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An Appraisal of Public Sector Financing of Agricultural Development in Africa with Particular Reference to Nigeria

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AN APPRAISAL OF PUBLIC SECTOR FINANCING OF AGRICULTURAL DEVELOPMENT IN AFRICA WITH PARTICULAR REFERENCE TO NIGERIA[1]

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Abstract

The paper discusses, largely using Nigeria as a case study, three sets of issues relating to public sector role in agricultural financing. First, it takes an overview of the agricultural situation in African countries in general and in Nigeria in particular in the last twenty years and suggests the critical factors that should guide government activities for agricultural financing in the light of the general structure of agricultural production. Second, it identifies the types and magnitudes of government assistance in agricultural financing in Nigeria and finally it discusses some of the main problems surrounding the efforts of the government in the financing of agricultural development in Nigeria and suggests possible solutions.

Introduction

There is considerable consensus in the literature that increased agricultural productivity is a vital prerequisite for rapid economic growth and development. In the less-developed countries of Africa where agriculture is generally the dominant sector, increased agricultural productivity must have three important components. First, it must involve sustained increases in food supplies that will match the needs of fast growing populations and hence prevent unnecessary expenditures on food imports. Second, increased productivity in agriculture must generate higher exports from that sector so as to cope with the high levels of foreign exchange requirements in the development process. Third, rising agricultural productivity must ensure adequate capital accumulation to assist in the structural transformation of the economy through investments in basic infrastructures and other capital projects.

In the last two decades, governments in the less-developed countries of Africa have in various ways attempted to influence the levels of, agricultural productivity to attain the objectives indicated above. However, it can hardly be disputed that the agricultural sector of a typical African country today continues to be a drag on the rest of the economy. *Per capita* food production has generally declined, while food imports and aid have increased. Above all, economic growth has been disrupted partly because of insufficient internally-generated resources, especially from agriculture, and high levels of inflation arising largely from food shortages.

The funding of agricultural development is an important measure of the contributions aimed at raising the level of agricultural performance because it dictates the pace at which agricultural productivity can be increased. In the context of the role of government, the level of its direct financing of agriculture and its other policies which tend to promote finance for agriculture are regarded as critical for the level of agricultural performance in the economy. This is because of the major role usually conceded to government in the general direction of the economy and the modernisation of agriculture, especially in the early stages of economic development.

Consequently, the primary objective of this paper is to review and appraise the role of the public sector in the financing of agricultural and related activities in African countries, using Nigeria as a case-study. Part I of the paper takes an overview of agriculture in African countries and the nature of public sector role in financing agriculture. Part II reviews the various types of government financing of agriculture in Nigeria, while Part III assesses the achievements in these areas. In Part IV, a discussion of the major issues and problems of public sector role in agricultural financing is undertaken and Part V contains the summary, conclusions and recommendations.

PART I
AN OVERVIEW OF AGRICULTURE IN AFRICAN COUNTRIES AND THE ROLE OF THE PUBLIC SECTOR IN AGRICULTURAL FINANCING

Agriculture continues to be the mainstay of most African economies. The bulk of the population earns its livelihood from agriculture, while agriculture accounts for between 30 and 75 per cent of the GDP in most countries. Consequently, agricultural production and related activities are important factors in the economic growth of these countries. However, in the past 25 years or more, agriculture in most African countries has witnessed a precarious trend which has disrupted the pace of economic growth and development. On the whole, agricultural production remains largely an underdeveloped activity in the continent. Thus, its funding by the government should be channelled with the main objectives of removing basic constraints and improving the living standards of the peasant farmers.

Agricultural Performance

There was a significant slow down in the growth of agricultural production in African countries in the decades of

[1]Being a revised version of a paper presented at a seminar on "The Role of the Banking System in Financing the Agricultural Sector and Rural Development" organised by the African Centre for Monetary Studies in Harare, Zimbabwe, November 25 — December 2, 1984.
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the 1960s and 1970s.[1] Between 1960 and 1970, total agricultural production in Africa increased at an annual rate of 2.2 per cent, while it declined to about 2.0 per cent between 1971 and 1983. During the latter period about two-thirds of the African countries recorded less than 2 per cent annual growth rate in agricultural production, while one-third has less than one per cent growth rate.

The decline in agricultural production affected the two main components — food production and agricultural exports. Between 1960 and 1970, food production grew by an average of 2 per cent a year in most of the countries, while the growth rate fell to an average of 1.4 per cent a year between 1971 and 1983. The output of cereal crops, roots and tubers and pulses fell substantially. In view of the higher population growth rates which ranged between 2.4 and 3.0 per cent a year in the countries, *per capita* food production generally remained stagnant or declined. The growth in the volume of agricultural production for export also declined significantly. In the period 1960-1970, the total volume of agricultural exports from African countries increased at an annual rate of 1.8 per cent, while it recorded a decline of the same percentage per year during the 1971-1983 period. However, the value of agricultural exports tended to grow faster in the latter period primarily because of rapid increases in world prices of most agricultural commodities. One adverse consequence of the poor agricultural performance was the rapid growth in food imports of many varieties. In the period 1960-1970, imports of cereal products into African countries increased at about 8 per cent a year, but shot up to 10 per cent a year between 1971 and 1983. In this group, rice imports grew fastest. Other products such as sugar, meat and animal and vegetable oils also recorded substantial increases in their growth rates in the last decade.

Agricultural production in Nigeria as in most other African countries maintained a downward trend in the last two decades. In 1963/64, agriculture accounted for two-thirds of the Gross Domestic Product; ten years later, the share of agriculture was one-third and by 1983, the share of agriculture had shrunk further to one-fifth of the GDP. Between 1960 and 1982, agricultural production recorded an annual average decline of 1.3 per cent whereas for the same period, Nigeria recorded an average population growth of 2.5 to 3.0 per cent. Although total food production increased marginally in the past ten years, the growth rate was about 1 percentage point lower than the increase in population. The volume of agricultural exports has fallen from a level of over one million tonnes a year before 1970 to about 225 thousand tonnes a year since 1978. The number of scheduled commodities exported has shrunk from about twelve to four with only cocoa recording significant export sales. Also the value of food imports has risen from an annual average of ₦45 million for the period 1960-1965 to nearly ₦1 billion in 1978 and increased to an average of ₦1.3 billion, between 1982 and 1984.

Several factors accounted for the declining performance of agriculture, although these vary in importance from country to country. These factors include environmental problems such as drought and incidence of pests and diseases; technological inadequacies arising from the weak research and extension systems; institutional deficiencies such as inadequate marketing, credit and land tenure systems, and labour constraints involving shortages of skilled manpower and ordinary labour for critical farm operations

Government Funding of Agriculturtal Development

Government assistance in agricultural financing should generally be provided within an objective policy framework so as to ensure that it produces the desirable impact. Although, the main aim of such assistance is to induce increased agricultural productivity this has to be achieved in the context of an overall development goal of a particular country. Nigeria's four National Development Plans launched between 1962 and 1981 were consistent in aiming at increased food supply, more even distribution of real income, reduction in the level of unemployment and under-employment, increase in the supply of skilled manpower and greater balanced development.[2]

In Nigeria as well as in the other less-developed countries of Africa, two features of agricultural production appear germane to the achievement of these development objectives. The first is the underdeveloped nature of the production process. In most countries, the process of agricultural modernisation has hardly begun. In this situation and borrowing from the past experience of the developed nations, it is generally believed that the process of modernisation will be hastened if certain development priorities are mapped out and implemented. Johnston and Mellor, for instance, postulate that at the initial stages of agricultural development, a proper identification of production constraints should take place, while inputs with very high rates of return should be applied to remove such constraints. In the package, they include such items as agricultural research, extension and education, material inputs such as fertilisers and improved seeds, and institutional facilities to provide credit and marketing services and infrastructures.[3] These are the so-called "priorities in modernisation" and by inference it is on these that resources ought to be concentrated so as to lower costs and economise on the use of the limited number of skilled manpower.

The other important feature of agricultural production in most African countries including Nigeria is the dominant role of the peasant or smallholder who may be defined as one who works directly on the land, with or without family assistance to produce partly for his own consumption and partly for the market. In a typical African country, the peasantry is widely dispersed and may constitute anything from 50 per cent of the total population and contribute over 90 per cent of total agricultural output. The general evidence from various agricultural modernisation attempts is that the smallholders should constitute the class of producers to be mobilised in order to ensure a visible impact on agricultural productivity.[4] Some of the reasons for these conclusions are that, first, the peasantry usually controls the bulk of the farmlands which possess the greatest potential for increased productivity. Second, their mobilisation is likely to foster greater interaction between the agricultural sector and the rest of the economy and finally, the mobilisation of the smallholders will accelerate the attainment of development objectives such as increased rural incomes, reduced income inequality and rural — urban migration, as well as induce the establishment of rural

[1]The statistics and information in this section were compiled from several World Bank regular publications such as the *World Development Report* and FAO publications such as the *Production Yearbook* and the *Trade Yearbook*.

[2]See the relevant chapters of the four Plan documents: (a) Nigeria, *National Development Plan, 1962-1968*, Lagos, chapter 4; (b) Nigeria, *Second National Development Plan 1970-1974*, Lagos, chapter 4; (c) Nigeria, *Third National Development Plan, 1975-1980*, Lagos, chapter 3; and (d) Nigeria, *Fourth National Development Plan, 1981-1985*, chapter 3.

[3]Johnston, Bruce F. and John, W. Mellor (1961): "The Role of Agriculture in Economic Development"; *American Economic Review*, Vol. 11, No. 4, September 1961, pp. 582-590.

[4]Johnston, Bruce F. and Peter Kilby (1975): *Agriculture and Structural Transformation*, OUP, New York, chapters 1-4.

institutions that can transmit technological progress to the rural areas.

In the light of the above, the nature and extent of public sector effort in agricultutal financing in less-developed countries, such as Nigeria, should be conceived and assessed within the context of two important objectives:

(i) it should aim at removing the basic production constraints by ensuring adequate resources for agricultural research, extention and education, the promotion of the utilisation of material inputs such as fertilisers and seeds, and the development of institutions for the provision of essential services such as credit, marketing and infrastructures; and

(ii) it should aim at embracing the activities of the peasant farmers for the purpose of ensuring increased rural incomes as well as reducing economic inequality and rural — urban migration.

PART II
TYPOLOGY OF PUBLIC SECTOR ASSISTANCE IN AGRICULTURAL FINANCING IN NIGERIA

The range of public sector efforts directed at financing agricultural development in Nigeria can be classified into four broad categories. The first category embraces the direct expenditures of the Federal and State Governments on various agricultural development programmes, projects and related services. The second category relates to the provision of credit for agricultural production through public agencies largely funded by the government. The third category consists of the direct credit given through the Central Bank of Nigeria for the financing of the organised marketing of selected agricultural commodities. Finally, the government provides a wide range of financial incentives and related assistance which directly or indirectly result in increased financing for agricultural production.

Government Spending

Public spending for agricultural development in Nigeria is undertaken by the Federal and State Governments. Under the 1979 Constitution which is still largely in force, agricultural development appears on the Concurrent Legislative List, but the Constitution specifically indicates that the Federal Government should engage in agricultural research and the establishment of institutions for the promotion or financing of agricultural projects, but not to the exclusion of State Governments in these aspects.[1] Given the wide range of activities involved in agricultural development, it does appear that State Governments have the heavier responsibilities for financing agriculture, but the actual level of involvement will largely depend on resources available to each type of government. Under the existing revenue allocation laws of the country, the Federal Government has at its disposal larger financial resources than the State Governments from which to finance the agricultural sector.

The financing of agriculture by the government is laid out in three ways. First, the capital spending is indicated in the form of a plan in each of the four National Development Plans launched for 1962-1968, 1970-1975, 1975-1980 and 1981-1985 periods.[2] In short, the capital allocations for agriculture and other sectors in each plan are based on experts' forecasts of revenues of the government. Second, in each annual budget, the capital allocations as indicated in each plan are revised on the basis of current data and in addition, estimates of recurrent expenditures are also provided. Finally, at the end of each year actual disbursements for various items of agricultural sector spending are compiled and published.

Public Credit Institutions

Nigerian government has long standing experience with respect to providing credit for working capital and private capital formation in the agricultural sector. The main channel for doing this has been through the establishment of specialised credit agencies wholly operated and controlled by the government. The earliest public agencies in this area started off as all-purpose development institutions with provision for financing agriculture directly or through credit operations.[3] From the early 1960s, specialised agencies for agricultural lending began to emerge.

In 1973, the Federal Government set up the Nigerian Agricultural and Co-operative Bank (NACB) to provide credit to all aspects of agricultural production, including the provision of storage facilities and the marketing of agricultural products. The Federal Government of Nigeria holds 60 per cent of the share capital (₦150 million) while the Central Bank of Nigeria (CBN) holds the remaining 40 per cent. The NACB was set up to extend medium and long-term agricultural credit which the commercial banks were reluctant to do. The NACB's minimum direct loan is ₦5,000 while agencies wishing to on-lend funds to farmers can borrow any amount that is feasible within the bank's resources. Apart from this Federal institution, practically every state of the Federation has one type of agricultural credit agency or the other. The agency takes various forms in the states. In some states, the credit administration is by a specialised credit agency usually called the agricultural credit corporation. In some others, the credit administration is undertaken as part of the agricultural development effort of the government agency which is usually an all-purpose agricultural credit operations by the government. Under this arrangement, the farmer obtains a loan from the government agency either in kind or cash for a productive activity and will be required to liquidate his loan after selling his produce in the open market or to sell such produce to the government agency which then uses part of his proceeds to liquidate his earlier loan.

Both the NCAB and state agricultural credit agencies tend to focus on credit for primary production and marketing. However, the government all along had arrangements for the financing of the industrial and commercial aspects of

[1]Nigeria, *The Constitution of the Federal Republic of Nigeria*, Second Schedule, pp. 108-113.
[2]See footnote 2.
[3]See Wells, Jerome C. (1974): Agricultural Policy and Economic Growth in Nigeria, 1962-1968, OUP, Ibadan, pp. 318-327.

agricultural production such as processing. One of the oldest institutions in this respect is the Nigerian Industrial Development Bank (NIDB) originally set up in 1959 as the Investment Company of Nigeria (ICON) to provide medium and long-term finance to industial projects in the country, as well as the related technical and managerial services. By 1979, the bank had an authorised share capital of ₦100 million out of which ₦94.4 million had been fully paid up. Of the latter amount, 79.3 per cent is held by the Federal Government while the CBN holds 20.2 per cent. Another bank in this category is the Nigerian Bank for Commerce and Industry (NBCI) set up in 1973 primarily to extend loans to Nigerians wanting to acquire ownership of businesses to be taken over by them under the Nigerian Enterprises Promotion Decree of 1972. On a long-term basis, the bank assists indigenous persons and institutions with loans for medium and long-term investments in commerce and industry. The bank started operations with an authorised capital of ₦150 million contributed by the Federal Government and CBN in the ratio of 60:40.

Financing of Commodity Marketing

The financing of the marketing and other operations of the Commodity Boards as reformed in 1977 continues to be an important aspect of government assistance to the financing of agriculture in Nigeria. Under this arrangement, the CBN is exclusively to provide short-term finance for the purchases and sales of some 52 commodities, while the Federal Government itself is to provide direct finance to the Commodity Boards for the provision of infrastructural faciltities, the supply and distribution of agricultural inputs to farmers and other capital projects.[1]

At the start of each produce season, a Commodity Board applies for a loan from the CBN to finance its marketing operations as determined by anticipated volumes of the relevant produce to be purchased from the farmers and the associated operational expenses, such as transportation, and the other handling charges. These loans are guaranteed by the Federal Government through the Federal Ministry of Finance. Alternatively, the Board may draw a commercial bill not exceeding 75 per cent of the value of registered sales contracts on the basis of which advances of 90-day maturity are granted by the CBN provided the bills have been accepted by the Federal Ministry of Agriculture. When these loans mature, receipts from the sale of the Board's produce are used to retire them or where receipts are not adequate, the loans could be renewed for another 90-day period. With respect to the direct finance of the boards by the Federal Government, the boards operate as any other parastatal which finances part of its operations through loans and grants from capital allocations of the Federal Government.

Financial Incentives and Related Assistance

As a part of the strategy of the Government in fulfilling its development plan objectives, various Nigerian Governments have at different times taken some measures that would promote and encourage agricultural production. The measures include direct financial assistance, financial and fiscal incentives which could reduce the financial burden of farmers and thus encourage greater production.

The government treats agriculture as a "favoured sector" under the Central Bank monetary policy guidelines. One implication of this is that the sector enjoys priority in the allocation of bank credit and banks are given specific instructions with respect to the proportion of total credit that should be extended to farmers. In addition, the government established an Agricultural Credit Guarantee Scheme (ACGS) in 1978 and under the Scheme funds are provided which are used as a guarantee for part of bank loans to agriculture.[2] Another implication is that interest rate structure of agricultural credit is rigidly controlled by the government at much lower rates than in the rest of the economy. For example, the interest rates on agricultural loans from institutional sources range from 3 per cent to 7 per cent, whereas other types of lending are in the range of 9½ per cent to 13 per cent. Very often the interest rates on agricultural loans are significantly subsidised by the government which extends very soft loans to institutions in question as with the case of the NACB when it was established. The government also makes available certain sums of money to the Co-operative Societies for lending to farmers for the purchase of seeds, fertilisers and pest control chemicals at subsidised rates of interest.

The Federal Government has in the recent past intensified its efforts to attract foreign investors to the agricultural sector. In 1981, the government relaxed foreign equity restrictions with respect to agriculture and processing as well as plantation agriculture and transferred this sector from Schedule II to Schedule III under the Nigerian Enterprises Promotion Act (1977) which would enable foreign partners to have 60 per cent participation. Further priority was given to agricultural production when in the revised 1984 budget, the government announced that foreign equity participation in agriculture should be increased to 80 per cent.

Further, to reduce the financial burden of farmers, both foreign and domestic investors are given a wide range of fiscal incentives. These include abolition of export duties and produce sales tax; a 10 per cent investment allowance in addition to the existing capital allowance of 10 per cent. in respect of capital expenditures on plant and equipment incurred for agricultural production, generous capital allowances for equipment leasing in agriculture and indefinite carry forward for losses incurred and writing them off against future profits in contrast to an earlier regulation which allowed such losses to be carried forward for only five years after the pioneer period. In addition, the government has introduced a tax incentive scheme for lenders to agriculture under which such lenders are to enjoy tax exemptions, ranging from 40 per cent to 100 per cent in respect of interest received on loans with repayment period of 2 years and above.

[1]These provisions are detailed out in the "Commodity Boards Decree 1977", *Supplement to Official Gazette*, No. 18, Vol. 64, April 21, 1977 Part A, Federal Ministry of Information, Lagos.

[2]See the details in the "Agricultural Credit Guarantee Scheme Fund Decree 1977", *Supplement to Official Gazette*, No. 12, Vol. 64, March 17, 1977, Part A, Federal Ministry of Information, Lagos.

PART III
THE EXTENT OF PUBLIC SECTOR SUPPORT IN AGRICULTURAL FINANCING IN NIGERA

The analysis in this section is based on the framework sketched in the previous section. Specifically, it reviews the trends and composition of government spending and agricultureal credit extended through government-supported institutions, as well as the outcomes of financial incentives aimed at increasing financing or the agricultural sector.

Government Spending

There are two main indicators of direct government spending for agriculatural development in Nigeria: the capital allocations in the various plan documents and the actual spending which takes place. The capital allocations in each plan tend to demonstrate the level of priority accorded the agricultural sector in the development framework. In all of Nigeria's planning experience, agriculture has been accorded a priority status which implies that it will receive a relatively high allocation in the sectoral distribution of resources.

Capital allocations to agriculture by the Federal and the State Governments in the four plan periods are shown on Table 1. The Federal Government capital allocation increased from a modest amount of ₦40.6 million in the first plan period to ₦5,400.0 million in the fourth plan period. On the other hand, the State Governments' capital allocation increased from ₦116.2 million in 1962-68 to ₦3,427.5 million in 1981-85. The combined capital allocations of the Federal and State Governments increased from ₦156.8 million in 1962-68 to ₦8,827.5 million in 1981-85. There are some interesting facts about these capital allocations. The first is their tremendous growth which can be linked with the rapid increase in petroleum sector earnings. The second is that, whereas the State Governments allocated higher amounts to agriculture in the first two plan periods, the Federal Government has since the third plan period made larger allocations to agriculture. This may be attributed to the fact that the Federal Government has received the greater share of earnings from the petroleum sector. The third fact is that while the Federal Government generally allocated a higher proportion of its capital resources to agriculture during the plan periods, the state allocations in proportion to total allocations tended to decline (see Table 2). Consequently, there has been only a small change in the combined proportional allocation by all governments to agriculture in the plan periods. For example, the Federal and State Governments allocated 11.6 per cent of their resources to agriculture in the first plan period, but this declined to 8.5 per cent in the second and third plan periods, only to increase to 12.7 per cent in the fourth plan, with an average of 10.3 per cent in the four plan periods. The fourth fact is the disproportionate distribution of capital allocations among the agricultural sub-sectors — crops, livestock, fishery, forestry and irrigation. In the first plan period, both the Federal and State Governments allocated about 86 per cent of their resources to the crops sub-sector and this pattern was more or less maintained in the subsequent three periods, although that proportion tended to decline over time as more of the resources were diverted to irrigation projects.

Capital allocations to agriculture may not be fully utilised during a plan period for a variety of reasons such as shortage of funds, lack of executive capacity and inadequate plan preparation. These have been common problems in plan implementation in Nigeria and these are reflected in the data of actual expenditures shown on Table 3 which include actual recurrent and capital expenditures for the first three plan periods. There was an average of 32 per cent under utilisation of capital allocations as shown by thisdata. Just as in the case of the capital allocations, combined recurrent and capital expenditures for both Federal and State Governments recorded tremendous growth during the period. For instance, the total spending by the Federal Government increased from low level of ₦33.6 million in 1962/68 to ₦1,464.8 million in 1975/80, while that of the states increased from ₦147 million to ₦1,064.1 million between the two periods. The combined Federal and State Government spending also increased from ₦181.3 million in 1962/68 to ₦2,528.9 million in 1975/80. Similarly, while the Federal Government's proportional expenditure on agriculture increased marginally from 2.2 per cent to 2.7 per cent between 1962/68 and 1975/80, that of the states declined from 11.8 to 5.8 per cent between the two periods. On the whole, these contrasting patterns resulted in a declining trend in the combined proportional expenditure of all governments on agriculture. In 1962/68, the combined proportion of agricultural expenditures out of the total for all sectors was 6.4 per cent and declined to 3.5 per cent in 1975/80. Taking the capital expenditures alone, the pattern was about the same described for the capital allocations. The share of capital expenditures on agriculture out of the total increased in the case of the Federal Government, declined with respect to the states, as well as for the combined Federal and State expenditures.

The distribution of actual capital expenditures (Tables 6 and 7) in the three plan periods was almost as described for the capital allocations as well, The States and the Federal Governments spent about 86 per cent of their resources for crop development in the first plan period. This pattern was maintained for the states in the next two plan periods, although at a slightly reduced rate. The pattern was reversed in the case of the Federal Government in the third plan period when about 60 per cent of expenditures went to irrigation, while about 32 per cent were devoted to crop development. This trend can be attributed to the emphasis which the Federal Government tended to shift to water resource development and production by the River Basin Development Authorities.

Public Credit Institutions

Of the various public credit institutions serving the agricultural sector through the support of the government, the Nigerian Agricultural and Co-operative Bank is currently the most important. There is scanty information on the state credit corporations while the operations of the NIDB and NBCI have not been generally significant for the agricultural sector.

As shown on Table 8, the NACB since its inception and up to 1984, had accommodated 3,383 borrowers made up of individuals (83.9%), co-operatives (1.4%), companies (3.5%), statutory corporations (3.6%), State Governments (0.7%) and others (6.9%). A total amount of ₦286.6 million had been lent to the borrowers. The sectoral distribution of the total loans shows that 72.3 per cent of the loans was extended to crop development, 15.0 per cent to livestock, 5.1 per cent to fishery and 7.6 per cent to miscellaneous agricultural activities.

Between 1970 and 1983, the NIDB's total loans for and investment on various projects amounted to ₦441.4 million.

Only loans and investments in food and beverages projects can be linked directly with the agricultural sector. During this period, 6.2 per cent of loans and investment were in food projects, while 14.7 per cent was for beverages projects, bringing the share of the two areas to 20.9 per cent. On the other hand, between 1974 and 1981, total loans and investments of the NBCI amounted to ₦92.5 million out of which about 26.4 per cent was committed to food and beverages sub-sector. It should be remembered that the bulk of these loans and investments were originally used in acquiring ownership of business.

Financing of Commodity Marketing

Total loans granted to the various Commodity Boards by the Central Bank of Nigeria are shown on Table 9. As at June 1984, total loans extended to the Boards amounted to ₦2,937.7 million out of which the Cocoa Board accounted for 60.9 per cent, Palm Produce, 17.9 per cent, Cotton, 10.9 per cent and Rubber Boards, 5.6 per cent. However, a total of ₦2,317.2 million has been recovered from the loans, leaving a balance of ₦594.3 million or 20 per cent after taking into account their investments and cash balances.

Financial Incentives

The credit guidelines and incentives given to the banking system since the early 1970s have become one of the most articulated policy measures aimed at increasing credit for agriculture. The credit guidelines issued to banks between 1971 and 1977 made some impact on total loans and advances during the period. Although total bank loans and advances to agriculture recorded an impressive growth rate of 61.7 per cent a year since 1970 which was the highest for all sectors, the proportionate share of agriculture out of total bank credit to all sectors which stood at 8.5 per cent in 1983 was still below expectation both in absolute amount and its distribution among borrowers. Thus, total bank loans and advances to the agricultural sector has rarely attained the target of 10 per cent stipulated in the CBN monetary policy guidelines.

The operation of the ACGS which was designed to give further incentives to the banks did achieve some results, but has still not radically changed the attitude of the banks. Between 1978 and 1985, 11,074 loans were granted to borrowers under the ACGS, for a cumulative amount of ₦248·5 million (Table 10). But the bulk of the loans in value terms went into livestock production, especially poultry which accounted for 51.7 per cent. As a result of the ACGS, the proportional share of bank credit to agriculture out of total credit to all sectors increased by an average of about 1.3 percentage points per annum, but the bulk of agricultural loans by banks continued to be granted outside the scheme.

The magnitude of other financial incentives and measures are difficult to quantify in value terms. The low range of interest rate of 3-7 per cent for agricultural credit is clearly the lowest for all the sub-sectors of the economy. Similarly, the rural banking programme has been pursued with vigour and over 400 rural banks have been opened since the scheme came into operation about six years ago.

In spite of financial incentives and other assistance the level of private foreign investment in Nigerian agriculture has been very small. At the end of 1981 cumulative foreign private investment in agriculture was ₦120.5 million which was only 3.2 per cent of total foreign private investment in all sectors and a decline of about one percentage point from its peak share attained in 1978.

PART IV
PUBLIC SECTOR ASSISTANCE IN AGRICULTURAL FINANCING IN NIGERIA: MAJOR ISSUES, PROBLEMS AND POLICY IMPLICATIONS

The analysis in the previous section clearly shows that in the past two decades there has been a tremendous increase in the level of financial resources committed directly or indirectly by government for the development of agriculture in Nigeria. However, recent unfavourable trends in Nigerian agriculture seem to underscore the ineffectiveness of the various government efforts discussed in the preceding sections. In an attempt to relate the poor agricultural performance to the increasing level of financing made possible by government, several possibilities can therefore be examined. For example, such financing arrangements may be inadequate or the machinery for its effective administration may be faulty. It is also possible that the measures are not appropriately applied to the problems. Some of these issues are examined in this section.

Development Strategy

There are two main issues in the area of government agricultural development strategy — the role of the small farmers and the design of appropriate priorities. Earlier on in this analysis, it was asserted that resources would be more efficiently used if development programmes emphasise the small farmers as a group and if the basic elements of agricultural modernisation are provided.

Government attitude to the role of small farmers has shifted back and forward over the past two decades. In the 1960s, the small farmers were generally expected to provide national requirements of basic agricultural products with government adopting almost a laissez-faire approach, except the limited participation in establishing cash crop plantations. Government interest in direct investment in production grew significantly from the second through the third plan periods. A lot of the rapid increase in government resources earned through the petroleum sector were diverted to state-owned agricultural projects in the belief that the supply of agricultural products could be favourably enhanced through government efforts.[1] Most of these projects either failed to produce the impact or never took off the ground because of poor planning, financial constraints, shortage of inputs and management problems.[2] On account of these, the strategy in the Fourth Plan was to shift back emphasis to the mobilisation of the small holders in a more positive way. Rough estimates show that

[1]From the early 1970s, through principally the reform of the marketing board system, there was less dependence on the taxation of the agricultural sector, while the sector became a major beneficiary of the rapid increase in oil revenue.

[2]See Nigeria, *Fourth National Development Plan, 1981-1985*, Lagos, P.84 and Ojo, M. O.: "A Comparative Study of the Impact of Two Public Sector Strategies to Increase Food Production in Nigeria", 1983; Mimeograph.

about 40 per cent of the capital programmes in the plan were focussed on the small farmers. The direct production programmes still retained a sizeable portion of about 30 per cent. With the increased resources diverted to direct investment projects of the government, there was an apparent neglect of essential programmes like research, extension, education and infrastructures that could effectively mobilise the small holders. The direction of policy should be a progressive reduction of government interest in these investments and a corresponding increase in the mobilisation of small farmers. This is the intention of the government, but a clear articulation of policies is required in view of the nature of the direct investment projects.[1]

Due largely to the shift to the funding of large-scale farms and big projects by the government in the past, there exists now a large number of government projects which appear constrained by problems manifested in the whole economy. The two key problems are foreign exchange shortage and insufficient funds to prosecute projects effectively. The capital intensive projects of the government farms, the River Basin Development Authorities and programmes involving heavy equipment have a high import content, high maintenance cost, long gestation and small returns in the short-run. About 26 per cent of state allocations in the Fourth Plan are for these projects, while the same ratio for the Federal Government is about 42 per cent. The policy direction should be to de-emphasise investment on large projects, especially on irrigation. Attempts should now be made to develop small-scale irrigation projects while effectively maintaining the existing large ones. The opportunities to develop rain-fed farming especially in the southern areas of the country should also be exploited further.

Sub-Sectoral Imbalance

One problem which was briefly mentioned in Part III is the disproportionate allocations to the various subsectors of agriculture — crops, livestock, fishery and forestry. A major item of expenditure — irrigation — is also spread over crops, livestock and fishery, with the preponderance of allocation and expenditure going for crop development. This is more pronounced in the case of the Federal Government when it is known that the bulk of irrigation projects established by the RBDAs is devoted to field crops. The emphasis on crop development by Federal and State Governments appears to be far in excess of either their contribution to the GDP or results of recent investments. On the other hand, the emphasis portrays a backward food and nutrition policy. The serious neglect of the livestock and fishery subsectors has increased the threats of malnutrition, while at the same time increasing the dependence on importation of livestock and fish products. Sub-sectoral imbalance in agricultural financing is also evident in the credit programmes operated or supported by government agencies. The typical example is the ACGS in which the bulk of the loans have gone into poultry projects set up around urban centres. Loans for food and cash crop production have been relatively small under the scheme. The NACB has however managed to avoid this large lop-sidedness in their own credit programmes.

Not only has there been serious imbalance in allocations and expenditures for various subsectors, there is even a more serious imbalance within the crops subsector which is made up of food and cash crops. In contrast to earlier periods when government funding went mostly to cash crop development, there has been a gradual shift to food crop development in the past five years which was a cumulative effect of various programmes that apparently ignored the tree crop sector. In the Fourth Plan for instance, the states allocated less than 10 per cent of their investment to tree crops as opposed to over 40 per cent for food crops. The Federal Government allocated less than 6 per cent to tree crops and over 60 per cent to food crops. This explains the shift by farmers to food crops and the declining performance of tree crops. There is a need to restructure capital allocations and other types of financing such that the neglected subsectors receive more financing. One way to do this and which was lacking in the recent past is to design concrete programmes of small-farmer development in these subsectors. This is particularly desirable in tree crops, livestock and fishery subsectors.

Subsidies

Apart from government efforts at direct financing of agriculture and its agricultural credit schemes, the execution of a subsidy programme is the next most important contribution of government in financing agricultural development in Nigeria. The cost of the subsidy programme is generally charged to the annual budget of government expenditures, but the programme has raised a number of issues affecting the whole of government agricultural policy framework.

The most notable of the agricultural subsidies are those on material inputs such as fertilisers, pesticides, seeds, etc. mechanisation through the use of tractors, interest rate and agricultural prices. The fertiliser subsidy is the most important and implies the selling of fertilisers to farmers at roughly 15 per cent of cost price. Other inputs like pesticides and seeds are sold at a price discount of 50 per cent. The tractor hiring service gives a subsidy of 50-75 per cent on actual cost, while the interest rate on agricultural loans generally ranges between 40-50 per cent of interest rates on commercial loans. For several cash crops like major oils, oilseeds and fibres, government has in the recent past offered prices that were much below international market prices.

The huge cost of the input and tractor service subsidy is its major problem. Ultimately, the level of supply of these inputs will be dependent on funds available and this has been practically demonstrated in the past two years when subsidy rates and quantities were drastically reduced due to a fall in government revenue. This instability in input supply is bound to affect utilisation and their overall impact. The import content of items, such as fertilisers, involved in the subsidy programme is also high and this has equally limited effective supply under the current foreign exchange problem. The input programmes have generally been inefficiently run and there is evidence that a substantial portion of subsidies have not been enjoyed by farmers but by middlemen.[2] It is also evident that the programme lacks serious planning. For instance subsidies have been more or less uniform for all commodities and items without special consideration for the priorities of the government. Furthermore, there is evidence that effective utilisation of some inputs especially fertilisers has been less than deliveries arising from the inefficient distribution system, which calls to question the shift of emphasis to input delivery. New policies on input supply should emphasise the need to have adequate facilities for distribution, define the priorities in relation to available resources and generally concede that

[1]Early in 1984, the Federal Government, for instance, announced its intention to decentralise the operations of the River Basin Development Authorities into every state of the country and to enlarge the rural development components of their operations.

[2]Recent studies by the World Bank have tended to support most of these claims.

ensuring easy supplies of inputs is perhaps more useful to the producer than a huge subsidy with inadequate supplies of the items involved.

The interest rate subsidy also raises the issue of whether what matters to the producer is the cost of the credit or its adequacy at the right time. Most viewpoints tend to support the latter claim. In fact because available credit has been given to a limited number of mostly medium and large scale farmers, the small farmers who may appreciate the reduced cost of credit are not in a position to do so since they have not benefited much from the credit schemes. As is gradually being done, efforts of government should be directed at developing agricultural co-operatives through which credit can be more easily obtained by the small farmer.

The price subsidies which have been given in recent years came at a time when producers' costs have risen significantly in view of rising prices in the whole economy. On the other hand, if account is taken of the overvalued Naira, such price subsidies become less significant. These are part of the causes of the apparent ineffectiveness of increased prices on output. Under the present conditions of the agricultural sector, non-price incentives may be more effective in inducing farmers to produce more.

The Credit Schemes

A large rate of default has been a perennial problem in most agricultural credit schemes organised or supported by Nigerian governments. The evidence shows that this problem has increased with respect to the current credit programmes of the government. Most credit schemes organised by State Governments have almost invariably run into problems, especially in the last five years due to a very high default rate.[1] By 1980, the NACB had a total of 142 defaulters owing ₦27.4 million. By the end of 1983, the commercial banks made a total of 226 claims involving ₦7.0 million on account of unrepaid loans under the ACGS. This trend has definitely brought caution on the part of the lending banks. The indebtedness of the Commodity Boards to the Central Bank in the produce marketing arrangements stated earlier is a unique case involving two agencies of government. The Boards incurred the deficits under a pricing policy effected by the Government and for which it has made no provision. The serious issue is that these huge deficits were incurred with no positive impact on crop output or exports.

Most of the defaults under the credit schemes arose from poor management by producers, loan diversion and sheer unwillingness to repay loans.[2] There has also been only little supervision of borrowers' activities. The most successful credit schemes have been those in which credit, production and marketing are linked. In this system the role of co-operatives has been useful, while effective supervision of farmers and giving of credit in kind on the part of the lending institutions have been effective in loan recovery. Most credit schemes organised by public credit agencies must eventually adopt this approach to stem the rising default rate.

The Financial Incentives

The attractive financial incentives given to farmers in terms of priority given to the agricultural sectors in allocation of bank credit and the low and subsidised interest rates on their loans and advances have not had serious impact on agricultural production. In Part III it was observed that banks' total loans and advances to farmers have failed consistently to reach the target stipulated by the CBN Monetary Policy Guidelines and more importantly the share of total loans and advances to the agricultural sector remained below 10 per cent of total loans and advances given to all sectors. There are several reasons to suggest that banks are reluctant to lend to the agricultural sector. First, the agricultural business is a very risky business due to such environmental factors as adverse weather conditions such as drought and excessive rainfall, and incessant pests and disease infestations. Moreover, preponderant proportion of farmers are illiterates. Consequently they cannot understand banking formalities or communicate effectively with the banks.

Secondly, the low and subsidised interest rates appear to intensify the negative attitude of the banks. For example, the interest rate on loans to farmers has been in the range of 3-7 per cent whereas their borrowing rates are in the range of 9½-10 per cent, and more importantly they can lend to other sectors up to 13per cent. The banks are profit-making commercial institutions, and if banks are to lend to farmers at lower and concessionary rates and as a result have less funds to lend to their more lucrative areas, they are likely to be reluctant or less enthusiastic about lending to farmers.

Thirdly, the large size of farmers widely dispersed all over the country entails high administrative costs to banks. The stance of policy should be to consider the measures that would minimise banks' reluctance to lend to farmers as well as increase credit facilities to farmers.

PART V
SUMMARY AND CONCLUSIONS

The paper highlighted the continuing decline in agricultural production in most African countries generally and in Nigeria in particular. This development has resulted in increased importation of food to feed the fast growing population; shortage of raw materials which used to serve as essential inputs for the domestic industries, sharp decline in exports and less foreign exchange earnings. The paper showed that the Nigerian government, as some other African governments has long recognised these problems and has consequently, particularly in the past decade, regarded large-scale financial assistance as a major policy strategy to improve agricultural production. Consequently, various levels of Nigerian governments have intervened in many ways. Substantial part of their annual budgets are allocated to agricultural projects and production such as for the purchase of seedlings, fertilisers, insecticides and the execution of irrigation projects. Credit institutions such as the NACB, NIDB, etc. have been established in the past decade to provide cheap credit to farmers. The Central Bank provides short term finance for the marketing and operations of the Commodity Boards. These

[1]See, for example the findings of a study by Oshuntogun and Oludimu in Ojo, M. O. et. al., (eds), 1981, pp. 424-437.

[2]Ojo, M. O. and O. O. Akanji (Mrs.): "A Preliminary Assessment", of the Agricultural Credit Guarantee Scheme in Nigeria", CBN *Economic and Financial Review*, Vol. 21, No. 3 1983.

loans are guaranteed by the government at much lower rate of interest which is also much lower than savings deposit rate.

The paper noted further that, in spite of intensification of government financial assistance to the sector, the amount of bank lending to the sector and level of agricultural production have been embarrasingly disappointing. Apart from the intensification of rural-urban migration engendered by the oil boom, the paper indentified other major constraints which inhibited agricultural production and tended to reduce credit to the sector. First, the banks are generally reluctant to lend to farmers because they regard agricultural business as risky and less profitable: the rate of loan default is higher than for other loans and the wide dispersion of farmers all over the country entails high administrative costs for the banks. Moreover, the banks are profit-making institutions and their low lending rates to the sector tend to heighten the negative attitude of banks to agricultural lending. Secondly, the banks have tight regulations which cannot be understood by the bulk of the farmers who are largely illiterates. Since this class of farmers cannot understand banking formalities and communicate effectively with the banks, they are not in a position to benefit much from the credit schemes. Thirdly, agricultural production has also been hampered by shortage of agricultural inputs and since these are largely imported, the supply of input is constrained by the availability of foreign exchange which is tied to the vagaries of Nigeria's oil earnings.

The paper further showed that while the government assistance to agriculture in terms of its annual budgets, provisions of credit facilities and financial incentives has been substantial, the programme itself has not yielded the expected results. There are administrative problems in ensuring that agricultural inputs and credit go to those who should benefit most from them. A lot of wastes appeared to have affected infrastructural expenditures while little attention appeared to have been paid to production and effective distribution of inputs. The paper, therefore, suggests that the government should modify its policies and strategies in areas of agricultural assistance and financing in the following directions:

(i) The small and peasant farmers, who constitute the bulk of farmers, should be mobilised for more purposeful production. All government expenditure programmes should emphasise small farm development schemes which could effectively accommodate the interest of small farmers. This however should not mean a neglect of the medium and large scale farmers.

(ii) The government should continue to intensify its supportive policies such as providing improved seeds and seedlings, fertilisers and insecticides at reasonable prices. Distribution should be rigidly supervised in order to minimise wastes.

(iii) Heavy investment on agricultural infrastructures should be de-emphasised while the existing ones should be effectively maintained.

(iv) The development of agricultural co-operatives should be more vigorously pursued to facilitate granting of credit to small farmers.

(v) To facilitate effective utilisation of credit and other farm inputs, technical education and extension services should be expanded by the government.

(vi) To minimise the problems of bank lending to farmers, the government should examine the possibility of having refinancing facilities in the Central Bank. This will allow the banks to borrow at a slightly lower rate of interest to finance agriculture. The margin is expected to be reasonably adequate to cover only the administrative expenses of the banks. To qualify for such facility, the banks should show evidence that the loans are really tied to agricultural financing.

(vii) To improve loan recovery rates or minimise defaults, the banks should establish Agricultural Credit Departments which will be responsible for assessing loans, supervising and monitoring projects on which loans are granted. The banks may also be involved in the marketing of the products of the project they have supported and the beneficiaries of the loans may be compelled to maintain current accounts with the lending banks.

Table 1

CAPITAL ALLOCATIONS TO AGRICULTURE BY FEDERAL AND STATE GOVERNMENTS
(₦ million)

Plan Period	Federal Government		State Governments		Total Federal and States	
	Agric.	All Sectors	Agric.	All Sectors	Agric.	All Sectors
1962-1968	40.6	825.0	116.2	528.6	156.8	1,353.6
1970-1974	79.5	1,931.7	252.2	1,418.3	331.7	3,350.0
1975-1980	1,668.8	33,921.1	1,421.2	9,391.8	3,090.0	43,312.9
1981-1985	5,400.0	42,500.0	3,427.5	27,776.2	8,827.5	70,276.2

Source: Compiled from National Development Plan Documents as outlined in footnote (2)

Table 2

CAPITAL ALLOCATIONS TO AGRICULTURE AS PROPORTIONS OF ALLOCATIONS TO ALL SECTORS
(Per cent)

Plan Period	Federal Government	State Governments	Total
1962-1968	4.9	22.0	11.6
1970-1974	4.1	17.8	9.9
1975-1980	4.9	15.1	7.1
1981-1985	12.7	12.7	12.7

Source: Computed from Table 1.

Table 3

ACTUAL EXPENDITURES OF FEDERAL AND STATE GOVERNMENTS
(₦ million)

Plan Period	Federal Government			State Governments			Grand Total		
	Recurrent	Capital	Total	Recurrent	Capital	Total	Recurrent	Capital	Total
1962-1968									
(a) Agric.	11.6	22.0	33.6	64.5	83.2	147.7	76.1	105.2	181.3
(b) All Secs.	866.6	693.2	1,559.8	876.2	379.8	1,256.0	1,742.8	1,073.0	2,815.8
(c) Share of Agric.	1.3	3.2	2.2	7.4	21.9	11.8	4.5	9.8	6.4
1970-1974									
(a) Agric.	39.4	69.3	108.7	121.6	149.2	270.8	161.0	218.5	379.5
(b) All Sectors	4,453.2	232.0	4,685.2	1,754.2	1,004.7	2,758.9	6,207.4	1,236.7	7,444.1
(c) Share of Agric.	0.9	4.2	2.3	6.9	14.9	9.8	2.6	17.7	5.1
1975-1980									
(a) Agric.	153.8	1,311.0	1,464.8	268.1	796.0	1,064.1	421.9	2,107.0	2,528.9
(b) All Sectors	31,946.8	22,331.7	54,278.5	11,100.0	7,102.1	18,202.1	43,046.8	29,433.8	72,480.6
(c) Share of Agric.	0.5	5.9	2.7	2.4	11.2	5.8	1.0	7.2	3.5

Source: (a) National Development Plan Documents
(b) Budget Estimates of the Federal and State Governments

Table 4

DISTRIBUTION OF CAPITAL ALLOCATIONS BY SUBSECTOR
(₦ million)

Plan Period	Crops	Livestock	Fishery	Forestry	Irrigation	Total
1962-1968						
Federal	35.2	0.6	1.8	1.0	2.0	40.6
States	100.2	9.4	3.0	1.4	2.0	116.2
Total	135.4	10.0	4.8	2.4	4.0	156.8
1970-1974						
Federal	69.9	4.4	2.4	1.8	1.0	79.5
States	198.1	25.4	15.1	13.5	—	252.2
Total	268.0	29.8	17.5	15.3	1.0	331.7
1975-1980						
Federal	1,234.4	283.7	100.1	50.6	—	1,668.8
States	1,065.9	198.9	56.8	99.5	—	1,421.2
Total	2,300.3	482.6	156.9	150.1	—	3,090.0
1981-1985						
Federal	2,962.7	252.8	87.3	97.2	2,000.0	5,400.0
States	2,471.5	421.4	84.7	195.1	254.8	3,427.5
Total	5,434.2	674.2	172.0	292.3	2,254.8	8,827.5

Source: National Development Plan Documents

Table 5

DISTRIBUTION OF CAPITAL ALLOCATIONS BY SUBSECTOR
(per centages)

Plan Period	Crops	Livestock	Fishery	Forestry	Irrigation	Total
1962-1968						
Federal	86.7	1.4	1.4	2.5	5.0	100.0
States	86.2	8.1	2.6	1.2	1.9	100.0
Total	86.4	6.4	3.1	1.5	2.6	100.0
1970-1974						
Federal	87.9	5.5	3.0	2.3	1.3	100.0
States	78.5	10.1	6.0	5.4	—	100.0
Total	80.8	9.0	5.3	4.6	0.3	100.0
1975-1980						
Federal	74.0	17.0	6.0	3.0	—	100.0
States	75.0	14.0	4.0	7.0	—	100.0
Total	74.4	15.6	5.1	4.9	—	100.0
1981-1985						
Federal	54.9	4.7	1.6	1.8	37.0	100.0
States	72.1	12.3	2.5	5.7	7.4	100.0
Total	61.6	7.6	1.9	3.3	25.6	100.0

Source: Computed from Table 4

Table 6

DISTRIBUTION OF ACTUAL CAPITAL EXPENDITURES BY SUBSECTOR
(₦ million)

Plan Period	Crops	Livestock	Fishery	Forestry	Irrigation	Total
1962-1968						
Federal	18.9	0.7	1.3	0.4	0.7	22.0
States	71.6	7.5	2.1	0.8	1.2	83.2
Total	90.5	8.4	3.2	1.2	1.9	105.2
1970-1974						
Federal	64.6	2.9	1.1	0.7	—	69.3
States	108.6	22.4	10.7	7.5	—	149.2
Total	173.2	25.3	11.8	8.2	—	218.5
1975-1980						
Federal	414.8	73.9	17.1	27.1	778.1	1,311.0
States	560.8	109.2	17.3	58.6	50.1	796.0
Total	975.6	183.1	34.4	85.7	828.2	2,107.0

Source: National Development Plan Documents

Table 7

DISTRIBUTION OF ACTUAL CAPITAL EXPENDITURES BY SUBSECTOR
(Percentages)

Plan Period	Crops	Livestock	Fishery	Forestry	Irrigation	Total
1962-1968						
Federal	85.9	3.2	5.9	1.8	3.2	100.0
States	86.1	9.0	2.5	1.0	1.4	100.0
Total	86.0	8.0	3.1	1.1	1.8	100.0
1970-1974						
Federal	93.2	4.2	1.6	1.0	—	100.0
States	72.8	15.0	7.2	5.0	—	100.0
Total	79.3	11.6	5.4	3.7	—	100.0
1975-1980						
Federal	31.6	5.6	1.3	2.1	59.4	100.0
States	70.4	13.7	2.2	7.4	6.3	100.0
Total	46.3	8.7	1.6	4.1	39.3	100.0

Source: Computed from Table 6

Table 8

LOANS AND ADVANCES OF THE NIGERIAN AGRICULTURAL AND COOPERATIVE BANK AS AT DECEMBER, 1984

	No. of Borrowers	No. of Borrowers As Proportion of Total (per cent)	Amount of loans (₦ million)	Amount of Loans as Proportion of Total (per cent)
By category of borrowers				
Individuals	2,840	83.9	56.6	19.7
Cooperatives	49	1.4	21.5	7.5
Companies	119	3.5	47.4	16.5
Statutory Corporations	123	3.6	49.8	17.4
State Governments	20	0.7	67.7	23.6
Others	232	6.9	43.7	15.2
Total	3,383	100.0	286.7	100.0
By sector				
Crops	3,031	89.7	207.2	72.3
Livestock	290	8.6	43.0	15.0
Fishery	8	0.2	14.6	5.1
Others	51	1.5	21.8	7.6
Total	3,380	100.0	286.6	100.0

Source: Compiled from Annual Reports of Nigerian Agricultural and Cooperative Bank

Table 9

CENTRAL BANK LOANS TO COMMODITY BOARDS AS AT JUNE 30, 1984
(₦ million)

Commodity Boards	Amount of loans Granted	Amount Recovered	Amount Outstanding	Investment and Cash Balance	Net Loan[2] Position
Cocoa	1,788.9	1,788.9	—	25.8	+25.8
Cotton	319.8	186.2	133.6	*[1]	-133.6
Palm produce	527.2	198.3	328.9	*[1]	-328.9
Rubber	164.9	75.0	89.9	0.3	-89.6
Groundnut	42.2	25.5	16.7	0.1	-16.6
Grains	93.0	42.0	51.0	*[1]	-51.0
Tuber and Root Crops	1.8	1.4	0.4	*[1]	0.4
Total	2,937.7	2,317.2	620.4	26.2	-594.3

[1] Negligible
[2] + = Surplus
– = Deficit

Source: Secretariat of Technical Committee on Produce Prices (Central Bank of Nigeria)

Table 10

ANALYSIS OF LOANS GUARANTEED BY THE AGRICULTURAL CREDIT GUARANTEE SCHEME FUND

Purpose	Cumulative No of Loans 1976-1985	Per cent of Total No of Loans 1978-1985	Cumulative Value of Loans 1978-1985 (₦ million)	Percentage of Total Value of Loans 1978-1985
Livestock	*3,006*	*27.1*	*146.5*	*58.9*
Poultry	1,788	16.1	128.5	51.7
Cattle	1,055	9.5	8.0	3.2
Fisheries	29	0.3	4.0	1.6
Others	134	1.2	6.0	2.4
Food Crops	*5,944*	*53.7*	*67.4*	*27.1*
Grains	4,688	42.3	43.3	17.4
Roots/Tubers	1,104	10.0	11.9	4.8
Mixed Farming	152	1.4	12.2	4.9
Cash Crops	*2,124*	*19.2*	*34.6*	*14.0*
Oil Palm	44	0.4	2.0	0.8
Rubber	5	0.1	0.9	0.4
Cocoa	31	0.3	0.4	0.2
Cotton	163	1.4	1.4	0.6
Groundnuts	222	2.0	1.3	0.5
Others	1,659	15.0	28.6	11.5
Total	11,074	100.0	248.5	100.0

Source: Central Bank of Nigeria

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