

LEAD DEBATE ON A BILL FOR AN ACT TO ESTABLISH THE NATIONAL AGRICULTURAL DEVELOPMENT FUND AND MATTERS CONNECTED THEREWITH 2020 (SB.119)

SPONSORED BY SENATOR ABDULLAHI ADAMU (NASARAWA WEST)

PREAMBLE

The Bill for an Act to Establish the National Agricultural Development Fund and Matters Connected Therewith 2020 (SB. 119) was read the first time in this hallowed chamber on Tuesday 5th November 2019. This Bill seeks to establish the National Agricultural Development Fund for the purposes of providing sustainable funding for agricultural development in Nigeria taking into consideration the critical need to address food production, food security, economic diversification, job creation and international competitiveness of agricultural sector in Nigeria.

JUSTIFICATION

Mr. President, Distinguished Colleagues, Agriculture occupies a very important priority in the programme of this Administration. Agriculture plays a pivotal role in the government's quest to diversify the economy, alleviate poverty, create jobs and ensure food security. These are evident through the different intervention programmes and policies that have been put in place and backed by enabling laws.

The current contribution of the agricultural sector to the nation's Gross Domestic Product (GDP) stands at 15-20% with the potential for improvement through the implementation and sustenance of appropriate intervention programmes, policies and enabling laws. In spite of the policies and enabling Laws, the utilisation of arable land in the country is only 40% and agriculture remains largely subsistence with minimal value addition. It will be difficult to achieve agricultural productivity and value addition required for industrial development without sustainable funding. The fact is that the current budgetary system will continue to be improved but it will be insufficient to generate the necessary transformation in the agricultural sector.

Interestingly, developing countries have found it necessary to establish special vehicles backed by Law in order to support strategic sectors. It is important to state that Nigeria was able to achieve this arrangement in the Oil and Gas, Communication, Education and Financial sectors where NNPC, NCC,

UBEC/TETFUND and CBN/FIRS were established to perform the expected role of driving the relevant sectors in a transverse manner. Others include, the Nigerian Capital Development Fund (NCDF); the Nigerian Content Intervention (NCI) Fund managed by the Bank of Industry; and the Nigerian Infrastructure Fund (NIF). The agricultural sector deserves a better treatment in Nigeria based on the endowments, competitive and comparable advantages and the potential derivable benefits and fortunes awaiting the citizenry.

One of the first steps that need to be taken to ensure adequate funding for the agricultural sector is the enactment of this Bill in order to pave way for the creation of a mega-agency to manage viable and sustainable sources of agricultural financing. This Bill seeks to identify where the funds will be sourced from and the areas it will be used to enhance agricultural development in the country.

It is expected that this Fund will complement other funding development opportunities at international and regional levels. At the international level for instance, the International Fund for Agricultural Development (IFAD) being a specialised agency of the United Nations and an International Financial Institution (IFI) is established to mobilise resources for agriculture and rural development in developing countries. Remarkably, the only IFI with specific mandate to eradicate poverty and hunger by investing in poor rural people through financial and technical assistance in agriculture and rural development projects in developing member states is IFAD. IFAD's operations are financed through contributions from member states, loan repayments, investment income and special contributions from non-member states. Other sources include, concessional loans, borrowing from international capital markets and sovereign borrowing.

At the regional level, the African Development Fund (ADF) being the concessional financing window of the African Development Bank contributes to the promotion of economic and social development in 38 least developed African countries by providing concessional funding for projects and programmes for the development of the region.

The time is apt to put machineries in place for the development of this Fund, under the Ministry of Agriculture and Rural Development. The National Agricultural Development Fund Bill is one of the tools to make this possible. The Bill recognises the need to fill the apparent gap in agricultural development in the country, especially where the mainstream government budgetary allocation is grossly inadequate.

OBJECTIVES

Some of the objectives of the Bill include to -

- i) Improve institutional capacity for enhanced agricultural productivity, income, employment, accessibility to quality inputs and outputs markets through research, innovation, technology upgrading and extension;
- ii) Develop human and natural resources for sustainable production and value addition;
- iii) Support the development of rural cooperatives, and clusters through supporting access to finance, markets and quality control, farmer & rural institutions;
- iv) Promote the evolution of commodity markets, commodity exchange and market driven aggregation center for effective link with the industrial and international markets;
- v) Promote agribusiness investment readiness of different entities on specific agricultural commodities and products;
- vi) Develop a vibrant, sustainable and competitive agricultural sector; and
- vii) Work with and support the main Ministry to support critical value chains and specific rural development programmes.

THE BILL

The Bill is divided into six parts. Part I deals with the Establishment Clause; Part II deals with the functions of the Fund and powers of the Board; Part III specifies the appointment and removal from office of the Executive Secretary and appointment

of other employees of the Fund; Part V stipulates the legal proceedings while Part VI contains the Miscellaneous provisions.

The Fund is to provide finance to support strategic aspect of agricultural development in Nigeria. This entails financing agricultural research, training, technology, innovation, extension and fixing critical value chains required for the evolution of strategic industries in Nigeria. The Fund would support the establishment of agricultural clusters, processing zones, and agro-allied industries. Equally, the Fund would provide emergency support fund for agricultural control of trans-boundary animal disease outbreak; support rural access to financial service through microfinance and collaborate with development partners to support programmes relevant to food security and agricultural modernisation and competitiveness. In brief, the Fund addresses key binding constraints to a complete transition from subsistence farming to modern agriculture capable of generating inclusive growth and a true economic diversification.

FINANCIAL COMPENDIUM

Mr. President, Distinguished Colleagues, the Bill makes provisions for how the Funds will be raised. Section 11 of the Bill adequately stipulates that the Funds shall include take off grants provided by the Federal Government; 0.5% of the Natural Resources Development Fund; 5% of profit after tax of each commercial bank in Nigeria; 5% of the Petroleum Profit Tax; 50% of the duty levied on imported rice, wheat, sugar and milk (and could include Fruits, Poultry, Fish). The proceeds of the account are to be applied to the cost of administration of the Fund; the payment of allowances and benefits of members and for reimbursing members of the Committee set up by the Board for expenses that the Board may authorise.

CONCLUSION

Mr. President, Distinguished Colleagues, development financing, leading to the creation of mega agencies is one of the requirements for creating strategic sectors in any developing economy. By passing this Bill into law, the Senate will be taking the right step in the right direction to stimulate the growth and diversification of the Nigerian economy through the agricultural sector. This move will further attract investors and create the enabling environment for jobs for our teeming youth. I urge you therefore Distinguished colleagues to give this Bill the accelerated legislative backing that it deserves.