National Association of Nigerian Traders (NANTS)
Plot 19, Dan Suleiman Crescent, Behind Utako Market; FCT – Abuja
Tel: +234-9-7812124, +2348033002001, +2348056007788
Email: nants_nig@yahoo.com, info@nants.org
Website: www.nants.org

NANTS Agric Budget Advocacy Series NANTS-VFS-ASSAPIN/OGB/003

A Review of the Proposed 2013 Agriculture Budget for Achieving the Transformation Agenda

By
Ken UKAOHA, Esq.
Emeka NGENE

Voices For Food Security
Oxfam
ASSAPIN

A REVIEW OF THE PROPOSED 2013 AGRICULTURE BUDGET FOR ACHIEVING THE TRANSFORMATION AGENDA TARGETS

1.0. INTRODUCTION

The annual Budget has been widely regarded as the second most important legal document of a nation after the Constitution. 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 prioritisation among sectors, programmes and projects through the share of the budget that each gets. The sectoral allocations usually reflect government policy and programmes as detailed in policy documents adopted by the administration at the time. The present government has adopted Transformation Agenda 2011-2015 (TA) as the Blueprint for the nation's socio-economic development with specific areas of focus including targets and strategies for realising them.

The TA clearly makes agriculture one of the key sectors and drivers of the economy that is strategic for achieving socioeconomic transformation of the country. The role of agriculture in transforming Nigeria is particularly significant because it contributes most to Nigeria's GDP (above 40%); employs about 66% of the labour force; provides over 80% of food consumed in Nigeria; provides at least 50% of industrial raw materials needed in the country and holds a lot of potentials for the needed transformation.

But notwithstanding the demonstrated contribution and potentials of this sector, successive governments have over the years relegated it to secondary levels behind other less sustainably impacting sectors like oil and gas. With the TA of the present administration, agriculture comes to limelight as a potential vehicle for creating employment and improving the GDP growth rate of the country from 7.2% in 2011 to the desired 11.8% in 2015.

Given the established relation between government's sectoral priorities and budget allocations, the budgetary allocation to agriculture becomes of interest for review allowing a test of government's real commitment to the sector and since this 2013 budget is the third in the life of the TA, the budgetary trends would provide enough indication of government's practical commitment to the sector and realizing the targets of the TA through Agriculture.

This review will overview the 2013 agriculture budget as proposed by the Executive; attempt an analysis of the nation's current status in terms of investments and achievements in the agriculture sector; draw attention to the role ascribed to agriculture in the TA and other development strategies; analyse budgetary allocations to agriculture for the years 2011-2013 and conduct a sufficiency analysis of the budgets for transforming the economy by 2015; and make advocacy recommendations for necessary review of the agriculture budget 2013.

2.0. OVERVIEW OF THE 2013 AGRICULTURE BUDGET

Since the agriculture budget is a subsidiary of the whole federal budget, it is logical to begin with a brief reflection on the bigger budget and the fiscal policies that drive the allocations in the smaller. The 2013 budget continues on four pillars of macroeconomic stability, structural reforms, governance & institutions, and investing in priority sectors of the economy with continued fiscal prudence but growing and creating jobs. For 2013 the gross federally collectible revenue is N10.84 trillion while N3.89trillion is total available for federal government budget and non-oil revenue should grow due to on-going reforms in revenue collecting agencies.

The aggregate expenditure for 2013 is N4.92 trillion broken down as follows: statutory transfers (N380.02billion); debt service (591.76billion); debt service (N591.76billion); non-debt recurrent expenditure (N2.41trillion); and capital expenditure (N1.54trillion). The 2013 promises to focus on critical economic and social sectors and consequently allocated the following resources to them:

S/N	Sector	Amount Allocated
1	Works	183.5bn
2	Power	74.26bn
3	Education	426.53bn
4	Health	279.23bn
5	Defence	348.91bn
6	Police	319.65bn
7	Agriculture	81.41bn

Table 1: Sectoral Allocations in 2013 Proposed Budget

In the 2013 budget speech to the National Assembly, Mr. President Dr Goodluck E. Jonathan gave an analysis of the fiscal policy guiding the budget allocations. With respect to agriculture, he informed that fiscal measures on rice, cassava, wheat, machinery for agriculture will continue but in addition there will be 0% duty for local sugar production machinery, 5 year tax holiday for sugar cane to sugar value chain investors; 20% duty and 60% levy on imported refined sugar; import duty and levy on raw sugar at 10% and 50% respectively and for imported brown and polished rice 10% import duty and 100% levy.

Gender mainstreaming initiative in the budget was also highlighted to deliver specific services to women; for example, the FMARD will work with Ministry of Communications Technology to provide 5million women and agricultural entrepreneurs with mobile phones to enhance access to information.

Further breakdown of the agriculture budget shows that N48, 730, 000,000 (59.66%) is for capital expenditure while N32, 953,474,280 (40.34%) is for recurrent expenditure. To undertake the entire review of the agriculture sector budget including that of the 26 MDAs with budget heads will be unwieldy and though they all contribute to realising sector targets, we shall dwell on the budget of the main ministry (Federal Ministry of Agriculture and Rural Development- FMARD) to build the analysis of advocacy issues in the sector's budget proposal.

The FMARD has a proposed budget of N47, 317,902, 788 disaggregated into N40, 243,026,310 for capital expenditure and N7, 074,876,478 for recurrent expenditure. The recurrent expenditure is further broken into personnel cost (N6,706,023,229) and overhead (N368,853,249). It is also important to indicate that the capital expenditure budget is the aspect of the budget that is invested into development projects and programmes and therefore significant for achieving desired economic transformation. The recurrent budget shall be commented upon to show some misallocations that occur in the budget. However, this review will focus more on the capital budget which is further broken down into:

S/N	Budget Description	Amount (in Naira)
1	Purchase of Library Books & Equipment	42,000,000
2	Purchase of agricultural equipment	23,837,873,762
3	Construction/provision of office buildings	1,620,000,000
4	Construction/provision of water facilities	609, 222,730
5	Construction/Provision of agricultural facilities	10,735,929,818
6	Construction/provision of roads	1,288,000,000
7	Construction/provision of infrastructure	1,350,000,000
8	Rehabilitation/repairs of office buildings	100,000,000
9	Research and Development	100,000,000
10	Monitoring and evaluation	560,000,000

Table 2: showing detail breakdown of capital budget for agriculture 2013

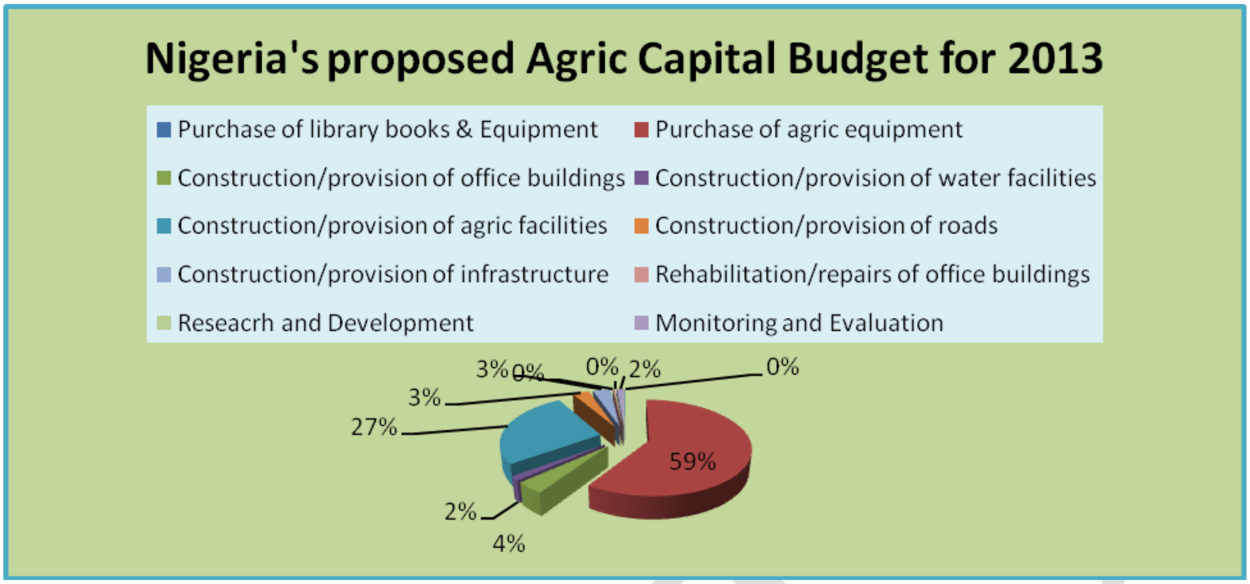

Chart 1: Graphic representation of 2013 proposed Agric budget

While all the items above are important, the one on purchase of agricultural equipment (which takes an allocation of about 59%) is most significant for the transformation agenda in the sense that it caters for procurement of farming inputs that are mostly used by small scale farmers who produce the major chunk of all local food in Nigeria. In earlier editions of NANTS *'Farm & Food'* Newsletter, it was argued that planting materials, fertilizer and agrochemicals including herbicides, insecticides, and fungicides are critical inputs if food production will attain an optimal level as desired. The three areas received the following budget allocations: Planting materials (N5, 929,890,000); fertilizer (N8, 917,752,280); and agrochemicals (N3, 331,412,500).

3.0. A SWOT ANALYSIS OF THE 2013 AGRIC BUDGET

3.1. Strengths of the 2013 Agriculture Budget

Three key issues are observable from the proposed budget that could count for its strengths. The first is that there is a nominal increase of the budget to the sector from

N78.9billion in 2012 to N81.41billion in 2013 though in terms of agriculture budget as a percentage of the total there is no significant change (1.66% in 2012 and 1.7% in 2013).

The second is that the capital budget (59.66%) is greater than the recurrent (40.34%) which could be regarded as being pro-development as it enables sectoral investment in those key equipment, facilities and inputs that will lead to actual increase in food production for man and raw materials for industries.

The third is that within the capital budget there is a greater allocation to planting materials, fertilizer and agrochemicals over other supporting activities such as monitoring and evaluation. Though this has been the trend, it is encouraging to actual farming practice through provision of those farming essentials. The fourth is that the capital budget of the FMARD is dynamic and not just a repetition of the 2012 capital budget votes. Though the headings are similar but the allocation of different figures reflect changes in the sector showing the dynamism that social sector budgets should have as a principle.

3.2. Weaknesses of the 2013 Agriculture Budget

Notwithstanding the strengths identified above, the 2013 Agriculture budget has some weaknesses, among which are:

i. That the budget to the agriculture sector as a percentage of the total (1.7%) falls below the Maputo Declaration benchmark of 10% as public investment to agriculture for growing the GDP by at least 6%. It is worthy to note that if Nigeria needs to attain 11.7% GDP growth rate by 2015 as forecasted and adopted in the Transformation Agenda, heeding the Maputo Declaration is a most veritable approach to achieving the target. Some would argue that the Maputo benchmark is total of public investment including that of states and local government councils, but participants at the Africa Maputo Declaration Dialogue[1] established that the federal budget for agriculture alongside that of the 37[2] states and 774 LGCs do not come close to the Maputo benchmark.;

ii. As in the 2012 and other years budgets, the 2013 capital budget for agriculture was crafted in a suspicious manner in terms of some headings that at best confuse an average analyst. For example, one observes that within the budget, headings like fertilizer occurs 12 times with no distinctions of which fertilizer types are intended and for which crops. There were nothing like footnotes or explanatory marks to elucidate or give details of what is meant.

iii. In the same ambiguity, planting materials were listed as seeds, seedlings and improved varieties without showing for which crop(s) they are intended. The obvious challenge which can be boldly said to be intentionally created by the budget drafters is to make external understanding, analysis, monitoring and evaluation of the budget near impossible;

iv. The 2013 agriculture budget did not consider and factor in the recent developments that may affect the sector's ability to contribute to the achievement of the Transformation Agenda targets.

The recent flood across various food producing states of Nigeria is an example of such development. The impact of the flood on food production is that crops and farmlands are washed away, reducing total yield of agricultural produce and products and will certainly affect food availability and security especially in the year 2013. With an increased budget for agriculture, FMARD would procure fertilizer to maximise yield of the reduced arable

[1] Recently organized by NANTs in Abuja
[2] Considering the FCT as one of the Nigerian states

land available and flood-resistant varieties of some crops as well as adopt new technologies that will mitigate the impact of the floods.

4.0. CURRENT STATUS OF INVESTMENTS AND ACHIEVEMENTS IN THE AGRICULTURE SECTOR

To access Nigeria's status, there is need to look at per capita investment in the sector and measure how it relates to the international and national standards such as the MDGs and the Transformation Agenda and its capacity for achieving their targets. Similarly, aggregate investment in agriculture (%) will be compared to another West African country[3]. There is also comparison of the 2013 budget for the past three years to establish a trend and also review the budget implementation over the years in the sector. Finally for this section, the budgeting challenges facing the agricultural sector will be analyzed.

4.1. Per Capita Investment in Agriculture vis-à-vis International and National Standards

Based on 2.3% growth rate of the 2006 population census figures[4], the National Population Commission estimates the Nigerian population in 2013 to be 170,841,000. Looking at the proposed capital[5] budgetary allocation to agriculture (N48, 730, 000,000) what amount per Nigerian is the nation investing in the agricultural sector. The per capita investment is N285.23k; but since the investments at the states and local governments[6] are not included in this matrix, the investments are definitely greater than that. However, considering that most of the capital expenditure items are located in the states and local governments, the situation is more interwoven in nature. Nevertheless, for the purposes of this review, it may be fairly assumed that agriculture investments of all the states and local

---

[3] a developing country like Nigeria.
[4] BusinessDay Sunday 05 August 2012
[5] Since capital budget impacts more on development than recurrent
[6] Not available at the time of this review

governments added to that of the federal may bring the per capita agriculture investment to about N570.46k.

Linking this assumption to the MDG 1 which seeks to end poverty and hunger with a target of halving between 1990 and 2015 the proportion of people who suffer from hunger, the question is, is the amount able to put in place practical measures and materials to meet the food needs of the country? The obvious answer is NO, because on face value it is absolutely impossible to feed a person at that rate for a year even with existing infrastructure and programme interventions in the sector. If agriculture is to be used as a means for achieving this MDG target, greater investment is obviously required for the sector.

Coincidentally, the Nigeria Transformation Agenda targets that by 2015 the GDP growth rate should be 11.8% to achieve the target of 'real and nominal GDP of about N428.6 billion and N73.2 trillion at the end of the programme period'[7]-2015. According to the Agenda, agriculture is one of the main drivers of the economy and is expected to contribute to GDP by 36.5% for 2013.

To assign a huge task as outlined above to the sector and then allocate a paltry sum to it seems misplaced and this is further confirmed when one looks at the allocations to other equally important economic and social sectors which shows that agriculture budget is greater than that of Power sector only. The point is that for agriculture to play the role adequately the sector needs to be sufficiently financed as in other countries at similar levels of development as Nigeria.

[7] Page 34 of the Transformation Agenda

4.2. Best Practice Example of Aggregate Agriculture Investment in Terms of Percentages- Sierra Leone[8]

Incidentally, Sierra-Leone shares a similar vision of making its agricultural sector an engine for socio economic development of its people with Nigeria. During the years of their transformation, it demonstrated its commitment to agriculture through budgetary allocations and in that regard it differs from Nigeria. Sierra Leone had 1.6% in 2007; 7.7% in 2009 and about 10% in 2010 of its total budget allocated to agriculture[9]. But in the case of Nigeria, the trend from 2010 to 2013 shows that the agriculture budget as a percentage of the total is not changing significantly. Given the avowed commitment of the government to transform the economy through agricultural development between 2011 and 2015, it has Sierra Leone to learn from. The agriculture budget should increase as percentages of the total significantly within transformation years.

4.3. Review of Agriculture Budget Implementation over 3 years (budgeted versus actual)

Years	Agric capital Budget (N)billion	Level of utilization (%)				
		Amount released (N)billion	Amount cash backed (N)billion	Utilization of cash backed funds (N)billion	%age of cashed backed amounts	%age of total releases
2010	31.86	26,730.652,327	26,725,719,041	17,885,989,373	66.92	66.91
2011	31.4	21.50	21.50	21.43	99.66	99.66
2012	44.66	13,898,352,780	13,357,648,336	8,248,131,659[10]	61.75	59.34
2013 (proposed)	48.73	-	-	-	-	-

Table 3: Capital allocation to agric 2010 - 2013

---

[8] An example of west African developing country like Nigeria

[9] http://www.statehouse.gov.sl/index.php/component/content/article/34-news-articles/561-sierra-leone-government-presidential-address-delivered-by-his-excellency-the-president-dr-ernest-bai-koroma-gcrsl-president-of-the-republic-and-commander-in-chief-of-the-republic-of-sierra-leone-armed-forces-on-the-occasion-of-the-end-of-the-fif

[10] As at end of June 2012

Table 3 above and the chart 2 below show that capital allocation to agriculture between 2010 and 2013 is somewhat irregular because the allocation in 2010 is greater than that of 2011 whereas the allocation in 2012 is greater than 2011's and the proposed capital budget for agriculture in 2013 is greater than 2012 allocation. The reason for the lower allocation in 2011 according to the budget Office of the Federation (BOF) is due to a fall in international crude oil price which further affected revenue expectations. But what the year lost in terms of nominal amount of capital allocation, it gained in having 99.66% of cash backed capital budget utilization. Though the other years received higher allocations, 2011 seems to have had more impact in real terms in the sector going by its implementation level.

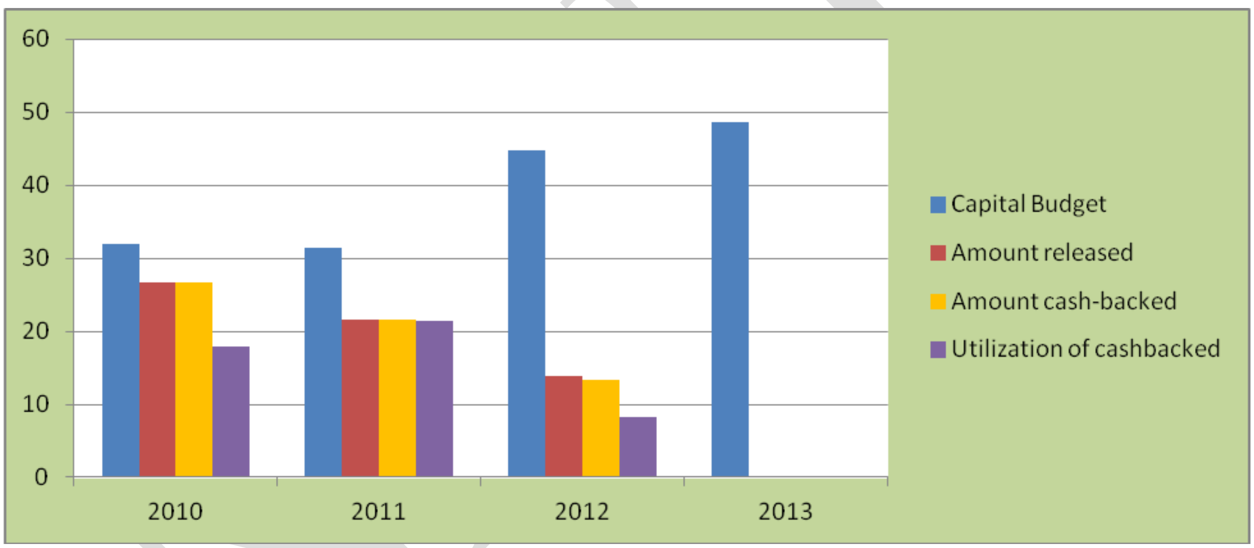

Chart 2: Budget implementation 2010 - 2012

Chart 1 above is a clear representation of the implementation of Agric budget within the overall National budget from 2010. The probable reason for this exceptional level of implementation in 2011 is that the fiscal year was extended from December 2011 to March 2012, though on the other hand the fiscal year started late (April 2011) bringing the entire implementation period to the usual 12 months. However, the point here is that the amount allocated to the sector is important but the level of implementation is more important, after all it is the utilized budget that can provide facilities, equipment and inputs for farming which increases yield, income and growth of the GDP and not the allocated funds lodged with the Central Bank of Nigeria.

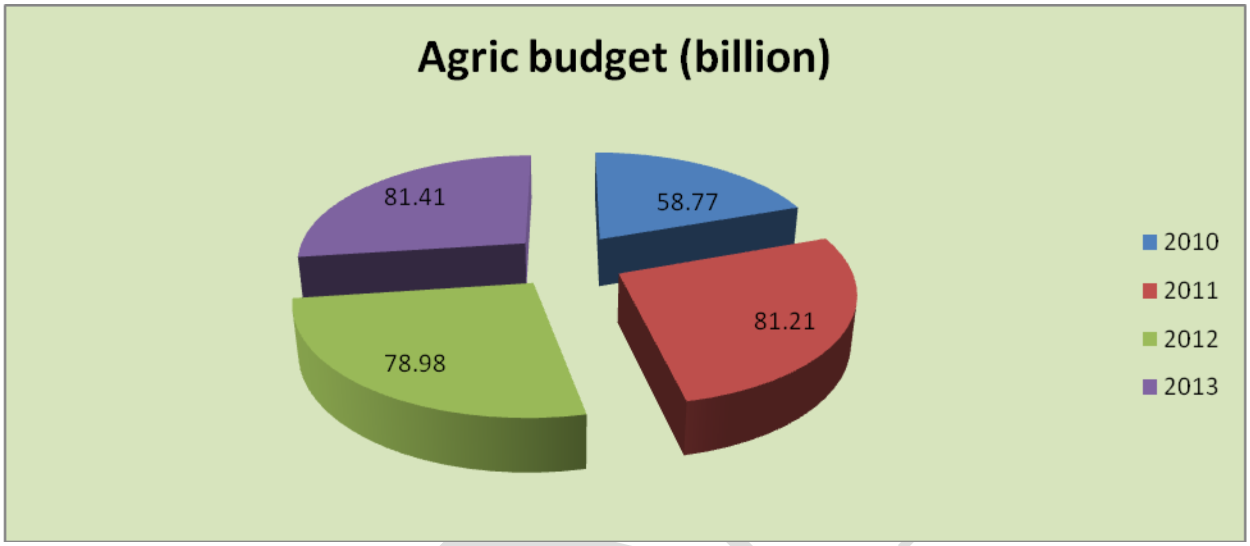

Chart 3: 2010-2012 Vs. 2013 agriculture budgets

5.0. BUDGET CHALLENGES FACING THE AGRICULTURAL SECTOR IN DRIVING THE ECONOMIC TRANSFORMATION (2011-2015)

Beyond the traditional (usual) and well known challenges facing agriculture, there is need to identify pertinent issues that relate to the budget and which may hinder the agricultural sector from being the driver of the economy as foreseen in the Transformation Agenda.

First, is the lack of nexus between the annual budget allocations and small holder farming in the country. About 66% of the population is engaged in different types of farming activities with a further 90% of them engaged at small scale levels. However, despite these, small holder farmers in rural communities hardly feel the impact of the annual budgets. As mostly illiterate though intelligent, they are neither able to follow budgets nor demand any interventions and are thus left at the mercy of market forces and competition over farming inputs with the fewer, richer and more educated and powerful 'political farmers'.

If agriculture is to play the role of GDP growth driver through contributing 36% of the GDP in 2015, the inputs required by producers of above 80% of the food consumed by Nigerians and Nigerian industries must not be left to sheer market forces. Every economic, social and physical barrier to small scale famers' access to farm inputs such as fertilizers and improved varieties of propagation materials must be dismantled and this implies conscious efforts of the part of FMARD. Areas for consideration may include subsidizing the cost of critical inputs such as fertilizer and making sure that they reach farm communities timely.

Secondly, budget implementation capacity of the FMARD and related departments and agencies is critical for success. From the preceding section (2.3) it is obvious that in none of the years did the agriculture MDAs fully utilize their capital budget (100%). While the reasons for this are not very clear except that according to the BOF there exists poor project management practices by some MDAs, the time-consuming procurement process that the various projects and programmes undergo is certainly a factor.

While following due process in procurement has led to savings of public funds, its impact of delay in timely execution of projects seems to cancel out the benefit. The FMARD and their relatives (Departments and Agencies) should find ways of ensuring due process and yet timely project execution of capital projects. But beyond the issue of due process and timing, knowing what to do and how to do them (technical capacity) is equally important. Given the huge gaps between capital budget allocations and utilization rates, the budget implementers (MDAs) need to step up their capacities. This they are adequately positioned to do especially as the budgets provide for different forms (local and international) of trainings. What is further baffling is the rationale for MDAs to have capacity to expend their overheads and personnel cost and not capital budgets?

Thirdly, the relatively low budget for the agriculture sector is another issue for worry. The budget for agriculture has never attained the Maputo Benchmark that stipulates at least 10% (allocated to agriculture) of total budget and the argument of government in this regard is that it cannot heed the Maputo Advice due to scarce resources and other competing sectoral needs. While this argument is tenable, the trend of allocation to agriculture as a percentage of the total budget in recent years (1.33% for 2010; 1.81% for 2011; 1.66% for 2012 and the proposed 1.77% for 2013) is not in tandem with the much spoken commitment of government to agriculture.

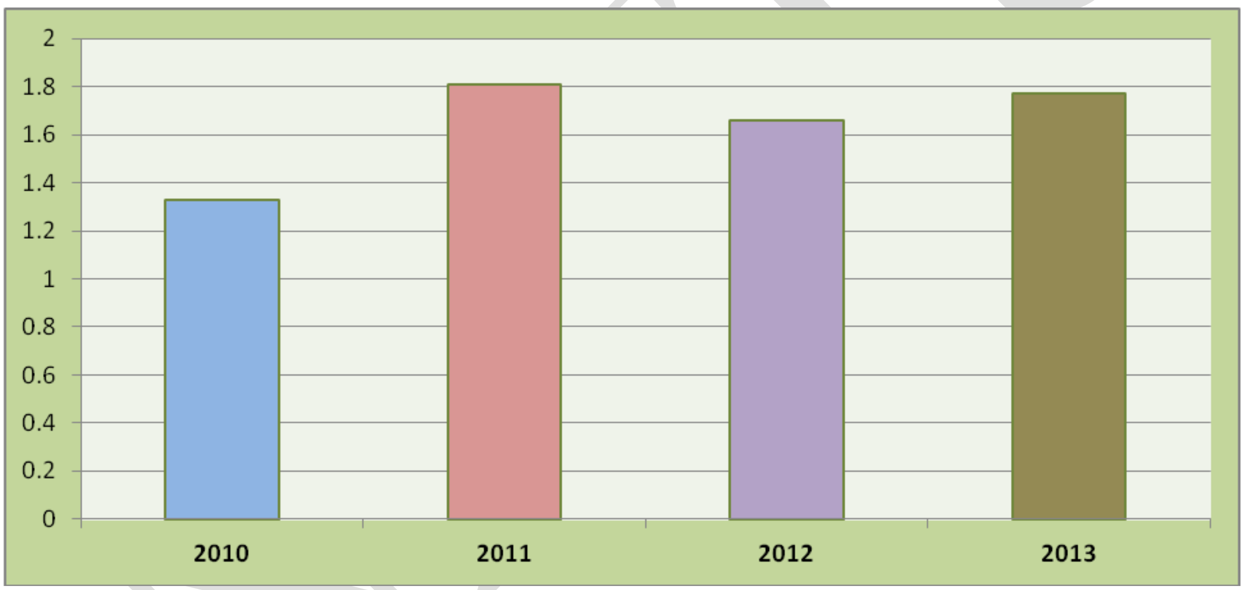

Chart 4: Nigeria's Agric Budget allocation 2010 - 2013

Of all the sectors that government marks as key to achieving the Transformation Agenda, agriculture is the second to the last in terms of budgetary allocations. Elsewhere[11] NANTS had argued with empirical evidence that the fertilizer needs of the country amounted to about N480billion and that to achieve the desired food security and growth of economy through employment creation in agriculture, that amount ought to be set aside for fertilizer

[11] Boosting the Nigerian Economy through Adequate Budgetary Resources for Agriculture in 2013

procurement and distribution in 2013. To the extent that this is not done through the budget or any specialised funding mechanism, the nation's hope of food security may be a farce. As a nation, Nigeria needs to put its money where her mouth is.

Fourthly, the effect of natural disasters such as the recent floods and their immediate and long term impacts on the nation's food production which for example will certainly reduce volume of local rice production in 2012 and on the general economy in 2013 when juxtaposed with some of the fiscal policies relating to the sector such as 10% import duty and 100% levy for imported brown and polished rice, one worries about food security for 2013. It calls for attention and the budget is a veritable means of addressing perceived threats. An overview of the 2013 agriculture budget as proposed fails to show any direct budget line to address the likely gaps that the flood incidence may create. This may look like an indirect invitation to food shortage and perhaps failure. Considering that local rice production may not sustain the nation's rice needs, importation is inevitable and with 110% import duty/levy, the price per bag of imported rice may skyrocket from the present N10,000.

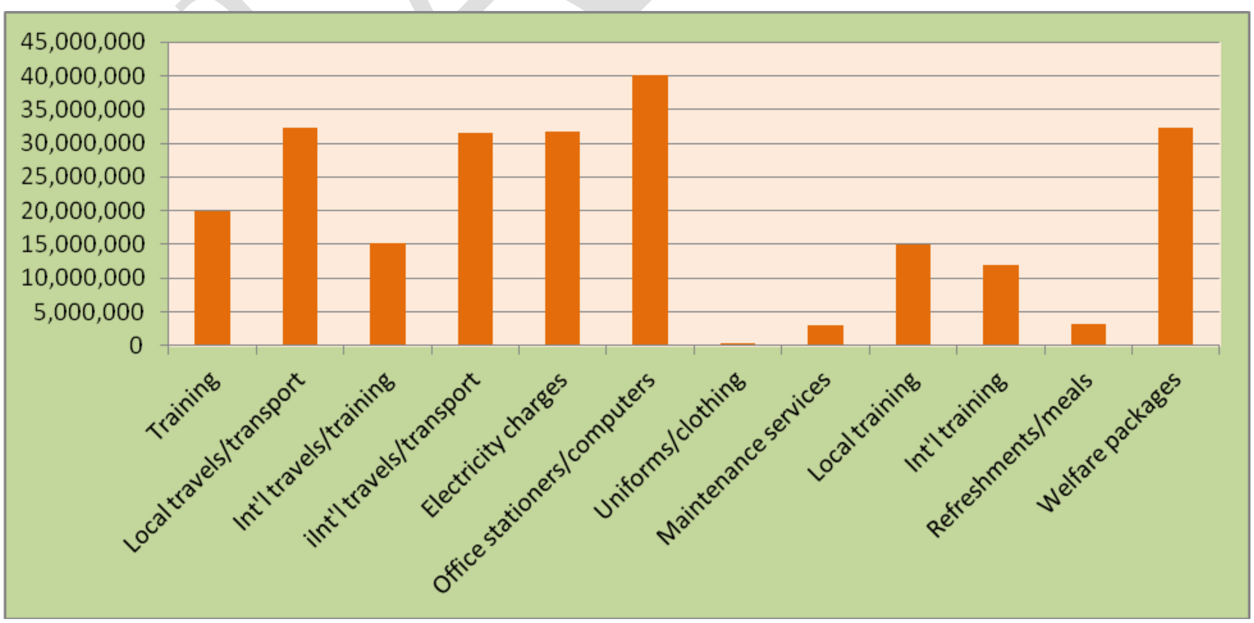

Chart 5: A picture of recurrent budget proposed for agriculture

Fifthly, though the greater focus of this piece is on the capital budget, the recurrent budget of the FMARD needs a comment. The allocation to the recurrent expenditure is N32, 953,474,280 and has lines such as local travel and transport: Training (N19,950,721); local travel & transport :others (N32, 279,007) International Travel & Transport: Training (N15,092,216); International Travel &Transport: others (N31,458,592); Electricity charges (N31,751,133); office stationeries/computer consumables (N40,091,255); Uniforms and other clothing (N250,155); other maintenance services (N3,056,384); local Training (N14,967,318); International Training (N11,952,208); Refreshments and Meals (N3,231,412); and Welfare packages (N32,228,712), etc.

These budget lines contain: repetitions such as on trainings; contain frivolous estimates such as on electricity charges and when it is considered that there is a N4,977,307 budget for maintenance of plants and generators, it attains a ridiculous dimension; and other spurious budget lines such as refreshment and meals and welfare packages. To discuss some of these apparent 'misplacement of priority' will be too lengthy and sickening but an analytical look at the refreshment and meals for example will drive the point about resource wastage home.

There are 254 working days in the year 2013 and the cost of daily refreshment amounts to about N12,722.09. Who is refreshed from this budget? Is it every-day? Does the MDA run a free staff restaurant? How exactly is this fund spent? Take the neighbouring item of welfare package to the tune of N32.2million despite the salaries and allowances claimable by staff and officers of this MDA. Is this welfare package for Christmas and Sallah celebrations or to celebrate birthdays of staff? This budget and that of almost all the other MDAs including the Presidency and the NASS appears quite unfair to citizens especially for a country where 70% of the citizens survive daily on the fringes of society and lacking education, health, housing, and adequate food.

These over-bloated, frivolous and repetitive items can be properly and efficiently reallocated so that funds are mopped up and reallocated to critical capital projects and programmes that will help eradicate poverty in Nigeria. If these funds are thus reinvested, the nation will discover a positive shock that it may meet the international benchmarks for investment in social sectors such as education (26%), health (15%) and Agriculture (10%) of annual total budgets.

Finally, though there is a budget for monitoring and evaluation of the approved budget (N560,000,000) for the Ministry, the issue of monitoring and evaluation of not only capital budget but also of the recurrent is pertinent. Budget implementation monitoring and evaluation must not be left to the MDAs such as FMARD but also to the NASS, and civil society organisations. Such robust participation in budget monitoring and evaluation will certainly increase value of money to Nigerians. The challenge though is whether the MDAs will make budget implementation information and their cash flows available to external monitors and evaluators? How much can the Freedom of Information Act help in this regard?

6.0. AGRICULTURE IN NIGERIA'S TRANSFORMATION AGENDA AND OTHER DEVELOPMENT STRATEGIES

The Transformation Agenda envisages a Gross Domestic Product (GDP) growth rate of 11.8% translating to N428.6billion and N73.2 trillion for real and nominal GDP respectively by 2015. The Agenda though recognizes the importance of other sectors of the economy to the achievement of its targets places agriculture as its main pillar. Similarly, the National Economic Management Team set up by Mr President had also identified and selected Agriculture as its main beacon for employment generation and poverty reduction and had accordingly through the Federal Ministry of Agriculture articulated a programme for implementation called the Agriculture Transformation Agenda (ATA). For this reason agriculture is expected to contribute about 36% of the potential GDP growth rate by 2015.

According to the Transformation Agenda, policies and objectives for developing the Agriculture and food security sector include: (a) Secure food and feed needs of the nation; (b) Enhance generation of national and social wealth through greater export and import substitution; (c) enhance capacity for value addition leading to industrialization and employment opportunity; (d) Efficient exploitation and utilization of available agricultural resources; (e) enhance the development and dissemination of appropriate and efficient technology for rapid adoption; (f) achieve self-sufficiency in rice production; and (g) achieve self-sufficiency in fertilizer production. Summarily put, the TA set Agriculture as:

- Key sector and driver of the economy to achieve socio-economic transformation of the country,
- Employment generator,
- Major contributor to GDP growth rate from 7.2% in 2011 to 11.8% in 2015.

While these objectives are laudable, their achievement will however depend amongst other factors on how much commitment the nation demonstrates towards them in terms of resource allocation, implementation and management.

6.1. Funding Requirements of the Transformation Agenda

A review of the funding requirements for the Transformation Agenda reveals that overall public sector investment is N24.46 Trillion with N607, 296.10million for 327 agricultural sector projects and N500, 795.59m for key policies, programmes and projects (KPPP). The

Transformation Agenda on page 116 guarantees that Agriculture capital budget for agriculture/rural development KPPP, in 2013 will be N233, 536.94million. However, the TA did not foresee that certain emergencies such as the recent floods will occur and that it would have a major setback effect on food security of the nation and raw materials for industries. If it did, it certainly would have had additional funding requirements and now that the emergency is here, the nation should flexibly allocate additional resources to counter its effects.

6.2. Infrastructural Requirements for the TA and Capital Expenditure in the Proposed 2013 Budget.

The TA did not provide clear infrastructural requirements for achieving its agricultural targets but believing that crafters of the budgets are aware of the TA targets, they have budget lines for construction/provision of infrastructure which was N570,000,000 in 2012 and a proposed N1,350,000,000 for 2013. But since infrastructure needs of the Agricultural Transformation Agenda were not quantified in monetary terms, less attention is paid to that as what is key is not documenting and quantifying the infrastructure but a faithful implementation of the capital votes allocated to the provision of infrastructure in the budgets and if so done between 2011 and 2015, the infrastructure needs in the agriculture sector for achieving the targets of the Transformation Agenda may have been significantly addressed.

6.3. Critical Reflection on line Items of 2013 Proposed Budget with Direct Relevance to the Achievement of the Transformation Agenda.

The under-listed items are contained as critical areas for investment under the Transformation Agenda. A cursory look at the proposed budget reveals that for those provided for in 2013, the following budgets were proposed for them.

S/N	Item	Proposed Budget in 2013	Implementing MDAs
01	Capacity building of Agric Extension Managers and Agric Field Officers on Agric Value Chains selected under the Agric Transformation Agenda (ATA)	12,000,000	National Agric. Extension Research Liaison Services- Zaria
02	Management Capacity Development for the Agricultural Transformation Agenda: Sensitization Training Workshop on Identification/Appreciation of Recommended/Approved Commodity Value Chain (In the 6 Geo-Political Zones)	40,000,000	Agricultural Research and Management Institute (ARMTI) - Ilorin
03	2nd Phase of the Procurement of the Mobile Tractor PTO Dynamometer Test System for Precision and Accuracy in Tractor testing and evaluation; Completion of the Tractor Test Track in Support of the Government effort to reduce the importation of Sub-Standard Tractors including the Pre-Inspection visit in line with the Agricultural Transformation Agenda.	73,000,000	National Centre for Agricultural Mechanization- Ilorin
04	P Grading of 7 Laboratories in line with the Agricultural Transformation Agenda Standards to Enhance Research Activities.	30,000,000	National Centre for Agricultural Mechanization- Ilorin
05	2nd Phase of the Commercialisation and Extension of NCAM Developed Proven Mechanization Technologies such as the Manual Cassava Harvester, Industrial Cassava Peeling Machine, Melon (Egusi) Shelling Machine, Milling Machine with Cyclone, and Threshing Machine for Cereals for Popularization and Adoption by farmers in the remaining 18 States of the Federation in line with Agricultural Transformation Agenda.	26,000,000	National Centre for Agricultural Mechanization- Ilorin
06	Renovation of Gene Bank/Seed Room for Proper Storage and Preservation to enhance Seed Viability and increase Seed supply to Stakeholders as Designed under the ATA.	30,270,000	National Horticultural Research Institute- Ibadan
07	Multiplication of Breeders' Seed of Varieties Suitable for processing and export. (ATA) and a Utility Vehicle	130,000,000	National Root Crops Research Institute- Umudike
	Total	**N341,270,000**	

Table 4: Items in 2013 budget proposal

The proposed budgets for items that directly relate with actions in the Transformation Agenda seem to amount to N341, 270,000. In addition, there are obvious overlaps as some on-going projects coincide with the actions needed for the realisation of the Transformation Agenda objectives. Though a capital budget of N48, 730,000,000 is proposed for agriculture sector in 2013, only about 0.7% may directly affect the Transformation Agenda.

6.4. Sufficiency Analysis of 2013 Proposed Budget

To say that for an Agenda driving the economy to a GDP growth rate of 11.8% in 2015 from a current 6.8% in 2012 having its main driver with a direct investment to the Agenda at 0.7% is insufficient is to state the obvious. While the efforts to create specific budget heads that address the Agricultural Transformation Agenda are commendable, the critical areas of investment that would aid the realisation of the ATA have been neglected. As has been argued, fertilizer, planting materials and agrochemicals are very necessary inputs and providing them in quantities and qualities that meet the needs of Nigerian farmers is imperative.

Dwelling on the fertilizer example, Nigeria requires about 12 million metric tonnes annually for food production. That quantity amounts to 240 million bags of 50kg and a bag costs an average of N2000 and therefore fertilizer costs for the country for the year 2013 should be about N480billion. This represents the amount that the Federal Ministry of Agriculture should use to procure and make fertilizers available to farmers for 2013 food production. Presently the proposed budget for fertilizer in 2013 is N8, 917,752,280 and that represents a huge gap (about N472billion) in resource allocation. Others such as planting materials and agrochemicals have proposed budgets of (N5, 929,890,000) and (N3, 331,412,500) respectively and these need to be beefed up to ensure that the basic inputs are sufficiently provided for Nigerian farming needs.

Over the years, agriculture budgets have missed out on this essential factor of adequate allocations for basic inputs leading to achieving less than expected yields and falling back on food importation with its attendant negative implications for foreign exchange and foreign reserve accretions. If the nation wants a different result, wisdom demands that actions should be different. Part of what needs to be done differently is our budgeting priorities and patterns. The recurrent budgets of MDAs need to be pruned down and some analysts recommend a modest ceiling for line items and the place to begin is to review the seeming bogus (mis)allocations to some budget lines for the Presidency and National Assembly. The savings from the prunes are then rechanneled to capital budgets of social sectors such as agriculture.

6.5. Comparison of 2013 Capital Budget Allocation to Agriculture and the 2012 spent Capital Budget

The Charts 3 and 4 established that the proposed budget of N81.41billion for 2013 is greater than the budget for 2012-N78.98billion and further, that the implementation of the 2012 agriculture budget is low. While Nigerians hope that 40.66% yet to be spent as at June 2012 will be utilized before the fiscal year ends in December 2012, there is need to begin now to lay emphasis on budget implementation for FMARD. Making appropriations that end up unimplemented can be the major bane of Nigeria in achieving the Transformation Targets. In this regard, capacity to implement budgets efficiently and fully will be strategic and the Ministry needs to focus on this during its trainings. The decision of the President to directly supervise budget implementation by MDAs through biweekly meetings and reporting is a step in the right direction.

6.6. Comparison of the Agriculture Budget line items to others

The chart 6 below shows different allocations (in billions) to sectors of the economy that the government considers extra important among others. The chart shows allocation to

Works (N183.5billion); Power (N74.26b); Education (N426.53billion); Health (N279.23billion); Defense (348.91b); Police (N319.65billion); and Agriculture (N81.41billion). Further examination of the budget proposal reveals that Youth Development receives N85.42billion. Most of these sectors are social and people oriented and the fact they receive elephant allocations are commendable. However, it is important to examine if the allocations reflect government sectoral priority for the Transformation Agenda. What are the sectoral contributions to the GDP growth? Does the budget take cognizance of the implications of failure of the sector to yield the expected contribution? The sense this review makes of this trend where although agriculture is pivotal to achieving the TA, its budget is larger than that of power only and needs some reworking.

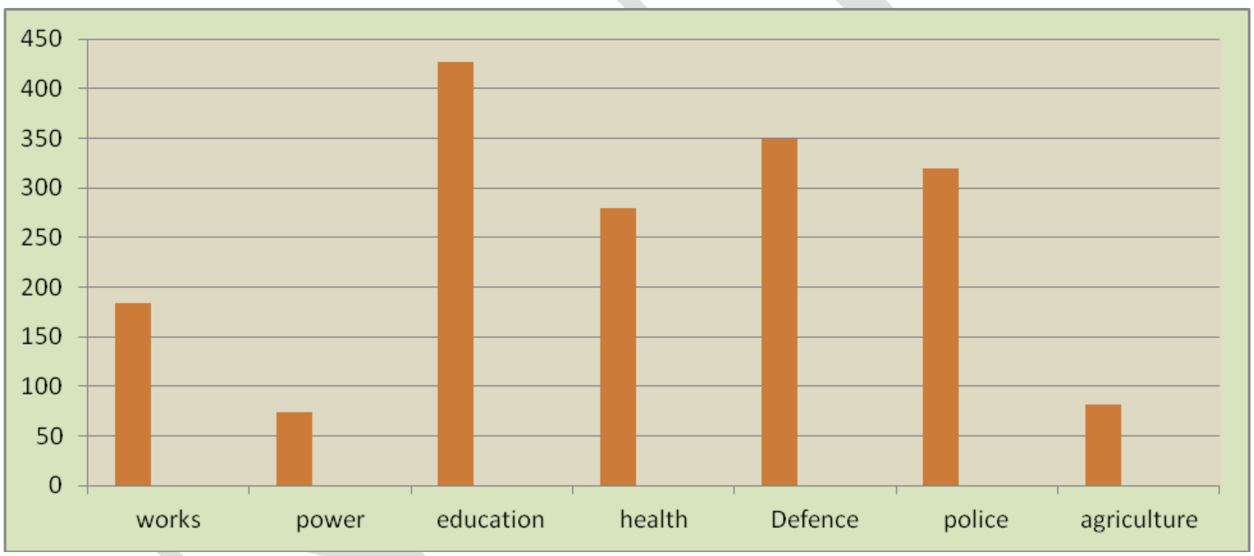

Chart 6: Showing proposed allocation to key sectors

6.7. The Impact of the Implementation Gap on the Transformation Agenda

The allocation of resources to sectors of the economy is less important than the challenge of their implementation. The implementation level of the 2011 agricultural capital budget earlier discussed shows that an implementation level of 80% for example of a relatively low budget is more helpful than a large budget that has 40% implementation because as was shown, it is actual implementation that guarantees that the economy benefits from the budget and that budgeted and unspent funds stashed away in the vaults of the CBN does not promote economic growth.

Given that the Transformation Agenda is premised on an actual investment of N24.46trillion over the 5 year period across the economy, under-investment in the form of non/low implementation of budgets can mar the realisation of the TA targets. As an instance, the agriculture capital budget for 2012 has enjoyed only about 60% implementation as at June and if for any reasons the remaining 40% is not effectively implemented by December, the boost in the economy that would have resulted from outstanding projects is lost. Such losses across sectors culminate in huge economic losses to the country.

The 11.8% growth rate for the economy by 2015 will not be met and this amounts in part to a failure of the Transformation Agenda and of course an indictment on the administration. It is for this reason that the Executive arm of government must improve the capacity of its MDAs to implement budgets while the Legislature must exercise proactive oversight in the budget implementation process. For instance, the institution could attach time frame for execution of capital budgets that it has approved and when a particular MDA defaults along that line, corrective and necessary punitive measures are employed.

6.8. Improving FMARD Capacity for Capital Budget Expenditure

While the FMARD is not among the frontline budget implementing laggards shown by its 99.66% utilization of cash-backed projects in 2010, its capacity needs to be improved shown also by the less than usual utilization level 66.92% in 2011. Improving its capacity will help ensure that the capital projects earmarked for contributing to the realisation of the Agricultural Transformation Agenda targets are fully achieved.

To do this, the FMARD needs to devise effective strategies to ensure that factors such as procurement process delays, poor practices in project management, and other administrative/bureaucratic bottlenecks are completely kept under control. As has been earlier mentioned, the trainings budgeted for should be held and partly tailored to enhance the capacity of the MDAs in the sector to implement their budgets. Furthermore, the monitoring and evaluation budget of N560,000,000 allocated to the FMARD could be employed to ensure that result-oriented mechanisms for tracking projects against time be developed and functioning maximally.

7.0. CONCLUSIONS

What this review has done is a rather rigorous analysis of the agriculture budget for 2013 and its potentiality for contributing to the realisation of the targets of the transformation Agenda. The review concludes that for the 2013 agriculture budget to make the expected contributions, its capital budget may need about N472billion. To arrive at this verdict, the capital projects earmarked for the ATA in 2013 were reviewed and so was the capital and to a lesser extent the recurrent budget for the FMARD. Based on the review, most line items in recurrent budget of MDAs were found to be either over-bloated, spurious, repetitive, or frivolous and that pruning them down with an efficiency lens will free up funds that could be reinvested to meet the additional capital budget requirement.

To demonstrate the gaps in our budgetary allocations to agriculture against the roles of key and driver, employment generator and GDP major grower from 7.2% in 2011 to 11.8% in 2015 assigned to it, the budgetary allocation trend for the past 3-4years was examined and compared with Sierra Leone's more progressive allocation pattern and it became evident that if agriculture would play that role effectively, Nigeria must do things differently by making significant changes to its percentage allocation to the sector. The situation where the country has not gone beyond 1.7% of the total budget in allocation to agriculture in full disregard of the advisory Maputo Benchmark of 10% and is sheer lip-service when countries like Sierra Leone during its similar economic transformation moved its agriculture budgets gradually from 1.7% to 7.7% and then to 10% of the total in 4 years.

The compelling reasons for reallocating more resources for the capital budget of the agriculture sector are hinged on the need to achieve the targets set for the ATA and to address the extra challenges on the food production level caused by the floods-procurement of 240million metric tonnes of fertilizer and other basic inputs like planting materials and agrochemicals.

But beyond the issues of allocation size, the review found that implementation of allocations is more critical for development and the desired economic transformation. The challenges associated with budget implementation, namely; lack of technical capacity, procurement process delays, administrative bottlenecks- are all surmountable if the FMARD and other MDAs will make judicious use of their budgeted training and monitoring and evaluation funds. The President's direct intervention to improve implementation is a welcome development. An improved implementation of capital budgets will help in making the most out of the N24.46trillion investment for the period of 2011-2015 and thus give the targets of the Transformation Agenda a greater chance of realisation.

8.0. RECOMMENDATIONS AND ADVOCACY MESSAGES

8.1. *Upholding the Maputo Spirit*

Increase agriculture budgets as a percentage of the total budget progressively from the proposed 1.7% towards the 10% Maputo benchmark as a demonstration of the commitment the nation has to agriculture as a major vehicle for achieving food security, creating employment and contributing majorly to growing the GDP from 7.2% in 2011 to 11.8% in 2015. Sources for additional funds could be from the prunes from budget 'misallocations' in the recurrent budgets of the MDAs and the unjustifiable statutory transfers to some national institutions like the National Assembly

8.2. *Deepening Clarity on the Budget Figures*

Clarify budget lines enough to guide understanding, analysis, monitoring and evaluation of budgets. Such headings as 'fertilizer' repeated 12 times without specifying which and for what is confusing. Providing clarity in such headings will assist both internal and external monitoring of budget implementation

8.3. *Budget Implementation is Key*

Implementation of capital budgets should be intensified as only such can aid economic growth. To this end, both the MDAs and National Assembly should adopt proactive measures that will promote timely execution of capital projects. NASS could at the point of budget approval attach time frames to capital budget execution and FMARD should increase its capacity to implement capital budgets through trainings and keeping procurement process delays and administrative bottlenecks under control

8.4. *Reconsideration of Tariff on Rice*

It is necessary to review some agricultural fiscal policies for 2013 such as combined duty of 110% for imported rice which can lead to a 50kg bag costing N30, 000 and making the commodity unaffordable to over 70% of Nigerians. Given that local production of rice for 2012 will not meet local demand, because of the impact of the emergent floods, rice importation in 2013 is inevitable, and with the proposed duty regime, the availability and affordability of the commodity will be further threatened necessitating a review of the fiscal policies for the sector.

8.5. *Increased concentration on Small Scale Farmers*

Prioritization of the distribution of inputs to small holder farmers who produce almost 90% of the total local food in Nigeria is critical than concentration on political farmers who commercialize the inputs by selling them at cut-throat prices. The FMARD should use the established distribution channels to ensure that fertilizers, improved varieties and agrochemicals procured within 2013 budget are not diverted by unpatriotic fertilizer merchants.