FOOD PRICE DYNAMICS, FOOD PRODUCTION AND AGRICULTURAL FINANCE: A CASE FOR SUSTAINABLE AGRICULTURE IN NIGERIA

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A DISSERTATION SUBMITTED TO THE SCHOOL OF POSTGRADUATE STUDIES IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF MASTER OF SCIENCE (M.Sc.) DEGREE IN FINANCE IN THE DEPARTMENT OF BANKING AND FINANCE, COLLEGE OF MANAGEMENT AND SOCIAL SCIENCE, COVENANT UNIVERSITY, OTA, OGUN STATE, NIGERIA.

SEPTEMBER, 2021

ACCEPTANCE

This is to attest that this dissertation is accepted in partial fulfilment of the requirements for the award of the degree of Master of Finance in the Department of Banking and Finance, College of Management and Social Science, Covenant University, Ota, Ogun State, Nigeria.

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DECLARATION

I, **NNAMANI GIFT IFEOMA (12AA012872)** declare that this research was carried out by me under the supervision of Dr Kehinde A. Adetiloye of the Department of Banking and Finance, College of Management and Social Sciences, Covenant University, Ota, Nigeria. I attest that the dissertation has not been presented either wholly or partially for the award of any degree elsewhere. All sources of data and scholarly information used in this dissertation are duly acknowledged.

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Signature and Date

CERTIFICATION

We certify that this dissertation titled "**FOOD PRICE DYNAMICS, FOOD PRODUCTION AND AGRICULTURAL FINANCE: A CASE FOR SUSTAINABLE AGRICULTURE IN NIGERIA** is an original research work carried out by **NNAMANI GIFT IFEOMA (12AA012872)** in the Department of Banking and Finance, College of Management and Social Sciences, Covenant University Ota, Ogun State, Nigeria under the supervision of Dr Kehinde A. Adetiloye. We have examined and found this work acceptable as part of the requirements for the award of Master of Science in Finance.

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DEDICATION

This dissertation is dedicated to God, the most beneficent and the most merciful, who granted me an abundance of grace to finish this research. I also want to dedicate this research to my parents for their sacrifice, love, and support towards fulfilling my goals and ambition.

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LIST OF ABBREVIATIONS

ACGSF	Agricultural Credit Guarantee Scheme Fund
ACSS	Agricultural Credit Support Scheme
AF	Agricultural Finance
ARDL	Autoregressive Distributive Lag
BOA	Bank of Agriculture
CACS	Commercial Agricultural Credit Scheme
CBN	Central Bank of Nigeria
FP	Food Production
FPI	Food Price Index
IDP	Interest Drawback Programme
NAIC	Nigerian Agrarian Insurance Corporation
NBS	National Bureau of Statistics
SDG	Sustainable Development Goal
USAID	United States Agency for International Development
WDI	World Development Index

ABSTRACT

The agricultural sector's growth remains a controversial topic in Nigeria's economy. The role of finance and technology for a sustainable agroecosystem in Nigeria, especially in relation to agricultural advancement, is usually based on key issues of dwindling financial support and inappropriate technological investments. As a result, this study examines agricultural finance, food production, and food price inflation nexus in Nigeria while considering the need for a sustainable agrarian sector. The research adopted the Autoregressive Distributive Lag model and Error Correction mechanism. Time-series data obtained from CBN statistical bulletin (2020) and WDI (2020). This research adopts Schultz's high payoff input model, which best explains the need for agricultural technology and funds for a better agricultural system. The study discovered that the financing of agriculture is statistically significant which positively affects food production in the long run while a negative and significant effect in the short run is observed. Agricultural finance is also significant and inversely linked to the price inflation on food, in the long run. However, it is positive and significant in the short run. On the other hand, agricultural technology posed a positive as well as significant effect on the price inflation of food in the long run but detected an insignificant and inverse relationship in the short run. Agricultural technology further proved to influence food production both positively as well as significantly in the long run. Nevertheless, it is negative and insignificant in the short run. Food production revealed an insignificant, negative relationship in the long run to food price inflation, but a positive and insignificant relationship in the short run. Sequel to the findings from this study, the following recommendations were given: Efficient appropriation of agrarian financing, along with the timely authorisation and disbursement of budget propositions, will undoubtedly have a significant result on agriculture in Nigeria. Furthermore, boosting the degree of sustainable investment and the needed modern technology combined with certified employees to handle these facilities appropriately will guarantee the enhancement of the agricultural industry. Finally, stimulating the production of technological equipment tailored to fit the Nigerian agrarian sector is essential as this will encourage regular maintenance and easier access to manufacturers when this equipment becomes faulty.

Keywords: Agricultural finance, Agricultural technology, Food production, Food price inflation, Autoregressive distributive lag.