



**ANALYSIS OF THE 2018 PROPOSED  
AGRICULTURE BUDGET OF  
THE FEDERAL MINISTRY OF AGRICULTURE  
AND RURAL DEVELOPMENT**





## ACRONYMS



APP

Agricultural Promotion Policy



CSOs

Civil society organizations



DAs

Departments and Agencies



ERGP

Economic Recovery and Growth Plan



FMARD

Federal Ministry of Agriculture and Rural Development



GESS

Growth Enhancement Support Scheme



NASS

National Assembly



R&D

Research and Development



# INTRODUCTION

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His Excellency, President Muhammadu Buhari presented the 2018 budget proposals titled 'Budget of Consolidation' to the joint session of the National Assembly (NASS) on Tuesday, 7th of November 2017. The budget is the second most important legal document of the nation after the constitution and this is because it is a tool for allocating scarce resources of the country to sectors of the economy on an annual basis. In so doing it demonstrates government commitment and prioritization among sectors, programs and projects through the share of the budget that each gets. The sectors' allocations usually reflect government policy and programs as detailed in policy documents adopted by the administration at the time. The present government has adopted Economic Recovery and Growth Plan (ERGP) as the blueprint for the nation's socio-economic development with specific areas of focus including targets and strategies for realizing them.

ERGP clearly makes agriculture one of the key sectors and drivers of the economy that is to achieve socio-economic transformation of the country. The role of agriculture in transforming Nigeria is particularly significant because the sector contributes most to Nigeria's GDP (about 40%); employs about 66% of the labour force; provides 80% of food consumed in Nigeria; and provides at least 50% of industrial raw materials needed in the country. But notwithstanding the demonstrated contribution and potentials of this sector, governments over the years have relegated it to secondary levels behind other less sustainably impacting sectors like oil and gas. With the ERGP and Agricultural Promotion Policy (APP) of the present administration, agriculture comes to limelight as a potential vehicle for creating employment and improving the GDP growth rate of the country

Given the established relation between government's sector priorities and budget allocations, the budgetary allocation to agriculture becomes of interest for review so that government's real commitment to the sector can be tested and since this 2018 budget is the third in the life of the present Administration, the budgetary trends would provide enough indication of government's practical commitment to the sector and realizing the targets of the EGRP through Agriculture.

This review will analyze the 2018 proposed agriculture budget and in the course of doing so will: overview the agriculture budget as proposed by the Executive; establish how compliant the budget is against international benchmarks; ascertain the capital-recurrent budget size relations; review the capital budget and identify budget lines and allocations that represent deviations from good budgeting practice and make recommendations that will assist NASS in reviewing the proposals before Mr. President assents to them.



# HIGHLIGHTS OF THE PROPOSED 2018 BUDGET



## Total Budget

8,612,236,953,214

## Total Allocation to Agriculture & rural development Sector

172,796,092,743

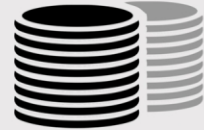


## Capital budget for the sector

118,984,139,037

## Recurrent (Overhead) budgets for the sector

53,811,953,706



Percentage of capital allocation within the sector

**68.86%**

Percentage of recurrent allocation within the sector

**31.14%**



Percentage investment in agriculture (capital allocation to agriculture/total capital budget x 100)

**4.90%**



PERCENTAGE OF AGRICULTURE SECTOR ALLOCATION FROM THE TOTAL FEDERAL GOVERNMENT BUDGET (2014-2018)

**1.44%**



**2014**

Within the periods under consideration, budget for agriculture dropped from 1.44% in 2014 to 0.9% in 2015 and then rose steadily to 1.26% in 2016, 1.70% in 2017 and to 2.00% for 2018. The steady increase could be attributed to government's increased commitment to the sector as demanded by farmer associations led by civil society organizations (CSOs). Though the increases between 2015's allocation and that proposed for 2018 appear marginal, they presented potential opportunities to increase agricultural productivity and therefore commended.

**2015**

**0.9%**

**1.26%**

**2016**

**2017**

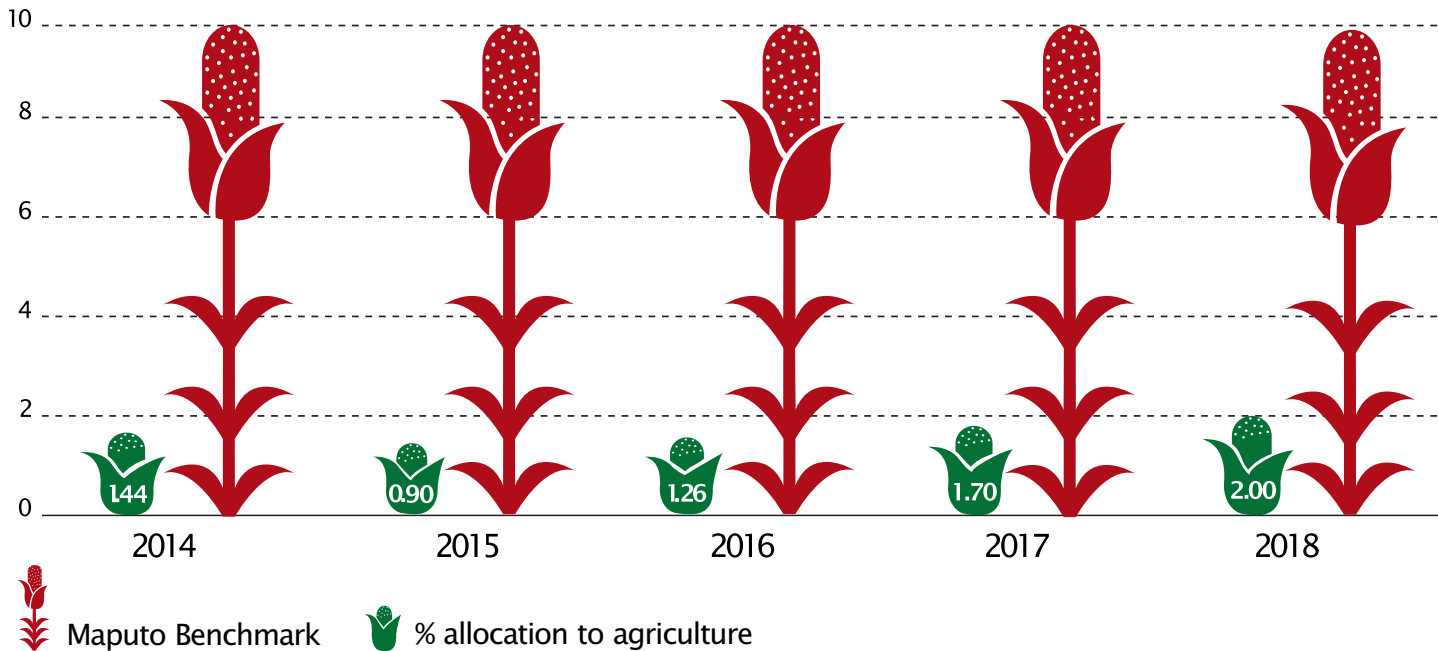
**1.7%**

**2.00%**

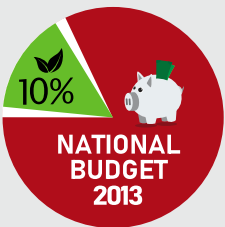
**2018**

EXTENT OF FEDERAL GOVERNMENT'S ADHERENCE TO INTERNATIONAL COMMITMENTS SUCH AS MAPUTO COMMITMENT ON AGRICULTURE (2014-2018)

The % Allocation to Agriculture Against the Maputo Benchmark For Agriculture Allocations



The Maputo Commitment allocation by African Heads of State to implement policies that will revitalize the sector.



**DURATION 5 YEARS**

■ Sound Agricultural And Rural Development Policies



**6% GROWTH**

At least 6% Sector Growth Rate as foreseen in the Comprehensive African Agricultural Development Plan (CAADP).



However, since Nigeria committed to the Declaration, it has not met the benchmark in the years of 2004-2008 or the years thereafter as demonstrated by the figures.

**REASONS**



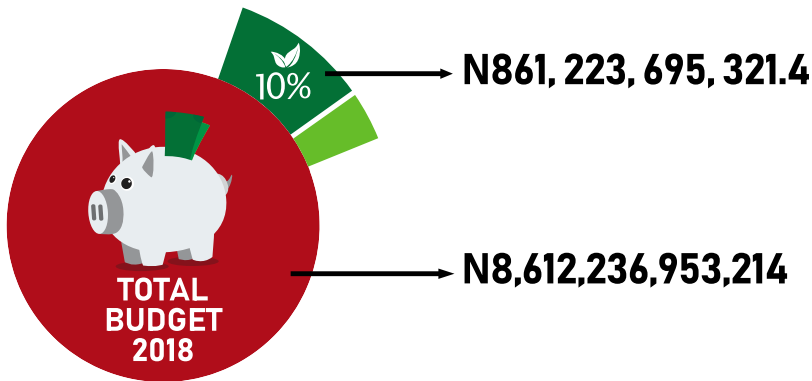
Due to lack of political will by various governments to honor its commitment to the Nigerian smallholder farmers.



Lack of prioritization of the agriculture sector among other competing sectors could be responsible.



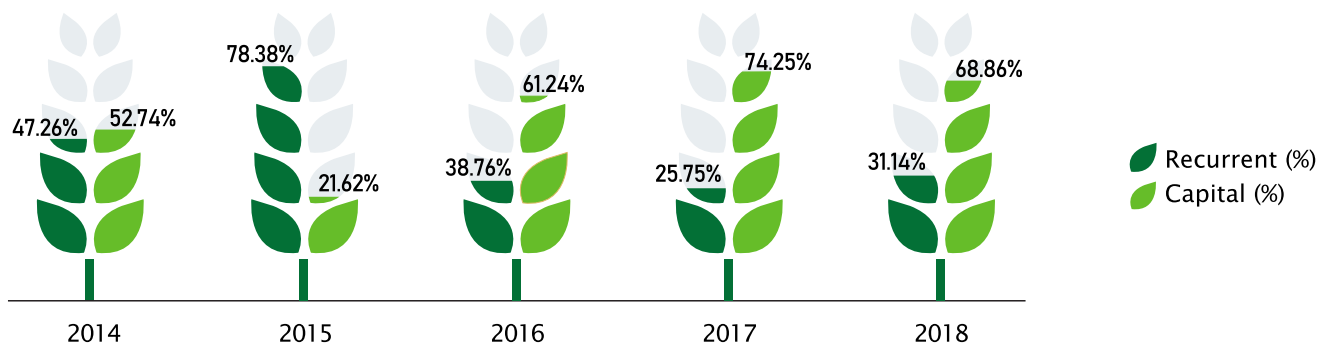
# ALLOCATION FOR 2018 OF THE TOTAL BUDGET AT THE POINT



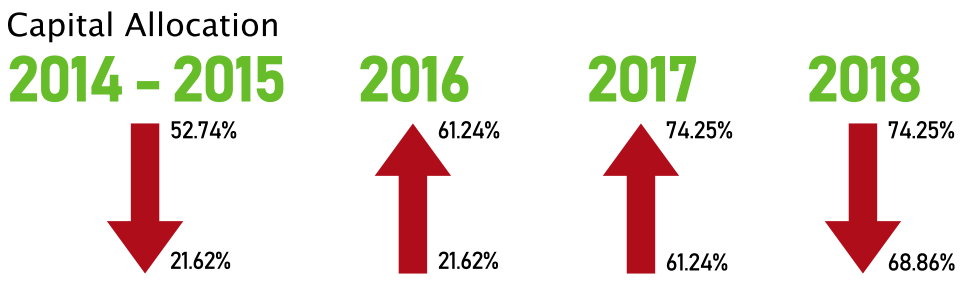
Having proposed only **2%** expenditure it leaves a huge gap of **N688,427,602,578.4**

The National Assembly could redress the inadequacy and if it requires external borrowing to fund, it would be worth it given the potential merits.

## PERCENTAGE OF RECURRENT AND CAPITAL EXPENDITURE OF THE PROPOSED 2018 BUDGET OF THE FEDERAL GOVERNMENT AND THE ALLOCATION TREND 2014-2018



Given the well known theory, that it is capital budgets that stimulate development, the percentage allocation to capital expenditure indicates government's intention to develop the sector.



In 2017 the sector followers felt was an all time best practice. However, for 2018, the percentage of capital allocation has dropped and this trend needs to be arrested so that gains made during the years of 2015-2017 would not be lost.


Part of what needs to be done, is that if the funding gap of N688,427,602,578.4 identified above is filled then it could be channeled to capital expenditure.

**N688,427,602,578.4**



# BUDGET VALUES

## REAL VALUE OF 2018 PROPOSED AGRICULTURE BUDGET OF THE FEDERAL GOVERNMENT

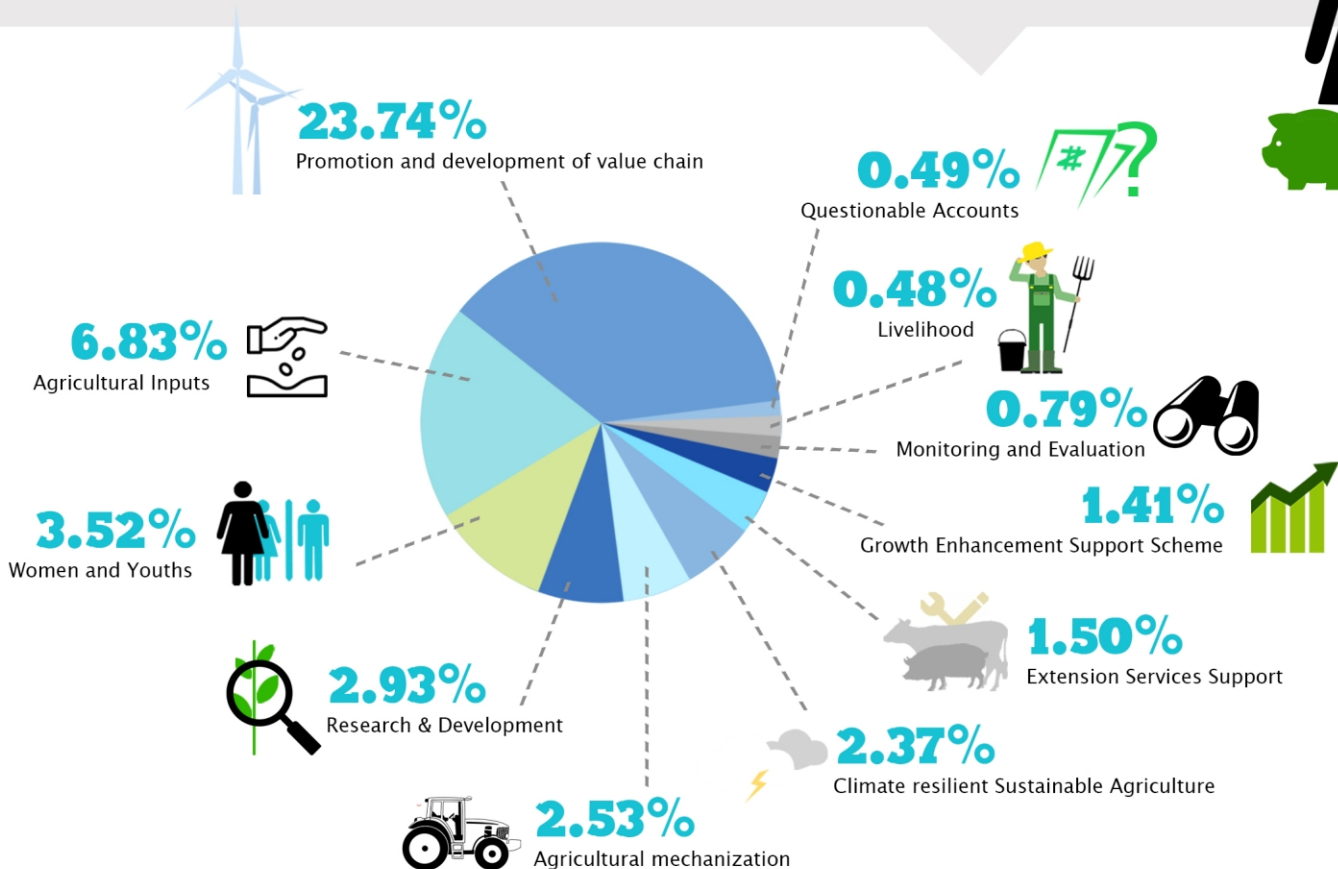


YEAR	NOMINAL VALUE	DEFLATOR	REAL VALUE	SHORTFALL
2014	66,644,675,939	1.0800	61,708,033,276.85	4,936,642,662.15
2015	40,659,020,717	1.0901	37,298,431,994.31	3,360,588,722.69
2016	75,806,48,274	1.1570	65,519,920,720.83	10,286,627,553.17
2017	123,440,807,622	1.1855	104,125,523,088.99	19,315,284,533.01
2018	172,796,092,743	1.2000	170,722,539,630.08	2,073,553,112.92

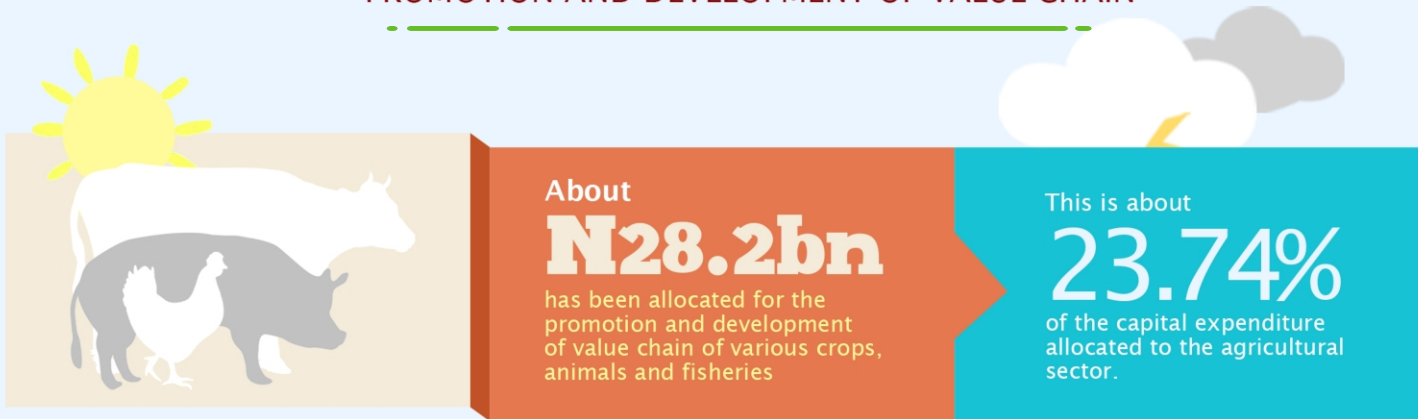
The real value or the purchasing power of the proposed Federal Government’s allocation to agriculture is important because it shows what the budget can procure in real terms. So for year 2018, though N172, 796,092,743 was nominally budgeted for the sector, the budget can only procure goods and services worth N170,722,539,630.08. To achieve the desired investment impact in monetary terms, the gap of N2,073,553,112.92 needs to be filled either by providing additional budgetary resources or reducing inflation

### ALLOCATION TO CRITICAL SUB-SECTORS OF THE FEDERAL MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT FROM THE PROPOSED 2018 BUDGET

We focus analysis on the sub-sectors that may potentially impact on women



## PROMOTION AND DEVELOPMENT OF VALUE CHAIN



This policy has our support considering the role of value chain development to the agriculture sector which will ultimately increase the diversification of the economy.



## Research and Development (R&D)



Research and development was allocated only **2.93%** of the capital allocation to the sector shows low commitment level

### Observation

We observe a negative development of allocation **N3,484,188,931 in 2018** from the **N11,323,702,475 in 2017** and this is fast becoming a trend as it dropped from **N37,287,261,529 in 2016**.

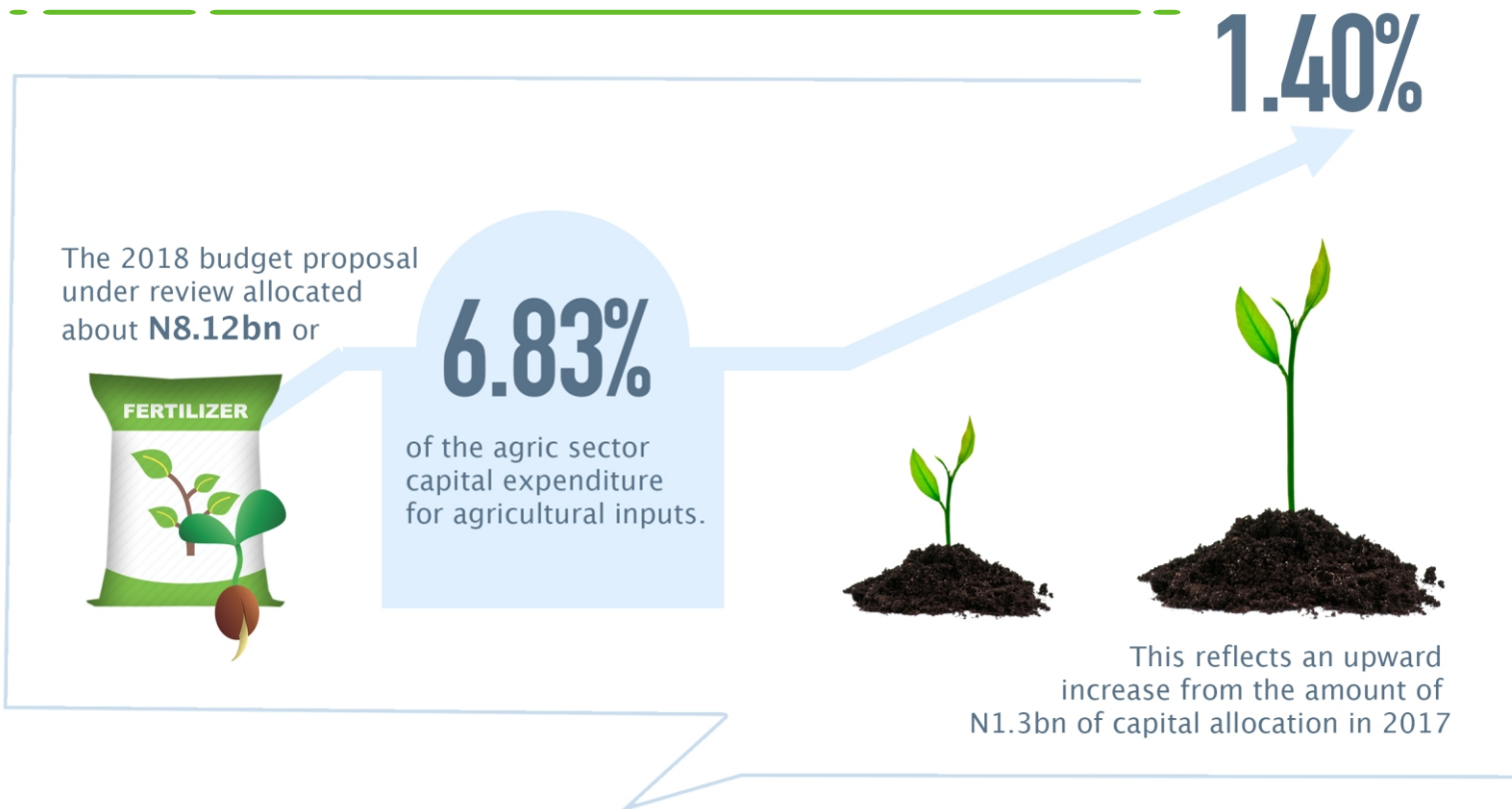
### Commendable development

there was zero percent allocation to the ministry **(from the 88% it was in 2016)** and **100% of the R&D budget** allocated to research related DAs. This empowers them and the Ministry can use its M&E budget to oversee their activities.





## Agricultural inputs and Growth Enhancement Support Scheme (GESS)



And it seems that the Growth Enhancement Support Scheme (GESS) is yet to be reactivated despite recommendations by concerned civil society groups working to improve the sector to do so in 2017 by increasing allocation and activities to support growth in the sector. Instead,

the amount proposed for 2018 (**N1.67bn**) dropped from the 2017 proposal (**N1.9billion**) by about N3,000,000

While it could be argued that some government programs have improved some smallholder farmers' access to affordable inputs, majority of the farmers still do not have access to these inputs. Government needs to hasten the activation of the Growth Enhancement Support Scheme that proved to be an effective platform to reach smallholder farmers with affordable farm inputs in their communities, in 2014 and 2015.



## EXTENSION SUPPORT SERVICES



**N6.4 billion**

only was proposed and we thought that was a far cry from adequacy,



**N1.8 billion**

but with the 2018 proposal of N1,783,408,993 the sector is bound for the outcomes for poor extension services.



## MDA'S ALLOCATIONS



**7 MDAs**  
2018



**20 MDAs**  
2017

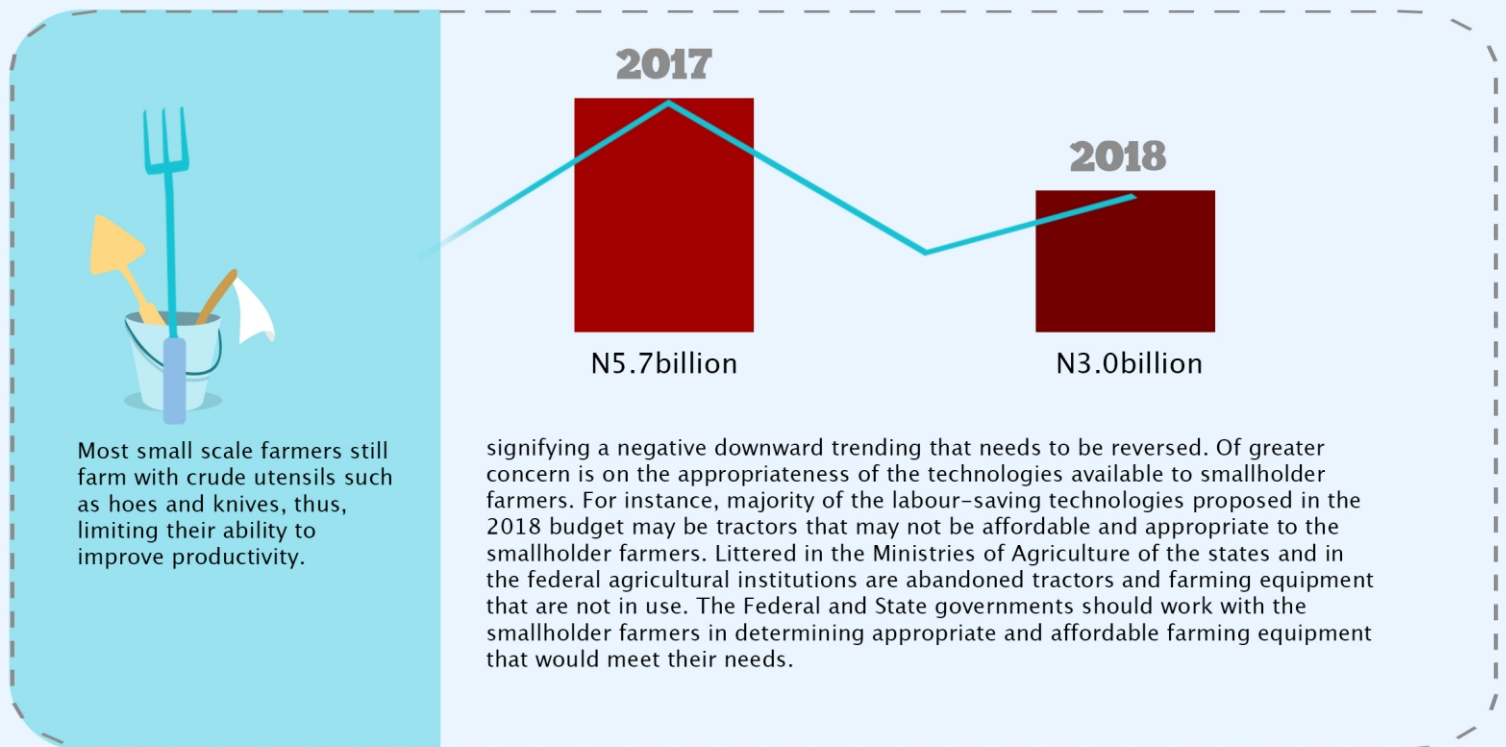
we note that only 7 MDAs allocated resources for extension support under the 2018 budget proposal down from the 20 that did in 2017. We hope that more relevant DAs will find extension related activities interesting in subsequent years so that the sector can be revived.



## AGRICULTURAL CREDIT

The Agriculture Sector MDAs did not budget for agricultural credit in 2018 as also in 2017. Though the Central Bank of Nigeria and the Bank of Agriculture in all the 36 states and FCT may have some programs for supporting farmers, small scale farmers do not benefit their initiatives either for lack of awareness or lack of capacity to undergo the usually rigorous and demanding processes of accessing such facilities. It is worrisome that small scale farmers who produce the bulk of food for man and animals and raw materials for industries in Nigeria still do not have easy and smooth sources of credit from government. The relationship between access to credit and increased productivity is easily discernable.

## The federal government allocation for labor saving technologies in the agric sector



# 2018

proposed budget  
for agriculture

## N2.8billion

Allocated for Climate Resilient Sustainable



In the 2018 proposed budget for agriculture, N2.8billion was allocated for climate resilient sustainable agriculture related activities which is 2.4% of the total capital budget of the agric-sector, which is a great reduction from the 2017 proposal of N5.2billion for this purpose.















This area of agriculture budgeting is key because organic farming systems restore soil productivity, seed quality, crop vigor, and livestock health.



Most farmers cannot procure these organic inputs and need support from related government MDAs and to budget so little makes their capacity to provide support for climate resilient agriculture limited. The effect of climate change on traditional farming systems, timings and productivity make investment for climate resilient and sustainable agriculture practices an imperative.

## QUESTIONABLE BUDGET ITEMS IN THE PROPOSED 2018 FEDERAL BUDGET

BELOW ARE EXAMPLES OF BUDGET LINE ITEMS THAT ARE QUESTIONABLE AND SHOULD BE PROPERLY VERIFIED:

 OFFICIAL ACCOUNT CODE	 MDA ACRONYM	 OFFICIAL BUDGET LINE ITEM	 AMOUNT	 COMMENT
ERGP30111305	ARMTI	Everything you wanted to know about Orange Fleshed Sweet Potato 	20,000,000	WHAT? TRAINING, PUBLICITY & MEDIA AND WHO ARE THE TARGETS?
ERGP30111322	ARMTI	Facilitation of VCD Activities through Development of Active Change Agents for Agricultural 	20,000,000	AGRICULTURAL... (WHAT???)
ERGP29112177	NCRI	Procurement of Smart phones for Rice Advice for Rice Farmers 	15,000,000	ONE EXPENSE TOO MANY AS IT HAS BEEN DONE IN THE LAST 2-3 YEARS.
ERGP30114228	NALDA	Farmers Support Programme 	20,000,000	WHAT SUPPORT AND TO WHICH FARMERS?
ERGP5114224	NALDA	Farm Infrastructure 	100,000,000	WHICH INFRASTRUCTURE AND FOR WHO?
IART 09108284	IART	Generation & Evaluation of improved Soil Water Management, Crop & Livestock Technology, Production Technology & Purchase of Agric Chemical Fertilizers 	165,700,000	DIFFICULT TO MONITOR BECAUSE OF LUMPING
ERGP3011375	ARC	Coordination, Monitoring & Evaluation of Research, Training & Extension Activities in NARIS & FCAs 	251,500,000	DIFFICULT TO MONITOR BECAUSE OF LUMPING

The above represents some of the spurious methods in which budgets are cast. The 2018 budget contains many of such budget lines that are repetitive, over-bloated, unclear and very challenging to monitor or evaluate. Most times the budget crafters purposely lump up activities in the budget lines just to make it difficult for even the best discerners to track and monitor the expenditure. These occur not only in the capital budget but also in the recurrent especially the overheads.

The import of these in an economy that is grappling with over 70% of its population leaving below the poverty line is that funds that would have been efficiently and effectively used to provide services to citizens such as education, health, more food and power are lost.

## SUMMARY OF FINDINGS & CONCLUSION



Despite the role of agriculture in the economy, government investment in the sector falls short of the 10% of national budget investment benchmark declared by the African Heads of State.

On the other hand, government continues to declare its belief in agriculture as the major avenue for national economic recovery and diversification. By not matching policy statements of agricultural promotion and budgetary investment in agriculture, the poor commitment to the sector is demonstrated.

After a non-cursory review of the 2018 budget as proposed for the agriculture sector, we found that:

Agriculture budgets since 2015 have been increasing both in absolute terms and as a percentage of the total budget, which we commend, but it still has not attained the 10% required to support at least 6% growth rate for the sector as postulated in the CAADP framework.



The 2018 percentage allocation to the capital budget dropped to 68.86 from 74.25 in 2017 and this portends danger since sector development ceteris paribus are directly proportional to capital investment.



The real value of the 2018 proposed budget affected by inflation is lower than the nominal value and the gaps needs to be filled either through allocating additional budgetary resources or reducing inflations.



Of the capital budget of the sector, only 15.93% was allocated for projects that may potentially impact on small farmers including women and youths.



That some questionable budget line items still litter the budget and become conduit pipes for mis-appropriating resources that could have efficiently applied to improve the lives of Nigerians especially the 60-70% of those living below the poverty line.



## REVIEWS & RECOMMENDATIONS



Based on the review of the proposed 2018 budget and the consequent analysis, we present the following recommendations for consideration and possible adoption:



Honor the Maputo Declaration by allocating 10 percent of the total 2018 national budget to agriculture in the light of economy recovery and growth role that the sector is expected to play.



For the affect budget lines, unpack the capital expenditure allocation, delete questionable items and reallocate funds as applicable to implementing DAs, while the main Ministry of Agriculture assumes its normal role of coordinating, directing and regulating, especially for the promotion and development of value chains of the identified agricultural products.



Increase allocation for research and development, and insist on efforts focusing more on improving the productivity of smallholder farmers. Also encourage that research and development is demand driven, so as to be relevant and target immediate needs.



Revise the 2018 proposed budget of the agriculture sector to allocate significant fund for agricultural credit for smallholder farmers.



Government must vigorously promote organic farming among smallholder farmers, therefore, government should be seen doing by making a reasonable budget provision for this purpose.



That the proposed 2018 agriculture budget be revised to significantly support the growth of the smallholder farmers. All sub sectors that directly impact small scale farmers especially women and youths should be adjusted upwardly in terms of size of allocation.



Provide resources to hasten the re-engineering and re-organizing process of the Growth Enhancement Support Scheme (GESS) so as to re-launch the scheme immediately. The importance, reach and coverage of the scheme cannot be overemphasized as it can provide smallholder farmers basic farm inputs at affordable costs in their communities.



Revive the extension services of the government by recruiting new extension agents, building their capacity, and providing them with incentives and facilities necessary for their effectiveness in the field. The proposed 2018 agriculture budget provision for extension service allocation is very low. If we want smallholder farmers' productivity to improve, and improve at a faster rate, the extension sub-sector of our agriculture has to be revived.



Insist that funding be channeled to providing smallholder farmers appropriate and affordable labor saving technologies, instead of bogus and expensive tractors and equipment that do not meet the needs of these farmers.



Develop a participatory process involving stakeholders such as smallholder farmers especially women and Civil Society Organizations for generating and developing needs and strategic plans that informs annual budget for the ministry. If they are involved they will provide information that will guide allocation to what is very important for sector development.



It is imperative that budget line items are explicit and budget notes appropriately provided in order to promote transparency and accountability



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