

RESEARCH ISSUE Brief

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Capital Allocation to the Agricultural Research Council of Nigeria (ARCN) in the 2019 FGN Appropriation Bill: Issues for Legislative and Executive Consideration

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I. Introduction

- One of the ways the Federal Government seeks to achieve a growth target of 3% in 2019 from 2.38% as at 2018Q4, is through adequate funding of agricultural research. The Agricultural Research Council of Nigerian (ARCN) plays a central role in Nigeria's agricultural research. Poor utilization of its capital project would therefore, have consequences for knowledge creation that is required to drive resilient innovation in the agricultural sector. This brief examines the capital allocation to the ARCN in the 2019 FGN Appropriation Bill and compares them to the allocation in the 2018 and 2017 Appropriation Acts. It also examines their performance in terms of capital budget implementation and points out issues for legislative and Executive actions.

Table 1: Allocation to the ARCN and Agricultural Sector in FGN Budget: 2017 – 2019

Classification		2017 Appropriation Act	2018 Appropriation Act	2019 Appropriation Bill
ARCN	Total	₦ 908,306,208	₦ 987,201,114	₦ 859,775,761
	Capital	₦ 426,748,720	₦ 426,748,720	₦ 344,050,516
	% of Capital in Total	47%	43%	40%
Agricultural Sector	Total	₦ 135,545,345,061	₦ 203,010,092,743	₦ 137,967,423,076
	Capital	₦ 103,793,201,010	₦ 149,198,139,037	₦ 80,290,007,947
	% of Capital in Total	77%	73%	58%
FGN	Total	₦ 7,441,175,486,758	₦ 9,120,334,988,225	₦ 8,826,636,578,915
FGN Capital	Capital	₦ 2,177,866,775,867	₦ 2,873,400,351,825	₦ 2,031,704,458,090
% of ARCN Budget in Overall FGN and Capital Budget	% of ARCN Total in FGN Total	0.012%	0.011%	0.010%
	% of ARCN Capital in FGN Overall Capital	0.020%	0.015%	0.017%

Source: FGN Budgets, 2017, 2018 and 2019

- Budgetary allocation to the ARCN as a percentage of overall FGN budget have declined from 2017 to 2019 (*see Table 1*). This is also seen in the total allocation to the agricultural sector that has also declined within the period. Whereas the proportion of capital allocation to the ARCN as a percentage of FGN total capital allocation increased from 0.015% in 2018 to 0.017% in 2019, the proportion of capital allocation in the ARCN budget, have declined from 47% in 2017 to 43% in 2018 and to 40%.

3. In terms of actual performance of the budget, capital budget utilization of the ARCN budget from 2016 to 2018 – if measured as a percentage of total releases – stood at an average of 96.45%. When performance is measured using utilization as a percentage of appropriated capital budget, however, the average reduces to 67.18% (*see Table 2*).
4. The proposed allocation for capital budget to the ARCN of ₦344,050,516 in 2019, however, is less than the ₦348,020,813 released to the council in 2018. Providing a justification for this will therefore be important.

Table 2: ARCN Capital Budget Performance: 2016 – 2018

Fiscal Year	Capital Budget (₦)	Total Releases (₦)	Cash-backed (₦)	Utilization (₦)	Performance by Executive View (Utilization as % of Total Releases)	Performance by Legislative View (Utilization as % of Amount Appropriated)
2016	213,374,360	168,830,559	168,830,559	165,830,441	98.223	77.718
2017	426,748,720	211,240,617	211,240,617	211,236,813	99.998	49.499
2018	426,748,720	348,020,813	348,020,813	317,150,659	91.130	74.318
Average					96.450	67.180

Source: OAGF and NILDS Computation

II. Issues for Legislative and Executive Interaction in the Capital allocation for ARCN

5. Capacity Building Project (ERGP30113733): ₦10 million was allocated in 2017 for capacity building. In 2018 ₦12 million was reallocated as new project. In the 2019 Proposal, N22 million has been proposed for the same project as Ongoing. Why is this so?
6. Support for ARCN Reform activities and Management Change Project (ERGP30113734): ₦15 million was allocated for this project in 2017 and another ₦10 million in 2018 as a New project. 2019 has no allocation for this project. Has it been completed? What is the status?
7. Coordination, Monitoring & Evaluation of Research, Training and Extension Activities in NARIS & FCAs project (ERGP30113735): ₦261.5 million was allocated in 2017 for this project. In 2018 ₦181.5 million was again allocated and classified as new. In the 2019 FGN Appropriation, the sum of ₦118.8 million has been proposed for the same project as Ongoing. Why is this project requiring so much?
8. Strengthening of existing adopted villages and schools, agricultural research outreach centres (AROC) Project (ERGP30113737): Since 2017, this project has consistently scored an allocation of ₦5 million. Any justification for this?
9. Journal for Applied Agricultural Research (JAAR) Project (ERGP30113736): There was no allocation for the Journal in 2016. When it was first budgeted for in 2017, the sum of ₦10 million was required. In 2018, ₦5 million was allocated and classified as New project. Why is the sum of ₦10 million proposed for this item in 2019? Should it not be less?
10. Provision of ICT facilities, communication and video conferencing equipment in the conference hall Project (ERGP30113739): Inflation is expected to be lower in 2019 with a more stable exchange rate environment. Why has ₦10 million been proposed for this project in 2019 when only ₦6.5 million was required in 2018?

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Table 3: Mapping of Capital Projects in 2017 and 2018 and Proposed Projects for 2019 for the Agricultural Research Council of Nigeria

Project Code	Name of Project	2017	2018			2019		Comments/ Recommendation
Code	Capital Projects Proposed for the ARCN in the 2017 Appropriation Act	Amount (₦)	Code	Type	Amount (₦)	Type	Amount (₦)	
ARCON62824954	Capacity Building	10,000,000	ERGP30113733	New	12,000,000	Ongoing	22,000,000	₦10 million was allocated in 2017 for capacity building. In 2018 ₦12 million was reallocated as new project. In the 2019 Proposal, N22 million has been proposed for the same project as Ongoing. Why is this so?
ARCON65405116	Support for ARCN Reform activities and Management Change	15,000,000	ERGP30113734	New	10,000,000			₦15 million was allocated for this project in 2017 and another ₦10 million in 2018 as a New project. 2019 has no allocation for this project. Has it been completed? What is the status?
ARCON64758365	Coordination, Monitoring & Evaluation of Research, Training and Extension Activities in NARIS & FCAs	261,500,000	ERGP30113735	New	181,500,000	Ongoing	118,801,796	₦261.5 million was allocated in 2017 for this project. In 2018 ₦181.5 million was again allocated and classified as new. In the 2019 FGN Appropriation, the sum of ₦118.8 million has been proposed for the same project as Ongoing. Why is this project requiring so much?
ARCON52254942	Journal for Applied Agricultural Research (JAAR)	10,000,000	ERGP30113736	New	5,000,000	Ongoing	10,000,000	There was no allocation for the Journal in 2016. When it was first budgeted for in 2017, the sum of ₦10 million was required. In 2018, ₦5 million was allocated and classified as New project. Why is the sum of ₦10 million proposed for this item in 2019? Should it not be less?
ARCON21745472	Strengthening of existing adopted villages and schools, agricultural research outreach centres (AROC)	5,000,000	ERGP30113737	New	5,000,000	Ongoing	5,000,000	This project has consistently scored an allocation of ₦5 million. Any justification for this?
ARCON83565655	Adaptive Technologies Training for Farmers	65,000,000						This project has no allocation in 2018 and 2019. Implying that it has been completed. There is need to request the ARCN to submit an implementation Status Report to the relevant NASS committee for oversight/ audit purpose.
ARCON25544451	Value Chain Management Training for Youths (Young Farmers)	21,500,000	ERGP30113740	New	25,000,000			This project has no proposal for 2019. Implying that it has been completed. There is need to request the ARCN

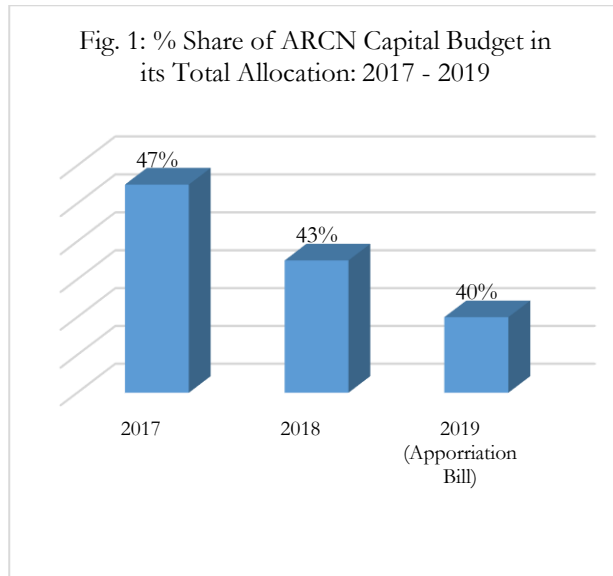
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								to submit an implementation Status Report to the relevant NASS committee for oversight/ audit purpose.
ARCON54279421	Renovation of ARCN Headquarters Building	21,500,000	ERGP27113740	New	19,500,000	Ongoing	18,000,000	The declining allocation for this project is logical. However, progress report should be requested from the ARCN to ascertain its progress.
ARCON85747991	Facilitation of the establishment of various value chain commodity innovation platform	7,248,720	ERGP30113738	New	7,248,720	Ongoing	6,248,720	The allocation for this project is logical. However, progress report should be requested from the ARCN to ascertain its progress
ARCON49141177	Provision of ICT facilities, communication and video conferencing equipment in the conference hall	10,000,000	ERGP30113739	New	6,500,000	Ongoing	10,000,000	Inflation is expected to be lower in 2019 with a more stable exchange rate environment. Why has ₦10 million been proposed for this project in 2019 when only ₦6.5 million was required in 2018?
ERGP27113742	Construction of ARCN Headquarters (Secretariat) Phase II		ERGP27113742	New	80,000,000	Ongoing	150,000,000	The allocation for this project in 2018 and now classified as a New in 2019 is logical. Progress report should be requested from the ARCN to confirm its status.
ERGP30113724	Cross-Sectoral Training for Youths on the Role of the National Agricultural Research System		ERGP30113724	New	65,000,000			This project has no proposal for 2019. Implies that it has been completed. There is need to request the ARCN to submit an implementation Status Report to the relevant NASS committee for oversight/ audit purpose.
ERGP30113741	Establishment of National Agricultural Science Library and Documentation Centre		ERGP30113741	New	10,000,000	Ongoing	4,000,000	The classification of this project in 2018 as New and now as Ongoing in 2019 is logical. The slash in allocation in 2019 is also reasonable. However, progress report should be requested from the ARCN to ascertain its implementation status.
Total Capital		426,748,720			426,748,720		344,050,516	The amount proposed as capital allocation in 2019 is less than the amounts for 2017 and 2018. Implementation shows that the amount released/ cash backed in 2018 was ₦348,020,813. Perhaps the allocation to the ARCN capital budget could be increased

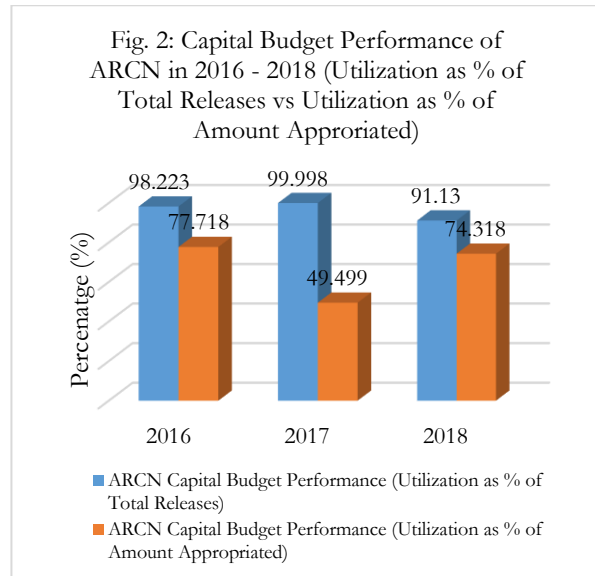
Source: FGN Budget 2017, 2018, 2019 & NILDS Analysis

III. Conclusion

11. Despite the decreasing share of capital budget in the total budgetary allocation to the ARCNC, the Council has maintained a steady effort in improving the quality of its capital budget implementation (see Fig. 1 and Fig. 2).



Source: OAGF and NILDS



Source: OAGF and NILDS

12. Although increased capital allocation to the Council is desired based on its strategic position in the ERGP, an examination of the projects mapped out in the 2019 appropriation bill vis-à-vis the status of their classification in 2017 and 2018, raises a number of questions that require answers (see Table 3).

13. Lastly, the proposed allocation for capital budget to the ARCNC is ₦344,050,516 in 2019. Considering that the level of budget implementation achieved in 2018 was ₦348,020,813, perhaps (see Table 4), increasing the allocation to the Council will be appropriate. Nevertheless, this is dependent on the response of the ARCNC to the issues raised above.

Table 4: 2019 Proposed Capital Budget for ARCNC in the context of 2018 Budget Performance for the ARCNC

Proposed Capital (₦)	Total releases for 2018 (₦)	Amount Cash-backed (₦)	Comment	Recommendation
344,050,516	348,020,813	348,020,813	The amount proposed for 2019 is less than the amount cash backed in 2018	<ul style="list-style-type: none"> Explanation should be sought as to why the amount cash backed in 2018 was not fully utilized The proposed capital allocation for 2019 should be increased

Source: OAGF and NILDS

The views expressed in this Research Issue Brief are those of the author(s) and do not necessarily represent the views of the Institute and its Management.

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