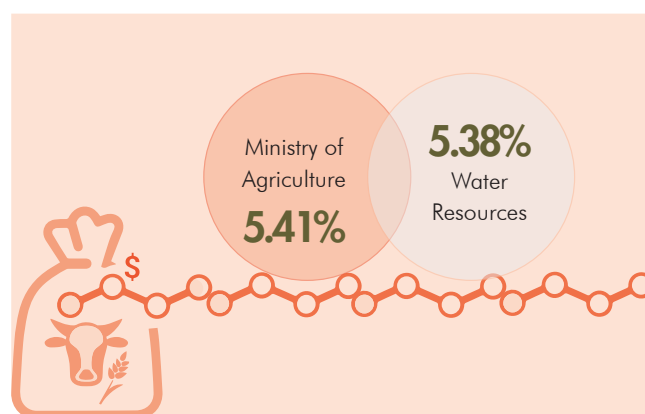
Introduction

The Nigerian government has made agriculture one of its pillars of growth and job creation. The Economic Recovery and Growth Plan (ERGP) recognized agribusiness as one of the six priority sectors¹. In line with the policy thrust, the government has made attempts to support private sector initiatives to boost employment creation in agriculture and agro-processing. The Anchor Borrowers' Programme, one of the flagship intervention projects has injected life into the synergy between farmers and processors. In spite of notable progress, budgetary allocation to agriculture continues to fall below the Maputo Declaration which obliged African countries to dedicate a minimum of 10 per cent of national budget to agriculture. Over the years, allocation to agriculture as a share of total budget averaged 2 per cent. This raises question on whether policy pronouncements is matched with commensurate financial commitment to agriculture. Aside from the aggregate allocation to agriculture which is grossly below international benchmarks, gauging government commitment to agriculture in relation to its desire to generate employment invites a granular scrutiny of budget. This brief is a response to such a need.

Agriculture is uniquely important for job creation because it is labour-intensive. From farms to transportation to processing and marketing, the agricultural value chain holds immense potential for employment creation for youth and women. The government's desire to harness jobs creation opportunities in agribusiness and agro-allied industries is articulated in the Economic Recovery and Growth Plan committing to: "...enable mass employment in the formal and informal sectors because of large domestic demand, the potential for import substitution, and opportunities arising from increased yields and raw material processing." Attaining these laudable goals requires robust investment in agriculture and allied industries. How well has government intention been matched with financial commitment through budget?

Where is the Money? Analyzing Nigeria's Agriculture Budget

As the saying goes, to understand government policy direction, follow the money. Despite government's repeated declarations of commitment to revamping agriculture, budgetary allocation to the sector stood remains less than 2 per cent of total budget for many years. With the exception of 2008 and 2009 during Umaru Musa Yar'Adua - late the President's administration - when the Ministry of Agriculture was merged with Water Resources thereby raising the share of total budget to 5.41% and 5.38% respectively, average annual allocation from 2003 to 2018 has been 1.7% (Table 1). Even then, that was a far cry from the Maputo Declaration by which all African countries committed to allocating 10% of annual budget to agriculture. Burkina Faso, Mali, Ethiopia, Senegal, Niger, Malawi and Zambia have either met, exceeded or are on track to meeting the benchmark set in Maputo in 2003 (Fig. 1).



¹ The six priority sectors are agriculture, manufacturing, solid minerals, services (ICT, telecom, finance, tourism & creative industries), construction and real estate and oil & gas.

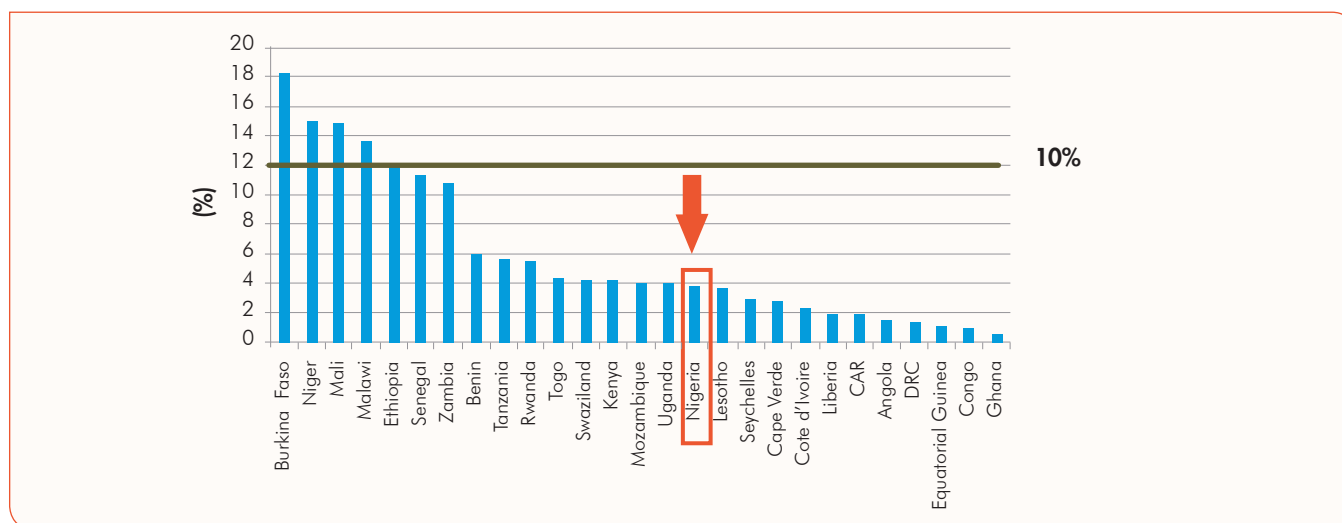
Table 1: Budget Allocations FMARD

Year	Agric Allocation	National Budget	%
2003	18,048,971,868	976,254,543,375	1.85%
2004	18,984,349,367	1,302,523,844,588	1.46%
2005	20,474,709,808	1,799,938,243,138	1.14%
2006	30,813,391,000	1,899,987,922,467	1.62%
2007	38,300,000,000	2,266,394,423,477	1.69%
2008	134,859,874,260	2,492,076,718,937	5.41%
2009	166,924,361,057	3,101,858,996,078	5.38%
2010	55,334,891,441	4,206,465,676,684	1.32%
2011	65,868,226,097	4,484,736,648,992	1.47%
2012	81,209,867,833	4,877,209,156,933	1.67%
2013	83,204,844,639	4,987,220,425,601	1.67%
2014	67,044,675,939	4,695,190,000,000	1.43%
2015	40,621,020,717	4,493,363,957,157	0.90%
2016	75,806,548,275	6,060,677,358,227	1.25%
2017	135,545,345,061	7,441,175,486,758	1.82%
2018	172,796,092,743	8,612,236,953,214	2.01%

Maputo Declaration

...To this end, we grace to adopt sound policies for agricultural and rural development, and commit ourselves to allocating **at least 10%** of national budgetary resources for their implementation **within five years** -
Maputo Declaration, July 2003

Fig 1: Maputo Declaration & Africa



Average percentage of agriculture spending in total public expenditure 2000-2010

How well does the budget align with Government Policy Direction?

Value chain development has been a cardinal pillar of government policy from Agricultural Transformation Agenda (ATA) to Agricultural Promotion Policy (APP). A review of the 2018 budget reveals that the budget is designed to continue the pursuit of value chain development. The supply gaps identified in the APP documents are specifically targeted in the 2017 budget (Table 2) with the exception of Tomato and Chicken value chains

missing out². Promotion and development of rice value chain got N2.05bn while the sum of N1.47bn went to cotton textile value chain. The total amount of money allocated to promotion and development of the various value chains identified in the APP policy document is N29.24bn representing 21 per cent of total budget in 2017. The figure dropped slightly in the 2018 budget allocation to N24.94bn.

The investment in the various value chains is expected to catalyze productivity and boost jobs creation across the chain. To a certain degree, the investments appear to be yielding results. However, adequate and timely release of funds is necessary for the objectives to be fully realized.

² Efforts made to gather information on the absence of budgetary provision for both value chains have yet to yield results as at the time of putting this brief together.

Table 2: Budget Allocation to Value Chains

No.	VALUE CHAIN	STATUS	ALLOCATION	LISTED IN AGRIC PROMOTION POLICY
1	PROMOTION AND DEVELOPMENT OF ANIMAL PRODUCTION & HUSBANDRY VALUE CHAIN	ONGOING	1,403,971,597	YES
2	PROMOTION AND DEVELOPMENT OF CASHEW VALUE CHAIN	ONGOING	1,471,216,431	NO
3	PROMOTION AND DEVELOPMENT OF CASSAVA VALUE CHAIN	NEW	927,543,245	NO
4	PROMOTION AND DEVELOPMENT OF COCOA VALUE CHAIN	ONGOING	1,127,504,576	YES
5	PROMOTION AND DEVELOPMENT OF COCONUT VALUE CHAIN	ONGOING	344,230,303	NO
6	PROMOTION AND DEVELOPMENT OF COTTON VALUE CHAIN	ONGOING	1,476,200,000	YES
7	PROMOTION AND DEVELOPMENT OF COWPEA VALUE CHAIN	ONGOING	591,916,902	NO
8	PROMOTION AND DEVELOPMENT OF FISHERIES AND AQUACULTURE VALUE CHAIN	NEW	1,045,857,876	YES
9	PROMOTION AND DEVELOPMENT OF GINGER VALUE CHAIN	ONGOING	491,750,000	NO
10	PROMOTION AND DEVELOPMENT OF GROUNDNUT VALUE CHAIN	ONGOING	1,038,009,387	NO
11	PROMOTION AND DEVELOPMENT OF GUM ARABIC VALUE CHAIN	ONGOING	770,343,885	NO
12	PROMOTION AND DEVELOPMENT OF HONEY VALUE CHAIN	ONGOING	195,853,241	NO
13	PROMOTION AND DEVELOPMENT OF HORTICULTURE (FRUITS) VALUE CHAIN	ONGOING	809,664,465	NO
14	PROMOTION AND DEVELOPMENT OF IRISH POTATO VALUE CHAIN	ONGOING	675,573,191	NO
15	PROMOTION AND DEVELOPMENT OF KENAF (JUTE BAGS) VALUE CHAIN	ONGOING	617,973,240	NO
16	PROMOTION AND DEVELOPMENT OF MAIZE VALUE CHAIN	ONGOING	911,748,498	YES
17	PROMOTION AND DEVELOPMENT OF NUTRITION VALUE CHAIN	ONGOING	495,156,370	NO
18	PROMOTION AND DEVELOPMENT OF OIL PALM VALUE CHAIN	ONGOING	1,186,565,325	YES
19	PROMOTION AND DEVELOPMENT OF RICE VALUE CHAIN	ONGOING	2,049,660,451	NO
20	PROMOTION AND DEVELOPMENT OF RUBBER VALUE CHAIN	ONGOING	365,539,298	NO
21	PROMOTION AND DEVELOPMENT OF SESAME/ACHA VALUE CHAIN	NEW	1,078,900,000	NO
22	PROMOTION AND DEVELOPMENT OF SHEA BUTTER VALUE CHAIN	ONGOING	195,509,033	NO
23	PROMOTION AND DEVELOPMENT OF SORGHUM/MILLET VALUE CHAIN	ONGOING	1,121,907,619	YES
24	PROMOTION AND DEVELOPMENT OF SOYA BEANS VALUE CHAIN	ONGOING	1,084,478,708	NO
25	PROMOTION AND DEVELOPMENT OF SWEET POTATO VALUE CHAIN	ONGOING	257,728,899	NO
26	PROMOTION AND DEVELOPMENT OF WHEAT VALUE CHAIN	ONGOING	2,607,712,792	YES
27	PROMOTION AND DEVELOPMENT OF YAM VALUE CHAIN	ONGOING	595,328,912	YES

Meanwhile, it is important to note that having a budget well laid out with lofty aspirations is one thing but getting it cashed-backed and implemented according to plan with effective involvement and participation of relevant stakeholders is a different matter. Over the years, popular participation of relevant service constituencies in the implementation of budget has been a long shot away. This underlies the necessity for building the capacity of farmers and processors as well as other stakeholders in agriculture to track and monitor budget. Public access to budget information especially on releases and disbursement by farmers and other relevant stakeholders is therefore essential for inclusive agricultural development.

Box 1: Farmers Lack Access to Comprehensible Budget Information

- Farmers are generally aware of government policies (GES being the most popular government intervention thus far) but less conscious of budgetary allocation for their respective value chains
- In many cases, farmers are aware of policies only when it has benefitted them rather than the range of options available to them.
- Capacity to access, understand, track and monitor budget is extremely low among farmers and other stakeholders agriculture.

Proposed Solutions

- The Budget Office and Ministries of Agriculture could produce and circulate widely simplified versions of budget and related documents (MTEF, FSPs, etc) to farmers and other stakeholders, as much as possible, in local languages
- Regular capacity building programmes on budget literacy for farmers' associations, women and youth groups, CBOs and other relevant stakeholders
- Effective participation of farmers and other stakeholders at every stage of the budget process.

Conclusion and Policy Considerations

In contrast to government proclaimed prioritization of agriculture, budget allocations to agriculture as a proportion of total budget has remained very low for many years. In other words, government has yet to put its money where its mouth is. Transforming agriculture and agroprocessing to a highly lucrative venture which will attract private investment and boost employment require significant government financial input than it currently is the case. A community made up of researchers, farmers, industrialists, civil society organization and cooperative groups (Utafiti Sera) deliberated on the findings of the study and discussed policy issues. On the basis of the deliberations, the Forum made the following suggestions:

1. The Honourable Minister of Agriculture and Rural Development mobilize support for the federal executive council to approve substantial increase in budgetary allocation for agriculture and agroprocessing in line with its status as a priority sector in the ERGP.
2. The Senate and House Committees on Agriculture, National Planning and Appropriation mobilize support for substantial increase in budgetary allocation to agriculture and agroprocessing to boost employment creation in the various commodity value chains.
3. The Ministry of Agriculture as well as relevant committees of the National Assembly take steps to improve transparency

and popular participation of relevant stakeholders in the budgetary process from preparation through approval to tracking and monitoring of budget implementation.

4. Civil society and non-government organizations support the advocacy for higher budget for agriculture and build the capacity of farmers, processors and other relevant stakeholders in agriculture and agroprocessing to effectively participate in budget process especially in monitoring of budget execution to improve the accountability ecosystem.
5. In sum, there is need for greater political will to significantly increase budget allocation to agriculture and agroprocessing in order to turn aspirations of boosting job creation through agribusiness and agro-allied industries as contained in policy documents into reality.

Politics of budget allocation is intense. Intersectoral competition and 'turf wars' over the limited financial resources suggest that allocation of a higher budget for agriculture will not happen overnight. There has to be systematic and sustained advocacy campaigns to cultivate and galvanize support for the agriculture and agroprocessing sectors. Farmers' associations, investors, processors, women and youth organisations, CBOs, CSOs and media must join the campaign for increased funding for the sector. It is a convergence of voice and support within and outside government that will guarantee better funding, prompt release of funds and improved accountability which will unleash the potential of agriculture and agroprocessing to generate and sustain decent employment and inclusive development in Nigeria.

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