NIGERIA GOVERNMENT RECURRENT EXPENDITURE ON THE AGRICULTURAL SECTOR: ANY IMPACT?

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Abstract

This paper examined empirically the relationship between agricultural output and federal government recurrent expenditure on agriculture from 1981 to 2010. The data were obtained from the Central Bank of Nigeria Statistical Bulletin of 2010, and were subjected to analysis using regression, unit root test and co-integration test of E-view 7 statistical software. The results show that there is a positive relationship between agricultural output and federal government recurrent expenditure on agriculture as well as a long-run relationship. The study recommends amongst others that the Federal Government should as a matter of urgency increase the recurrent expenditure on agriculture as this is capable of increasing agricultural output which is likely to fill the food importation gap already being experienced in the country.

Keywords: Government recurrent expenditure, Agricultural sector, Agricultural Financing, Economic growth

Introduction

Before the discovery of oil and its subsequent exploration in commercial quantities, agriculture was the mainstay of the Nigerian economy accounting for nearly 90% of the nation's revenue. In a twist of events, agriculture suddenly lost this position as government shifted attention mostly to oil production arising from world demand and the huge revenues accruing from it. This was the beginning of agriculture neglect. However, despite the neglect, agriculture still occupies a priority position in the ranking of sectors according to government attention and support .It is considered as a growth driver, wealth creator and poverty reduction sector for a large majority of the Nigeria populace. As an economic activity agriculture contributed about 40% of GDP and provided 60% of employment in the year 2010. According to FAO (2006), agriculture contribution include provision of food for the increasing population, supply of adequate raw materials to a growing industrial sector ,a major source of employment generation, foreign exchange earnings ;and provision of market for the products of the industrial sector. Abayomi (2006) noted that in the early 1950's and 1960's agriculture in Nigeria played a vital role in stimulating economic growth and development. It provided employment to millions of Nigeria. Over seventy percent (70%) of the labour force, mostly from rural areas, were employed in agriculture. CBN (1969) also observed that in the same period agriculture contributed over 70 percent to our export earnings. The overwhelming importance of agriculture cannot be ignored. CBN (2007) maintained that, indeed, agriculture provided the main timulus to the Nigerian economic growth despite the small farm holding and primitive systems. The contribution of agriculture to the nation dominates other sectors' contribution to GDP. However, in 1970 till date, agriculture contribution has been negligible, contributing 34 percent in the year 2006 to

GDP. The development of this sector has been slow in-spite of the various policies that have been pursued by successive governments.

According to Uniamikogbo and Enoma (2001), government had recognized the unhealthy condition of the Nigerian agricultural sector since 1970, and had formulated and introduced a number of programmes and strategies aimed at remedying this situation. These measures included the setting up of large-scale mechanized farms by state and federal government, introduction of scheme such as the River Basin Development Authority. Other measures included, National Accelerated Food Production (NAFP) Operation Feed the Nation (OFN), Green Revolution Programme (GRP) and the Directorate for Food, Roads and Rural Infrastructure. Child (2008) observed that, in-spite of these measures, the development of the agricultural sector has been slow and the impact on economic growth and development has been minimal. In the light of these sad commentaries it is important that the Nigerian agricultural sector be critically examined.

Problem Statement

The Nigerian agricultural sector is largely subsistence with 80% of agricultural output coming from the rural farmers living on less than one hectare-2.47 acres (David, 2011). Yet the sector accounts for 40% of GDP and provides employment opportunities (both formal and informal) for about 60% of the country's population. Eze *et al*. (2010) noted that government support for agriculture has been in the form of establishment of institutional support such as agricultural research, extension, commodity marketing, input supply and land use legislation to fast-track development of agriculture. In spite of all these measures, public expenditure on agriculture has consistently fallen short of expectation. IFPRI (2008), remarked that public expenditure on agriculture has, however, been shown not to be substantial enough to meet the objective of the government agricultural policies. In another dimension, the then CBN Governor, Lamido Sanusi in a public forum in early 2011, remarked that currently agriculture accounts for 40% of GDP, yet it receives only one percent of total commercial banks loans. This is significantly below the level of other developing countries, eg Kenya and Brazil which have reportedly registered 6% and 18% respectively (People's Daily, 2011).These observations are very grave indicating that inadequate financing has been the bane of agricultural development in Nigeria. The recent avowed commitment and drive by the government, though commendable through improved funding and expenditure has not adequately redressed the situation. Given this scenario, the main objective of this paper is to empirically investigate the extent Nigeria's government recurrent expenditure on agriculture has impacted on agricultural output and to determine if there is any long-run relationship

Literature Review

The state of Nigeria's Agriculture

The contribution of agriculture to a nation's growth and development cannot be overemphasized. Economic history has revealed that agricultural revolution is a fundamental precondition for economic growth, especially in developing countries (Eicler and Witt 1964; Woolf and James, 1969). In the Nigerian context, Ukeje (2003) averred that the agricultural sector in 1960's contributed up to 64% of the total GDP but gradually declined to 48% in 1970's during the oil boom. However, Nigeria has diverse agro-ecological conditions which can favourably support a variety of farming models and thus creates its own agricultural model. But successive administrations over

the years neglected agriculture and failed to diversify the economy away from over dependence on capital-intensive oil sector (Uger, 2013). Akintola (2011) observed that Nigeria was the largest net exporter of agricultural produce in West Africa like groundnuts accounting for 42%, palm oil 27%, soya beans 28% and cocoa 18% in 1960's but now, spends over N1.2 trillion Naira importing palm oil, canned beans and other food items. Currently, Nigeria is a huge net importer of agricultural products with such imports exceeding S3 billion in 2010.

Alpueto *et al.* (2009) contend that although the major focus of the government policy is anchored on establishing a system of sustainable agricultural financing schemes and programmes that could provide macro and micro credit facilities, but only paltry evidence is witnessed in terms of agricultural output. They noted sadly that most of the small-holder farmers in Nigeria lack access to inputs to increase productivity, income and reduce poverty. Rural farmers that constitute about 80% of the farming population in the country lack access to credit facilities and are unable to procure improved seeds, fertilizers, herbicides and cannot buy or rent mechanized farming machineries like tractors.

Uger (2013) opined that public expenditure, which serves as bedrock of finance for the agricultural sector has consistently fallen short of public expectation. Corroborating this assertion, a collaborative study carried out by the International Food Policy and Research Institute (IFPRI) and the World Bank in 2008 showed that Nigeria's public expenditure on agriculture is less than 2% of total federal annual budget expenditure. This is significantly low compared to other developing countries like Kenya (6%), Brazil (18%) and 10% goal set by African Leaders Forum, under the comprehensive Africa Agricultural Development Programme (CAADP).
Oriola (2009) argued that despite the numerous laudable agricultural programmes like Agricultural Credit Support Scheme of 2006, FADAMA Development Programmes, and Agricultural Credit Guarantee Scheme Fund among others, productivity has not improved. In-spite of the poor investment in agriculture, the sector has on an average contributed 32% of the country GDP from 1996 to 2000 and 42% between 2001 and 2009 (CBN, 2010).

Agriculture Financing and Economic Growth

Agriculture financing and economic growth nexus has been given considerable attention in the literature. According to Kuznets (1961), the agricultural sector should transfer to the non-agricultural sector the surpluses of investible resources generated by agriculture. He maintained that during the early phase of modern economic growth, the share of agriculture to the national product is around 50%. Moody (1981) observed that agricultural surplus is important for the structural transformation accompanying economic growth. No wonder, Ohkawa and Rosovsky (1996) and Mellor (1973) postulated that developing countries must extract resources from agriculture for successful industrial development. In this light, Landes (1965), reported that in the years of Britain's industrial revolution, agriculture was taking as much attention as capital. In the same vein, Moody (1981) writes that, resource flow into agriculture became necessary because the changes in land tenure and improvements in techniques that made agricultural growth possible required substantial outlays of capital. Capital is required for purchase of agricultural inputs, land clearing, drainage, cost of enclosure and consolidation, fencing, building, equipment, roads etc. Acknowledging the role of financing, Obansa and Maduekwe (2013) posit that agriculture financing does not only

remove financial constraints but also promote investment and adoption of technology necessary to spur desired economic growth. The provision of appropriate macroeconomic policies and enabling institutional finance for agricultural development is capable of facilitating agricultural development with a view to enhancing the contribution of the sector in the generation of employment, income and foreign exchange (Olomola, 1997). The role of financial capital as a factor of production to facilitate economic growth and development as well as to appropriately channel credit to rural areas for economic development of the poor rural farmers cannot be over-emphasized. Shepherd (2002) is of the opinion that credit determines access to all of the resources on which farmers depend.

Bamsisele (2006) argued that, the lack of priority attention to rural population in credit delivery by commercial and other banks in the economy contributed to the depressed economic conditions in the rural economy, and this situation also affects the very economic growth and development of the nation. Eboh (2011) contends that private investment in agriculture in terms of bank's credit is the least among all economic sectors. Banks are generally reluctant to finance agriculture. For instance from 2006-2008, the average total annual flow of bank credits to agriculture was only 2.27% of their total credits. While Sackey (2011) showed that public policy towards agriculture in Nigeria prior to 1974 has been taxing agriculture to finance other sectors,
Onwudinjo (2012) observed that in public sector investment in agriculture within 2002-2007, federal government spent 4.3%, while state governments spent on the average 3.4%. The long term average ratio of agriculture to GDP is about 0.07 indicating less than one tenth of the sector's share of the GDP.

Empirical Review

Akintola (2004) used auto correction model to carry out a study on the role of banking industry in financing agriculture. He identified banks' traditional roles to include financing of agriculture, manufacturing and syndicating of credit to productive sectors of the economy. Credit of banks to the Nigerian economy has been increasing over the years. Awoke (2004) examined the factors affecting loan acquisition and repayment patterns of small holder farmers in Nigeria. The study reveals that high rate of default arising from poor management procedures, loan diversion and unwillingness to repay loans have been threatening the sustainability of most public agricultural credit schemes in Nigeria.

Ayoola and Oboh (2006) investigated the effect of agricultural production on the growth of Nigeria economy. They found out that every segment of agricultural production requires the availability of adequate capital since capital determines access to all other resources on which farmers depend. Using error correction model, Oboh (2008) examined farmers' allocative behaviour in credit utilization in Benue state. The study revealed that the usefulness of any agricultural credit programme does not only depend on its availability, accessibility and affordability, but also on its proper and efficient allocation on utilization for intended uses by beneficiaries. In spite of the importance of credit in agricultural production, its acquisition, management and repayment are replete with a number of problems.

Rhaji (2008) utilizing ordinary least square method in determining the impact of agriculture on the Nigerian economy, found out that the lack of adequate, accessible and affordable credit is among major factors responsible for the systemic decline in the

contribution of agriculture to Nigeria's economy. Oboh and Ekpebu (2010) employed the ordinary least square tool to examine the determinants of formal agricultural credit allocation to the farm sector in Nigeria. The study found out that there is the need to critically assess factors affecting the rate of credit allocation by beneficiaries of Nigerian Agricultural Co-operative and Rural Development Bank (NACRDB). It recommended that a detailed understanding of these factors may provide necessary information towards designing a more effective and sustaining credit system that can serve poor farmers better. Olowa and Olowa (2011) investigated the issues, problems and policies in agricultural credit using exploratory research. They found out that the importance of credit to the development of agriculture cannot be over stressed and that the implementation of agricultural credit programmes in Nigeria is hampered by many problems.

Obansa and Maduekwe (2013) examined agriculture financing and economic growth in Nigeria. They employed secondary data and econometric technique such as ordinary least square, Augmented Dickey Fuller (ADF) unit root test and Granger Causality tests. The results indicate that there is bidirectional causality between economic growth and agriculture financing. The study suggests further that productivity investment will be more appropriately financed with foreign direct private loan, share capital, foreign direct investment and development stocks. Odi (2013) investigated agricultural financing from the perspective of Nigerian Agricultural Co-Operative and Rural Development Bank (NACRDB) from 1990-2010. Using ordinary least square method and quantitative research design, the study found out the following:

- That there is a significant relationship between agricultural financing and the growth of the Nigerian economy.
- The level of loan repayment rate over the years has indeed negatively impacted significantly on the growth of the economy.

Uger (2013) examined the impact of federal government's expenditure on agricultural sector. The data used were sourced from the Central Bank of Nigeria statistical Bulletin. Simple regression was applied, the result shows that there exists positive relationships between federal government agricultural expenditure (financing) and agricultural output although a weak one.

Methodology

This paper employed the use of ordinary least square (OLS) of simple regression model as the test tool for the impact of federal government agricultural expenditure on agricultural output in Nigeria for the period 1981-2010. The choice of the ordinary least square method is based on the fact that it is considered appropriate as it gives an estimator which is best linear, unbiased and efficient. The Federal Government agricultural expenditure (financing) represents the independent variable denoted as X, while agricultural output which represents the dependent variable denoted as Y. The R-squared (R^2) known as the coefficient of determination which is the square of correlation coefficient (R) will be used to describe the percentage of total variation of the dependent variable (X) being explained by the changes in the independent variable (Y).

For the tests of statistical significance, the F-statistic test, t-test, unit root test and co-integration tests will be used. The F-statistic test will be used to describe the overall significance of the model. The t-test will be used to describe the significance of the coefficient of the individual independent variable(s) in the model. The unit root

application is to test for the existence of unit root with the variables while the co integration test will be used to determine if there is any long-run relationship between the dependent variable (Y) and independent variable (X) in the model. The data will be subjected to analysis using E-views 7 statistical software package.

Model specification

The specification of the empirical model is based on the empirical literature. The model has agricultural output (X) as the dependent variable that depends on federal government agricultural expenditure (Y) the independent variable. Thus the model is:

$= \quad F(x)$ - - - - - - - - - - - - - - (1)

$Y = b_0 + b_1X_1 + U_1$ - -- (2)

$$\frac{\partial Y}{\partial X} = 0$$

Where:

Y = Agricultural output

X = Federal government agricultural expenditure

b_0 = Intercept of the regression equation

b_1 = Slope or coefficient of the regression equation

U_1 = Error term or stochastic variable

The error term included will take care of other variables not specified in the model

Unit Root Test: This is the test of stationary or non- stationary of time series data variables. The Augmented Dicker Fuller (ADF) tests will be used to test for unit roots of the variables.

$$Y_t = Y_{ty}-U_t$$

The hypothesis is that Ho: U = 0 (Unit root)

H1: U 0 (No unit root)

Decision Rule: When the t-statistic is less than ADF critical value, reject the Null hypothesis that is unit root does not exist.

Co integration test: This test is carried out to determine the long run relationship between the dependent and independent variables when one or more of the variable is/are non stationary at a level, which means they have stochastic trend (Johansen 1991). This test is mainly used to check if the independent variable(s) can predict both at present (short run) or future (long run). According to Gujarati and Porter (2009), co integration of two or more time series suggests that there is a long run or equilibrium relationship between them.

Apriori Expectation: It is expected that agricultural output(Y) will be positively related to federal government recurrent expenditure on agriculture(X). Hence

$$\frac{\partial Y}{\partial X} = 0$$

Results

The table below presents the data relating to agricultural output and federal government recurrent expenditure on agriculture for the period 1981-2010.

Table 1: Agricultural output and Federal Government recurrent expenditure on agriculture in Nigeria (1981-2010)

Year	Agricultural Output N'Million(Y)	Federal Government Recurrent Expenditure on Agriculture N'Million(X)
1981	13580.32	13.03
1982	15905.50	14.80
1983	18837.19	12.77
1984	23799.43	15.66
1985	26625.21	20.36
1986	27887.45	20.69
1987	39204.22	46.15
1988	57924.38	83.00
1989	69713.00	151.80
1990	84344.61	258.00
1991	97464.06	208.70
1992	145225.25	455.97
1993	231832.67	1803.81
1994	349244.86	1183.29
1995	619806.83	1510.40
1996	841457.07	1592.56
1997	953549.37	2058.88
1998	1057584.04	2891.70
1999	1127693.12	59316.17
2000	1192910.00	6335.78
2001	1594895.53	7064.55
2002	3357062.94	9993.55
2003	3624579.49	7537.35
2004	3903758.69	11256.15
2005	4773198.38	16325.60
2006	5940236.97	17900.00
2007	6757867.73	32500.00
2008	7981397.32	65400.00
2009	9186306.05	22440.00
2010	10273651.99	29560.00

Source: CBN Statistical Bulletin 2010

Data Analysis and Discussion

Below is the presentation of the results emanating from the analysis of the data used in the study from the E-views 7 statistical software.

Table 2. Descriptive Statistics:

	Y	X
Mean	2146251.	9932.357
Median	730632.0	1698.185
Maximum	10273652	65400.00
Minimum	13580.32	12.77000
Std. Dev.	3036654.	16869.08
Skewness	1.417389	2.178575
Kurtosis	3.763685	7.043787
Jarque-Bera	10.77398	44.17122
Probability	0.004576	0.000000
Sum	64387544	297970.7
Sum Sq. Dev.	2.67E+14	8.25E+09
Observations	30	30

Table 2 presents the descriptive statistics results. The results show that the average value (mean) of agricultural output (Y) and Federal Government recurrent expenditure on agriculture (X) are 214625.1 and 9932.357. The maximum values for Y and X are 13580.32 and 12.77. The deviations from the means of Y and X shown by their standard deviations are 3036654 and 16869.08 respectively. The Jarque-Bera statistics for Y and X are 10.77398 and 44.17122. Both values are greater than 1 which indicates that the distributions of Y and X data are normally distributed.

Table 3: Regression Results

Dependent Variable: Y
Method: Least Squares
Date: 03/02/14 Time: 20:22
Sample: 1981 2010
Included observations: 30

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	948744.2	488365.4	1.942693	0.0622
X	120.5663	25.26183	4.772667	0.0001

R-squared	0.448584	Mean dependent var	2146251.
Adjusted R-squared	0.428890	S.D. dependent var	3036654.
S.E. of regression	2294854.	Akaike info criterion	32.19458
Sum squared resid	1.47E+14	Schwarz criterion	32.28799
Log likelihood	-480.9187	Hannan-Quinn criter.	32.22446
F-statistic	22.77835	Durbin-Watson stat	0.948023
Prob(F-statistic)	0.000052		

The functional model applied in this paper is expressed as: $Y=b_o + b_1X_1 + U$. Therefore, substituting the coefficients of C and X from Table 3 into the model it will become:
$Y= 948744.2 + 120.5663X_1 + U$

From the regression results the intercept value is 948744.2, implying that when there is zero Federal Government recurrent expenditure on agriculture, the agricultural output would be 948744.2. The coefficient of Federal Government recurrent expenditure on agriculture (X) is 120.5663. This shows that a unit change in Federal government recurrent expenditure on agriculture (X) will cause 120.5663 changes in agricultural output (Y). It is statistically significant given the t-statistics of 4.772667 at a probability of 0.0001. This shows that X is statistically significant in explaining Y.

The R-squared (R^2) which is the coefficient of determination is 0.448584, which shows that agricultural output (Y) is explained to the extent of 44.86% this is confirmed by the closeness of R-bar squared ($\bar{R}^2$) of 42.89% to R- squared value of 44.86%. The R-squared information shows that a positive relationship exist between Y and X such that 44.86% of distortion in agricultural output is caused by inadequate Federal government recurrent expenditure on agriculture. While the 55.14% remaining represents what the error term has captured which shows other factors capable of influencing agricultural output not included in the model. Such as no access to fertilizers and farm inputs, non availability of credit and investments, poor seedlings and other environmental factors and conditions. The F-Test statistic is 22.77835 with a probability of 0.000052. This implies that overall, Federal government recurrent expenditure on agriculture (X) is statistically significant in explaining the variability in the dependent variable agricultural output (Y).

Unit Root Test

Time series data have been reported not to be stationary as results emanating from their analysis are capable of giving misleading predictions. This recognition therefore, warranted the application of unit root test in order first to affirm the stationary status of the variable before its analysis. Gujarati and Porter (2009) observed that most economic variables that exhibit time series are not stationary and using non-stationary variables in a model might lead to spurious or fake regression results which cannot be relied upon for precise prediction. The data represented by Y and X are time series data and there is need to determine if they are non–stationary that is they have unit root. This test was done using the Augmented Dickey-Fuller (ADF) test of E-view 7.1. In carrying out this test the paper assumes a constant and linear trend, a lag length of zero (0) at first difference. The decision criterion is that when the test critical values become greater than the ADF statistic the data get stationary (with a unit root)

Table 4: Unit Root Test Results:

(a)Null Hypothesis: D(Y) has a unit root
Exogenous: Constant, Linear Trend
Lag Length: 0 (Automatic - based on SIC, maxlag=1)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-4.415476	0.0081
Test critical values:	1% level	-4.323979	
	5% level	-3.580623	
	10% level	-3.225334	

*MacKinnon (1996) one-sided p-values. Table 4 (a) above shows that agricultural output (Y) was stationary at first difference. The test critical values at 1%, 5%, 10% are -4.323979,-3.580623 and -3.225334 and are greater than the ADF statistic of -4.415476

Table 4(b). Null Hypothesis: D(X) has a unit root
Exogenous: Constant, Linear Trend
Lag Length: 1 (Automatic - based on SIC, maxlag=1)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-5.694583	0.0004
Test critical values:	1% level	-4.339330	
	5% level	-3.587527	
	10% level	-3.229230	

MacKinnon (1996) one-sided p-values.

Table 4(b) above shows that Federal government recurrent expenditure on agriculture (X) was stationary at first difference since the test critical values of 1%,5% and 10% are -4.33939, -3.587527, and -3.229230 which are greater than the ADF test statistic of -5.694543. With a probability of 0.0004 it implies that Federal government recurrent expenditure on agriculture has a significant impact on agricultural output.

Co-integration Test Results

In order to determine if there is a long-run relationship between the dependent and independent variables when one or all of the variables is/are non-stationary at a level which signifies that they have stochastic trend, co integration test is usually applied. This study applies the Johansen (1991) co-integration economic software of E-views to investigate the long-run relationship between the dependent variable (Y) and the independent variable (X). The decision criterion is that when the Trace statistic and the Max-Eigen statistics values are greater than the 0.05 critical value, it means that there is co-integration equation at 0.05 level.

Table 5: Co-integration Test Results
Date: 03/02/14 Time: 20:33
Sample (adjusted): 1983-2010
Included observations: 28 after adjustments
Trend assumption: Linear deterministic trend
Series: Y X
Lags interval (in first differences): 1 to 1
Unrestricted Co integration Rank Test (Trace)

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None *	0.421754	25.85794	15.49471	0.0010
At most 1 *	0.313221	10.52078	3.841466	0.0012

Trace test indicates 2 co-integrating eqn(s) at the 0.05 level
* denotes rejection of the hypothesis at the 0.05 level
**MacKinnon-Haug-Michelis (1999) p-values

Unrestricted Co integration Rank Test (Maximum Eigenvalue)

Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic	0.05 Critical Value	Prob.**
None *	0.421754	15.33716	14.26460	0.0337
At most 1 *	0.313221	10.52078	3.841466	0.0012

Max-eigenvalue test indicates 2 co integrating eqn(s) at the 0.05 level
* denotes rejection of the hypothesis at the 0.05 level
**MacKinnon-Haug-Michelis (1999) p-values

The results from Table 5 above clearly show that there is 2 co integration equations at None and At most 1 hypothesized No. of co integration equations Trace statistic values are 25.85794 and 10.52078 which are greater than their respective 0.05 critical values of 15.49471 and 3.841466.In the same vein going by the Max-Eigen statistic of 15,33716 and 10.52078 are greater than their respective 0.05 critical values of 14.26460 and 3.841466.The result indicate therefore, the rejection of the null hypothesis of None and At most 1 No of co integration equations and conclude that there is the existence of long-run relationship between agricultural output (Y) and Federal government recurrent expenditure on agriculture (X) in Nigeria.

Conclusion

The paper was able to achieve its defined objectives at the outset. The findings robustly show that there is a positive relationship as well as a long-run relationship between agricultural output (Y) and Federal government recurrent expenditure on agriculture (X). However, the findings are at variance with Uger (2013) whose results showed a weak relationship between government expenditure and agricultural output in Nigeria. This, of course, has serious implications for policy makers in the agricultural sector.

Recommendations

Arising from the findings the paper recommends as follows:

1. The Federal government should as a matter of urgency increase the recurrent expenditure on agriculture as this is capable of increasing agricultural output

which is likely to fill the food importation gap already being experienced in the country.

2. The Federal and State governments should create more enabling environment in the agricultural sector. Such initiatives should be in the areas of reduction of corporate taxes, granting tax holidays, granting of pioneer status to enjoy capital allowances, roads and railways construction, telecommunication provision, security, quick dispensation of justice are likely to attract private sector that would come in with massive investments that will radically transform the sector from its subsistence level.

3. The Federal and state governments should establish direct links with farmers throughout the country. This will enable the governments to know the real farmers and have a quick reach to them when it comes to granting access to credit facilities, guaranteeing loans, distribution of farm inputs, fertilizers, improved seedlings etc.

4. A total re-appraisal and overhauling of the agricultural sector is required. New programmes and schemes should be initiated with a view to re-strategizing to improve the sector so that it can provide the much needed food for the citizens, employment opportunities, income generation and foreign exchange earnings.

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