

# NIGERIAN AGRICULTURAL SECTOR AND BUDGETARY ALLOCATION, 1990-2008

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## ABSTRACT

This study was conducted to examine the place of agriculture vis-a vis the priority the sector has received from budgetary allocation between 1990 and 2008. Secondary data from various sources were received and descriptive statistics employed in analyzing the data. The results shows that: the average budgetary allocation is very low with a highly unstable and unpredictable trend; Nigerian government has neglected the 'Maputo's Declaration' to the commitment of at least 10% of the total budget to agriculture and the allocation is far worse off 5 year after the Declaration in 2003. Agriculture with average budgetary allocation 2.68% has not been given priority when compared with Defence (10.99%) Education (6.71%), Administration (5.27%), Manufacturing/ mining (4.88%) Health (3.04%) and Transport/ Communication (2.81%). Based on the findings a number of recommendations were made.

**KEY WORDS:** Agriculture, Priority, Budgetary Allocation and Nigeria.

## INTRODUCTION

The government budget is a financial statement of the government's proposed expenditure and expected revenue during a particular period (usually a year).

By manipulating the size and structure of the government expenditure (allocation) and revenue, government can solve a number of macro-economic problems such as low agricultural productivity (Longe, 1984; Ekpo, 1996; Ebi and Uduma, 2008 etc).

Tax-derived revenue are allocated by political processes to several issues of national interest. Priority in the allocation are determined by a somewhat subjective process consisting of lobby action, representatives awareness of local support of issues by their constituencies, explicit or implicit impact of a programme or policy etc. If we view the budget as a system in itself, we note the importance of information inputs in the decision-making process. Bad inputs lead to bad outputs and bad outputs cause serious resource misallocations within the budgetary system (Hovey, 1992; Olisambu, 1992 and IFPRI, 2004). It was upon the above framework that, at the second Ordinary Assembly of the African Union (AU), in July, 2003, in Maputo, African Heads of State and Government endorsed the 'Maputo, Declaration on Agriculture and food security in Africa'. The Declaration contains several important decisions regarding agriculture but prominent among them were the 'commitment to the allocation of at least 10 percent national budgetary resources to agriculture within five years ([www.africaunion.org](http://www.africaunion.org))

The year 2008 is exactly five years after the Maputo's Declaration. Hence, it would be pertinent to examine among other things:

- i) Budgetary allocation to agriculture five (5) years before and after the Maputo's Declaration
- ii) Budgetary allocation to agriculture in the last nine (9) years of military regime and

the first nine (9) years of democratic government.

- iii) The trend of budgetary allocation to agriculture for the period 1990-2008.
- iv) Allocations to agriculture vis-à-vis other sectors of the economy for the period under review.

## MATERIALS AND METHODS

The required data for the study are total budget, and budget allocation to agriculture and some other sectors of the economy. These data were obtained from various sources viz: Central Bank of Nigeria (CBN), Annual Statistical Bulletin (2005), Federal Office of Statistics (FOS), Annual Abstract of Statistics (2001) and Federal Ministry of Finance, 2007 and 2008 budget speeches. We employed descriptive statistics such as average, range and percentage in analyzing the data obtained.

The choice of the period 1990 to 2008 is to enable us compare allocation to agriculture between the last 9 years of military and the first 9 years of democratic government in Nigeria, as well as comparing the allocation five years before and after the Maputo's Declaration within the democratic regime.

## RESULTS AND DISCUSSION

Two tables are presented in this section for the purpose of discussion. Table 1 shows the percentage share of agriculture in total budget from 1990 to 2008 with sub-average for the last 9 years of military and the first 9 years of democracy in Nigeria, as well as percentage share of agriculture 5 years before and after Maputo's Declaration. Table 2 shows the percentage shares or budget allocation to different sectors of the economy for the period under review.

Table 1: Agriculture percentage share of the total budget 1990-2008

YEAR	TOTAL FEDERAL BUDGET (N MILLION)	ALLOCATION TO AGRIC (N MILLION)	PERCENTAGE %	REMARKS
1990	60,268.2	2,712.1	4.5	
1991	66,584.4	1,598.2	2.4	
1992	92,797.4	927.9	1.0	
1993	191,228.9	2,868.4	1.5	
1994	160,093.2	3,682.4	2.3	
1995	248,768.1	6,965.6	3.8	
1996	337,217.6	5,574.0	1.7	
1997	428,215.2	7,929.6	1.9	
1998	487,113.4	11,840.4	2.4	
<b>Average</b>	<b>For Military</b>	<b>(1990-1998)</b>	<b>2.4</b>	
1999	947,690.0	38,259.8	4.0	Average 1999-2003 =3.5% (before Maputo)
2000	701,100.0	10,596.4	1.5	
2001	1,018,000.0	64,943.9	6.4	
2002	1,018,200.0	44,803.9	4.4	
2003	1,226,000.0	16,045.2	1.3	
2004	1,377,300.00	50,395.4	3.7	Average 2004-2008 = 2.4% (after Maputo)
2005	1,500,000.0	26,000.0	2.4	
2006	1,880,000.0	376,000.0	2.0	
2007	2,300,000.0	13,800.0	0.6	
2008	2,748,000.0	89,950.	3.2	
<b>Average</b>	<b>For Democracy</b>	<b>(1999-2005)</b>	<b>4.0</b>	
<b>Overall Average</b>			<b>2.7</b>	

Sources: Computed from (CBN) Annual Statistical Bulletin (2005), (FOS) Annual Abstract of Statistics (2001), 2007 and 2008 Budget Speeches.

Table 1 above shows that the allocation to agriculture as percentages of total budget ranged from 4.5% to 1.0% with an average of 2.4% over the last 9 years of military regime (1990 to 1998). On the other hand, the democratic government budgetary allocation to agriculture as a percentage of the total budget ranged from 6.4% in 2001 to 0.6% in 2007 with an average of 3.5% for the first 9 years of her democratic governance (1999 to 2008). Hence, on average, the first 9 years of democratic administration had a better budgetary allocation to agriculture vis –à vis their military counterparts in Nigeria.

The overall average for the period 1991 to 2008 stood at 2.7%. A close examination of trend shows that the pattern of government budgetary allocation to agriculture as a percentage of the total budget was not consistent. Instead of maintaining an increasing proportion of the yearly budget, it has been largely fluctuating with highest allocation of 6.4% in 2001 and the lowest of 0.6% in 2007.

Table 1 also shows that agriculture received on average 2.4% share of the total budget 5 years after Maputo's Declaration as against an average of 3.5% five years before Maputo's Declaration. Hence, agriculture's share of the total budget is even worse off after the declaration of the commitment to the allocation of at least 10% of national budgetary resources to agriculture.

Table 2 below shows the percentage of budget allocations to different sectors of the Nigerian economy. A close examination of table 2 reveals that agriculture received on average 2.68%; Manufacturing / mining 4.88%; Transport / Communication 2.81%; Education 6.71%; Health 3.04%; Housing 1.48%; Defence 5.27% and Administration 10.99% over the period 1990-2008. It is evident from the table that agriculture is not a priority sector in the scheme of things when compared to: Administration, Education, Defence, Manufacturing/ Mining, Health and Transport / Communication and it is only better than Housing among the sectors involved in this study over the period under review.

**Table 2; Percentage of Total Budgetary Allocation to Different Sectors of the Economy (1990-2008)**

Year	Agric %	Manu/Mining	Transport Comm.%	Edu. %	Health %	Housing %	Defence %	Admin. %
1990	4.5	2.2	4.2	3.8	1.2	2.6	2.7	8.3
1991	2.4	2.3	3.8	2.4	1.2	7.1	3.4	7.7
1992	1.0	1.1	1.1	2.2	1.1	1.8	2.9	7.5
1993	1.5	0.8	0.9	4.2	1.4	1.3	2.2	8.9
1994	2.3	1.9	1.1	6.4	2.0	2.4	3.4	11.7
1995	2.8	2.4	1.9	5.1	2.1	0.0	3.0	14.7
1996	1.7	2.0	3.3	4.6	1.4	0.6	4.2	9.7
1997	1.9	0.7	2.0	3.7	1.4	2.4	3.6	11.2
1998	2.4	1.0	1.7	5.5	2.5	3.1	4.4	12.4
1999	4.0	4.2	1.0	11.2	1.7	0.6	3.5	8.4
2000	1.5	2.2	0.8	8.3	2.6	1.5	5.7	12.4
2001	6.4	18.4	5.2	7.0	4.4	3.5	6.2	10.1
2002	4.4	17.0	5.3	5.0	6.2	5.0	10.6	18.0
2003	1.3	10.4	2.4	11.8	3.2	0.0	5.0	30.6
2004	3.7	10.3	1.1	7.8	3.8	0.0	6.2	7.4
2005	2.4	8.1	4.3	8.3	5.2	0.2	6.3	7.2
2006	2.0	3.7	6.5	11.0	7.0	0.5	6.5	3.5
2007	0.6	2.2	3.2	6.1	4.4	0.3	4.5	9.5
2008	3.2	1.8	3.5	13.0	5.0	0.3	16.2	9.7
<b>Ave.</b>	<b>2.68</b>	<b>4.88</b>	<b>2.81</b>	<b>6.71</b>	<b>3.04</b>	<b>1.48</b>	<b>10.99</b>	<b>5.27</b>

Sources: Computed from (CBN) Annual Statistical Bulletin (2005), (FOS) Annual Abstract of Statistics (2001); Federal Ministry of Finance, 2007 and 2008 Budget Speeches.

## CONCLUSION AND RECOMMENDATIONS

This study was conducted to assess if agriculture is a priority sector in the scheme of things in Nigeria by examining the budgetary allocation for the period 1990 – 2008. It was observed that:

- (i) Government budget allocation to agriculture is very low, unstable and unpredictable over the period 1990 – 2008.
- (ii) Nigerian government had refused to give priority to the commitment of at least 10% of the total budget to agriculture as stipulated by the African Union (AU) IN Maputo (2003) and the allocation is even worse off 5 years after the Maputo's Declaration.
- (iii) Agriculture is not a priority sector when compared to sub-sectors as Administration, Education, Defence, Manufacturing / Mining, Health and Transport / Communication for the periods 1990- 2008.
- (iv) The first nine years of democratic governance had, on average, a better budget allocation to agriculture when compared to the last nine years of military regime in Nigeria.

In line with the findings, the following recommendations are suggested

- There should be a well defined pattern / increase in budgetary allocation to agriculture in tandem with its role in national economy.
- Government should adhere to the 10% budgetary commitment to agriculture as stipulated in second Ordinary Assembly of African Union (AU) in Maputo 2003.

- Democratic governance should be sustained as it provides a better budget allocation to agriculture than the military regime.

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