



FINANCING AGRICULTURAL MARKETING AS A PARADIGM FOR SUSTAINABLE ECONOMY IN POST- COVID-19 ERA

NWOKENKWO, OLUBUNMI BEN¹; KEHINDE, SAMSON
OLADEJO² & BELLO, BABATUNDE SIKIRU³

^{1&3}Department of Marketing, Federal Polytechnic, Bida. ²Department of Banking &
Finance, Federal Polytechnic, Bida

Abstract

This paper examined agricultural marketing financing as a paradigm for sustainable economy in Post-COVID-19 pandemic era with a rippling effect on world economies and developing countries being the worst hit. The writers employed survey research design and where primary data were collected with questionnaires administered to 25 each of rural farmers in Kuchi, Jima, Bussu road and Ilorin road axis of Bida town with a total of 85 returned. Stratified and simple random sampling methods were used to select and classify the representative members of the farmers. Findings revealed that Agricultural marketing has role to play in achieving economic sustainability. Also, Agricultural marketing benefits can bring about sustenance of livelihood. A 5 point Likert scale was used to determine the mean and standard deviation that was used to analyze the data collected, the result revealed that the first stated hypothesis is rejected and the Alternate hypothesis accepted, meaning that Agricultural marketing has role to play in achieving economic sustainability. It is recommended that adequate budgetary provision and releases should be made to fund policy initiatives, timely and adequate information on agricultural produce marketing should be provided by the extension services officers. Also, a review should be conducted of subsisting schemes on agricultural marketing policies of existing agencies to make them more supportive of farm output.

Keywords: Agricultural marketing; Paradigm; Economic sustainability; Post-COVID 19; Era; Nigeria

Introduction

Agriculture has no single, simple origin. At different times and in numerous places, many plants and animals have been domesticated. How many species passed into or out of domestication in prehistory is not known. Cultivation of foxtail millet in America and domestication of the elk in Scandinavia and the gazelle in the Middle East were abandoned long ago. In the 20th century, cultivation of bottle gourds, finger millet, and Gallia potatoes is on the decline, while efforts proceed to tame the eland, musk ox, and fox. Cultivation of rice, wheat, barley, potatoes, and corn (maize) met with great success in the favourable climate that followed the last Ice Age, while reindeer husbandry, by contrast, found these climatic changes unfavourable and lost importance.

Statement of the Problem

This study is undertaken to evaluate Agricultural marketing as a paradigm in achieving economic sustainability in the Post-COVID-19 pandemic era. The study became necessary considering the rippling effect that the lockdown resulting from the pandemic is having on the finances of individuals, businesses and Nigerian economy generally.

The private sector and entrepreneurs are the worst hit as many decry the hardship experienced in their inability to conduct their businesses thereby causing staff to be laid off because they are unable to sustain payment of salaries and wages. A lot of jobs have been lost in the last seven months and thousands of businesses closed down due to their owners' inability to operate amidst the national total lockdown.

Nigeria's economy, like many others in the world, has been greatly affected too as businesses could not operate, international trades and national productivity was also at a standstill due to the lockdown. However, since this economic strain exists, there is need to examine the effect that agricultural marketing has on the rejuvenation of the economy in order to bring about economic sustainability.

Objectives of the Study

This research work is being carried out to:

1. Evaluate the roles that can be played by agricultural marketing in achieving economic sustainability in the post-pandemic era

2. Identify the possible benefits that can be derived from the practice of agricultural marketing as an activity in sustaining livelihood.

Research Hypotheses

This work will be based on the following hypotheses being formulated:

- H₁: Agricultural marketing does not have role to play in achieving economic sustainability in the post-pandemic era.
- H₂: There is possible benefit to derive from the practice of Agricultural marketing as an activity in sustaining livelihood.

Literature Review

Agricultural Marketing: Concept and Definition

The term agricultural marketing is composed of two words-agriculture and marketing. Agriculture, in the broadest sense, means activities aimed at the use of natural resources for human welfare, i.e., it includes all the primary activities of production. But, generally, it is used to mean growing and/or raising crops and livestock. Marketing connotes a series of activities involved in moving the goods from the point of production to the point of consumption. It includes all the activities involved in the creation of time, place, form and possession utility (Ihimodu, 2015).

According to Adegeye and Dittoh (2017), Agricultural Marketing can be defined as the performance of all business activities that involved the flow of agricultural produce from the point of initial agricultural production to the hands of ultimate consumers. This form of marketing is more prone to rural based areas (primary producer) where these products, goods and services as the case may be are produce, process and package than in urban based areas (secondary and tertiary consumers) where the demand for these products is high. Various firms engaged in doing various marketing tasks are interested in the profitability of their business; hence the definition above depicts the following:

- (a) Production of agricultural produce

- (b) Co-ordination and movement of the produce through various channels such as:
(Wholesalers----Retailers----Consumers) and (Wholesalers----Agents-----
Retailers---Consumers).

Agricultural marketing is the study of all the activities, agencies and policies involved in the procurement of farm inputs by the farmers and the movement of agricultural products from the farms to the consumers. The agricultural marketing system is a link between the farm and the non – farm sectors. It includes the organization of agricultural raw materials supply to processing industries, the assessment of demand for farm inputs and raw materials, and the policy relating to the marketing of farm products and inputs (Kohls, 2017).

Agricultural Marketing Activities in Nigeria

Agriculture is one of the most important sectors of the Nigerian economy. This is because it contributes more than 30% of the total annual GDP, employs about 70% of the labour force, accounts for over 70% of the non-oil exports and, perhaps most important, provided over 80% of the food needs of the country, (Adegboye, 2016). Agriculture provided adequate food for the Nigerian populace both in quantity and quality during the era before independence in 1960. Helleiner, (2017) showed that in Nigeria, between 1950 and 1960, food production was at subsistence but self-sufficient level. The economy was experiencing rapid growth of 4.5% between 1958 and 1963, the driving force being a booming trade in agricultural commodities export, growing annually at 5.5%. The first decade of Nigerian independence (1960-1970) opened the way to food shortages as a result of declining agricultural production and increasing population growth rate. The increase in population at a rate considerably higher than the rate of increase in food production has continued to widen the gap between domestic food supply and domestic demand. This disparity has led to rising food prices (85-125% increases in many Nigerian cities) and declining foreign exchange earnings from agricultural exports. The interaction of these factors has led to food insecurity and the idea of self-sufficiency is becoming more and more difficult to achieve due to declining agricultural production and inefficient food marketing system (Helleiner,

2017). As the food situation and the performance of the agricultural sector got worsened a number of agricultural development institutions were set up and special programmes and projects were launched, these include: National Accelerated Food Production Programme, NAFPP (1973); Agricultural Development Project, ADP (1975); Operation Feed the Nation, OFN (1976); River Basin Development Authorities, RBDA (1977); National Seed Service, NSS (1977); Agricultural Credit Guarantee Scheme, ACGS (1977); Rural Banking Scheme, RBS (1977); Green Revolution, GR (1979); Directorate of Food Road and Rural Infrastructure, DFRRI (1986); National Agricultural Land Development Authority, NALDA (1992); National Fadama Development Project, NFDP (1992); Nigerian Agricultural Cooperatives and Rural Development Bank, NACRDB (2000); National Agricultural Development Fund, NADF (2002); Commodity Marketing and Development Companies, CMDC (2003). According to Ihimodu (2015) empirical records of many of these programmes and projects are not impressive enough to bring about the expected transformation of the sector (Dimitri, 2003).

Idachaba (2016) observed that food insecurity could be caused by supply-side factors and demand-side factors. One of the supply-side causes of food insecurity as identified by Idachaba is agricultural marketing problem. He also argued that the dwindling agricultural production in Nigeria is a confirmation of the unattractiveness of agriculture as a result of low returns and compensation being paid to farmers, which tend to discourage increased production. The agricultural marketing problems are evidenced when farmers, (who are the primary producers and who reside mostly in rural areas) could not get their produce to the market at the right time (thereby incurring considerable post-harvest losses) and are not given better returns for their efforts. This perceived 'cheating' causes discouragement and leads to loss of interest in farming and consequently a reduction in food production.

Olayemi (2018) observed that agricultural products marketing is a very important but rather neglected aspect of agricultural development. More emphasis is usually placed, by government on policies to increase farm production with little or no consideration on how to distribute the produce efficiently and in a manner that will enhance increased productivity. In other words, agricultural products marketing by farmers and

their families, mostly in the immediate post-harvest period usually involves a lot of costs and in Nigeria these costs are so high that lowering the costs through efficient marketing system may be as important as increasing agricultural production (Ahmed and Rustagi, 2018). A good and well-coordinated national agricultural marketing system can affect food production and household's food security in two ways. One, it can stimulate increased commercial activities that could generate more funds for plough back investments in both agricultural and agro-allied industrial sectors. The resultant increased agricultural productivity will lead to increased food production and increased food output. Secondly, it can lead to employment generation for both food distributors and rural farmers. The involvement of rural people in agricultural commodities marketing could uplift the rural populace standard of living and increase their personal income thereby enhancing the prospect of food security at the households, local and national levels.

Agricultural Schemes

According to Ladele and Ayoola (2018), the schemes for financing agriculture have the first objective of encouraging banks to lend to the sector despite the relatively higher inherent risk and uncertainty. This was done by providing the banks with low-cost funds for lending. Another way was to cover their risk exposure to some extent using one instrument or the other. The second objective is promoting farmers' access to credit by the provision of concessionary terms.

- a) Agricultural Credit Guarantee Scheme Fund (ACGSF), 1978 till date. Established by Act No. 20 of 1978, this offers a 75 per cent guarantee backed by the Central Bank of Nigeria (CBN) on agricultural credit in default, net the amount realized from the disposal of security for such credit. The CBN offers a rebate equivalent to 40 per cent of the loan interest when loans are duly repaid. This scheme deals with small scale farmers who need small loans to operate. The scheme has, however, suffered bureaucratic and administrative bottlenecks.
- b) Small and Medium Enterprises Equity Investment Scheme (SMEEIS), 2001. This is a voluntary initiative of the Bankers' Committee to support micro, small

and medium enterprises (MSMEs), including agro and agro-allied businesses. Financing is in form of either debt or equity. In the case of debt, the borrowing rate is not to exceed single digit.

- c) Refinancing and Rediscounting Facility (RRF), 2002 to date. Banks that lend long-term to agriculture and are in need of liquidity are availed an amount which is a certain percentage of the outstanding asset portfolio to long-term agriculture by the CBN at reduced rates at the discount window.
- d) Agricultural Credit Support Scheme (ACSS), 2006 till date. The initial ACSS fund of N50 billion was established with contributions mostly from the CBN and deposit money from banks for the financing of large agricultural projects such as establishment or management of plantations, cultivation or production of crops, livestock, and fisheries and farm machinery and hire services. The borrowing rate is 14 per cent, with the CBN absorbing 6 per cent while the borrower pays 8 per cent at full repayment. The purpose of ACSS is to facilitate the development of the agricultural sector by advancing credit to farmers at low interest rates. By pursuing this strategy, the government hopes to exert downward pressure on prices of agricultural produce, especially food, leading to reduced inflation, increased exports, diversification of government revenue base, and increased foreign exchange earnings.
- e) Large Scale Agricultural Credit Scheme (LASACS), 2009. A N200 billion fund established by the Federal Government in the wake of the current global economic crisis to finance large integrated commercial farm projects with an asset base of at least N350 million (excluding land) with prospects of increasing this to N500 million in three years time, and medium-sized agricultural enterprises with an asset base of N200 million (CBN, 2009). The terms of borrowing are favourable, including a long tenor and single digit lending rate.
- f) Supervised Agricultural Loans Board. Most state governments set up these boards to dispense finance in form of credit to farmers. It should be added that aside this boards, the state Agricultural Development Programmes (ADP) have recently been working in conjunction with the National Programme for Food Security (NPFS) in the provision of credit to farmers.

Nigerian Agricultural Marketing Agencies

1. Nigerian Agricultural, Cooperative and Rural Development Bank (NACRDB), 1972 to date. Formerly Nigerian Agricultural and Cooperative Bank, NACB, it was jointly established by the Federal Government of Nigeria and the Central Bank of Nigeria to dispense credit to cooperatives , agribusiness , and individual small holder farmers at a subsidized interest rate. As we as direct investment through equity participation in projects, guarantees for agricultural ventures and rural savings services. Its present name came after a merger of People's Bank of Nigeria, Family Economic Advancement Programme and Nigerian Agricultural and Cooperative bank in 2002. Even though it now collects deposits, it has not lived up to expectation due to poor funding.
2. River Basin Development Authority (RBDA), 1977 to date. Nine RBDAs were established in 1977 as part of the Third National Development Plan (1975 – 80) to add to the existing Sokoto and Rima RBDAs. Their focus is the provision of especially rural water infrastructure but also roads. The scheme also involved a massive development of the nation's water resources through creation of irrigation schemes to encourage all season farming.
3. National Grains Production Company (1979) for the expansion of grain production through giving the farmers improved seeds as credit.
4. Directorates of Foods, Roads and Rural Infrastructure (DFRRI), 1986 to 1993. This agency adopted an integrated approach to rural development. The philosophy recognized that increased food production was tied to development of rural economic infrastructure. Budget allocation to DFRRI was N433 million in 1986, N500 million in 1987 and N1 billion in 1988 respectively.
5. Nigerian Agricultural Insurance Corporation (NAIC), 1987 to date. This provides insurance cover for all types of farming and farming related activities, including insurance for stock in transit. The premium paid on NAIC policy is heavily subsidized by the CBN to make it affordable for small holder farmers. The indemnity paid in the event of occurrence of a risk insured against helps in ploughing the farmer back to business.

6. People's Bank of Nigeria, 1990 to date. This was an initiative that targeted self help groups with credit for micro and small business. It was merged with the FEAP and NACB to form NACRDB in 2002.
7. National Agricultural Land Development Authority – 1991 to open up more areas for agricultural production with supporting credit (Olukosi and Isitor, 2016).

The Roles of Agricultural Marketing Institutes/Agencies

According to Adekanye (2017), the roles of agricultural marketing boards are as follow:

1. The agricultural marketing boards are saddled with the responsibility of regulating the prices of agricultural produce in the country.
2. Acceleration of the growth of agricultural output in general through the absorption of new inputs and utilization of idle capacity.
3. The board is also to regulate markets and set up new markets in areas where agricultural production has made significant improvement.
4. Grading and provision of effective storage facilities for the safe keep of agricultural produce.
5. Arrangement for timely and speedily movement of agricultural commodities from areas of surplus to areas of limited availability thus ensuring there is a balance between demand and supply.
6. Establishment of buffer operation to cater for consistency in supply and price stability.
7. Ensuring of steady market for agricultural produce by liaising between the producers and buyers
8. Provide information to producers and buyers of agricultural commodities

Methodology

Data were collected from both the primary and secondary sources. Primary data were collected from 25 each of rural farmers in Kuchi, Jima, Bussu road and Ilorin road axis of Bida town of Niger State using survey questionnaire, while the analysis of such

data was conducted using descriptive (frequency and percentage) and inferential (regression and Chi-square) statistics. Previous literature review was used as the source of information from which to formulate the questionnaire, which consisted of only closed-ended questions. Stratified and simple random sampling methods were used to select and classify the representative members of the farmers. 100 questionnaires were administered in which 85 were duly filled and returned. Therefore, our sample size is 85.

Test of Hypotheses

Test of Hypothesis One:

H₁: Agricultural marketing does not have any role to play in achieving economic sustainability in the post-pandemic era.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.517 ^a	.268	.227	2.10534

a. Predictors: (Constant), Determining criteria

Model summary above showed R² value of 0.268 indicating that 26.8% variation in achieving economic sustainability. Though not close to 1, but the model still proved to be fairly valid to predict an outcome. The ANOVA table below explains more.

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	29.166	1	29.166	6.580	.019 ^b
	Residual	79.784	18	4.432		
	Total	108.950	19			

a. Dependent Variable: Achievement of economic sustainability

b. Predictors: (Constant), Role of Agricultural marketing

The ANOVA table, which showed the statistical significance of the regression model that was run to obtain a $p < 0.019$, which is less than 0.05, and indicates that, overall, the regression model statistically significantly predicts the outcome variable (i.e., it is a good fit for the data). Therefore, we can conclude that an alternative hypothesis be accepted that Agricultural marketing has role to play in achieving economic sustainability.

Test of Hypothesis Two

H₂: There is possible benefit to derive from Agricultural marketing as an activity in sustaining livelihood.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.637 ^a	0.206	.373	.68438

- a. Dependent variable: Sustainance of livelihood
- b. Predictors: (Constant), Determining criteria

Model summary above showed R² value of 0.206 indicating that 20.6% variation in economic sustainability. Though not close to 1, but the model still proved to be fairly valid to predict an outcome. The ANOVA table below explains more.

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5.769	1	5.769	12.318	.003 ^b
	Residual	8.431	18	.468		
	Total	14.200	19			

- a. Dependent: Sustenance of livelihood
- b. Predictors: (Constant), Benefits of Agricultural marketing
 - This test was conducted at 95% (0.005) confident level.
 - Rejection Region: Reject the null hypothesis if p-value is less than 0.05 and if otherwise, accept.

From the ANOVA table above, we have F statistics at 12.318 and P-value (Sig) at 0.003. We can at this point see that P-value (Sig) of 0.003 is lesser than 0.005 and hence the relationship is statistically valid. Therefore, there exists enough evidence to conclude that there is significant relationship between Agricultural marketing benefits and sustenance of livelihood.

Findings

From the findings, the study discovered that Agricultural marketing has role to play in achieving economic sustainability.

The research further revealed that there is significant relationship between Agricultural marketing benefits and sustenance of livelihood.

Conclusion

Following the findings stated above, the writers therefore conclude that Agricultural marketing has role to play in achieving economic sustainability.

It is also concluded that there is significant relationship between Agricultural marketing benefits and sustenance of livelihood. Nigerian government has over the years instituted good agricultural policies meant to enhance economic sustainability but many of such policies have been found inefficient and ineffective since most of them have now been abandoned.

Recommendations

- i. Adequate budgetary provision and releases should be made to fund policy initiatives.
- ii. Review of subsisting schemes on agricultural marketing policies of existing agencies to make them more supportive of farm output.
- iii. Government, Non-governmental organizations, individuals, corporate organizations and market associations should provide basic marketing infrastructures to encourage farmers. Timely and adequate information on agricultural produce marketing should be provided by the extension services officers.

References

- Adegboye, R.O. (2016): Land, Agriculture and Food security in Nigeria, 3rd Faculty Lecture, Faculty of Agriculture, University of Ilorin, 25/2/2004.
- Adegeye A.J and Dittoh J.S (2017): Essentials of Agricultural Economics. CARD University of Ibadan.
- Adekanye, T.O. (2017): The Marketing and Consumption of Rice in Egba Division, Western Nigeria; Unpublished M.Phil Thesis, University of Nottingham, UK.
- Agboola, S.A. (2018): An agricultural Atlas of Nieria, p: 248. Oxford University Press Ltd. New York.
- Ahmed, R and Rustagi, N (2018): Marketing and Price Incentives in African and Asian Countries: in Elz, D. (ed), Agricultural Marketing Strategy and Pricing Policy, International Bank for Reconstruction and Development in Washington, USA.
- Dimitri, C. (2003), 'Agricultural Marketing Institutions: A Response to Quality Disputes'. Journal of Agricultural and Foods Industrial Organization, Vol.1: No.1, Article17.
- Helleiner, G.K. (2017): Present Agricultural and Economic Growth in Nigeria, Homewood Publisher, United Kingdom.
- Idachaba, F.S (2016). 'The second coming of commodity boards: Curse or Blessing?' In Ijere, M.O and G.B Ayoola (ed.). Commodity Boards in a liberalized Economy.
- Ihimodu, I.I. (2015): Marketing of Agricultural Products and the Food Security Programme in Nigeria. Paper Presented at the 13th Annual Congress of the Nigeria Rural Sociological Association at LAUTECH, Ogbomosho, Nigeria. Nov25-28, 2003.
- Kohls R. L. (2017): Marketing of Agricultural Products. Macmillan Publishers, New York.
- Ladele, A.A. & Ayoola, G.B. (2018): Food Marketing and its Roles in Food Security in Nigeria: In Shaib, B; Adedipe, N.O; Aliyu, A & Jir, M.M (eds); Integrated Agricultural Production in Nigeria; Strategies and Mechanisms for Food Security. Proceedings of the National Workshop on Nigeria Position at the World Food Summit, Abuja. Nigeria. Pp. 88
- Olayemi, J.K. (2018): Improved Marketing as a Strategy for Generating Increased Food Production, A Nigeria Experience. West African Journal of Agricultural Economics, 1(1): 21-26.
- Olukosi, T. & Isitor, S. (2016): "Introduction to agricultural marketing; prices, principles and applications' Living book series, Ibadan.

Central Bank of Nigeria, (2000), Annual Report and Statement of Account, December. Abuja. Nigeria. Central Bank of Nigeria (2000) Statistical Bulletin, Vol.11, Number 2, Abuja, Nigeria. Central Bank of Nigeria (2001) Annual Report and Statement of Account December, Abuja. Nigeria. Central Bank of Nigeria (2005). Microfinance Policy, Regulatory and Supervisory Framework for Nigeria. Abuja. Nigeria. pp22.