

Chapter 8

Public–Private Partnership (PPP) in Agricultural Research Financing in Nigeria

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ABSTRACT

The broad objective of this chapter is to underscore the importance of collaborative PPP in agricultural research financing. The specific objectives are to reveal Nigeria's comparative advantage in agriculture, reveal how Nigeria's comparative advantage in agriculture could be transformed into Michael Porter's concept of competitive advantage through Albert Hirschman's unbalanced growth strategy, and initiate a triple bottom-line approach to agricultural research financing. To achieve the last objective, the United Nations Global Compact (UNGC) members' account balances of firms in Nigeria were collected from annual reports to speculate the agricultural research finance revenue realizable from the private sector. The study adopted the UNGC's financial commitment benchmark for every functional firm registered with the Corporate Affairs Commission (CAC) in Nigeria as an appropriate bottom-line commitment that private sectors should have towards agricultural research financing – if to be regarded as socially responsible in Nigeria.

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1. INTRODUCTION

The majority of Nigerians' lives are impacted by the agricultural sector, yet despite this, it has rarely received the attention it merits from governments. Agriculture was the most significant economic sector in the nation before its independence in 1960 and the ten years that followed, producing the most jobs, the largest contribution to the GDP, and the biggest foreign exchange profits (Ajetomobi, 2010). This story was altered by the oil boom of the 1970s, when successive governments neglected the agricultural sector, which decreased agriculture's role to the Nigerian economy. However, the industry still employs the greatest number of people in the nation and contributes significantly to GDP and still remains a major contributor to economic growth. (Umaru and Zubairu, 2012). The agricultural sector constitutes a segment of the Nigerian economy that is highly crucial in achieving the elusive aspiration of a diversified economy (Ayunku and Etale 2015). It is hardly shocking that the farm sector still faces many difficulties given the disregard shown by previous governments for it. This disregard can be evidenced by the Central Bank of Nigeria (2018) which reported that Nigeria imported agricultural products having a sum of US\$231,550,000 between 2010 and 2018.

A few of the issues facing the sector are, according to the Food and Agriculture Organization (FAO), an antiquated land tenure system that restricts access to land, a very low level of irrigation development, restricted access to research findings and technologies, high farm input costs, poor credit availability, ineffective fertilizer distribution and procurement, inadequate storage facilities, and poor market access (Nwangwu, 2018). As a result, despite the passage of time, the business is still typified by tiny farms, a negligible food processing sector, and a dearth of organized marketplaces.

The primary cause of this situation is a dearth of funding for the industry. For example, the investment of the government in various agricultural chains, including needed research and development to stimulate the industry, is relatively low. The government, which is Nigeria's biggest investor in agricultural research and development, is limited by a lack of funding. The funding void left by the government could have been filled by the private sector. Nonetheless, the private sector has also made a small, systematic investment. The emphasis here is that the agricultural sector has suffered the neglect of funding as substantiated in the study of Dorcas (2023) that funding to Federal Ministry of Agriculture towards developing agriculture programme and policies in the Nigerian economy has been weak and less than the Maputo agreement of 2003. The Maputo Agreement had a recommendation of 10% of a yearly budget to the enhancement of agriculture in order to stimulate food security and growth maximization. However, the treaty has not been adhered to.

In 2015, the sum of Nigeria's national budget stood at N4.49 trillion, from which a fraction of N40.66 billion was earmarked to the agricultural sector, constituting 0.9%. The values in 2016, 2017, and 2018 were respectively 1.26, 1.82, and 2.32%. However, the largest fraction of the Nigerian budget earmarked for agriculture was 3.61% in 2019 from which it declined to 1.51% in 2020. The value rose to 1.92% in 2021 which subsequently reduced to 1.25% in 2022 (Okoji, 2023).

The inference from this low and unstable pattern of the allocation of fund to the agricultural sector is an indication of the continued neglect of the sector which has both immediate and long run implication for the growth and development of the sector and the country at large. It is therefore necessary to encourage public-private partnership towards revamping the agricultural sector through the availability of fund for innovative and new approaches for a sustainable and productive economy.

To improve this, Van den Ban (2000) reveals the principles underlying decisions relating to optimal funding sources for agriculture; while Hall (2002) advanced the Modigliani-Miller theorem in choos-

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