Agricultural Funding A Tool to Economy Diversification in Nigeria

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BEING A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF ECONOMICS, FACULTY OF MANAGEMENT AND SOCIAL SCIENCES, FEDERAL UNIVERSITY GUSAU, IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE DEGREE OF BACHELOR IN SCIENCE (B.SC) DEGREE IN ECONOMICS.

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CERTIFICATION

I certify that this research work was carried out by Abdul Ojonugwa Reg .No. 1510205003, of the Department of economics, Faculty of Management and social sciences; Federal University Gusau, Zamfara state

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DEDICATION

This research is dedicated to Almighty God, the giver of life, wisdom and understanding for His infinite mercy and grace.

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Monetary indebtedness in writing, stating when to pay, at a future date is legal and customary to be acknowledged. But monetary and non-monetary indebtedness that cannot be refunded is natural and Godly to be acknowledged physically by expressions of gratitude and appreciation.

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ABSTRACT

The study examines agricultural funding as a tool for economy diversification in Nigeria. Specific objectives are; to examine the benefits accruable from the diversification of the Nigerian economy, to determine the prospects of agricultural funding in the diversification of the Nigerian economy, to determine the contribution of agriculture in the growth and development of the Nigerian economy. The data used for the study was gathered through primary sources (questionnaire). The population figure for the study will be the entire 32 population of International Fund for Agricultural Development (IFAD) officials from various departments such as operations, finance, administration etc. The data to be obtained out there in the field was presented in a tabular form. However, the statistical tool employed to test the earlier stated hypotheses of study is chi-squared. Findings from the study revealed that majority of the respondents are of the opinion that agriculture is a major source of economic income and that effective agricultural funding would improve economic diversification.

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND TO THE STUDY

There is no doubt that petroleum (crude oil) has contributed substantially to Nigerian revenue since its discovery in 1956 and more especially, since 1970 when its price was on the upward trend, it is a well-known fact that Nigeria's continuous large earnings or revenue from this sector will be impossible due to the reduction in oil price. However, it is a known fact across the globe that for a country to attain growth and development, its economy has to be diversified. Mono-economy needs to give way to the productive development of various sectors of the economy. As a matter of fact, there is an urgent need for the Nigerian government to begin looking into diversification of the economy into the agricultural sector so as to attain solid economic growth.Onikosi,(2015).

As global oil prices continue to fall sharply over the past 5 years, Nigerians, for an economy that is largely dependent on oil needs not to be told that tough times beckons. Thus, we must recognize the urgency and severity of the matter. As a matter of fact, all efforts must be geared and directed towards the "rejected stone" which must now become the chief corner stone as a means to set the nation's economy on a path of rebirth and recovery. Setting the nation's economy on the path of rebirth and recovery requires a complete shift of attention back to the Agricultural sector as the only way out of this conundrum. Ogbeh(2016). Before the discovery of oil in 1956 in Nigeria, Nigeria was famous in her agrarian economy through which cash crops like palm produce, cocoa, rubber, timber, ground nuts, were exported, thus making Nigeria a major exporter in that respect. Also, Nigeria had 19 million heads of cattle, the largest in Africa. At present, Nigeria is no longer a major producer of groundnuts

(peanuts), rubber, and palm oil. Cocoa production, mostly from obsolete varieties and overage trees, has nevertheless increased from around 180,000 tons annually to 350,000 tons. Undoubtedly, the discovery of crude oil has contributed and assisted Nigeria's economic prosperity and growth. Nevertheless, the current dwindling in oil price since June 2014, after five years of oil windfall, has immensely affected the economy of major oil exporters like Nigeria, Saudi Arabia, Iraq and Libya, etc. as was majorly aggravated by Middle East unrest and wars. Another huge blow to crude oil exporters was America's reduction in the number of barrels they import from nations. These factors have created a bad market for Nigeria and thus, her economy is presently shaking. This scenario is worsening by Nigeria's running mono-economic economy and the abandonment of agriculture. The adverse effect of this boom and euphoria led to the establishment of new urban cities that necessitated mass exodus of able-bodied men and women from the rural areas to the cities in search of white-collar jobs and quick money. This development drastically reduced interest in agriculture and agrarian economy. (Ariyo, 1997). Agricultural sector has been the leading provider of employment in Nigeria since the sixties and seventies, when the sector provided employment for more than 70 percent of the Nigerian population. Unfortunately, in the wake of oil discovery, the attention on this sector of the economy was gradually and myopically shifted to the oil sector where employment opportunities were very low and the traditional agricultural exports have been on a progressive decline. Regrettably, the scenario has given rise to acute unemployment as oil sector could only employ limited number of the population and worse still, only experts. In the 1960"s, the Agricultural sector was the most important one in terms of its contribution to domestic production, employment and foreign exchange earnings. During the oil boom decade of the 1970"s the sector remained largely stagnated and this accounts largely for the declining share of its contribution these days. Onikosi,(2015). The attention that was shifted to the oil sector which leads to the reduction of interest in

agricultural sector is the major cause of economic retardation in Nigeria today. The only way out of this economic retardation in Nigeria is to diversify the economy, by using agricultural funding as a tool.

Diversification presents the most competitive and strategic option for Nigeria in light of her developmental challenges and given her background. Diversification has a lot of benefits for Nigeria to maximally utilize her abundant resource – base to rebuild the economy and enjoy the benefits of all the linkages, synergy, economies of scale, grow national technology and foreign investment profile, build human capital, exploit new opportunities, lessen averagely operational costs, increase national competitiveness and grow the standard of living and confidence of the citizens for national renaissance.

Diversification does not occur in a vacuum. And, the need to have in place an enabling environment to make diversification possible remains necessary. A number of key drivers have already been identified. Agriculture was the main stay of the Nigeria economy before the discovery of crude oil in 1956. Adequate funding of agriculture will be an appropriate option in the diversification of the nation's economy.

Diversification implies "movement into new fields and stimulation and expansion of existing traditional products." Diversification does not discourage specialization, but requires that resources be channeled into the best alternative uses (Iniodu, 1995). In macroeconomic planning, diversification promotes growth and development through the mobilization of savings from surplus sectors for use in the development of deficit sectors of the economy.

Agriculture is defined as the cultivation of crops and domestication of animals including forestry, horticulture and fishery, Hussainatu A.(2010). Agriculture as a branch of the world plays a significance role in human life. Agriculture was the backbone of the Nigeria

economy before the discovery of oil in 1956. As a matter of fact, a lot of countries depend solely on agriculture for sustenance and as the main source of their revenue.

Agriculture have been classified into traditional, commercial and plantation, hussainatu A.(2010).Traditional agriculture is the type of agricultural practice that the basic variable input in the farm is family and village. The basic features of traditional agriculture includes: traditional implement, small scale and holdings, purely subsistent, limited use of modern inputs (such as fertilizer, chemical and improved seeds. Commercial agriculture is the kind of agriculture whereby we find farmers engaged in the production of crops meant for subsistent purposes as well as for export. Plantation agriculture is a highly mechanized capital intensive type of agriculture usually undertaken on a very large scale.

There are six standard contributions of agriculture to the Nigeria Economy. These are; provision of food stuffs for the rising population, expanding domestic market for industries, releasing manpower (labour) for industry and other sectors of the economy, export production to increase farmers' incomes and foreign exchange for the economy, capital formation, and employment generation, hussainatu A.(2010).

1.2 STATEMENT OF THE PROBLEM

Despite the Nigeria's rich agricultural resource endowment, there has been a gradual decline in agriculture's contributions to the nation's economy (Manyong et al., 2005). In the 1960s, agriculture accounted for 65-70% of total exports; it fell to about 40% in the 1970s, and crashed to less than 2% in the late 1990s. The decline in the agricultural sector was largely due to rise in crude oil revenue in the early 1970s. Less than 50% of the Nigeria's cultivable agricultural land is under cultivation. Even then, smallholder and traditional farmers who use rudimentary production techniques, with resultant low yields, cultivate most of this land. The smallholder farmers are constrained by many problems including those of poor access to modern inputs and credit, poor infrastructure, inadequate access to markets, land and environmental degradation, and inadequate research and extension services.

Low agricultural output has a negative effect on the Nigerian economy as a whole. Several factors have been identified to enhance or retard growth in the agricultural sector. These factors include education (Huffman 1949; Pudasaini 1983; Aheam et al. 1998; Weir 1999), infrastructure (Querioz and Gaultam 1992; Gopinath and Roe 1997; Yee et al. 2000 and VenkÁtachalam 2003) and inflation (Johnson 1980; Bullard and Keating 1995; Andres and Hernando 1997; Gokal and Hanif 2004).

A careful observer notices that the oil boom which would have been an enduring blessing to Nigeria hasregrettably necessitated great shift of attention to oil money, which resulted to a total neglect of agriculture. The adverse effect of this boom and euphoria led to the establishment of new urban cities that necessitated mass exodus of able-bodied men and women from the rural areas to the cities in search of white-collar jobs and quick money.

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This development drastically reduced interest in agriculture and agrarian economy. Agricultural sector has been the leading provider of employment in Nigeria since the sixties and seventies, when the sector provided employment for more than 70 percent of the Nigerian population. Unfortunately, in the wake of oil discovery, the attention on this sector of the economy was gradually and myopically shifted to the oil sector where employment opportunities were very low and the traditional agricultural exports have been on a progressive decline. Regrettably, the scenario has given rise to acute unemployment as oil sector could only employ limited number of the population and worse still, only experts.

Today, agriculture has suffered from long years of neglect, mismanagement, inconsistent and poorly conceived government policies, lack of government meaningful incentive to farmers, lack of basic infrastructure and a lot of bureaucratic bottlenecks in executing policies and agricultural programs among government agencies The shift of focus to the Agricultural sector is the only bail out for the economy. The demand for agricultural product out there is very high, if we produce the right quantity and quality." It is good that the man has a good understanding of his job. However, government must be reminded that we are in this situation in the first place, due in part to its complacency, utter neglect and disdain for the Agricultural sector.

Options for diversifying an economy abound, such as agriculture, entertainment, financial services, industrialization, information and communication technology, tourism, mining, etc. However, it is worthy to note that country-specific circumstances ought to as a matter of necessity, be considered. This is cogent, since due to structural differences, a model that fits an economy perfectly well may prove irrelevant in another. With a major objective of diversifying the productive base of the Nigerian economy with a view to reducing dependence on the oil sector, this study zero in on 'agriculture' as imperatives.

The choice of this approach is informed by Developmental Policy in Nigeria and the huge successes recorded by some Asian countries–which are collectively referred to as 'Asian Tigers'–in applying these imperative, as well as the fact that these countries were basically at the same level of national development with Nigeria, at the time of their respective take-off and still share certain similarities with Nigeria.

This paper however, attempts to seek out how funding of agriculture can help in the diversification of the economy in order to enhance stable and viable economic growth in Nigeria.

And also to know if funding of agriculture can help in contributing to the development of the country, and if it can contribute towards the achievement ofincrease in productivity, the achievement of self-sufficiencyin food production, self-sustained growth in agricultural sector; and, the realization of structural transformation.

1.3 RESEARCH QUESTIONS

i. What are the benefits accruable from the diversification of the Nigerian economy?

ii. What are the prospects of agricultural funding in the diversification of the Nigerian economy?

iii. What is the contribution of agriculture in the growth and development of the Nigerian economy?

1.4 OBJECTIVES OF THE STUDY

The following are the objectives of this study;

i. To examine the benefits accruable from the diversification of the Nigerian economy.

ii. To determine the prospects of agricultural funding in the diversification of the Nigerian economy.

iii. To determine the contribution of agriculture in the growth and development of the Nigerian economy.

1.5 HYPOTHESIS OF THE STUDY

The hypothesis that would guide this work is as follows

H0: There is no significance relationship between Agricultural Funding and Economic Diversification in Nigeria

H1: There is significance relationship between Agricultural funding and Economic Diversification in Nigeria

1.6 SIGNIFICANCE OF THE STUDY

The significance of this research is to examine the usefulness of agricultural of agricultural funding as a tool to economy diversification, because it has been observed that economy diversification contribute positively to the national development by reducing over-dependent on one sector, increasing the national output and reducing the level of unemployment e.t.c.

The beneficiaries of this research work are; the society, thecommon man and the economy at large.

The results of this study will educate the society on approaches by which agricultural funding can be used a s a tool for the diversification of the Nigerian economy.

This research will be of a great benefit to a common man because it will educatehim to know the role of agriculture and the importance of having a diversify economy instead of mono-economy.

If this research is given a proper attention by the society, it can also be of a great benefit to the economy at large, by helping the economy to achieve the major macroeconomics goals such as stability in price of goods and services, economic growth, full employment and balance of payment equilibrium.

This research will be a contribution to the body of literature in the area of the effect of personality trait on student's academic performance, thereby constituting the empirical literature for future research in the subject area.

1.7 SCOPE AND LIMITATIONS OF THE STUDY

This study will cover the effect of agricultural funding on the diversification of the Nigerian economy.

Financial constraint - Insufficient fund tends to impede the efficiency of the researcher in sourcing for the relevant materials, literature or information and in the process of data collection (internet, questionnaire and interview).

Time constraint - The researcher will simultaneously engage in this study with other academic work. This consequently will cut down on the time devoted for the research work.

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAME WORK

2.1 INTRODUCTION

This chapter gives an insight into various studies conducted by outstanding researchers, as well as explained terminologies with regards to agricultural funding as a solution to Nigeria economy diversification. The chapter also gives a resume of the history and present status of the problem delineated by a concise review of previous studies into closely related problems.

2.2 CONCEPTUAL REVIEW

2.2.1 CONCEPT OF ECONOMIC DIVERSIFICATION

Don't put all your eggs in one basket." It's a mantra mothers everywhere have been telling their children for generations. It is good advice that bears relevance not only on the farm, but in the community at large as well. Diversification of an economy means that if one business falls and breaks, the effect on the overall economy within the region will be minimized.

Economic diversification is defined here as the shift toward a more varied structure of agriculture and of domestic production so as to increase productivity, create jobs and provide the base for sustained poverty-reducing growth.

Economic diversification remains a key challenge for most developing countries. Indeed, Diversification and rising per capita incomes go hand in hand up until incomes per head reaches the top, thereafter growth appears to lead to more concentrated economies. The challenge of diversification is greatest for countries with the lowest incomes and for countries whose economies are dominated by commodities or minerals. For these countries, economic

diversification is inextricably linked with the structural transformation of their economies and achievement of higher levels of productivity as a result of the movement of economic resources, both within and between economic sectors.

Small economies, where diversification is limited because of scale, face a particular set of challenges, as there is little opportunity to efficiently produce a high number of products. This is often compounded by poor connectivity as a result of being land-locked or an island economy.

In these countries, regional and global integration plays a key role in overcoming limited size and addressing connectivity and especially through movement of persons to provide tasks and services overseas. There are also particularly close links with macro performance, as the optimal response to volatility lies more with the good management of fiscal, monetary and exchange rate policies than with attempts to diversify the structure of production.

One of the top benefits of a diversified economy is that it is flexible and not fixed. A community's economic health is not tied to a single industry or market sector. This means that should the price of oil drop or the price of grain plummet, the region's economy will remain insulated from the chilly economic conditions that are blowing. This helps protect the economic viability of other industries and prevents massive layoffs and sharp declines in property values. Over time, communities can absorb the impact and continue moving forward towards the future.

Another benefit of a diversified economy comes in the form of innovation. Not only do companies feed off one another for financial gain, they feed off one another in the form of new ideas and product generation. As one business grows, the business beside it just might

develop the widget, gadget, or gizmo they need to enhance their operations and boosts their profitability.

2.2.2 CONCEPT OF AGRICULTURE

Conceptually, agriculture is the production of food, fibre and other goods by the systematic growing and harvesting of plants and animals. It's the science of making use of the land to raise plants and animals.

Agriculture also involves the cultivation of land, raising and rearing of animals for providing food for human consumption, raw materials for industries and feed for animals. It's compesed of crop production, livestock, forestry and fishing. Agriculture was the mainstay of Nigeria up to the period oil was discovered in commercial quantity, with the first export dating back to the 16th century when James Watt and his crew shipped 32 barrels of palm oil along with 150 elephant tusks and 589 sacks of pepper from Nigeria to England (NTJ,1967;530)

The place of agriculture in Nigeria's economy has remained critical over the decades. Prior to the political crisis in 1967-1970, agriculture's positive contributions to the economy were instrumental in sustaining economic growth and stability. The bulk of food demand was satisfied from domestic output, thereby obviating the need to utilize scarce foreign exchange resources on food importation. Stable growth in agricultural export constituted the backbone of a favourable balance of trade. Sustainable amounts of capital were derived from the agricultural sector through the imposition of several taxes and accumulation of marketing surpluses which were used to finance many development projects. A typical example is the first Nigerian skyscraper-the cocoa house in Ibadan, which was built with proceeds from the

sale of cocoa. However the crisis that developed in Nigerian economy during the civil war became more serious in the early 1970s, which coincided with the rising fortunes of the petroleum sector. From that period till date, agriculture's contributions to the economy became relatively insignificant. This development is reflected in rising food prices and inflation, increased imports of food and agricultural raw materials for local industries, a relative decline in agricultural export earnings and deteriorating living conditions in rural areas. The sector, which employed 71% of the total labor force in 1960, employed only 56% in 1977. The number stood at 68% in 1980 , falling to 55% in 1986 , 1987 and 1988; and 57% annually from 1989-1992, and has continued to nosedive until date.

Ojo M.O (1994) classified the problems associated with Nigerian agricultural development into six groups, namely: environment, labour, capital, technology and marketing. The above constraints has implications for agricultural productivity in Nigeria. For instance, they make productivity in agricultural sector very low. The fundamental problem is thus how to improve productivity.

2.2.3 ECONOMIC DIVERSIFICATION IN NIGERIA

A survey of the international scene of developing countries shows that governments of various Less Developed Countries (LDCs) have engaged in varieties of strategies and programmes in order to develop their economies and achieve sustainable growth. These programmes are referred to, in economic parlance, as 'instruments of national policy. They include the establishment of public organizations that take different legal and organizational structures, different managerial patterns and different sets of relationships with governments to understand and to review the different means by which they can achieve sustainable development in their countries with the limited resources at their disposal. The global financial and economic crisis has revealed Africa's vulnerability to external economic shocks

because of Africa's effort to meet the millennium development goals by 2015. Economic diversification which demands active participation in wide range of sectors, and firmly integrated into different regions, are better able to generate robust growth and great potential to increase Africa's resilience and contribute to achieving and sustaining long economic growth and development in the continent. A strong growing sustainable economy is the goal of every nation in the world. However, scholars agree that economic development has been very slow on the African continent. Hyden (2006) notes: Despite its riches, African countries have not been very successful in wooing investors to the continent. A significant bottleneck for economic development in many countries of the region is its poor physical infrastructure. Essential services such as electric power, water, roads, railways, ports, and communications have been neglected, especially in the rural areas. The most important things to reiterate about the region's economy are that it remains undeveloped and is becoming increasingly marginalized in a competitive global economy where other developing regions are making the fastest headway. Africa continues to rely on exporting primary commodities. It cannot generate enough investment capital from within and is largely failing to attract foreign investments. Without exaggerating, it is a well-known fact that Nigeria ranks among the most richly endowed nations of the world in terms of natural, mineral and human resources. Nigeria has a variety of both renewable and non-renewable resources, some of which have not yet been effectively tapped. Solar energy, probably the most extensive of the underutilized renewable resources, is likely to remain untapped for some time, and the vast reserves of natural gas produced with crude oil have yet to be fully utilized (Akpan, 2009 &Olumola, 2006). Before the discovery of oil in 1956 in Nigeria, Nigeria was famous in her agrarian economy through which cash crops like palm produce, cocoa, rubber, timber, ground nuts, were exported, thus making Nigeria a major exporter in that respect. Also, Nigeria had 19 million heads of cattle, the largest in Africa. At present, Nigeria is no longer a major

producer of groundnuts (peanuts), rubber, and palm oil. Cocoa production, mostly from obsolete varieties and overage trees, has nevertheless increased from around 180,000 tons annually to 350,000 tons. Undoubtedly, the discovery of crude oil has contributed and assisted Nigeria's economic prosperity and growth. Nevertheless, the current dwindling in oil price since June 2014, after five years of oil windfall, has immensely affected the economy of major oil exporters like Nigeria, Saudi Arabia, Iraq and Libya, etc. as was majorly aggravated by Middle East unrest and wars. Another huge blow to crude oil exporters was America's reduction in the number of barrels they import from nations. These factors have created a bad market for Nigeria and thus, her economy is presently shaking. This scenario is worsening by Nigeria's running mono-economic economy and the abandonment of agriculture. Thus today, agriculture has suffered from long years of neglect, mismanagement, inconsistent and poorly conceived government policies, lack of government meaningful incentive to farmers, lack of basic infrastructure and a lot of bureaucratic bottlenecks in executing policies and agricultural programmes among government agencies (Ariyo, 1997). This paper however, attempts to seek out how diversification of the economy will enhance stable and viable economic growth in Nigeria.

2.3 EMPIRICAL LTERATURE

Studies and mathematical models have shown that maintaining a well- diversified economy will yield the most cost-effective level of risk reduction and economic growth in a country. Samuelson (1968) in describing economic diversification as an act of investing in a variety of assets mentioned its benefit as that which reduces risk especially in the time of recession, inflation, deflation etc. Economic diversification strives to smooth out unsystematic risk events in a portfolio so that the positive performance of some investments will neutralize the negative performance of others. An empirical example relating economic diversification to

risk reduction and economic growth was a research carried out by Elton and Gruber (1977). They worked out an empirical example of the gains from economic diversification. Their approach was to consider a population of 3,290 securities available for possible inclusion in a portfolio, and to consider the average risk over all possible randomly chosen n-asset portfolios with equal amounts held in each included asset, for various values of n. Their result shows that most of the gains from diversification come for $n \leq 30$ which indicates continuous economic growth.

Oliner and Sichel (2000), Jorgenson and Stiroh (2000) and Whelan (2000) used endogenous growth model to study the implication of growth rebound in the US economy. Their findings support the assertion of improving economic diversification through other means like information technology which they see as the main sources of the rebound; hence the role of technological progress in agriculture cannot be underestimated. Other researchers like Young (1995) applied the same framework and discovered that the higher growth of output in the newly industrialized countries of East Asia than the rest of the world is almost entirely due to rising in economic diversification which increases labour force participation and empowerment in labour quality (through knowledge accumulation) and not attributable to rapid technological progress. Adebayo (1999) noted this when he said that the neglect of agriculture and the rural economy and the concentration of economic activity in the oil sector was the cause of the current scarcity of raw materials, which has led to heavy imports of raw materials and foodstuff. Muttaka (2015) examined the effect of Nigeria's oil dependency on economic growth. He observed that Nigeria has wasted much of its opportunities to break away from underdevelopment despite its massive natural and human resources endowment due to heavy reliance on her huge crude oil resources, regrettably mismanaged, as the major source of revenue. He identified and discussed on some key drivers of economic diversification such as investment, governance and regional dimensions of economic

diversification as well as human and natural resources. He maintained that of all the other drivers, good governance remains a prerequisite in building an enabling environment for such diversification. Onucheyo (2001) earlier predicted the fall in oil prices, when he pointed out that in the 21st century nuclear, solar, geothermal and other energy sources will be sufficiently developed to meet most of the world's energy requirements. A situation which, according to Onucheyo, raises fears for Nigeria's oil powered monocultural economy. Onucheyo maintained that Nigeria's position in the 21st century will not depend on its oil, but the development of its agricultural sector and related human resources. Egunjobi (2012) assessed the impact of urban unemployment on economic growth using co-integration and the error correction mechanisms. The research was of the opinion that income, government expenditure and investment in human resources had direct impact while urban-unemployment rate had an indirect impact on economic growth. Hence, he recommended investment in human resources. Nonetheless, this research has really filled a knowledge gap by studying two important macroeconomic variables: agriculture and human resources/capital management in Nigeria with neo-classical model of growth which concentrates on various activities that will continually raise potential output, causing a shift in the long run aggregate supply. The theory has, in addition, demonstrated that capital deepening in one sector alone cannot lead to continual shifts in the potential output in the long run. Other researches already carried out were done with variables like agriculture or human resources separately, but this study has filled a gap by combining the two variables. Hence, agriculture and human resources management is needed to compliment capital for the inducement of growth in the long run and increase in the standard of living.

Also, There have been a number of valuable studies on the relationship between agriculture and economic development in Nigeria. According to itodo 2015, in his study explored empirically the role of agriculture in development of Nigeria between 1981 and 2012. The

quantitative technique was employed in a multivariate study with the adaptation of the Solow Growth model that includes Capital proxy by Gross Capital Formation (GCF), labour proxy by post secondary school enrolment, Agricultural Output and Economic Growth and Development proxy by RGDP. Restricted Error Correction Model is used with the aid of Econometrics Viewm Package (Eview). The study reveals that the Agriculture plays a significant role in economic development of the nation. In addition, the sector has been neglected to the extent that its contribution to the GDP has been dwindling since 90's. Consequently, the barriers to the agricultural sector performances were identified and the necessary policy recommendations were proffered.

Olajide et al. analyzed the relationship between Agricultural resource and economic growth in Nigeria using the Ordinary Least Square regression method: The results reveal a positive cause and effect relationship between gross domestic product (GDP) and agricultural output in Nigeria. Agricultural sector is estimated to contribute 34.4 percent variation in gross domestic product (GDP) between 1970 and 2010 in Nigeria. The Agricultural sector suffered neglect during the hey-days of the oil boom in the 1970s. In order to improve agriculture, government should see that special incentives are given to farmers, provide adequate funding, and also provide infrastructural facilities such as good roads, pipe borne water and electricity.

Ebere and Osundina examined the impact ofgovernment expenditure on agriculture on economic growth in Nigeria over the years with time series data of 33 years sourced from the Central bank of Nigeria was used. Ordinary Least Square (OLS) technique of data analysis was used in evaluating the secondary data. GDP was

used as a proxy to economic growth, while agricultural output and government expenditure on agriculture were used as indicators of government expenditure on agriculture. From the findings, agricultural output, government

expenditure and GDP are positively related. It was found that a significant relationship exist between government expenditure in the agricultural sector and the economic growth in Nigeria. The findings also revealed that the sector still encounter some problems like inadequate finance, poor infrastructure, and others. Therefore, the study recommended that it is imperative for the country to develop its agricultural sector through sufficient government spending in order to set-up its economic growth.

Ishola et al. explored the average contributions of the agricultural sector to the national earning of Nigeria over the years, using a time series data from 1981 to 2010 sourced from the Central bank of Nigeria. The paper applied the unit root test and co integration, relying on the theoretical backing posited by Solow. It was found that a significant relationship exist between government expenditure in the agricultural sector and the economic growth of Nigeria.

Oji-Okoro employed a multiple regression analysis to examine the contribution of agricultural sector on the Nigerian economic development. They found that a positive relationship between Gross Domestic Product (GDP) vis a vis domestic saving, government expenditure on agriculture and foreign direct investment between the period of 1986-2007. It was also revealed in the study that 81% of the variation in GDP could be explained by Domestic Savings, Government Expenditure and Foreign Direct Investment.

Ogen believed that the agricultural sector has a multiplier effect on any nation's socioeconomic and industrial fabric because of the multifunctional nature of agriculture.

submitted that in the 1960"s, agriculture contributed up to 64% to the total GDP but gradually declined in the 70"s to 48% and it continues in 1980 to 20% and 19% in 1985, this was as a result of oil glut of the 1980's.

Agada and Alex 2002. In their study, aimed at answering the question, 'Does agriculture matter for economic development in Nigeria?' and modelled Life expectancy against agricultural output and agricultural expenditure, amongst other variables. Agricultural output is also modeled against a host of socio-economic, natural and human factors, which influence agricultural productivity. Applying Augmented Dickey-Fuller unit root test, Ordinary Least Squares, and the Newey-West method on secondary data and dummy variable used in the study, they found that agricultural output has negative and significant impact on life expectancy in Nigeria.

The impact of agricultural expenditure was found to be positive but insignificant. Real gross domestic product and industrial output were also found to influence life expectancy. Careful examination of the hypothesized socio-economic factors (political instability and industrial output), natural factor (rainfall), and human factor (carbon emission) showed that only industrial output and rainfall matter for agricultural output in the

country: both variables have positive impacts on agricultural output. The study submitted that as much as agriculture may matter for economic development, reliance on the sector alone without corresponding and simultaneous development of other crucial sectors such as education, health, and industry will not yield positive fruits for economic development in Nigeria.

2.4THEORETICALFRAMEWORK

2.4.1 STUCTURAL CHANGE THEORY

The study adopted the Structural Change Theory as framework. The Structural Change Theory was developed by Lewis Arthur in the year 1954 and he called it "development with unlimited supply of labour. According to him an economy is made up of two sectors. One is the traditional (agricultural or subsistence) sector and the other is the modern (capitalist, industrial or manufacturing) sector. This gave rise to the two sector model. The theory posits that the development of an economy is dependent on the growth of the two sectors.

$Y = f(AGRIC, IND)$

Where; Y = Economic development, AGRIC = Agricultural sector and IND = Industrial sector.

The agricultural sector and the industrial sector are interrelated. The agricultural sector employs capital inputs, labour expertise and is also a final consumer of the output of the industrial sector, while the industrial sector employs labour and output of the agricultural sector.

This theory focuses on the mechanism by which underdeveloped economies can transform their

domestic economic structures from a heavy emphasis on traditional subsistence agriculture to a more modern and more advanced agricultural practice through heavy financial support in order to attain industrial breakthrough. The extended version of the theory added that the full benefits of agricultural development cannot be realized unless government support systems are created that provide the necessary incentives, economic opportunities and most

importantly access to needed inputs to enable small farmers to expand their output and raise their productivity. Other reforms or strategies are likely to be ineffective and perhaps even counterproductive unless there are corresponding structural changes that control productivity. Examples; bank loans, fertilizer distribution, technical and educational extension service, public credit agencies, finance from various sources, rural transport and feeder roads.

2.4.2 THE NEO-CLASSICAL GROWTH MODEL (NGM)

To understand the neo-Classical growth Model, it will be judicious to first comprehend the meaning of economic growth. Economic growth is simply one of the four macroeconomic goals of any society. Simply defined, it refers to the increase overtime of an economy's capacity to produce those goods and services needed to improve the wellbeing of the citizen in increasing numbers and diversity. It is the steady process by which the production capacity of the economy is increased overtime to bring about rising levels of national income (Todaro and Smith 2009). Thus, this research employs the neo-classical growth model to gain more insight into the scope of the work.

The neo-classical growth model attributed essentially to the works of Robert Solow attempted to correct a major defect of the Harrod-Domar growth model, that defect being the rigidity of the model imparted to it by the underlying Leontief type production function. This type of production is characterized by fixed capital labour proportions. This fixity eliminates the possibility of increasing output by increasing the supply of one factor alone. In other words, the scope of factor substitution (diversification) is zero implying the impossibility of factor substitution.

It is this defect inherent in the Harrod-Domar growth model that the neo-classical growth model proceeded to redress. In doing this, the assumption of a Leontief type production

function was dropped and replaced by a more realistic production function characterized by well-behaved negatively sloping isoquants. This production function was considered more realistic as it recognized the possibility of factor substitution. The elegance of this production function was its permission of a variation in the capital output ratio k. Thus, an inequality between s/k and n i.e. s/k=n could be corrected by an alteration in k. Hence for example, sk> n implies that the capital stock grows at a slower rate than the labour force. When this happens, the capital output ratio, k will fall thus raising s/k and restoring the equality of s/k and n in the process. Conversely, s/k>n implies that the capital stock growth rate outstrips the labour force growth rate as well as the output growth rate. The resulting rise in the capital-output ratio k will bring about a fall in the s/k ratio thus again restoring the equality between s/k and n. Therefore, the neo-classical growth model as opposed to its Harrod-Domar growth model counterpart thrives on the possibility of correcting any discrepancy between the warranted and natural growth rates through changes in capital output ratio, k. Like the Harrod-Domar growth model, the neo-classical growth model implies that the part and speed of an economy's growth are endogenous policy variables that are within the ambit of policy makers and not homogenous policy. This therefore, implies that Nigerian policy makers should make every urgent effort to encourage diversification of our resources (endogenous) and not encouraging mono-economy which is (homogenous).

2.5 THE ROLE OF AGRICULTURE IN THE NIGERIAN ECONOMY

Agriculture is one of the important sectors of Nigeria's economy. Its role in economic development cannot be overemphasized. The history of agriculture can be traced back to, at-least to the mid-eighteenth century, and which was central to the early development of the analytical economics by Adam Smith, David Richardo, and Thomas Malthius, typically some

40 to 60 percent of the national income is produced in agriculture and from 50 to 80 percent of the labour force is engaged in agricultural production.

However, agriculture has four major roles to play in economic development. These are, to increase the supply of food for domestic consumption, to release labour for industrial output, to increase the supply of domestic savings and to earn foreign exchange. The final role, that is the earn foreign exchange implies that the country is open to international trade.

Notwithstanding the roles of agriculture in the country's economy, agriculture is encountering a lot of problems, which lead to decline and poor performance in agricultural sector. These problems include lack of fund: inadequacies in the supply and use of farm inputs, unfavorable macro-economic policy; land constraints; poor post-harvest technology; environmental hazards; disease and pest infestation; labor constraints; low rate of adoption of appropriate technology; transportation; low income earning etc., infact agriculture in Nigeria is caught in a low level of equilibrium trap.

In the past, attention given to agriculture by government was not encouraging. Farming was pushed to the background and farmers were not introduced to the modern method of farming which would have gone a long way in helping to boost agriculture. Until 1976, during the first Obasanjo regime, alteration was beginning to be given to agriculture with launching of operation feed the Nation (OFN). The idea behind OFN was that all Nigerians should join hands together to produce food for ourselves and the nation. Ever since them, successive governments have followed with different programmes all aiming at developing agriculture and agricultural projects.

Moreso, government has shown great concern in this wise idea with the establishment of Nigerian Agricultural and co-operative Bank Ltd. (NACB).This bank, which is an apex up to

grant agricultural credit to the agricultural and agro-allied sector of the Nigerian economy. This is carried out through the provision of loans to individuals, co-operatives organizations, limited liability companies, state and federal government agencies.

2.5.1 AGRICULTURAL GROWTH

Nigeria is fortunate to have an abundance of fertile soil along with a climate suitable for agriculture. There is also a supply of human resources that could benefit from having the agricultural sector to work in. As stated above, Nigeria can join the league of economically developed nations by focusing on the improvement of its agricultural sector. A recent group study (Diao, Xinshen, Hazell, Peter &Thurlow, 2009) examined the effect of other channels of growth on the decrease in poverty and the overall growth rate in six low-income countries of Africa. The findings of that research can be applicable to Nigeria as well. According to the study, industrial growth is less effective in reducing poverty than agricultural growth because a major percentage of the population (about 70%) live in rural areas. The agricultural sector is favourable as it allows greater employment opportunities for the poor. It was also noted by Diao et al that even though the industrial sector is important for boosting the economy, it fails to create sufficient employment opportunities for the poor and unskilled workers. In addition, the study stated that there was little evidence to prove that African countries could launch a successful economic transformation without going through an agricultural revolution on a country-wide basis.

2.5.2 AGRICULTURE/ NIGERIAN ECONOMY

Nigeria has an abundance of material and human resources. The country is divided into three main regions; the Eastern, Western and Northern regions. The Northern region of Nigeria is the largest of the three. It contributes the most to the agricultural sector. A study identified

that the main problems of Nigeria stem from the fact that they are unable to access the natural and human resources (Muhammed, &Atte, 2006). In the study, Muhammed et al observed growth in many different sub sectors of agriculture and their contribution to the Nigerian economy during the years 1981 to 2003. They also identified the various factors that have an impact on the national agricultural production in Nigeria. They specifically examined the sectors of crops, livestock, fishery and forest. The factors that were examined included population growth rate, GDP growth rate, consumer price index, food import values and the expenditure of government on the agricultural sector. Land, labour and machinery; which are equally important factors were not included in the analysis. In his study, Muhammed et al found that a negative coefficient exists between the values of food imports. This means that whenever food import in the country increases, national agricultural production tends to decline. Other variables in the study had a positive coefficient leading to the notion that any increase in the variable will result in an increase in the national agricultural production (2006). Muhammad et al however, did not examine the amount of output and its contribution to the GDP. He also failed to observe whether this amount was sufficient to instigate a transformation in the economy of Nigeria. One may also wonder how much more the government needs to allot to agriculture expenditure to yield a certain amount of agricultural output. Moreover, there is also a need to further investigate whether allocating such an amount in the existing budget is feasible or not. In case of a lack of availability of funds, further study needs to be carried out to find whether acquiring foreign aid to fund the agricultural sector will be a sensible decision or not.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter states the various methods used in research, as well as the population of the study, and sampling techniques used in determining the sample size for the research. How data was collected and analysed is also discussed in this chapter.

The main objectives of this research were achieved through quantitative methods, as inferential statistics were used to measure the level of accuracy and validate responses from the respondents in accordance to the objectives of the research.

3.2 STUDY AREA

The study was conducted in Zamfara State. Gusau Local Government Area is located in the north western Nigeria. It is the capital of Zamfara state. The local government has an area of 3364km2 and the population according to population projection (2016) is 383,162. Gusau is one of the towns established during the jihad of sheikh Usman Dan Fodio. It was a small emirate comprising of various towns that had once been part of the western section of the kingdom of Katsina, namely "Katsina ta Yamma" or "Katsinalaka" before colonial rule. It borders Chafe and Katsina in the east, Bungudu in the West, Kaura-Namoda in the north and Dansadau in the South. Gusau, sits just north of a line drawn from Kebbi and Kano, and the town is located on the main railway between Kaura-Namoda and Zaria, and it is on a secondary highway between Talatan Marfara and Funtua. Sharia practice was first declared in the city in 1999 by the then governor Ahmed Sani (Yariman Bakura). Gusau, city now has an

Emir, Alh. Kabir Mohammed Danbaba which upgraded from district head Sarkin Katsina Gusau to Emir by former Governor Ahmed Sani (Yariman Bakura).

Gusau lies to the west on the Sokoto river basin which passes through Dandume, kwaren Ganuwa, Gidan Fakkan, Gidan Malamai, then to Gusau, and Bungudu up to Kaura-Namoda. The area drives most of its drinking water from these rivers. Apart from that, the rivers have small fadamas and marshlands where swamp rice, sugar Cain, and market gardening are cultivated. Gusau serves as a major industrial center of northern Nigeria. Industries in the city include groundnut and tobacco processing, textile manufacturing, and cotton ginning. The city is active in mining the deposits of gold and diamonds in the surrounding countryside. Gusau is linked by roads and a railroad to other cities in the region; the city also has a regional airport. The city is part of the Hausa- Fulani cultural region of northern Nigeria. It has a substantial Muslim population and contains numerous mosques and Muslim organizations. Archeological evidence suggests that Gusau was occupied by Old Stone Age (37,000-15,000 years ago) people and many quartz tools from this period have been found in the area. Gusau once served as a leper colony. It was not until the late 1960s that a modern textile plant opened in the town. A seed - oil mill and soya bean- meal processing plant were also built. Besides cotton, cloth, and peanuts, Gusau exports tobacco grown in the Sokoto River's floodplains around Talata-Mafara, (48 miles 77 northwest), chicken, and goats to Zaria. The town's Hausa and Fulani people also raise cattle, sheep, donkeys, horses and camels and trade in Millet, Rice, sorghum, cowpeas, beans, and floodplain- grown vegetables. Today, Gusau can be counted as one of the second largest town in old Sokoto state. Within Gusau are number of entrepreneurs many of whom established modern industries and factories. These however go side by side by the traditional occupations. Gusau local government area is made up of eleven council wards namely Galadima, Mada,

Madawaki, Magami, Mayana, Rijiya ,Ruwan bore , Sabon Gari ,Tudun Wada, Wanke , Wonaka.

3.3 RESEARCH DESIGN

The research design used for this study was the descriptive research design. Since data characteristics were described using frequencies and percentages, and no manipulations of data or variables were necessary, the researcher chose this research design. The researcher discarded other alternatives such as the causal and explanatory research designs, because accurate findings and data analysis may not be achieved.

3.4 POPULATION OF THE STUDY

The population for this study are employees of International Fund for Agricultural Development (IFAD) Nigeria, Gusau, Zamfara State . The population figure for the study was 32 respondents, comprising of International Fund for Agricultural Development (IFAD) officials from various departments such as operations, finance, administration etc. The reason for choosing The Gusau office is that it has a fairly large number of IFAD officials that can fairly reflect the true state of IFAD peace-keeping in Africa.

3.5 POPULATION SIZE AND TECHNIQUE

Since the population for the study was not large, and data could be collected from all the respondents, the researcher adopted the census sampling technique to successfully complete the study. All 32 respondents would be used for this study.

3.6 DATA COLLECTION METHOD

Data collection involves a search for relevant information that will proffer solution to specific problems. Every research effort therefore centres on the search for such information which could be obtained either from primary or secondary sources.

But for the purpose of this research, data for this study was gathered through primary sources (questionnaire). The questionnaire is the major instrument of data collection in this study. Data for this study was collected from the respondents through the use of questionnaires. Questionnaires were shared to all 32 respondents of the organization, and field surveys through responses to questions in the questionnaire served as the main source of primary data for this study.Other information was collected from text books, journals and other secondary sources of data.

3.7 DATA ANALYSIS

The data to be obtained out there in the field shall be presented in a tabular form and analyzed. However, the statistical tool employed to test is chi-squared, a non-parametric test; chi-square (x^2) tests is on important statistical took used for hypothesis with a view to making inferences. Basically, it is used when one wishes to compare an observed distribution with an expected distribution.

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It is often referred to as "a goodness of fit test". The choice of the use of chi-square becomes necessary if our target population is in various department and fields such that a reliable sampling frame will conveniently contain all the elements of needed from the population.

The formula for the correlation of x^2 is given as

$$X^2 = \frac{\sum(o-e)^2}{e}$$

Where:

O = observed frequency

e = expected frequency

X^2 = is the chi-square value.

Under the use of chi-square in this study at 95% level of significance is assumed to determine the critical value of decision making. To find the critical chi-square (x^2) distribution table, we begin by finding the degree of freedom. This is found by multiple lying the number of rows in the table less one by the number of columns less one.

That is, degree of freedom (df) = (rows -1) (columns -1), then using the degrees of freedom derived against the 95% level of confidence in the x^2 distribution table, the critical values is obtained.

Decision Rule

The rule when the chi-squared (x^2) is employed to a given hypothesis to accept the null hypothesis (H_0) if the calculated chi-square (x^2) value is less than the chi-square (x^2) critical value and then reject the alternative (Ha) hypotheses, if the calculated chi-square (x^2) value. We reject null hypothesis (Ho) if the calculated chi-square (x^2) value is greater than the chi-square (x^2) critical value and then aspect the alternative (Ha) hypotheses, if the calculated chi-square (x^2) value.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 INTRODUCTION

This chapter is devoted to the presentation, analysis and interpretation of the data gathered in the course of this study. The data are based on the number of copies of the questionnaire completed and returned by the respondents. The data are presented in tables and the analysis is done using the chi-square test.

4.2 DATA PRESENTATION AND ANALYSIS

The data presented below were gathered during field work:

Table 1: Sex of respondents

Item	Frequency	Percentage (%)
Male	24	75
Female	8	25
Total	32	100

Source: Field survey, November, 2019.

Table 1 above shows the sex distribution of the respondents used for this study.24 respondents which represent 75.0percent of the population are male while the remaining 8 respondents which represent 25.0percent of the population are female. This may be due to the

fact that the religious and cultural factor play a role in the lives of the people in the study area.

Table 2: age distribution

Item	Frequency	Percentage (%)
Below 20 years	3	9.4
21-30years	6	18.8
31-40years	8	25.0
41-50years	10	31.2
51-60years	5	15.6
60years above	0	0
Total	**32**	**100**

Source: Field survey, November, 2019.

Table 2 above shows the age distribution of the respondents used for this study. 3 respondents which represent 9.4 percent of the population are below 20years.6 respondents which represent 18.8percent of the population are between 21-30years.8 respondents which represent 25.0 percent of the population are between 31-40years.10 respondents which represent 31.2 percent of the population are between 41-50years while the remaining 5 respondents which represent 15.6 percent of the population are between 50-60years.

Table 3: Educational Qualification of Respondents

Item	Frequency	Percentage
PSLC	0	0.0
WASSCE/GCE/NECO	4	12.5
OND/HND/BSC	10	31.2
PGD/MSC/PHD	10	31.5
Others	8	25.0
Total	**32**	**100.0**

Source: Field survey, November, 2019.

Table 3 above shows the educational background of the respondents used for this study.Out of the total number of 32 respondents, 4 respondents which represent 12.5 percent of the population are WASSCE/GCE/NECO holders.10 respondents which represent 31.2percent of the population are OND/HND/BSC holders.10 respondents which represent 31.2percent of the population are PGD/MSC/PHD holders while the remaining 8 respondents which represent 21.0 percent of the population had other types of certificates.

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Table 4: Marital Status of Respondents

Item	Frequency	Percentage
Single	10	31.2
Married	20	62.5
Divorce	1	3.1
Widowed	1	3.1
Total	32	100.0

Source: Field survey, November, 2019.

Table 4 above shows the marital status of the respondents used for this study.Out of the total number of 32 respondents, 10 respondents which represent 31.2 percent of the population are single.20 respondents which represent 62.5 percent of the population are married.1 respondent which represent 3.1 percent of the population is divorced while the remaining 1 respondent which represent 3.1 percent of the population is widowed.

Table 5: Position/Staff of Respondents

Item	Frequency	Percentage
Junior staff	20	62.5
Senior staff	12	37.5
Total	32	100.0

Source: Field survey, November, 2019.

Table 5 above shows the level or position of respondents used for this study.Out of the 32 respondents, 20 which represent 62.5 percent of the population are junior staff while 12 which represent 37.5 percent of the population are senior staff.

Table 6: Years of Service/Experience of Respondents

Response	Frequency	Percentage
0-2 years	8	25.0
3-5 years	10	31.2
6-11 years	10	31.2
Above 12years	4	12.5
Total	32	100.0

Source: Field survey, November, 2019.

Table 6 above shows the years of experience of the respondents used for this study.Out of the 32 respondents, 8 which represent 25.0percent of the population have had 0-2yrs experience at work.10 which represent 31.2 percent of the population have had 3-5yrs experience.10 which represent 31.2percent of the population have had 6-11yrs experience while the remaining 4 which represent 12.5 percent of the population have had more than 12yrs experience.

4.3 RESULT AND DISCUSSION

TABLES BASED ON RESEARCH QUESTIONS

Table 7: AGRICULTURE IS A MAJOR SOURCE OF ECONOMIC INCOME

Item	Number of Respondent	Percentage (%)
Strongly agreed	18	56.2
Agreed	10	31.2
Undecided.	1	3.1
Disagreed	2	6.2
Strongly disagreed	1	3.1
Total	**32**	100

Source: Field survey, November, 2019.

Table 7 above shows the responses of respondents that agriculture is a major source of economic income.18 respondents which represent 56.2 percent of the population strongly agreed that agriculture is a major source of economic income.10 respondents which represent 31.2 percent of the population agreed that agriculture is a major source of economic income.1 respondents representing 3.1 percent of the population are undecided. 2 respondents which represent 6.2 percent of the population disagreed that agriculture is a major source of economic income. While the remaining 1 respondent representing 3.1 percent of the population strongly disagreed that agriculture is a major source of economic income.

Table 8: AGRICULTURE IS UNDER FUNDED IN NIGERIA

Item	Number of Respondent	Percentage (%)
Strongly agreed	16	50.0
Agreed	10	31.2
Undecided	3	9.3
Disagreed	2	6.2
Strongly disagreed	1	3.1
Total	**32**	**100.0**

Source: Field survey, November, 2019.

Table 8 above shows the responses of respondents that agriculture is underfunded in Nigeria.16 respondents which represent 50.0 percent of the population strongly agreed that agriculture is underfunded in Nigeria.10 respondents which represent 31.2 percent of the population agreed that agriculture is underfunded in Nigeria.3 respondents representing 9.3 percent of the population are undecided. 1 respondents which represent 3.1 percent of the population disagreed that agriculture is underfunded in Nigeria while the remaining 1 respondent representing 3.1 of the population strongly disagreed that agriculture is underfunded in Nigeria.

Table 9: EFFECTIVE AGRICULTURAL FUNDING WOULD IMPROVE ECONOMIC DIVERSIFICATION

Item	Number of Respondent	Percentage (%)
Strongly agreed	10	31.2
Agreed	18	56.3
Undecided	1	3.1
Disagreed	1	3.1
Strongly disagreed	2	6.2
Total	**32**	**100.0**

Source: Field survey, November, 2019.

Table 9 above shows the responses of respondents that effective agricultural funding would improve economic diversification.10 respondents which represent 31.2 percent of the population strongly agreed that effective agricultural funding would improve economic diversification.18 respondents which represent 56.3 percent of the population agreed that effective agricultural funding would improve economic diversification.1 respondent representing 3.1 percent of the population is undecided. Also 1 respondent which represent 3.1 percent of the population disagreed that effective agricultural funding would improve economic diversification while the remaining 2 respondents strongly disagreed that effective agricultural funding would improve economic diversification.

Table 10 UNEMPLOYMENT CAN BE REDUCED THROUGH AGRICULTURAL FUNDING

Item	Number of Respondent	Percentage (%)
Strongly agreed	17	5312
Agreed	9	28.1
Undecided	2	6.2
Disagreed	2	6.2
Strongly disagreed	2	6.2
Total	**32**	**100.0**

Source: Field survey, November, 2019.

Table 10 above shows the responses of respondents that effective agricultural funding would improve economic diversification.17 respondents which represent 53.1 percent of the population strongly agreed thatunemployment can be reduced through agricultural funding.9 respondents which represent 28.1percent of the population agreed that effective unemployment can be reduced through agricultural funding.2 respondents representing 6.2 percent of the population are undecided. Also 2 respondents which represent 6.2 percent of the population disagreed that effective unemployment can be reduced through agricultural funding while the remaining 2 respondents representing 6.2 strongly disagreed that unemployment can be reduced through agricultural funding.

Table 11 AGRICULTURAL FUNDING WILL PROMOTE THE ECONOMIC DEVELOPMENT OF NIGERIA

Item	Number of Respondent	Percentage (%)
Strongly agreed	20	62.5
Agreed	8	25.0
Undecided	1	3.1
Disagreed	2	6.2
Strongly disagreed	1	3.1
Total	**32**	**100.0**

Source: Field survey, November, 2019.

Table 11 above shows the responses of respondents that agricultural funding will promote the economic development of Nigeria.20 respondents which represent 62.5 percent of the population strongly agreed thatagricultural funding will promote the economic development of Nigeria.8 respondents which represent 25.0percent of the population agreed that agricultural funding will promote the economic development of Nigeria.1 respondent representing 3.1 percent of the population is undecided. Also 2 respondents which represent 6.2 percent of the population disagreed that agricultural funding will promote the economic development of Nigeria while the remaining 1 respondent representing 3.1 strongly disagreed that agricultural funding will promote the economic development of Nigeria.

Table 12 ECONOMIC DIVERSIFICATION WILL REDUCED BALANCE OF PAYMENT DEFICIT IN NIGERIA

Item	Number of Respondent	Percentage (%)
Strongly agreed	16	50.0
Agreed	10	31.2
Undecided	2	6.2
Disagreed	2	6.2
Strongly disagreed	2	6.2
Total	**32**	**100.0**

Source: Field survey, November, 2019.

Table4.12 above shows the responses of respondents that economic diversification will reduced balance of payment deficit in Nigeria.16 respondents which represent 50.0 percent of the population strongly agreed thateconomic diversification will reduced balance of payment deficit in Nigeria.10 respondents which represent 31.2percent of the population agreed that economic diversification will reduced balance of payment deficit in Nigeria.2 respondents representing 6.2 percent of the population are undecided. Also 2 respondents which represent 6.2 percent of the population disagreed that economic diversification will reduced balance of payment deficit in Nigeria while the remaining 2 respondents representing 6.2 strongly disagreed that economic diversification will reduced balance of payment deficit in Nigeria.

Table 4.13: AGRICULTURAL FUNDING IS A TOOL TO NIGERIA ECONOMIC DIVERSIFICATION

Item	Number of Respondent	Percentage (%)
Strongly agreed	16	50.0
Agreed	10	31.2
Undecided	3	9.3
Disagreed	2	6.2
Strongly disagreed	1	3.1
Total	**32**	**100.0**

Source: Field survey, November, 2019.

Table4.13 above shows the responses of respondents that agricultural funding is a tool to Nigeria economic diversification.16 respondents which represent 50.0 percent of the population strongly agreed thatagricultural funding is a tool to Nigeria economic diversification.10 respondents which represent 31.2percent of the population agreed that agricultural funding is a tool to Nigeria economic diversification.3 respondents representing 9.3 percent of the population are undecided. Also 2 respondents which represent 6.2 percent of the population disagreed that agricultural funding is a tool to Nigeria economic diversification while the remaining 1 respondent representing 3.1 strongly disagreed that agricultural funding is a tool to Nigeria economic diversification.

4.4 HYPOTHESIS TESTING

Hypothesis testing

H0: There is no significance relationship between Agricultural Funding and Economic Diversification in Nigeria

H1: There is significance relationship between Agricultural funding and Economic Diversification in Nigeria

Level of significance: 0.05

Decision rule: reject the null hypothesis if the value of the calculated chi-square ($X^{2)}$ is greater than the value of the tabulated chi-square (X^2).

TABLE 4.14

Response	R/C	O	E	O-E	$(O-E)^2$	$(O-E)^2/E$
SA	1-1	12	11.25	0.75	0.5625	0.05
SA	1-2	3	8.25	-5.25	27.5625	3.3409
A	1-3	9	1.5	7.5	56.25	37.5
A	1-4	2	1.5	0.5	0.25	0.1666
UN	1-5	1	1.5	-0.5	0.25	0.1666
UN	2-1	1	3.75	-2.75	7.5625	2.0166
D	2-2	1	2.75	-1.75	3.0625	1.1136
D	2-3	1	0.5	0.5	0.25	0.5
SD	2-4	1	0.5	0.5	0.25	0.5
SD	2-5	1	0.5	0.5	0.25	0.5
					Σ	45.8543

Source: Field survey, November, 2019.

Therefore;

$X^2 = 45.85$

Level of significance is 5% = 0.05. @ 5% (0.05) level of significance.

Find critical $\chi 2$ value at 5% level of significance:

Chi-square degree of freedom, i.e. χ2df (r-1)(c-1) = df(4 - 1)(2-1) = df (4)(1) = df1

Where:

r = No. of rows in the data table

c = No. of columns in the data table

Thus, critical χ2 value at 5% level of significance = (χ2df (r-1)(c-1), α = 0.05) =(χ2df(4 - 1)(2-1), α = 0.05) = (χ2df(4)(1), α = 0.05) = (χ2df1, α = 0.05) = 9.488 (one-tail) or 11.143 (two-tail)

Decision Rule and Interpretation

Since X^2value calculated, i.e. 45.85 is greater than the critical χ2 i.e. 9.488 (one-tail) or 11.143(two-tail), we reject the null hypothesis which states that There is no significance relationship between Agricultural Funding and Economic Diversification in Nigeria.

In other word, since the chi-square calculated i.e 45.85 is greater than the chi-square tabulated i.e 9.488(one tail) or 11.143(two tail), we reject the null hypothesis which state that agricultural funding is not a tool to economic diversification in Nigeria and accept the alternate hypothesis which state that agricultural funding is a tool to economic diversification in Nigeria.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY

This research work is divided into five chapters. Chapter one is the introduction, it consists of background of the study, statement of the problem, research question, objectives of the study, significance of the study, scope and limitation of the study.Chapter two is the literature review. It deals with the conceptual review, empirical literature and the theoretical framework.Chapter three is the methodology. It comprises of the study area, research design, population of the study, data collection method and the data analysis.Chapter four is the data presentation, analysis and interpretation and chapter five is the summary, conclusion and recommendations.

5.2 CONCLUSION

From this presentation, a careful reader would observe that any government that runs a mono-economy is announcing her economic obituary. Therefore, the only thing that will save Nigeria from her economic crunch now or in future is the diversification of her economy. Equally, government must have the political will to do the needful and develop a heterogeneous economy. The clarion call for diversification should not only be government's responsibility. Other stake holders must cooperate and collaborate with the government to make this dream come true. Lastly, if Nigeria diversifies her economy, I postulate that there are many benefits that could arise from more diversified economies. And; these include less exposure to external shocks, an increase in trade, higher productivity of capital and labor, and

better regional economic integration. These benefits, in addition to effective public management, can effectively help reduce poverty and promote human and social development. Agriculture is one of the key sectors that provide unrivalled opportunities for Nigeria's accelerated growth. It shares linkage with virtually all the sectors of the economy with proven multiplier effect on the economy. It remains Nigeria's surest most strategic and competitive way to secure her rapid industrialization and future. It creates employment more than any other sector of the economy, earns foreign exchange, provides food and food security, provides raw materials for our plants and industries. It is the basis of the Nigeria economy, and even the source of the much celebrated oil (science of oil formation). From food and cash crops to animal husbandry, horticulture to fishery, the opportunities are numerous.

5.3 RECOMMENDATIONS

Having seen the gross problem caused by the neglects of agriculture and poor human resource management in Nigeria, which have engendered the dwindling of the Nigerian economy, it becomes therefore, necessary to offer some recommendations that will be pivotal to the change of the status quo.

1. The government, at all levels, should urgently create an enabling environment that will favour diversification of the economy that will de-emphasize mono-economy system and pay more attention to heterogeneous economy.

2. There should be an urgent need to establish a working and functional bank of agriculture or any micro finance bank that will be exclusively for farmers for easy access of soft loans. Government should create a special grant solely for genuine farmers.

3. To make agriculture attractive, government should, as a matter of concern, put in place policies that will favour subsidy for agriculture. The implication is that government should incentivize farmers and subsidize their produce.

4. Many farmers in Nigeria are still making use of crude and un-mechanized methods that favour low productivity. Therefore, there is an urgent need to introduce at all levels mechanized system of agriculture to increase productivity and to reduce strenuous human labour.

5. The government should revive all the agricultural research institutes, school of agriculture, and reintroduce farm settlements and other river basin authorities to encourage massive production of agricultural produce.

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APPENDIX

Department of Economics,
Faculty of Social Sciences,
Federal University Gusau.

Dear Sir/Madam,

REQUEST FOR COMPLETION OF QUESTIONNAIRE

I am a final year student of Economics department of the above institution; I am carrying out a research on a project title: **Agricultural Funding A Tool to Economic Diversification in Nigeria.**

The questionnaire is for the project research purposes only and for the preparation of project report in partial fulfillment of the requirements of Bachelor of sciences (B.Sc) degree in Economics.

I solemnly solicit for assistance in answering the questions objectively, bearing in mind that the research is only an academic exercise. I undertake that any information given would be guaranteed strictly in confidence.

Thanks for your anticipated cooperation

Yours faithfully

ABDUL OJONUGWA

QUESTIONNAIRE ADMINISTRATION

INSTRUCTION: Please endeavor to complete the questionnaire by ticking the correct answer (s) from the options or supply the information where necessary.

1. Gender
   a. Male ☐
   b. Female ☐
2. Age range
   a. 20-30yrs ☐
   b. 31-40yrs ☐
   c. 41-50yrs ☐
   d. 51-60yrs ☐
   e. 60yrs and above ☐
3. Educational qualification
   a. PSLC ☐
   b. WASSCE/GCE/NECO ☐
   c. OND/HND/BSC ☐
   d. MSC/PGD/MBA/PHD ☐
   e. Others ☐
4. Marital status
   a. Single ☐
   b. Married ☐
   c. Divorced ☐
   d. wodowed ☐

5. Years of service/experience

a. 0-2yrs ☐

b. 3-5yrs ☐

c. 6-8yrs ☐

d. 9-11yrs ☐

e. 12yrs and above ☐

6. Position/Staff Level

a. Junior staff ☐

b. Senior staff ☐

SECTION B

Questions on Agricultural funding can serve as a tool for economic diversification in Nigeria.

7. Agriculture is a major source of economic income.

a. Strongly agreed ☐

b. Agreed ☐

c. Undecided ☐

d. Disagreed ☐

e. Strongly disagreed ☐

8. Agriculture is under-funded in Nigeria.

a. Strongly agreed ☐

b. Agreed ☐

c. Undecided ☐

d. Disagreed ☐

e. Strongly disagreed ☐

9. Effective agricultural funding would improve economic diversification.

a. Strongly agreed ☐

b. Agreed ☐

c. Undecided ☐

d. Disagreed ☐

e. Strongly disagreed ☐

10. Agricultural funding is a tool to Nigeria economic diversification.

a. Strongly agreed ☐

b. Agreed ☐

c. Undecided ☐

d. Disagreed ☐

e. Strongly disagreed ☐

11. Unemployment can be reduced through Agricultural Funding

a. Strongly agreed ☐

b. Agreed ☐

c. Undecided ☐

d. Disagreed ☐

e. Strongly disagreed ☐

12. Agricultural funding will promote the economic development of Nigeria:

a. Strongly agreed ☐

b. Agreed ☐

c. Undecided ☐

d. Disagreed ☐

e. Strongly disagreed ☐

13. Economic diversification will reduced balance of payment deficit in Nigeria

a. Strongly agreed ☐

b. Agreed ☐

c. Undecided ☐

d. Disagreed ☐

e. Strongly disagreed ☐

	SA	A	UN	D	SD	TOTAL
MALE	12	9	1	1	1	24
FEMAL	3	2	1	1	1	8
TOTAL	15	11	2	2	2	32

SOLUTION

$E = \frac{\text{(rows total)(columns total)}}{\text{Ground total}}$

R1-C1 = 24×15/32 = 360/32 = 11.25

R1C2 = 24×11/32 = 264/32 = 8.25

R1C3 = 24×2/32 = 48/32= 1.5

R1C4 = 24×2/32 = 48/32= 1.5

R1C5 = 24×2/32 = 48/32= 1.5

R2C1 = 8×15/32 = 120/32 =3.75

R2C2 = 8×11/32 = 88/32 = 2.75

R2C3 = 8×2/32 = 16/32 = 0.5

R2C3 = 8×2/32 = 16/32 = 0.5

R2C4 = 8×2/32 = 16/32 = 0.5

R2C5 = 8×2/32 = 16/32 = 0.5