

AGRICULTURAL PRODUCTION AND FOOD SECURITY IN NIGERIA: IMPROVING THE AVAILABLE AGRICULTURAL CREDIT FACILITIES AS PANACEA

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Abstract

Nigeria has the ambition of diversifying her economy from crude to petroleum dependently. In the last decades, increasing agricultural production to ensure food security has being a major concern of most countries of the world. Nigeria is one of such countries. She has adopted several agricultural production strategies to ensure food security. Despite all these efforts, the attainment of the desired level of food production and food security is still a mirage. This paper therefore provides an antidote to this problem by focusing on empowering farmers through agricultural credits to bring about increased agricultural production and food security.

Keywords: Agricultural Production, Food Security, Nigeria, Agricultural Credit, Status, Facilities

INTRODUCTION

Nigeria's current interest in food security is hardly surprising, because Nigeria has a land mass estimated at 923,768km and 80% of this is fertile for farm use (Esua, 2005). Prior to colonial rule in Nigeria, agriculture was occupation of the people. Agricultural science was included as a core subject into the curriculum of the senior secondary schools by the Federal Republic of

Nigeria. The inclusion was aimed at broadening the learners' knowledge and skills in the course as a way of making them to develop interest in modern farming practices (Federal Republic of Nigeria (FRN, 2008).

The contribution of agriculture national economy was enormous but did not stay for too long before declining to give way for petroleum. This is because, the government shifted attention from agriculture to the oil (petroleum) sector. Therefore, the need for a return to agriculture is eminent. Despite the decline in agriculture, it still remains the dominant sector of Nigerian economy. It should be noted that our dependence on oil cannot guarantee the needed food security for Nigerians. Food security according to World Bank in Igben and Eke (1999) is "the access by all people at all times to enough food for an active and healthy life". Osman (1991) also defines security "as a sustained access at all times, in socially acceptable ways to food, adequate in quantity and quality to maintain a healthy life". These definitions seem to be an ideal meaning of food security but the attainment of it in any part of the world is difficult and in Nigeria it might not be the nearest future yet. This is because of the level of hunger and poverty in the country. Poverty is on the increase, prices of food are increasing every day, food production in relation to population growth is low, rural-urban migration is high, rural development is not encouraging, farmers have no investible funds, land tenure system, lack of storage facilities, corruption, unfocussed government agricultural policies(Ogieva, 2003). In the face of all these problems, enhanced agricultural production and food security is impossibility.

The realization of this has made successive Nigerian governments to embark on agricultural policies and programmes that should lead to the boosting of agricultural production. These strategies include Operation Feed the Nation (OFN), Green Revolution, Back to Land Programme, Directorate of Food, Roads and Rural Infrastructures (DFRRI), Farm Settlement Schemes, Agricultural Development Projects (ADP) and National Accelerated Food Production Programme (NAFPP). These programmes and policies were either hurriedly introduced without proper planning or were poorly implemented making the aims and objectives unachieved. Another reason for the failure of these strategies was the neglect of the farmers. No agricultural production policies or programmes can succeed until the policy makers realize that the farmers should have enough inputs to be able to produce more. The thrust of this paper therefore, is that food production and security can be improved through agricultural credits.

Status of Agricultural Production and Food Security

Okunye (2001) defined agriculture as involving the cultivation of land, raising and rearing of animals for the purpose of production of food for man, feed for animals and raw materials for industries. Nigeria has the ambition of diversifying her economy from crude petroleum

dependency. The country also faces a looming food security crisis with a growing population that is increasingly dependent on imported foods.

Since independence in 1960, the Nigerian economy had operated under two major economic philosophies with the turning point being 1986. Prior to 1986, the economy was highly regulated with government taking direct control of the “commanding heights” of the national economy. By early 1980s, significant distortions were thought to exist in the economy with respect to pricing of tradable items leading to sub-optimal allocation of resources in the economy (Adebayo, 2010). In 1986, an economic reform programme in the form of a Structural Adjustment Programme (SAP) was embarked upon in Nigeria which anchored principally on the deregulation of the economy and liberalization of trade. The targets of these measures were principally on the deregulation of the economy and liberalization of trade.

According to Adebayo (2010), the idea of food security was presented for the first time at the world food conference in 1974 viewed solely from the perspective of having adequate availability of food on a national scale. Today, it is a condition in which all people have for a healthy and active life (World Bank, 1986 as cited in Tollens, 2000). There are four dimensions to this: (i) availability of sufficient amount of food which is a function of food production (ii) stability of supply over time which depends on the ability to supply over time which depends on the ability to preserve/store produced food and supplement available food through imports if necessary (iii) access to the available food which depends on income level and its distribution and (iv) food utilization which encompasses procurement, ingestion and digestion all of which are dependent on nutritional quality, education and health (Tollens, 2000).

Food security is conceived in this context as the ability of households to meet basic/subsistence needs of protein and energy in order to function effectively as healthy individuals (Hyande and Oboh, 2007). According to Amoako (2002) the population elasticity of food demand to unitary, if the population increase, food demand must increase at corresponding percentage. In Nigeria over 75% of the populations are directly or indirectly involved in agricultural production but the output cannot successfully feed the population. It is pertinent to note that almost half of the country’s food requirement is imported after 46 years of independence from the British rule.

The level of agricultural production from all indications is relatively low compared with what it used to be. People who lived in the seventies and are still alive knows that there is a decline in agriculture. To show the low level to which agricultural production has reached, Ali (2003) observed that the agricultural sector contributed 35% to Nigerian export earnings in 2000. He stressed further that the stagnation of Nigerian agriculture is caused by the following factors.

1. Low productivity per man hour on farms.
2. Lack of complementary price support policies.
3. Urban biased policies in the provision of infrastructures.
4. Inadequate fund.
5. Poor farm inputs distribution system.
6. Lack of patriotism etc.

Despite these problems and others, Nigerian agriculture is supposed to have reached a level that food in the right quality and quantity is available for an average home.

Considering the acclaimed commitment of the present government to agriculture, what ought to be the level of agricultural production now is “very high”. But it is very low reading to hunger and food security. The implications of this to a nation are numerous. They include hunger, malnutrition, under nutrition, civil unrest, armed robbery, prostitution, and importation of substandard products through smuggling, sickness and diseases outbreak, high cost of living and death. To avoid these ugly situations, the need to improved agricultural credit facilities becomes imperative to boost agricultural production to guarantee food security.

Concept of Agricultural Credits Facilities

The goal of agricultural development of any country is to boost food production to attain food security. The attainment of this goal is impossible if the farmers (producers) have no resources to produce. Therefore, the provision of agricultural credits to the farmers is a must if the goal is to be achieved. It is the provision of these agricultural credits to farmers for livelihood and agricultural production that is empowerment.

Warren (2001) explained that agricultural credits also known as agricultural finance is the economic study of the acquisition and use of capital in agriculture. “It deals with the supply of and demand for funds in the agricultural sector of the economy. William Murray in Mamodu (2012) defined agricultural finance as the economic study of borrowing of funds by farmers; of the organization and operation of farm lending agencies; and of society’s interest in credit for agriculture. From these definitions one could say that agricultural credit is the amount of investment funds made available for agricultural production from resources outside the farm sector. These resources could be in the form of cash or kind. Cash could be a loan from government, agricultural banks, commercial banks, cooperative societies, saving and thrift societies and individual money lenders. The resources could be in ‘kind’ by supply of inputs to farmers, by government and other non-governmental agencies interested in agriculture or food production.

The Nigerian government, in the bid to achieve the seven point agenda of Umar Musa Yar'adu one time president as it relates to food security embarked on farmer's registration for the supply of inputs. Fertilizers and planting materials such as maize and rice are given to the registered farmers at subsidized rates. Two bags of fertilizers and 25kg of the planting materials was expected to cost the farmer, five thousand, seven hundred naira (N5,700.00). KADP (2004) revealed that in some areas it cost six thousand (N6,000.00) to six thousand five hundred naira (N6,500.00) for the farmers to be able to get the inputs. Nagging questions are how many farmers can afford this amount in the face of the present economic hardship? How many real farmers in the villages where real farming takes place were registered? This programme though, new is towing the line of other agricultural programmes in the past that failed.

However, the availability of food at the right quantity and quality cannot be compromised. Therefore agricultural credit facilities need to be improved. The agricultural sector, like other sectors of the economy needs finance to survive. There are two major forms of agricultural credit facilities that is cash and kind (i.e as money and provision of farm inputs). Sources of these agricultural credit are majorly two. These are the loanable funds to the agricultural sector. These are the informal or non-institutional sources and the formal or institutional sources. According to Igben and Eke (1999), the informal sources of loadable funds constitute only a very small percentage of all sources of loanable funds flowing to the Nigerian agricultural sector. Such sources still play an important role in the funding processes. Infact, to the Nigerian farmer, these sources constitute the most important avenue of loanable funds, such informal sources include: savings of individuals, friends and relations, savings and returns of merchants and traders, savings of non-organized money lenders, periodic collection of funds from cooperative and associations as well as company-sponsored contract farmers.

The formal sources of loanable funds are those with well organized management structures, well laid out loan procurement and disbursement procedures as well as loan repayment terms. This category has two main distinctions. These are domestic and foreign based institutional sources of loanable funds. Nigeria places greater reliance on domestic institutional sources which are majorly agricultural co-operative banks, commercial banks and government, its agencies and parastatals.

In the Nigerian agricultural sector, banks are the most important sources of agricultural credits but are not beneficial to the individual peasant farmers. Prominent among these banks which are principally beneficial to large scale farmers are conglomerates Nigerian Industrial and Development Bank (NIDB), Nigerian Agricultural Co-operative and Rural Development Bank (NACRDB), and most commercial and merchant banks.

Nigeria by bi-lateral and multi-lateral arrangements have received grants for the country and the public agricultural sector from foreign donors Igben, and Eke, (1999). These foreign donors include United Kingdom, Federal Republic of Germany, France, Romania, United States of America, World Bank, Food and Agricultural Organization (FAO). The International Fund for Agricultural Development (IFAD), African Development Bank (ADB), International Finance Corporation and London Paris Clubs.

The Nigerian government has in the bid to provide agricultural credits, made several efforts 'These efforts include the establishment of Agricultural Development Projects (ADP), the Agricultural Credit Guarantee Scheme Fund (ACGSF), provision of insurance cover for farmer through the Nigeria Agricultural Insurance Corporation (NAIC). Others are the Trust Fund Model (TFM), Interest Draw Back Programme (IDP), the self help group linkage banking, refinancing scheme, financial inter-mediation through non-governmental organizations a small and medium scale industry.

Despite all these efforts, agricultural credit facilities are not sufficient and there is need for more. Implications that abound in the increase of agricultural credit facilities include, provision of food for the populace, raw materials for industries, foreign exchange earnings, employment opportunities, a source of income to farmers as well as its role as a resource market.

Hindrances to Adequate Agricultural Credit Facilities

A research carried out by Salihu in 1986 titled "an analysis of peasant access to agricultural loan on six production centres in Zamfara" revealed that about 48% of the sampled population had no access to any form of production loan mainly because they could not provide the required collateral. Further findings revealed that those in the dire need of capital have to resort to local moneylenders including buying agents and traders etc. It was also discovered that even the farmers who have access to agricultural production loans express frustration and discontent because such loans are approved for them on the condition that they undertake to repay immediately after harvest and mostly in kind. Unfortunately, the prices of agricultural commodities are at their lowest during harvest times. This shows that peasants are robbed of gains from price appreciation and investible funds which could accrue to them if they were to sell their commodities on their own terms.

It is equally agonizing to know that such loans attract exorbitant interest rates and are made available to the farmers when production processes are almost completed. In this wise, farmers use such loans marrying more wives or providing for consumption at such lean times of the year when scarcity is at its peak. This could be seen as finance lost to production, thus,

compounding the food supply problem. In the event of failure to repay such loans farmers may even lost their farmlands. Farmers have also been scared from taking loans as agricultural credits because of bureaucracies and the administrative bottlenecks involved. 'These hindrances to adequate agricultural credit facilities could be summarized be the problems of the third world, unstable economy and leaderships as well as the attitude of Nigerians.

CONCLUSION

This paper discussed the food security situation in Nigeria before and after the shift in the economic philosophy. The background of this paper concerned the assumption that credit facilities is very crucial to agricultural production. The needed food security will come through improved agricultural production, which can only be achieved by empowering farmers through provision of agricultural credits. The recommendations made if considered would cause a turnaround in the access to and utilization of credits for enhanced agricultural production and food security in Nigeria.

RECOMMENDATIONS

Based on the implications for food insecurity in the nation, need for sufficient agricultural credit facilities and the hindrances to agricultural credits discussed, the following recommendations are made.

1. Agricultural credit institutions should ideally make flexible lending policies, adequately appraise the credit needs of farmers to assure repayment and provide timely credit inputs.
2. Farmers should be involved in decisions that concern the acquisition and utilization of agricultural credits.
3. The operators of credit schemes should adopt an effective monitoring network that must always diffuse recklessness in the use of disbursed loans by farmers.
4. The government should ensure that the banks which give agricultural credits should evolve a systematic management of credit that would not only reduce loan default but also bring an improvement on the overall credit administration.
5. There should be adequate enlightenment and sensitization of farmers on the access to and utilization of agricultural credits. This could be done through campaigns.
6. Formation of farmer organization should be encouraged as this could make accessibility of agricultural credits easier.
7. Interest rates on agricultural credits should be reduced to the barest minimum.
8. The government should increase budgetary allocation to agriculture and the bulk should go into the provision of agricultural credits.

9. The government should set up machineries that should monitor the disbursed loans or credits to reach the target audience (farmers).
10. Efforts should be made towards the establishment of branches of banks that gives agricultural credits in rural areas.
11. The activities of the Nigerian agricultural insurance corporation should be made to reach the grassroots where the peasant farmers operate.
12. Insurance cover should be made available in agriculture in order to reduce natural and artificial risks to barest minimum. This will encourage banks and other organizations to step up credit facilities to farmers.
13. The food security programme of the present regime should be adequately designed, funded, implemented, and periodically evaluated and results made public in order to know whether the targeted goals are achieved or not.

The following way forward can be carryout by any scholars in the area as an empirical research:

- i. Measurement of technical efficiency and its determinants among inland valley rice farmers, Abia State, Nigeria.
- ii. The Agricultural Credit Guarantee Scheme Fund (ACGSF) and Food Security in Nigeria.
- iii. Profitability of Cassava Production in Kogi State, Nigeria and its implication on consumers.

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