Agricultural Financing, Poverty and Unemployment Reduction in Nigeria

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Abstract

Following the recent aggressive funding of the agricultural sector on a renewed scale via intervention funding from the Central Bank of Nigeria (CBN), this study objectivised the investigation of the impacts of this funding from both the public and banking sectors on the increase in employment and poverty reduction in Nigeria. The study adopted the autoregressive distributed lag (ARDL) which has the capacity to determine the long run relationships between variables to analyse the available data. Results indicate a consistently high significant levels with capital and bank investments. It is discovered that the sustained capital investment is required from both public and private sectors, but clearly funding from the banking (private) sector had higher positive impact and provided higher positive significant level in the long run than from public sector. With results the intervention in agriculture through the Agricultural Credit Guarantee Scheme (ACGSF) as presently constituted is no longer helpful in the long run as results are significantly negative. In addition, capital investment and bank funding can increase per capita income and reduce poverty in the long run. The study recommended that more loans should be made available from and through the banking sector as it provides the greatest outcome on agricultural productivity, while the ACGSF processes and operations should be reviewed if it cannot be scrapped.