

THE SENATE

FEDERAL REPUBLIC OF NIGERIA

COMMITTEE ON AGRICULTURE & RURAL DEVELOPMENT

REPORT

ON

A BILL FOR AN ACT TO PROVIDE A REGULATORY FRAME WORK FOR THE AGRICULTURE CREDIT FUND WHICH SHALL PROMOTE COMMERCIAL AGRICULTURE IN NIGERIA, ENSURE CREDIT SUPPORT FOR PRODUCTION, STORAGE AND PROCESSING OF TARGET COMMODITIES, DEVELOP MARKET AND AGRICULTURAL ENTERPRISES AND FOR OTHER RELATED MATTERS, 2016 SB 20

2016

A BILL FOR AN ACT TO PROVIDE A REGULATORY FRAME WORK FOR THE AGRICULTURE CREDIT FUND WHICH SHALL PROMOTE COMMERCIAL AGRICULTURE IN NIGERIA, ENSURE CREDIT SUPPORT FOR PRODUCTION, STORAGE AND PROCESSING OF TARGET COMMODITIES, DEVELOP MARKET AND AGRICULTURAL ENTERPRISES AND FOR OTHER RELATED MATTERS, 2016 SB 20

1.0 INTRODUCTION

The Senate of the Federal Republic of Nigeria, at its sitting on Wednesday, 4th May, 2016 read for the second time, the Bill for an Act to Establish the Commercial Agriculture Credit Scheme Bill 2016 SB 20 and referred same to the Committee on Agriculture & Rural Development for further legislative action.

1.1 BACKGROUND TO THE BILL

As part of its developmental role, the Central Bank of Nigeria (CBN) in collaboration with the Federal Government of Nigeria, represented by the Federal Ministry of Agriculture and Rural Development established the Commercial Agriculture Credit Scheme to promote commercial agricultural enterprises in Nigeria, which is a sub-component of the Federal Government of Nigeria Commercial Agriculture Development (CADP). The essence of this fund is to complement other special initiatives of the CBN in providing concessionary funding for agriculture such as the Agricultural Credit Guarantee Scheme (ACGS) which is mostly for small scale farmers; interest draw-back Scheme, Agricultural Credit Support Scheme, among others.

1.2 MEMBERSHIP

The membership of the Committee is as follows -

S/n	Name	Designation
1.	Sen. (Dr.) Abdullahi Adamu CON	Chairman
2.	Sen. Theodore A. Orji CON	Vice Chairman
3.	Sen. Emmanuel Bwacha CON	Member
4.	Sen. Muhammed Adamu Aliero CON	Member
5.	Sen. Shitu Muhammed Ubali	Member

6.	Sen. Dr. Abdullahi Aliyu Sabi	Member
7.	Sen. Akpan Albert Bassey	Member
8.	Sen. Athanasius Achonu Nneji	Member
9	Sen. Omogunwa Yele Olatubosun	Member
10	Sen. Dr. Dada Joseph Gbolahan	Member
11.	Sen. Ovie Omo-Agege	Member
12.	Sen. Foster Ogola	Member

2.0 COMMITTEE'S CONSIDERATION OF THE BILL

2.1 METHODOLOGY

In carrying out this assignment, the Committee adopted the following methodology:

i. Placed advertisements in electronic and print media by calling for submissions of memoranda and participation at the Public Hearing;

ii. Conducted Public Hearing on Tuesday 17th May, 2016 in order to get the views and opinions of stakeholders and the general public;

ii. Collated memoranda from the general public; and

iii. Consulted with legal drafting experts.

The following participants were present at the Public Hearing and made contributions -

Federal Ministry of Agriculture, Ministry of Finance, Ministry of Justice, Ministry of Budget and National Planning, Central Bank of Nigeria, Nigeria Deposit Insurance Corporation, Nigeria Agricultural Insurance Corporation, Debt Management Office, Commercial Agricultural Development Project, Agricultural Research Council of Nigeria, All Farmers Association of Nigeria, Bank of Agriculture, Bank of Industry, Representatives of Commercial Banks, National Agricultural Seeds Council, other consultants, Civil Society Organisations, and other stakeholders also made meaningful contributions.

From the information gathered, the Committee had a clause by clause consideration of the Bill and came up with the recommendations in this Report.

3.0 OBSERVATIONS

Mr. President and Distinguished Colleagues, it is common information that Nigeria earns over 80% of its revenue from Petroleum resources. This sector in fact contributes less than 14% of the Nation's Gross Domestic Product (GDP). It

is also not well acknowledged that agriculture contributes about 41.8% of the Nation's GDP and generates about two-thirds of all employments nationwide, and 90% of Nigeria's food requirements. All of these come from small scale farmers who also constitute the Nation's less privileged.

Agricultural yields from small Scale Farmers in the Nation still remain poor, stagnant and make poverty in the Nation pervasive, especially as little or no commercial funding is available to pursue commercial agricultural business, which alone can ensure the enhancement of food production, while enabling farmers at all levels to earn sustainable profits to support the national economy.

Mr. President and my Distinguished Colleagues, it is common knowledge that the present administration is diversifying the economy from oil sector to non oil sector of which emphasis is placed on the Agricultural sector. This necessitates the urgency to advance the fortunes of Commercial Agriculture through the introduction of a reliable credit scheme, robust enough and backed by the force of law, and structure to accommodate the long gestation period of farming returns, and also a scheme that is implemented with a vision to reduce risk of and inflationary trends associated with long term investments as commercial agriculture.

4.0 FUNDING

The Scheme shall be financed from the proceeds of the N200 Billion three (3) year bond raised by the Debt Management Office (DMO). The fund shall be made available to participating bank(s) to finance commercial agricultural enterprises. In addition, each state Government could borrow up to N1Billion for on-lending to farmers' cooperative societies and other areas of agricultural development provided such initiative/interventions are in line with the objective of CACS.

5.0 OBJECTIVES

The Bill seeks to among others fast-track the development of the agricultural sector of the Nigerian economy by providing credit facilities to commercial agricultural enterprises at a single digit interest rate; Enhance national food security by increasing food supply and effecting lower agricultural produce and product prices, thereby promoting low food inflation; Reduce the cost of credit in agricultural production to enable farmers exploit the potentials of the sector; and Increase output, generate employment, diversify the revenue base, increase foreign exchange earnings and provide input for the industrial sector on a sustainable basis.

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6.0 RECOMMENDATIONS

After a clause by clause consideration of the Bill which has 19 Clauses, the Committee recommends as follows:

i. **Retained**
Clauses 1, 2; 5; 6 (b)(c)(iii); 7(ii), (2); 8(1); 9; 10(1)(2)(3); 11; 15(iii) (v); 16; 17; 18; and Explanatory Memorandum.

ii. **Amended Sections & Clauses**
Commencement; Sections 1(ii); 3(i)(ii);4(i);6(i), (ii)(a)(d)(e)(f); 7(1)(i)(iii); 8 (i, ii),(2); 10(4); 15(i, iv) and 19.

iii. **New Insertion**
Clause 6(iii).

iv. **Deleted Sections & Clauses**
10(5); 12; 13 and 14.

The Committee strongly recommends that the passage of this Bill into law will provide a system for overseeing the funds provided for the scheme, and will complement the special initiatives of the CBN in providing concessional funding for the agricultural sector.

In addition to these, the Bill will provide a regulatory framework for the agricultural credit fund that will promote commercial agriculture in Nigeria, ensure credit support for production, storage and processing of target commodities, develop market and agricultural enterprise. When passed into law, it will support the sector by providing added regulatory mechanisms for commercial agriculture.

7.0 CONCLUSION

The Committee wishes to thank the Senate President, the Deputy Senate President and leadership of the Senate and Distinguished colleagues for the opportunity given to the Committee to serve in this capacity and craves your support to support this Bill.

Senator (Dr.) Abdullahi Adamu CON
Chairman

Dr. (Mrs.) Fortune Ihua-Maduenyi
Clerk to the Committee

Endorsements

S/n	Name	Designation	Signature
1.	Sen. (Dr.) Abdullahi Adamu CON	Chairman	
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