



NATIONAL OPEN UNIVERSITY OF NIGERIA

SCHOOL OF SCIENCE AND TECHNOLOGY

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COURSE TITLE: Agricultural Cooperatives



COP215
AGRICULTURAL COOPERATIVES

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CONTENTS	PAGE
Introduction.....	1
What you will Learn in this Course.....	1
Course Contents.....	2
Course Aims.....	2
Course Objectives.....	3
Course Materials.....	4
Study Units.....	4
Assignment.....	5
Tutor-Marked Assignment.....	5
Final Examination and Grading	5
Conclusion.....	5

Introduction

The course Agricultural Co-operatives (COP215) is a core course which carries two credit units. It is prepared and made available to all undergraduate students in Co-operative Management programme, in the School of Business and Human Resources Management. The course is a useful material to you in your academic pursuit as well as in your workplace as managers and administrators.

What you will Learn in this Course

The course is made up of fifteen units, covering areas such as:

- the meaning of agricultural co-operatives and their roles in agricultural development,
- how agricultural co-operative can be used to promote farm labour efficiency,
- types and functions of agricultural co-operatives, problems of agricultural co-operatives in Nigeria and suggestions of practicable solutions
- Related areas such as national policy on agricultural co-operatives,
- --roles of government and non-governmental organisations (NGOs) in the development of agricultural co-operatives,
- types of agro co-operative credits, costs and benefits of storage and processing of agricultural products
- operations of a typical agro input supply co-operatives, marketing of agricultural produce and supply of farm inputs to farmer
- the roles of co-operatives in agricultural insurance, aims, objectives and problems of some Nigerian agricultural co-operative promotion institutions
- comparative study of the origin, types, structure, achievements and problems of agricultural co-operatives in some selected countries are also discussed in this course.

This Course Guide is meant to provide you with the necessary information about the course, the nature of the materials you will be using and how to make the best use of them towards ensuring adequate success in your programme as well as the practice of agricultural co-operatives in the industry. Also included in this course guide are information on how to make use of your time and information on how to tackle the tutor –marked assignment (TMA). There will be tutorial session during which your facilitator will take you through your difficult

areas and at the same time have meaningful interaction with your fellow learners.

Course Contents

The course consists of:

- the meaning of agricultural co-operatives and their roles in agricultural development,
- description of how agricultural co-operatives can be used to promote farm labour efficiency, types and functions of agricultural co-operatives,
- problems of agricultural co-operatives in Nigeria, the national policy on agricultural co-operatives,
- the roles of governments and NGOs in the development of agricultural co-operatives,
- types of agricultural co-operatives
- credits, costs and benefits of storage and processing of agricultural products,
- description of forms and operations of a typical agro input supply co-operatives,
- marketing of agricultural products and supply of farm inputs to farmers,
- the roles of co-operatives in agricultural insurance, aims, objectives and problems of some Nigerian agricultural co-operative promotion institutions and comparative study of the origins types, structure, achievements and problems of agricultural co-operatives in some selected countries.

Course Aims

The main aim of the course is to equip you with adequate information on the mutual interdependence between agriculture and co-operative and to enable you acquire enough professional competence to advise farmers who constitutes the majority of your clientele. The course also aims at making you have greater appreciation of the role of government as the promoter, and regulator of agricultural co-operatives.

The aims of the course will be achieved by:

- Explaining the meaning of agricultural co-operatives and their roles in agricultural development.
- Describing how agricultural co-operatives can be used to promote farm labour efficiency

- Identifying and explaining types and functions of agricultural co-operatives.
- Discussing the peculiar problems of agricultural co-operatives in Nigeria and suggesting practicable solutions.
- Explaining the National policy on agricultural co-operatives.
- Discussing the peculiar roles of government and NGOs in the development of agricultural co-operatives.
- Explaining the various types of agro co-operatives credits.
- Explaining the costs and benefits of storage and processing of agricultural products.
- Describing the forms and operations of a typical agro input supply co-operatives, marketing of agricultural products and supply of farm inputs to farmers.
- Discussing the roles of co-operatives in agricultural Insurance. Explaining the aims, objectives and problems of some Nigerian agricultural co-operative promotion institutions and
- Conducting comparative study of the origin, types, structures, achievements and problems of agricultural co-operatives in some selected countries like Ireland, Israel, India, USA, Germany, Russia, Tanzania and Japan

Course Objectives

After completing this course, you should be able to:

- Explain the meaning of agricultural co-operatives and their roles in agricultural development
- Describe how agricultural co-operatives can be used to promote farm labour efficiency.
- Identify and explain types and functions of agricultural co-operatives
- Discuss the peculiar problems of agricultural co-operatives in Nigeria and suggest practicable solutions
- Explain the National policy on agricultural co-operatives
- Discuss the peculiar roles of government and NGOs in the development of agricultural co-operatives.
- Explain the various types of agro co-operative credits.
- Explain the costs and benefits of storage and processing of agricultural products
- Describe the forms and operation of a typical agro input supply co-operative, marketing of agricultural products and supply of farm inputs to farmers.
- Discuss the role of co-operatives in agricultural insurance

- Explain the role of some Nigerian agricultural co-operative promotion institutions such as NACIMO, UNCP, FEAP, NACB, NALDA, NDE; and
- Conduct comparative study of the origin, types, structures, achievements and problems of agricultural co-operatives in some selected countries like Ireland, Israel, India, USA, Germany, Russia, Tanzania and Japan.

Course Materials

Major components of the course are:

1. Course Guide
2. Study Units
3. Textbooks
4. Assignment Guide

Study Units

There are three modules of 14 units in this course, which should be studied carefully.

Module 1

- | | |
|--------|---|
| Unit 1 | Meaning of Agricultural Co-Operatives and their Roles in Agricultural Development |
| Unit 2 | The Different uses of Agricultural Co-Operatives |
| Unit 3 | Types and Functions of Agricultural Co-Operatives |
| Unit 4 | Types and Functions of Agricultural Production Co-Operatives |
| Unit 5 | Types and Functions of Service Co-Operatives |

Module 2

- | | |
|--------|---|
| Unit 1 | Problems of Agricultural Co-Operatives in Nigeria and Suggestion of Practicable Solutions |
| Unit 2 | National Policy on Agricultural Co-Operatives |
| Unit 3 | The Roles of Government in the Development of Agricultural Co-Operatives |
| Unit 4 | The Roles of Non – Governmental Organisations (NGOs) in Agricultural Co-Operative Development |
| Unit 5 | Types of Agro Co-Operative Credits |

Module 3

- Unit 1 Costs and Benefits of Storage and Processing of Agricultural Produce
- Unit 2 Description of Forms and Operations of a Typical Agro Input Supply Co-Operative, Marketing of Agricultural Products and Supply of Farm Inputs to Farmers
- Unit 3 Roles of Co-Operatives in Agricultural Insurance
- Unit 4 Aims, Objectives and Problems of Some Nigerian Agricultural Co-Operative Promotion Institutions such as NACIMO, UNCP, NACB, NALDA and NDE
- Unit 5 Comparative Study of the Origin, Types, Structure, Achievements and Problems of Agricultural Co-Operatives in Some Selected Countries like Ireland, Israel, India, USA, Germany, Russia, Tanzania and Japan

Assignment

There are many assignments in this course and you are expected to do all of them by following the schedule prescribed for them in terms of when to attempt them and submit same for grading by your Tutor.

Tutor-Marked Assignments (TMAs)

You are expected to submit all the TMAs to your Tutor for grading on or before the stated deadline. If for any reason you cannot complete your assignment on time, contact your tutor before the assignment is due, to discuss the possibility of extension. Extension may not be granted after the deadline, unless on exceptional cases. The TMAs usually constitute 30% of the total score for the course.

Final Examination and Grading

At the end of the course, you will write the final examination. It will attract the remaining 70%. This makes the total final score to be 100%.

Conclusion

The course, Agricultural Co-operative (COP215) exposes you to the issues involved in agricultural co-operatives and how to manage them. On the successful completion of the course, you would have been armed with the materials, expertise and skills necessary for efficient and effective management of agricultural co-operatives related matters in any organisation.

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CONTENTS	PAGE
Module 1	1
Unit 1 Meaning of Agricultural Co-Operatives and their Roles in Agricultural Development	1
Unit 2 The Different uses of Agricultural Co-Operatives.....	9
Unit 3 Types and Functions of Agricultural Co-Operatives...	15
Unit 4 Types and Functions of Agricultural Production Co-Operatives.....	22
Unit 5 Types and Functions of Service Co-Operatives.....	27
Module 2	33
Unit 1 Problems of Agricultural Co-Operatives in Nigeria and Suggestion of Practicable Solutions.....	33
Unit 2 National Policy on Agricultural Co-Operatives.....	39
Unit 3 The Roles of Government in the Development of Agricultural Co-Operatives.....	46
Unit 4 The Roles of Non – Governmental Organisations (NGOs) in Agricultural Co-Operative Development...	52
Unit 5 Types of Agro Co-Operative Credits.....	58
Module 3	63
Unit 1 Costs and Benefits of Storage and Processing of Agricultural Produce.....	63
Unit 2 Description of Forms and Operations of a Typical Agro Input Supply Co-Operative, Marketing of Agricultural Products and Supply of Farm Inputs to Farmers.....	69
Unit 3 Roles of Co-Operatives in Agricultural Insurance...	74
Unit 4 Aims, Objectives and Problems of Some Nigerian Agricultural Co-Operative Promotion Institutions such as NACIMO, UNCP, NACB, NALDA and NDE.....	80
Unit 5 Comparative Study of the Origin, Types, Structure, Achievements and Problems of Agricultural Co-Operatives in Some Selected Countries like Ireland, Israel, India, USA, Germany, Russia, Tanzania and Japan	87

MODULE 1

Unit 1	Meaning of Agricultural Co-Operatives and their Roles in Agricultural Development
Unit 2	The Different uses of Agricultural Co-Operatives
Unit 3	Types and Functions of Agricultural Co-Operatives
Unit 4	Types and Functions of Agricultural Production Co-Operatives
Unit 5	Types and Functions of Service Co-Operatives

UNIT 1 MEANING OF AGRICULTURAL CO-OPERATIVES AND THEIR ROLES IN AGRICULTURAL DEVELOPMENT

CONTENTS

1.0	Introduction
2.0	Objectives
3.0	Main Content
3.1	Agricultural Co-operatives and their Roles in Agricultural Development
3.2	Educational Role
3.3	Mobilisation of Savings
3.4	Provision of Extension
3.5	Management of Credit
3.6	Attraction of Government Support
4.0	Conclusion
5.0	Summary
6.0	Tutor-Marked Assignment
7.0	References/Further Reading

1.0 INTRODUCTION

This unit introduces you to the subject of farmers' Co-operatives. You are going to spend at least two hours to go through it. While going through the unit, there are exercises designed to make you pause and reflect on what you are reading. By so doing, you may have a grasp of the units being presented to you.

At the end of the unit, there are again tutor – marked questions which are meant for you. Try your hands on them so as to be self assured that you have a mastery of the points raised in the unit, as indicated in the objectives stated below:

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- describe the meaning of agricultural co-operatives
- explain the roles of agricultural co-operatives in agricultural development.

3.0 MAIN CONTENT

3.1 Agricultural Co-operatives and their Roles in Agricultural Development

An agricultural Co-operative, also known as farmers' co-operative, is a form of co-operative formed by farmers or agriculturalists who have combined their resources together for the production and marketing of their produce. They also get some equipment and items to enhance the effectiveness of their production and marketing of the items with the hope of benefiting members financially and economically. These include receiving loans, farm inputs such as fertilizer, professional advice financial education, mobilisation of savings, provision of extension services, management of credit and attraction of government's support, land/soil conservation and irrigation.

Agricultural Co-operative as a form of business organisations is distinct from the common investor-owned firms (IOFs). Both are organised as enterprises, but IOFs pursue profit maximisation as their objectives, whereas co-operatives strive to maximise the benefits they generate for their members (which usually involves zero – profit operation). Agricultural co-operatives are therefore created in situations where farmers cannot obtain essential services from IOFs (because the provision of these services is judged to be unprofitable by the IOFs), or when IOFs provide the services at a disadvantage to the farmers (i. e. the services are available, but the profit – motivated prices are too high for the farmers). The former situations are characterised with economic theory such as market failure or missing services motive. The latter drive the creation of co-operatives as a co-operative yardstick or as a means of allowing farmers to build countervailing market power to oppose the IOFs. The concept of competitive yardstick implies that farmers faced with unsatisfactory performances by IOFs, may form a co-operative firm whose purpose is to force the IOFs, through competition to improve their services to farmers.

A practical motivation for the creation of agricultural co-operatives is sometimes described as “overcoming the curse of smallness” A co-operative, being an association of a large number of small farmers, acts

as a large business entity in the market, reaping the significant advantages of economics of scale that are not available to its members individually. Agricultural co-operatives play significant roles in agricultural development.

3.2 Educational Role

Agricultural co-operative societies provide professional advice to farmers on how to use chemicals to eradicate pests, diseases as well as on mechanisation of agriculture. They prepare farmers' mind ahead of time the prices of their product.

The agricultural co-operatives carry out research services into the marketing of their products as well as educating them on the best seedling to plant and the actual period. They disseminate new ideas to farmers through extension workers either through individual method, personal contact, group method and mass media.

All these educational functions of agricultural co-operatives are in line with the principles of Rockdale Equitable Pioneers, which include giving co-operative members qualitative and functional education. In addition to providing members with education and training in farm practice, marketing and extension service, agricultural co-operatives also finance the education of members, their dependants and the people from the communities where the co-operative operates.

3.3 Mobilisations of Savings

For agricultural development to take off properly, the following points must be considered very well:

Adequate transportation facilities to move workers (extension officers) to all corners of the communities to get in touch with the farmers. There must be enough money for the transportation of enough materials to supply the target farmers.

Agricultural co-operative enables the mobilisation of savings among farmers as they would be enlightened on the benefits of savings. The culture of savings will then be developed among the co-operative members, who are in this instance, farmers. Agricultural co-operative therefore, play an important role in savings mobilisation among its members.

3.4 Provision of Extension Services

Extension is a way of service aimed at getting knowledge developed from one environment to the other. Agricultural extension is a bridge between the researchers and the farmers. In other words, agricultural extension is a connecting link between the researches and farming communities. Through the agricultural agents, farmers acquire certain skills in both animals and crop production. It improves the farmers' standard of living, conduct and organises training for farmers. The extension services help to increase and improve food production. Extension workers disseminate information to primitive farmers through personal contact, group method, mass media, seminars, excursion, film shows, and agricultural show and so on. The following are some of the agricultural extension programmes and institutions in Nigeria.

- (i) Agricultural Development Programmes (ADPs)
- (ii) National Accelerated Food Production Programmes (NAFPP)
- (iii) Agricultural Ministries
- (iv) Farm Settlement Schemes
- (v) Green Revolution
- (vi) Young Farmers Club
- (vii) Co-operative Societies
- (viii) Back to Land Farming Programme
- (ix) Radio Television Programme

Through the extension agent, farmers' problems are carried to the research institutes for solutions. It also helps with the formation of Farmers Co-operative Societies.

Extension service as a teaching and learning process has the following features:

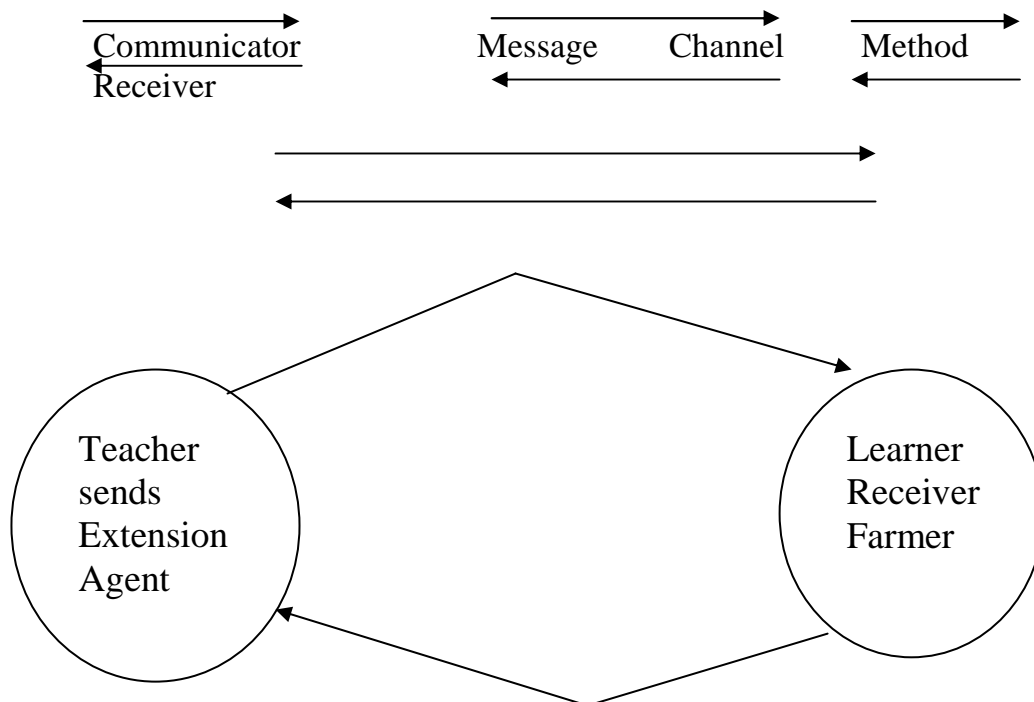
Extension is a process of sorting of communication because it is the interaction between two or more people. The process consists of: -

(a) The Communicator (Extension Worker)

He could also be a teacher in the class, a demonstrator, a discussant on radio and television show.

(b) The Message

The aims and objectives of the message are spelt out.

(c) **The Learner (farmer)****Figure 1.1 Dynamic Communication Systems****SELF-ASSESSMENT EXERCISE 1**

Define Agricultural Extension.

3.5 Management of Credit

Agricultural Co-operatives grant loans to members for productive purposes. A small farmer for instance, may be charged relatively high interest rates by commercial banks, which are not mindful of high transaction costs on small loan funds, or may be refused credit altogether due to lack of collateral. An agricultural co-operative like a Farmers' Credit Union will be able to raise loan funds at advantageous rate from commercial banks because of its large associative size and will then distribute to its members on the strength of mutual or peer – pressure guarantees for repayment.

Funds procured from government and her agencies as well as from financial institutions are given to members of the co-operative as loans. You have to note that loans received by members from their co-operative societies are usually repaid over a period of time and the interest rate is low.

3.6 Attraction of Government Support

It is important to note that the governments of Nigeria believe that co-operative societies are essential for the economic development of the Nigerian agricultural producers. This situation is supported by the expanded role of the Agricultural Development Programmes (ADPs) and the River Basin and Rural Development Authorities (RBRDAs).

We should note that both ADPs and RBRDAs always organise farmers under their programmes into groups for better co-ordination of their activities. The co-operative approach to group action has been seen as effective under the supervision of these two programmes. Although the primary objective of forming group farming co-operatives in ADPs and RBRDAs is to increase agricultural outputs, it has been possible to get them involved in the marketing of their produce as well.

We should also note that the Federal Department of Agricultural Co-operatives (FDAC) has an advisory role for the identification of viable groups (co-operatives) within the ADPs and RBRDAs, by organising workshops, seminars and mass enlightenment programmes for the projects....

We should remember that if there is anything government of any country wants is the attainment of sustainable food security and employment to her citizens. For these reasons, government comes into the agricultural co-operative programme to show her support in the following ways:

i) Creation of co-operative department at both the State and Federal government levels to supervise co-operative development projects

Government employed many people to carry out this task.

ii) Co-operatives roles in National Development plan

Government assigned roles to co-operatives in the national development plans and projects, such as the various programmes for agricultural and poverty alleviation.

iii) Legislative role

The most important role the government plays in co-operative affairs is to legislate and direct them to give legal personality to the co-operative. That is why in Nigeria, we have legislations passed to fit the co-

operative situation. The current co-operative law is the Co-operative Decree of 1993.

iv) Giving out Loans (Credit) to Agricultural Co-operatives

Government gives out loans to co-operative with which co-operatives are expected to use and execute viable agricultural projects.

We should note that beyond the granting of loans, government also provides outright grants to agricultural co-operative societies. The grants are however, not usually repaid.

v) Payment of Annual Subscriptions

Related to the giving of grants, government pays for the annual subscriptions of some apex organisations which existence is not purely economic but also to provide services to the affiliate members. These payments are made to apex organisations outside Nigeria such as, the International Co-operative Alliance (ICA).

vi) Provision of Extension Services

Government employed many people under agricultural department to supervise and encourage farmers to adopt innovations. The extension workers do not only supervise but equally educate the local farmers on how to improve their farm produce. This has resulted in many farmers developing more interest in farming as they eagerly accept the new innovations and diffuse (implement) them.

SELF-ASSESSMENT EXERCISE 2

Find out from a farmers' co-operative society within your area, what type of support it gets from governments at Federal, State and Local levels.

4.0 CONCLUSION

This is our first unit to the course, agricultural co-operatives. In the unit, you have read that agricultural co-operatives are forms of co-operatives where farmers pool their resources together in certain areas of activity. The roles of agricultural co-operatives in agricultural development were also pointed out. And for a sustainable agricultural development, formation of farmers' co-operatives should be encouraged.

5.0 SUMMARY

You have now learnt the meaning of agricultural co-operatives as well as their roles in agricultural development. The ground is now prepared to sow the seeds of agricultural co-operatives. In our next unit, we will discuss how agricultural co-operatives can be used to promote farm labour efficiency, provide cost effective ways of managing both large and small farms and promote environment friendly farm practice.

6.0 TUTOR-MARKED ASSIGNMENT

1. Farmers' co-operatives are formed to enable farmers benefit from some special services. What are these special services?
2. List and explain five areas in which agricultural co-operatives attract government support.

7.0 REFERENCES/FURTHER READING

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UNIT 2 DIFFERENT USES OF AGRICULTURAL CO-OPERATIVES

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Description of how Agricultural Co-operatives can be used to Promote Farm Labour Efficiency, Provide Cost Effective ways of Managing both Large and Small Farms and Promotion of Environment Friendly Farm Practices
 - 3.2 How Agricultural Co-operative can be used to Promote Farm Labour Efficiency
 - 3.3 How Agricultural Co-operative can be used to Provide Cost Effective ways of managing both LARGE and Small Farms
 - 3.4 How Agricultural Co-operative can be used for the Promotion of Environment Friendly Far Practices
 - 3.5 How Agricultural Co-operatives can Enhance Exchange
 - 3.6 How Agricultural Co-operative can be used to develop the Rural Economy of Nigeria
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

In the first unit, we discussed the meaning of agricultural co-operatives and their roles in agricultural development. We shall now describe how agricultural co-operatives can be used to promote farm labour efficiency, provide cost effective ways of managing both large and small farms, promotion of environmental friendly farm practices. We shall also consider the role of agricultural co-operatives in exchange as well as in the development of the rural economy

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- describe how agricultural co-operatives can be used to promote farm labour efficiency
- explain how agricultural co-operatives can be used to provide cost effective ways of managing large and small farms

- explain how agricultural co-operatives can aid the promotion of environment friendly farm practice
- discuss how agricultural co-operatives can enhance exchange
- explain how agricultural co-operatives can be used to develop the rural economy.

3.0 MAIN CONTENT

3.1 Description of how Agricultural Co-operatives can be used to Promote Farm Labour Efficiency, Provide Cost Effective ways of Managing both Large and Small Farms and the Promotion of Environment Friendly Farm Practice

In our previous unit, we discussed that agricultural co-operative is the association of persons (farmers) for the essence of mutual help in agricultural and allied enterprises including forestry, fishery and livestock. Also, remember that in Nigeria, co-operatives are regarded as avenues for social assistance to the poorer rural community. Agricultural co-operatives can therefore be used to promote, provide and enhance the following services to the farmers:

3.1.1 How Agricultural Co-operative can be used to Promote Farm Labour Efficiency

Long before the advent of modern co-operative societies, Nigerians by nature are generally their brother's keepers. Prior to the introduction of the medium of exchange, Nigerians lived a communal life, where they collectively assisted one another to build their houses or till their farmlands.

Adeoye (1996) in Enikanselu, Akanji & Faseyiku, 2005 assert that when modern co-operatives became operational in Nigeria, the traditional co-operative of mutual help dictated the direction. Hence, co-operative societies grew along the traditional lines of occupation and pattern of trade; for example, Cocoa Farmers Co-operative Society, Palm Oil Producers Co-operative Society and Farmers Multi-purpose Co-operative societies, etc.

Agricultural co-operatives encourage members to engage in joint cultivation of food and cash crops, joint irrigation, joint purchase of farm implements such as tractors, ploughs, harvesters which will all promote farm labour efficiency.

Efficiency of farm labour is attaining net positive result in agricultural productivity, which would be made possible through the use of modern farm implements. We should also remember that an average individual Nigerian farmer is not in a position to single-handedly buy such implements (tractors, harvesters, etc). So his membership of an agricultural co-operative can afford the individual farmer the opportunity to use these tools at a reasonable and low cost.

3.1.2 How Agricultural Co-operatives can be used to provide Cost Effective ways of managing both Large and Small Farms

Farm management is the science of farm organisation which makes use of a number of closely related disciplines. An ideal farm manager should be versatile and hence should have knowledge of economics, sociology, psychology, political science, mathematics, statistics, logic and agriculture.

Although an uninformed individual might question the relationship of these disciplines to farm management, we do know, however, that a farm manager who is groomed in these disciplines usually does better than one who is ignorant of these disciplines,

Farm management may also be defined as the science which applies scientific laws and principles to the conduct of farm operations. Farm management as an applied science can be provided by agricultural co-operative societies.

Agricultural co-operatives, encourage members to engage in joint cultivation of food and cash crops among others. In view of our level of underdevelopment, an individual farmer cannot achieve the desire for mass production for the needs of the country. It is, therefore, in their interest that resources are combined so as to gain a tremendous advantage individually or collectively and this will widen the industrial base of any economy and the management techniques of these farmers (Enikaselu, Akanji and Faseyiku, 2005).

3.1.3 How Agricultural Co-operatives can be used for the Promotion of Environment Friendly Farm Practices

Agricultural and rural development is no longer a matter of just increasing food and agricultural production; other factors must be addressed by policy makers and support service agencies in formulating and implementing agricultural and rural development policy. These issues include population and environmental concerns and they have

very strong implications for how key support services such as research and extension should be organised and financed.

Population pressure and the demand for increasing food output are now commonly associated with the degradation, depletion and pollution of soil, water, and other natural resources (Alexandrators, 1995, p. 350). Numerous actions are required for a society to conserve, protect, rehabilitate, and manage its land, water, and other natural resources; therefore, co-operative society has a crucial role to play in disseminating sustainable agricultural technology.

The integration of the food, population, and environmental nexus has led to a new platform of development, referred to by FAO as sustainable agricultural and rural development (SARD). This new concept of SARD has been defined by FAO as “the management and conservation of the natural resource base, and the orientation of technological and infrastructural change in such a manner as to ensure the attainment and continued satisfaction of human needs for present and future generations. Such sustainable development (in agriculture, forestry, and fishery sectors) used to conserves land, water, plant and animal are generic resources and are environmentally non-degrading, technically appropriate, economically viable and socially acceptable” (FAO den Bosch Declara 1991. p. 2)

The role of farmers co-operative is well recognised in SARD, particularly in the management and conservation of soil, water, and biological resources; maintaining an ecological balance; and applying environment friendly technologies such as integrated pest management (IPM). Farmers are the single largest group of users and managers of land, water, and other biological resources throughout the world.

The majority of these men, women and young farmers will need useful information through membership of agricultural co-operative. Such information is in the areas of appropriate technology, and sound technical advice not only to increase their agricultural productivity and incomes but also to make farming and rural life richer and more sustainable. Herein lies the important role of agricultural co-operatives

SELF-ASSESSMENT EXERCISE 1

Find out from a local farmers co-operative society in the area you are living, whether the society practices SARD or not.

3.1.4 How Agricultural Co-operatives can Enhance Exchange

According to White (1956), the exchange economy of a developing country like Nigeria can be divided into three main sections:

1. Subsistence exchange;
2. internal exchange; and
3. external exchange

Subsistence exchange involves the disposal of the remnants of subsistence foodstuffs possibly to finance the purchase of a few exotic products which cannot be produced by individual households. Such exchange according to Ayanwu (1989), is only of peripheral importance to the basic needs of the household.

On the other hand, internal exchange involves the exchange of commodities between complementary areas of production and consumption within the same country. It may also include the redistribution of imports from the points of entry through the various distribution channels to the urban and rural consumers

External exchange involves production for the primary purpose of selling to the rest of the world with very little if any, retained in the producing country for domestic consumption (Anyawu 1989).

In all these three forms of exchange described above, agricultural co-operatives can be used to enhance them.

3.1.5 How Agricultural Co-operative can be used to Develop the Rural Economy of Nigeria

Enikanselu, Akanji and Faseyiku (2005) listed notable agricultural co-operatives in Nigeria as:

- a. Farmers Multipurpose Co-operative
- b. Produce Marketing Co-operatives
- c. Food Crop Producing and Marketing Co-operatives
- d. Livestock Co-operatives
- e. Fishery Co-operatives
- f. Piggery Co-operatives
- g. Agro-industrial Co-operatives

These eminent authors went further to explain the importance of co-operatives to agricultural activities. In their own words, "Co-operatives can be organised not only to serve economic benefits of its members but equally provide social service especially in such areas as education,

transportation, provision of rural infrastructure and civil responsibility. In the light of the above, government should not only encourage their formation, but more importantly ensure that they are properly operated or managed so as to take a rightful place as one of the government's effective machinery for rural alleviation and development”

SELF-ASSESSMENT EXERCISE 2

What are the roles of agricultural co-operative in rural development?

4.0 CONCLUSION

We have examined how agricultural co-operatives can be used to promote farm labour efficiency, provide cost effective ways of managing both large and small farms, and the promotion of environmental friendly farm practices.

For rapid rural development, there is need to develop the agricultural co-operatives in Nigeria.

5.0 SUMMARY

We have examined the description of how agricultural co-operatives can be used to promote farm labour efficiency, provide cost effective ways of managing both large and small farms and the promotion of environment friendly farm practices. We have also examined how agricultural co-operatives can enhance exchange as well as how it can be used to develop the rural economy of Nigeria.

We are now ready to move into Unit 3 where we will be discussing the types and functions of agricultural co-operatives.

6.0 TUTOR-MARKED ASSIGNMENT

1. In what ways can agricultural co-operatives be used to promote farm labour efficiency?
- 2(a) what does the acronym SARD stands for?
- (b) In what areas of SARD is the role of farmers' co-operative well recognised?

7.0 REFERENCES/FURTHER READING

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UNIT 3 TYPES AND FUNCTIONS OF AGRICULTURAL CO-OPERATIVES

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Types and functions of Agricultural Co-operatives
 - 3.1.2 Types of Agricultural Co-operatives
 - 3.1.3 Indigenous/Traditional Farmers Society
 - 3.1.4 Isuzu/Contribution Club
 - 3.1.5 Labour Clubs
 - 3.1.6 Functions of Agricultural Co-operatives
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

In our first unit, we discussed the meaning of agricultural co-operatives and their roles in agricultural development and how agricultural co-operative can be used to enhance farm labour efficiency. In this unit, we will discuss the types and functions of agricultural co-operatives. Indeed, the present unit will also be extended to the subsequent Units 4 and 5, where we will discuss agricultural production co-operatives and service co-operatives.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- list the types of agricultural co-operatives
- describe the indigenous/traditional farmers society
- explain the meaning of *isuzu*/contribution club
- explain labour clubs
- discuss functions of agricultural co-operatives.

3.0 MAIN CONTENT

3.1 Types and Function of Agricultural Co-operatives

Agricultural co-operatives are widespread in rural areas. In the United States, for instance, there are both marketing and supply co-operatives

(some of which are government-sponsored) which promote and may actually distribute specific commodities. There are also agricultural supply co-operatives which provide inputs into the agricultural process.

We should note that in Europe, there are strong agricultural/business co-operatives, and agricultural co-operatives banks. In contrast, while there are notable exceptions, co-operatives have generally struggled to succeed in developing countries, particularly Africa, despite heavy injection of funds and technical assistance by donors.

3.1.1 Types of Agricultural Co-operatives

There is no uniform classification of agricultural co-operatives among scholars. However, the major types of agricultural co-operatives are:

- 1) Indigenous/traditional farmers society
- 2) Agricultural production co-operatives; and
- 3) Service co-operatives.

Enikanselu, S. A., Akanji, S. O & Faseyiku, O. I. (2005) give the following classification of agricultural co-operatives:

- a) Farmers' multipurpose co-operatives
- b) Produce marketing co-operatives
- c) Food crop production and marketing co-operatives
- d) Livestock co-operatives
- e) Fishery co-operatives
- f) Piggery co-operatives
- g) Agro – industrial co-operatives etc.

SELF-ASSESSMENT EXERCISE 1

Collate several literature reviews on agricultural co-operatives and classify types of agricultural co-operatives.

3.1.2 Indigenous/Traditional Farmers' Society

We should note that, co-operative action take place when individuals pool their resources together (which are often meager) in an effort to obtain what is needed by all but cannot be obtained by the use of an individual's resources, talents, time, effort or information. This mutual assistance habit has existed since the origin of humanity that is, since the time that, human beings started living together on the basis of family unit and/or in a community. Co-operative is, therefore, customary and instinctive solidarity. The first co-operative act of man was when the first human family started gathering food even before agriculture was invented.

Long before the advent of modern co-operative societies, Africans by nature have been their brother's keepers. Prior to the introduction of money, Africans lived a communal life, where they collectively assisted one another to build their houses or till their farmlands. In Nigeria, for instance, the various tribes had their own ways of helping each other through co-operative activities.... The method and manner of such assistance differ from each ethnic group to another.

In traditional societies we have examples of mutual aid and assistance. You would have noticed instances where helps were rendered to others on such events as birth celebrations, death and funeral ceremonies and assistance to the injured or the sick or those involved in legal tussles. Note that within these traditional societies existed customary arrangements for securing assistance from neighbours on these occasions.

The more advanced forms of traditional co-operative is demonstrated in saving and lending, joint action, joint possession of land, etc. our elders did not leave life's risks and emergencies to chances. They developed various patterns of mutual assistance, reduced them to custom, and handed them down as tradition and as a legacy from the past through formal and informal education.

These customs or practices were enforced with the authority of the elders. They are common in various communities in Nigeria. These societies are usually called self – help organisations.

3.1.3 *Isuzu/Contribution Club*

The pattern of traditional co-operation was dictated by the economic activities predominant in each area of the country. In the western part of the country where the Yorubas live, the mainstay of their economy was trade and commerce. *AJO/ESUSU* was what they used in helping each other where every member of the group contributes to a fund and each member takes his own turn in the fund. The more advanced forms of traditional co-operative demonstrated in savings societies are common in Nigeria. For instance, while it is called *esusu* in Yorubaland, it is known as *Adaghe* in Hausa land.

The other *AJO* in the Yoruba land is not a co-operative effort in the strict sense but a programme to encourage savings which is very prevalent among traders.

3.1.4 Labour Clubs

There are also labour exchange activities in farming. These are common in Nigeria. In this kind of co-operative, all members will on a rotation plan to work in each other's farm according to designated days.

In the same vein, in those communities where homes are still being built in the traditional way, labour- exchange activities do exist. Members of the group will decide on agreed days to work on each other's house for the purpose of erecting shelters for themselves.

On a large scale, self – help organisations do exist in various communities where common projects are carried out not for individual benefit but for the common use of the entire community. Such projects include: constructing access roads to the health care delivery system by building clinics and/or hospitals among other numerous projects.

The Hausas, for instance, used a collaborative arrangement called *gayya* where every member of the society would come together to partake in either the construction of roads, bridges, market squares for the community by combing their efforts and resources.

We should note that this form of co-operative that we have been describing (mutual construction of projects) ends when the object of co-operative is accomplished. This is more or less an ad hoc co-operative.

SELF-ASSESSMENT EXERCISE 2

Find out the type of traditional or indigenous mutual assistance practiced by the people living in your area.

3.1.5 Functions of Agricultural Co-operatives

We should remember that farmers formed co-operatives for many purposes, including marketing of produce, purchasing of production and house supplies, and provision of credit. Farm marketing associations are the most important type of agricultural co-operative. Farm purchasing co-operatives rank second in importance. The modern farmer – member, who depends increasingly on off – farm products, can realise maximum savings by ordering goods through co-operatives. Regional co-operatives order some items from manufacturers and produce others in their own plants. The most important manufactured items by these co-operatives are feed, fertilizer and petroleum products; other co-operatively produced items include paint, lumber, and farm equipment.

Trends in agriculture since World War II have vastly increased the size of farmer's investments in land, buildings, and equipment and therefore, the need for farm credit. A co-operative farm – credit system satisfies this need. In Nigeria, the Central Bank of Nigeria (CBN) guarantees agricultural credit loans given to farmers by commercial banks. The Nigerian Agricultural, Co-operative and Rural Development bank Ltd (NACRDB) also give loan to farmers and other forms of co-operative societies.

The functions of agricultural co-operatives are summarised as follows:

1) Farm Production

Agricultural co-operatives encourage members to engage in joint cultivation of food and cash crops among others.

2) Co-operatives Joint Supply of Farm Machinery

The membership of an agricultural co-operative can afford a farmer the opportunity to use modern farm and agricultural tools and implement which he could not afford on his own.

3) Produce Marketing

The produce marketing co-operative society help to stabilise prices of farm produce.

4) Irrigation

An individual farmer may not be able to practice irrigation due to costs involved. But by joining a co-operative, he and the members may be engaged in irrigation programme to the benefits of the members (farmers)

5) Land and Soil Conservation

Land and soil conservation can be better achieved through co-operative effort.

6) Access to Credit Facilities

Government and her agencies easily grants credit facilities to co-operative rather than an individual, who may lack collateral securities to obtain loans. Even this is also applicable to commercial banks.

7) Training and Education

Agricultural co-operatives provide to their members, training and education.

8) Extension Service

The introduction of new ideas, new methods, new techniques (innovation) is also a function of an agricultural co-operative.

9) Attraction of Government Support

Agricultural co-operatives attract government support to their activities.

10) Mobilisation of Savings

Agricultural co-operatives encourage the culture of savings among farmers.

4.0 CONCLUSION

So far, we have seen the various types and functions of agricultural co-operatives. We have discussed indigenous and traditional farmers' society such as *isuzu*/contribution club and Labour clubs as well as functions of agricultural co-operatives. Modern co-operative societies have their roots in the traditional self – help organisations.

5.0 SUMMARY

Obviously, we are progressing steadily in our journey to agricultural co-operative. This is because we have already taken three important steps by studying the first unit of the course which is on the meaning of agricultural co-operatives and their roles in agricultural development. In the second step, we arrived at the point where we described how agricultural co-operatives can be used to promote farm labour efficiency. In the third step we discussed the various types and functions of Agricultural co-operatives. We are now ready to move into Unit 4, where we shall be continuing with the explanation of various types of agricultural co-operatives like Agricultural production co-operative with examples such as group/joint farming co-operatives, tenant farming co-operatives and farm settlement co-operatives.

6.0 TUTOR-MARKED ASSIGNMENT

1. List and explain five types of Agricultural Co-operatives as Classified by *Enikanselu, S. A, Akanji, S. O. and Faseyiku, O. I. (2005)*.
2. What are the functions of Agricultural Co-operatives?

7.0 REFERENCES/FURTHER READING

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UNIT 4 TYPES AND FUNCTIONS OF AGRICULTURAL PRODUCTION CO-OPERATIVES

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
- 3.1 Types and Functions of Agricultural Production Co-operatives
 - 3.1 Group/Joint Farming Co-operatives
 - 3.2 Tenant Farming Co-operatives
 - 3.3 Farm Settlement Co-operatives
 - 3.4 Functions of Agricultural Production Co-operatives
 - 3.5 Examples of Agricultural Production Co-operatives
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

This unit, which is a continuation of the preceding unit, concerns the types and functions of agricultural production co-operatives. In the preceding unit, we had identified the various types of agricultural co-operatives, among which are the indigenous/traditional farmers' societies, the agricultural production co-operatives and service co-operatives. After identifying these three types of agricultural co-operatives, we went ahead and discussed the indigenous/traditional farmers' society. In the course of discussing the indigenous/traditional farmers' society, we used *isusu* contribution club, labour clubs as well as functions of agricultural co-operatives.

The above background now gives us a basis on which we can further discuss the agricultural production co-operatives.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- list types of agricultural production co-operatives
- explain the functions of agricultural co-operatives
- discuss group/joint farming co-operatives
- explain the meaning of farm settlements
- give examples of agricultural production co-operatives.

3.0 MAIN CONTENT

3.1 Types and Functions of Agricultural Production Co-operative

Agricultural production co-operative society is formed by farmers who produce similar agricultural product. They organise co-operative production and undertake joint marketing of the product on wholesale or retail basis. The farmers could still retain their individual farmlands or they may jointly own them. Agricultural production co-operative encourages members to engage in joint cultivation of food and cash crops among others.

The importance of agricultural production co-operatives to the attainment of food security for Nigeria cannot be over emphasised. This is because of our level of underdevelopment in which an individual farmer cannot achieve his desires for mass production for the needs of the country. It is in the interest of farmers that resources are combined to gain a tremendous advantage individually or collectively, in order to widen the industrial base of any economy and the management techniques of these farmers.

The types of agricultural production co-operatives we will discuss in this unit are:

3.1.1 Group/Joint Farming Co-operatives

Groups of farmers can decide to team together to form agricultural production co-operatives. They can practice joint ownership of farmlands, machinery and equipments. The money they contributed can, for instance, be used to procure a principal machine (tractor) that members of the society will be using. This will enable members to have access to modern machineries and equipment.

As a farmers' co-operative society, it performs the functions of extension of credit to their members, collective purchase of fertilizers and seeds, collective storage of agricultural produce, collective processing of agricultural outputs, collective marketing of farm produce and establishment of day care centers. Some agricultural production co-operatives even have consumer shops, and other conveniences for the joint use of the entire members.

3.1.2 Tenant Farming Co-operatives

As the name implies, tenancy here is used in the sense of hiring someone's farmland for the purpose of cultivation. The land owner gives

his land to a tenant farmer on agreed terms. Repayment is usually in the form of certain percentage of the farm produce although monetary repayment for the hire of the land is not uncommon.

Such tenant farmers may realise the benefits of co-operative and decide to pool their resources together for the betterment of the members. It has been established in the previous chapters the benefits that co-operatives generate to its members and societies. We recall that agricultural production co-operatives encourage members to engage in joint cultivation of food and cash crops among others.

SELF-ASSESSMENT EXERCISE 1

Look around your area and identify the type of agricultural production co-operative that are present there.

3.1.3 Farm Settlement

Farm settlements were very common in the old Western Region. In this set up, the farm settlement had in addition to farming, other related activities such as provision of amenities (water, electricity power, schools, clinics, etc)

A new generation of enlightened farmers were trained in modern farming techniques and placed in a particular area to engage in large scale farming.

Farm settlements were established and funded by governments as part of its agricultural development programmes.

3.1.4 Functions of Agricultural Production Co-operatives

The agricultural production co-operatives perform the following functions:

- (1) It makes possible, easy access to loans both in cash or in kind to members. These could be through provision of cash, hybrid seeds, fertilizers, insecticides, etc.
- (2) It makes possible the bulk purchase of fertilizers or seed or herbicides which will enable members gain through reduced unit cost of the items.
- (3) It facilitates arrangement of collective storage facilities to members.
- (4) Agricultural production co-operatives practice collective marketing of produce.
- (5) It facilitates provision of extension services to members.

- (6) It makes collective or joint or group farming possible.
- (7) Irrigation facilities to members are provided by the co-operative especially in places like Sokoto, Maiduguri, Kano, Bacita, where the level of rainfall is low.
- (8) It facilitates co-operatives joint supply of farm machinery and equipment.
- (9) It attracts government's support.
- (10) Access to international apex co-operatives association such as the International Co-operatives Alliance (ICA) is made possible.

3.1.5 Examples of Agricultural Production Co-operatives

Agricultural producer co-operatives are part of the larger producer co-operatives which members are producers of goods and services. However, agricultural producer co-operative as the name indicates, is concerned with the production of agricultural product for sale to the general public.

Thus, agricultural production co-operatives are where production resources (land, machinery) are pooled and members farm jointly. Agricultural production co-operatives are relatively rare in the world, and known examples are limited to collective farms in former socialist countries and the *Kibbutzim* in Israel. Worker co-operatives provide an example of production co-operatives outside agriculture.

SELF-ASSESSMENT EXERCISE 2

What do you understand by the term agricultural co-operative as used in sub-section 3.5?

4.0 CONCLUSION

In this unit, we have been able to learn that agricultural production co-operative is formed by members who produce similar agricultural product, who also organise co-operative production and undertake joint marketing of the produce on wholesale or retail basis.

For agricultural production co-operatives to perform the pivotal role expected of them in agricultural development of Nigeria, they should be properly organised and financially assisted.

5.0 SUMMARY

We have learnt that agricultural production co-operative is the joint production of farm produce and marketing, We also discussed the functions of agricultural production co-operatives.

We shall now go to the next unit, which talks about service co-operatives, such as thrift and credit, supply as well as marketing.

6.0 TUTOR-MARKED ASSIGNMENT

1. Define and explain Agricultural production co-operative.
2. List and explain 10 functions of agricultural production co-operatives.

7.0 REFERENCES/FURTHER READING

Enikanselu, S.A.; Akanji, S.O. & Faseyiku, O. I. (2005). *Principles and Economics of Co-operative*. Lagos: DARTRADE limited.

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UNIT 5 TYPES AND FUNCTIONS OF SERVICE CO-OPERATIVES

CONTENTS

- 1.0 Introduction
- 3.0 Objectives
- 4.0 Main Content
- 5.0 3.1 Types and Functions of Service Co-operatives
 - 3.1.1 Thrift and Credit Co-operative Societies
 - 3.1.2 Supply Co-operatives Societies
 - 3.1.3 Marketing Co-operatives Societies
 - 3.1.4 Functions of Service Co-operatives
 - 3.1.5 Co-operative Service Organisations
- 3 Conclusion
- 4 Summary
- 5 Tutor-Marked Assignment
- 6 References/Further Reading

1.0 INTRODUCTION

In the last two units, we discussed the various types and functions of agricultural co-operatives and agricultural production co-operatives. We discussed indigenous/traditional farmers' society like *isuzu*/contribution club and labour clubs. We also discussed agricultural production co-operatives such as group/joint farming co-operatives, tenant farming co-operatives and farm settlement co-operatives.

We are going to further study another type of agricultural co-operative called service co-operatives.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- explain the types and functions of service co-operatives
- explain Thrift and Credit co-operatives
- explain supply co-operatives
- explain marketing co-operatives
- discuss the functions of service co-operative
- give examples of co-operatives service organisations.

3.0 MAIN CONTENT

3.1 Types and Functions of Service Co-operatives

A farmers' co-operative, as discussed in the previous unit, refers to an organisation of farmers residing in the same locale that is established for their mutual benefit in regard to the cultivation and harvest of their products, the purchase of farm equipment and supplies at the lowest possible cost, and the sales of their products at the maximum possible price.

Also, note that farmers form service co-operatives for the purposes of economically purchasing, supplying and marketing their produce as well as savings and obtaining loans (credit). Farm marketing associations are the most important type of agricultural co-operative. Farm purchasing co-operatives rank is second in important. Members, who depend increasingly on off-farm products, can realise maximum savings by ordering goods through co-operatives. Regional co-operatives order some items from manufacturers and produce others in their own plants. The most important manufactured of these co-operative items as earlier pointed out are feed, fertilizer, and petroleum products. Other co-operatively produced items include paint, lumber, and farm equipment.

3.1.2 Thrift and Credit Co-operative Societies

Agricultural co-operative society extends credit to their members as well as mobilizes savings among their members.

The co-operative thrift and credit society is a credit society that can be formed by all classes of people, especially farmers.

Okonkwo, J. N. P (1980) stated that the main objective of thrift and credit co-operative society is to mobilise capital among their members and give loans to the members at a minimal interest rate. We should note that in many parts of Nigeria, thrift and credit co-operative societies have been found to be the most successful kind of society because of its simplicity in terms of organisation and financial services rendered to its members.

Credit and thrift society is, therefore an association of low income earners who jointly pool large resources or fund together by contributing on a weekly or monthly basis. This type of society encourages saving habits among their members and grant loans to the members out of the accumulated fund. The loan attracts a low rate of interest. At the end of the year, surplus will be distributed to members as dividend. The

members can also be afforded the opportunity of purchasing household items like television, fridge, etc. (*Longe, 2001*).

The benefits of credit and thrift co-operative society can be summarised thus:

- 1) It promotes the social and economic conditions of the members.
- 2) It enhances the saving spirit of the members
- 3) It encourages and promotes banking habit among the members.
- 4) It grants loans and credit facility to its members at a reasonable interest rate.

Usually, the interest rate is far below the banking rate of interest on loadable fund (Enikanselu, Akanji and Faseyiku, 2005).

3.1.2 Supply Co-operatives Societies

It is a common practice among farmers to take the advantage of membership of co-operative society to meet their supply needs.

Many farmers, apart from farm inputs, need other things like clothes, household items, provisions etc. These supplies are better purchased collectively through a supply co-operative. The co-operative can buy in bulk direct from the manufacturers, thus cutting off the middlemen. This will lead to lower unit prices of such supplies to the members.

3.1.3 Marketing Co-operative Societies

We should note that farmers do form marketing co-operative society. This is important because while the farmers will be concentrating their efforts on the activities of farming, the society will be looking for markets to sell the farmers' products after harvest. With good market arrangement, the co-operative can secure better bargain and good prices for the products.

The society can buy in bulk, farming inputs such as fertilizers, herbicides, fungicides, and pesticides among others, which it distributes to farmers on credit.

The money for these inputs will be paid when the produce of the farming members would have been sold. Similarly, money can be given to the members by the society particularly at the period of planting and preparing the land. The money so received will be used to meet other expenses. This removes worries and anxieties from the farmers. Many cocoa farmers, for instance, do group themselves together to form this

type of co-operatives, and derive the benefits of membership through large scale marketing of products.

Marketing co-operative societies represent a unique method of organising business in agricultural product marketing. In its marketing of agricultural product operations, the co-operative will use the same kinds of transport, handling, storage and related facilities as other enterprises.

SELF-ASSESSMENT EXERCISE 1

From the list of the types of service co-operatives societies that we have discussed:

- 1) Mention at least two benefits of similar types of co-operatives societies existing in your areas
- 2) If there are no existing societies, what are the likely societies that can be formed in the area? Give reasons.

3.1.4 Functions of Service Co-operatives

Members of these co-operatives remain independent, whether they are grouped together as enterprises or households, and make their living as self employed farmers. Each member earns according to the extent of his participation in the production of agricultural product or the provision of a service. The co-operative supplies its members with production services and facilities at cost price, or at the lowest possible price.

Among the various functions of a service co-operative societies are:

- 1) Trading in cash crops such as cocoa, palm kernel, coffee, etc.
- 2) Assemblage of agricultural cash crops, that is, the society buys in small bits from farmers.
- 3) They conduct market research in order to establish which product has better market potentials.
- 4) They store agricultural produce until they are sent to the marketing board and co-operatives. We should remember that the marketing boards were responsible for the selling of the cash crops to the international markets but after their dissolution, private exporters have taken up the responsibility of selling agricultural product to the international markets.
- 5) They are responsible for the packaging or bagging of the cash crops.

- 6) They participate in the transportation of the cash crops either from the farm to their warehouses or from their warehouses to the exporters' warehouses (Enikanselu, Akanji, Faseyiku, 2005).
- 7) They provide extension of credit to their members, collective purchase of fertilizers and seeds, establishment of day care centres and consumer shops.

SELF-ASSESSMENT EXERCISE 2

What is marketing co-operative?

3.1.5 Co-operative Service Organisations

Credit unions, group health plans, co-operatively oriented insurance companies, and memorial (Funeral) societies are some of the important types of co-operative service organisations. Credit unions act as savings institutes and provide loans on favourable rates to their members.

Group health plan, including those sponsored by communities, consumers, unions, and employers and employees jointly, provide millions of people with needed health care every year.

Among other co-operative associations formed to meet special needs are rural electric and rural telephone co-operatives (in USA) and day – care and co-operative schools.

In Nigeria an example of a co-operative which renders service to its members is the Cocoa Farmers Association.

4.0 CONCLUSION

We have gone through the different types and functions of service co-operatives. These service co-operative societies are important to the proper functioning of agricultural programmes of Nigeria. They contribute to the nation agricultural development.

5.0 SUMMARY

We have discussed the various types and functions of service co-operatives. We were able to identify thrift and credit societies, supply co-operatives societies and marketing co-operative societies.

Having known where a type of service co-operative will belong when we see one, the next thing to consider is the problems of agricultural co-operatives in Nigeria and suggestion of practicable solutions. This will be the focus of the next unit, which is Unit 6.

6.0 TUTOR-MARKED ASSIGNMENT

1. List and explain four benefits of credit and thrift co-operative society.
2. Why should farmers form a service co-operative society?

7.0 REFERENCES/FURTHER READING

Owujuyibge, S. (1998). *Co-operative Administration and Fieldwork in Nigeria*. Ibadan: Anu Olu Publishers (2nd edition).

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MODULE 2

Unit 1	Problems of Agricultural Co-operatives in Nigeria and Suggestion of Practicable Solutions
Unit 2	National Policy on Agricultural Co-operatives
Unit 3	The Roles of Government in the Development of Agricultural Co-operatives
Unit 4	The Roles of NGOs in the Development of Agricultural Co-operatives such as Grants, Trainings Finding and Aids
Unit 5	Types of Agro Co-operative Credits

UNIT 1 PROBLEMS OF AGRICULTURAL CO-OPERATIVES IN NIGERIA AND SUGGESTION OF PRACTICABLE SOLUTIONS

CONTENTS

1.0	Introduction
2.0	Objectives
3.0	Main Content
3.1	Problems of Agricultural Co-operatives in Nigeria and Suggestion of Practicable Solutions
3.1.2	Poor Management/High Level of Illiteracy/Embezzlement
3.1.3	Lack of Adequate Capital/Low Dividend/Poor Loan Recovery
3.1.4	Political Intervention/Government Control
3.1.5	Poor Attendance of Meeting
3.1.6	Suggestions of Practicable Solutions to the Problems of Agricultural Co-operatives in Nigeria.
4.0	Conclusion
5.0	Summary
6.0	Tutor-Marked Assignment
7.0	References/Further Reading

1.0 INTRODUCTION

The various types of service co-operatives have been discussed. In this unit, we are going to examine the problems of agricultural co-operatives in Nigeria and proffer practical solutions. We must however; point out that it will not be possible to discuss every type of such problems due to space constraints.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- list and explain the various problems of agricultural co-operatives in Nigeria.
- suggest practicable solutions to the problems of agricultural co-operatives in Nigeria

3.0 MAIN CONTENT

3.1 Problems of Agricultural Co-operatives in Nigeria and Suggestion of Practicable Solutions

There are numerous problems which developing countries are faced with and which in turn affect the agricultural development as well as the agricultural co-operative societies in Nigeria. The problems of underdevelopment are endemic in developing countries and Nigeria cannot be an exception. Certain characteristics of underdevelopment are:

- i) Low life expectancy at birth, high infant mortality rates, poor health, and illiteracy.
- ii) Subsistence agriculture
- iii) Low per capital output, together with poverty and indebtedness
- iv) Non – diversified economy which is also geared towards primary production
- v) Little manufactory industry and low capacity utilization
- vi) No large scale application of scientific and technological methods of agriculture or industry
- vii) Narrowness of markets
- viii) Problems of basic amenities in rural areas like electricity, cinema, standard schools, good and functioning health centres, recreational parks for relaxation, good roads, etc.
- ix) Unpredictable climate, pests and diseases
- x) Rural –urban drift, leading to reduction in the working population of the village
- xi) Low agricultural production
- xii) Problems of financing
- xiii) Poor transportation and communication
- xiv) Lack of good storage
- xv) Lack of good agricultural education
- xvi) Poor marketing system, poor tools and farm machineries and poor extension service
- xvii) Unstable policies and programmes of government.
- xviii) Inadequate agricultural inputs
- xix) Sociological and psychological attitude towards farming
- xx) Smuggling and environmental degradation.

The problems of agricultural co-operatives in Nigeria are summarized and discussed as follows:

3.1.2 Poor Management/High Level of literacy/Embezzlement

a) Poor management

Agricultural co-operative societies in Nigeria have weak and unspecialised management. The committee in charge of administration usually consists of people who are not specialists and are part – time managers; hence the society may not be effectively and efficiently managed.

The agricultural co-operatives in Nigeria are confronted with the problem of poor management also because most of the management team members are insincere, fraudulent and corrupt.

b) High level of Illiteracy

The high level of illiteracy in Nigeria has made the training and education of members very difficult. This lack of education on the part of the members hampers the growth and forward looking of the co-operatives. We should also note that some of these co-operatives are sometimes ruined by petty issues which a more enlightened audience would have ignored. In addition, members do ignore the seminars, workshops etc organised for the co-operatives by the government and/or non – governmental organisations.

c) Embezzlement

There are opportunities for embezzlement of fund in agricultural co-operative societies. This is possible because the elected officers can misappropriate the funds of the society, and this is very rampant in the Nigerian co-operative societies. They can, for instance, give large amount of loans to themselves even though they are not qualified for such.

Members and Management of agricultural co-operatives are sometimes dishonest to the affairs of the co-operative society.

SELF-ASSESSMENT EXERCISE 1

Define and explain embezzlement.

3.1.3 Problems of Inadequate Capital/Low Dividend/Lack of Loan Recovery

a) Problem of inadequate capital

Lack of capital is undoubtedly a cankerworm on the wheel of progress of the agricultural co-operatives in Nigeria. The lack of adequate capital to run these co-operatives is because they rely mostly on members' contributions which may not be enough.

b) Low Dividend

People prefer to invest their money in other areas because of the low level of dividend in agricultural co-operatives in the country.

c) Loan Recovery

Many loan takers fail to fulfill their loan repayment obligation, which leads to the scarcity of funds that can be used to give loans to others (revolving loans). Poor loan recovery may destabilize the co-operative.

Also, delay in the remittance of loan deductions, cheques/funds on behalf of the society by the company management is another problem.

3.3 Political Intervention and Government Control

Another major problem of agricultural co-operative society in Nigeria is governmental interference in their activities. We should remember that all co-operative societies must be registered with the Ministry of Commerce and Industries before they are allowed to operate in Nigeria.

Unstable government programmes are the bane of agricultural co-operatives in Nigeria. This is because different government comes up with different programmes and policies on co-operatives.

3.1.4 Poor Attendance of Meeting

It is a common practice among members of agricultural co-operative societies in Nigeria not to show serious interests in the affairs of the society. This development may be born out of frustration due to the management approach of the executives of the co-operatives societies.

Another problem is allowing sentiments to overwhelm the mind of electorates during elections, which foretells doom to the co-operative.

Also, non-compliance of co-operative management committee to co-operative bye-laws affects the smooth operation of agricultural co-operatives in the country.

SELF-ASSESSMENT EXERCISE 2

Look for any co-operative society within your area, which is not doing well and find out the nature of the problem(s) affecting it.

3.1.5 Suggestions of Practicable Solutions to the Problems of Agricultural Co-operatives in Nigeria

For co-operatives in Nigeria to perform the pivotal role expected of them in nation building, they should be properly organised and financially assisted. All levels of government, namely Federal, State and Local should embark on measures that will enhance the wellbeing of the co-operatives which will enable them perform their economic developmental roles. (Enikanselu, Akanji and Faseyiku, 2005).

The practicable solutions to the problems of agricultural co-operatives in Nigeria are itemised as follows:

- a) Government should encourage and support the formation of co-operative for the Nigerian farmers.
- b) Government should train co-operative officials, committee members and managers of agricultural co-operatives. This will no doubt, lead to effective management and administration of the co-operative society.
- c) Government should review the co-operative laws and regulations from time to time in order to meet the desired need and aspirations of the co-operatives. The review should reflect the economic, social, political and cultural development of our farmers,
- d) Government should review the loan policies of all co-operative financing agencies such as state co-operative bank and Nigerian Agricultural, Co-operative and Rural Development Bank and create more rural branches of these banks throughout the country.
- e) Government should establish a co-operative unit under the local government department of agriculture which will work hard in hand with the state and federal agencies concerned with co-operative activities.
- f) Government should engage in a large scale campaign in order to educate the members and non-members alike about the contribution of agricultural co-operative to social and economic well being of the common man.

- g) All impediments to agricultural development in Nigeria should be removed by government.
- h) Government should provide basic amenities in the rural areas in order to curtail rural – urban drift.

4.0 CONCLUSION

We have gone through the major problems of agricultural co-operatives in Nigeria and proffered practicable solutions to these problems. The problems we have discussed are not the only ones, though they are the prominent ones. We saw also how these problems militate against the development and growth of agricultural co-operatives in the country. We concluded that government intervention is imperative.

5.0 SUMMARY

We have been able to recognise the various problems of agricultural co-operatives in Nigeria as well as the practicable solution to the identified problems. We advised governments at all levels to intervene in the development of agricultural co-operatives in Nigeria. This now lead us to the next unit where we will be discussing the national policy on agricultural co-operatives.

6.0 TUTOR-MARKED ASSIGNMENT

1. List and explain the problems of agricultural co-operatives in Nigeria.
2. What are the practical solutions to the problems of agricultural co-operatives in Nigeria?

7.0 REFERENCES/FURTHER READING

- Longe, O. A. (2007). *Essential Commerce*. Ibafo: TONAD Publishers Limited. (2nd Edition).
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UNIT 2 THE NATIONAL POLICY ON AGRICULTURAL CO-OPERATIVES

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 The National Policy on Agricultural Co-operatives
 - 3.2 Historical Analysis of National Policy on Agricultural Co-operatives
 - 3.3 Objectives of the Policy
 - 3.4 Strategies for the Achievement of the Objectives
 - 3.5 Problems that Hinder the Achievement of the Objectives
 - 3.6 Suggested Solutions to the Problems
- 7.0 Conclusion
- 8.0 Summary
- 9.0 Tutor-Marked Assignment
- 10.0 References/Further Reading

1.0 INTRODUCTION

We have examined the problems of agricultural co-operatives in Nigeria and suggested practicable solutions to the problems.

The focus of our present unit is to discuss the National Policy on Agricultural Co-operatives.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- conduct a historical analysis of the national policy on Agricultural Co-operatives
- explain the objectives of the national policy on agricultural co-operatives
- explain the strategies for the achievement of the objectives.
- identify the problems of the national policy on agricultural co-operatives
- suggest solutions to the problems of the national policy on agricultural co-operatives.

3.0 MAIN CONTENT

3.1 The National Policy on Agricultural Co-operatives

Government from time to time is concerned with the method of providing uninterrupted supply of food to her citizens. In an attempt to do this, they encourage the formation of co-operatives among farmers. Government considers the agricultural co-operatives societies as vehicles to achieve its aims and objectives for national food securities. Government, therefore, set up ministries of agriculture at both the federal and state levels, to fashion out programmes and policies that will be in line with the regulations stated by the Food and Agricultural Organisation (FAO).

The Ministries of agriculture at both federal and state levels as well as the Agricultural Development Programmes (ADPs) in the 36 states of the Federation and the Federal Capital Territory (FCT) have Co-operative Departments, which operates in line with the regulations stated by International Co-operative Alliance (ICA) and the International Co-operative Agricultural Organisation (ICAO).

3.2 Historical Analysis of National Policy on Agricultural Co-operatives

In 1939, the then colonial administration promulgated the *Nigerian Co-operatives Ordinance into 1935* to regulate co-operative activities in the country. The next most significant event in the sector took place several years later when Department of Co-operatives was established in 1974. Since then, co-operatives in Nigeria have remained a little more than small thrift and credit associations with very little to show in group and individual development. No significant progress could have been made because the co-operatives were not properly organised or regulated. All that was required was registration of about ten persons and an association was left on its own without any regulatory control by the authorities. In almost all cases, the individuals coming together do not have the resources or clout to pool together for meaningful investment. This becomes more poignant when the Nigerian situation is viewed against the backdrop of the reasons that farmers in other countries like Indonesia, India, Malaysia and others form co-operatives.

Historically Nigerian co-operatives from some time now have been receiving the attention of successive government since the civil war. All the national development plans have one thing or the other to do with co-operatives. For instance, the 1975 Operation Feed the Nation (OFN) through the Federal Ministry of Co-operatives and supply set up 32 feed mills and 70 grain storage depots around the country, while the National

food production project was organised co-operatively. The Green Revolution that replaced Operation Feed the Nation, launched the River Basin Development Authorities, which were organising co-operatives across the country.

In addition, the Directorate of Food, Roads and Rural Infrastructure (DFRRI) and the Better Life for Rural Women Programme in 1987 added new impetus to the co-operative activities. Family Support Programme also emphasised co-operatives as a mode of improving family economy. Similarly, Mass Mobilization for Social and Economic Recovery (MAMSER) encouraged co-operatives in its 'Food First' Programme.

Although the 25 percent population coverage set between 1979 and 1983 have not been Realised, there has been tremendous improvements in terms of co-operative education. For instance, from three Federal Co-operative Colleges in 1974, there are now more than 30 higher institutions where co-operative studies are taught (Ijere, 1992).

SELF-ASSESSMENT EXERCISE 1

Think of any other agricultural co-operatives promotion agencies which are not mentioned above and study them.

3.3 Objectives of the Policy

The objectives of the National Policy on agricultural co-operatives are as follows:

- It seeks to revolutionaries farmers' co-operatives with a view to easing the various problems that previously debarred progress in rural economies
- To provide farmers with essential service
- To empower farmers as agents of rural development
- To use co-operatives as one of the tools for re – engineering the agricultural sector in order to achieve the goals of food security and national development
- To promote the institution of effective and specialised co-operative bodies that will significantly boost activities in the areas of agricultural production, processing and marketing
- To promote value chain approach such as the Co-operative Revitalization Programme (CRP), which is adopted to attain commercialization of agriculture in Nigeria
- To achieve the CRP goal in the medium term (2008 – 2010), which is the promotion of specialised co-operatives in the 774 Local Government Areas of the Country with their corresponding

state apexes in the following areas: Rural Microfinance; Agro – input and produce marketing; Tractor and Farm Mechanisation Services; Food Storage, Processing and Packaging; Rural Infrastructural Development and Agro – Enterprises Development

- To promote effective linkages between farmer groups and multi – commodity companies
- To promote the co-operatives in the livestock sector to cover major areas of livestock production, veterinary supplies, processing and marketing
- To encourage the co-operative groups specialising in fishing production, supplies, processing and marketing
- To promote and empower microfinance groups to deliver service in a profitable but reasonable manner
- To train managers and members of co-operatives societies, so as to keep proper records and accounts of the co-operative societies in order to ensure successful running of the societies
- To encourage rapid mechanisation and modernisation of farming and agricultural process in the country; and
- The expected transformation of the lives of the over 20 million farm families that would be serviced by these specialised co-operatives would lead to a rapid development of: commercial agriculture; food security; rural development; Development of rural enterprise; Employment generation and Deceleration of rural – urban drift.

3.4 Strategies for the Achievement of the Objectives

The strategies for the achievement of the objectives of the National policy on Agricultural Co-operative are:

- (1) **Administration:** - policies, programmes and regulations. The agricultural co-operation institutions established by governments were NACIMO, UNCP, NALDA, NDE, FEAP, NACB, ADPs, etc.
- (2) **Finance:** - loans and credits, subsidies and grants.
- (3) **Education:** - research, formal in schools, colleges and universities, informal as extension services e .g. farm settlement, crop and animal production and protection.
- (4) **Providing essential services:** - like production, distribution (transportation), marketing, storage facilities (cold storage and silos), processing (agro – allied industries), protection (veterinary services such as vaccination, conservation, quarantine).

- (5) **Land tenure policy: -**
- (6) The **Co-operative Ordinance of 1935** along with the subsequent amendments since then is the instrument for the formation of a legally constituted co-operative society in Nigeria.
- (7) Creation of Departments of co-operatives in the relevant Ministries such as Ministry of Commerce and Industries and the Federal Ministry of Agriculture and Rural Development for the purpose of promoting co-operative societies in Nigeria.

3.5 Problems that Hinder the Achievement of the Objectives

The problems that hinder the achievement of the objectives of the National Policy on agricultural co-operatives are:

- a) High level of illiteracy: - Majority of farmers is illiterate and do not easily accept new ideas like co-operative society.
- b) Unstable policies and programmes of government: - Every government comes with different programmes which often tend to confuse farmers. Programmes like Back to Land, Operation Feed the Nation, Green Revolution, Directorate of Food and Rural Infrastructure have not meant anything to the local farmers because before they get used to one programme, the government that introduced such programme is no longer in office (Ogieva Erebor, 2003).
- c) Problem of finance or poor financing
- d) Faulty extension approach
- e) Poor transportation
- f) Problems of good storage and processing
- g) Lack of good agricultural education
- h) Problem of basic amenities
- i) Lack of trained manpower
- j) Corruption or fraud.

3.6 Suggested Solutions to the Problems

According to Enikanselu, Akanji and Faseyiku (2005), for co-operatives in Nigeria to perform the pivotal role expected of them in nation building, they should be properly organised and financially assisted. All levels of government namely Federal, State and Local should embark on measures that will enhance the well being of the co-operatives which will enable them perform their economic developmental roles.

Since most of the National policies on agricultural co-operatives have not had considerable impact on the farmers, there is need to review them.

All the agricultural co-operatives promotion institutions failed because the designs were conceptually barren and the machineries for implementation faulty. For instance, the ADPs adopted faulty extension approach, expensive and unavailable technologies and un-popular farming systems. These faults must be corrected to enable the ADPs deliver its mission.

Efforts should be made to inject the needed capital into the farming sector.

Poor maintenance, poor land clearance, harsh tropical environment, etc had been identified as reasons for the failure of tractor hire scheme. These problems should be removed through adequate maintenance, good land clearing and purchase of tropicalised tractors.

The problems of extension in Nigeria limiting its effectiveness include funding, provision of inputs, loose or weak linkages between agricultural research and extension. These problems could be removed through adequate funding of extension service, provision of agricultural inputs and good linkage between research and farmers.

Government should encourage and support the formation of co-operative for the rural farmers, so that by pooling their resources together and sharing in common service as an organised group, they can enjoy government assistance.

Government should review co-operative laws and regulations from time to time in order to meet the desired need and aspiration of the farmers.

Government should train co-operative officials, committee men and managers for effective management and administration of the society.

Finally, government should develop the basic infrastructure in the rural areas to curtail rural – urban drift.

SELF-ASSESSMENT EXERCISE 2

When was the first Department of co-operatives established in Nigeria?

4.0 CONCLUSION

We have discussed the National policy on agricultural co-operatives in Nigeria. Even though Government policy on agricultural co-operative started with the enactment of the first co-operative ordinance in 1935, the development of farmers co-operative has not matched this long

period. There is need for government to address the problems militating against the development of agricultural co-operatives in the country.

5.0 SUMMARY

We have discussed the National policy on agricultural co-operatives, the objectives of the policy, the problems against the realisation of the objectives and solutions to these problems as well as the historical development of agricultural co-operatives in Nigeria.

6.0 TUTOR-MARKED ASSIGNMENT

1. List the first five objectives of the National policy on agricultural co-operatives as appears in this lecture series (Unit 7).
2. List and explain the first five strategies for the achievement of the National policy on agric co-operative.

7.0 REFERENCES/FURTHER READING

- Enikanselu, S. A.; Akanji, S. O. & Faseyiku, O. I. (2005). *Principles and Economics of Co-operative*. Lagos: DARTRADE Publishers Limited.
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UNIT 3 THE ROLES OF GOVERNMENT IN THE DEVELOPMENT OF AGRICULTURAL CO-OPERATIVES

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 The Roles of Government in the Development of Agricultural Co-operatives
 - 3.1.1 Financing
 - 3.1.2 Training
 - 3.1.3 Promotion
 - 3.1.4 Public Enlightenment
 - 3.2 Government Intervention in Agricultural Co-operative Development and the Problems Associated with it.
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

In the previous unit, we examined the National policy on agricultural co-operatives. The essence was to find out the objectives of the policy, strategies for the achievement of the objectives and problems that hinder the achievement of the objectives.

We are now going to look into the roles of government in the development of agricultural co-operatives.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- explain the various roles of government in the development of agricultural co-operatives
- explain government intervention in agricultural co-operative development and the problems associated with it.

3.0 MAIN CONTENT

3.1 The Roles of Government in the Development of Agricultural Co-operatives

Government's intervention in co-operatives in Nigeria dates back to the colonial period when it commissioned Mr. Strickland to conduct a feasibility study on co-operative establishment in Nigeria. The feasibility report presented by him in April, 1934, after making an investigation tour of the country marked the introduction of modern co-operatives in Nigeria (Enikanselu, Akanji and Faseyiku, 2005).

The report seriously and strongly recommended the establishment of co-operative societies. Consequently, in 1935 the co-operatives ordinance was promulgated, and in 1936, a co-operative department was established which drew up the regulations for the immediate establishment and training of co-operative societies.

During the post independence period the power of State (government) intervention in co-operative has increased, giving government officials wider power to intervene in co-operative societies. The common actions are the following.

3.1.1 Financing

Government's role in financing agricultural co-operatives is in the areas of providing loans and credits, subsidies and grants.

(a) Loans and Credit

We should note that government gives out loans to co-operative with which the societies are expected the use and execute viable projects. Loans constitute a major source of funds to the co-operative society. The government through the appropriate ministry may give loan to co-operative society to meet its financial obligations to members and the society. For example in Nigeria, the Family Economic Advancement Programme (FEAP) loan was distributed through co-operative society to their members. Other organisations that finance agricultural co-operative activities are:

- i) Nigerian Agricultural Co-operative and Rural Development Bank
- ii) The Agricultural Credit Guarantee Scheme
- iii) National Directorate of Employment.

We should note that it is the responsibilities of beneficiaries of such loans to think of good business ventures that they can use the money for, so that the loan repayment can be hitch free.

b) Subsidies and Aids

A co-operative society may receive grants/aids from government agencies, international organisations, etc. The grants are not usually repaid.

Related to the giving of grants, government pays for the annual subscriptions of some apex organisation which existence is not purely for economic but to provide services to the affiliate – members. These payments are made to apex organisations outside Nigeria such as, the International Co-operatives Alliance (ICA) and International Co-operative Agricultural Organisation (ICA).

3.1.2 Training

The training government provides are in the areas of agricultural co-operative education, research, formal in schools, colleges and universities, informal as extension services, e. g farm settlement, crop and animal production and protection as well as marketing.

Government trains members of the co-operative society as well as the managers of the societies on the practice of modern co-operatives. The training will enhance effective running of the co-operative society. Education gives the members the opportunity to be familiar with the ethical behaviour expected of members of the co-operative. Training and development of co-operative personnel was made possible through co-operative colleges and training in states provided by government. Through extension services extension agents passed new ideas especially on agricultural practices to farmers.

3.1.3 Promotion

We should note that it does happen that it is not in all cases that members of a profession or trade will organize others of the same profession to form a co-operative. For example, a welder organising the welders to establish a co-operative. An outside person can be so motivated to bring others together to form a co-operative. This outside person may not even belong to the same social or economic class. Such an individual is called a promoter. This means that members of the co-operatives he has formed did not just get up and act on their own without outside excitement. They were prompted and prodded.

Government sought to promote co-operative activities right from the pre – colonial period. Following the first enactment of the co-operative ordinance of 1935, government's interest in the development of co-operative became pronounced.

Government demonstrated additional willingness to further co-operatives development by appointing Major E. E. Haig, as the first Registrar of Co-operatives in Nigeria. He was specifically directed to form new co-operative societies. He took off with this directive in mind and in 1937 the Gbedun Co-operative produce marketing society limited was registered. This became the first registered co-operative society in the whole country. At post independence, government efforts in co-operative promotion were intensified. Departments were created in the relevant ministries such as the Ministry of Commerce, Industries and Co-operatives for the purpose of promoting co-operative society.

Note that governments promoters often tend to not only promote but to dominate and even take over the co-operatives when eventually established. In this case the co-operatives tend to become mere instruments for pursuing government aims and objectives rather than those of the members. Such institutions end up as pseudo co-operatives than actual co-operatives.

SELF-ASSESSMENT EXERCISE 1

Give five reasons why government will promote co-operatives.

3.1.4 Public Enlightenment

Government, through her agencies enlightens people about the benefits of co-operative society. The Government at all levels (Federal, State and Local) seeks to educate Nigerians on the need to pool their resources together in order to achieve a common goal. The benefits of forming co-operative society, which government and her agencies seek to, convince the citizens of are:

- i) Encouragement of savings
- ii) Democratic practices
- iii) Rendering financial assistance to members
- iv) Improving members' standard of living
- v) Ensuring the education of members
- vi) Loan facilities from banks or government
- vii) Helping members to market their produce

3.2 Government Intervention in Agricultural Co-operative Development and the Problems Associated with it:

Government from time to time is concerned with the agricultural development of the nation. She employs various means towards the attainment of the goal of food security for Nigeria and considers agricultural co-operative as one of the vehicles to deliver this goal.

In attempting to do this, government set up co-operative departments in the Ministries of Agricultural and Natural Resources as well as the Ministry of Commerce and Industries. These co-operative departments promote co-operative society in the country.

The government also helps in setting up Ministries of agriculture at both the Federal and State levels, to fashion out programmes and policies that will be in line with the regulations stated by the Food and Agricultural Organisation (FAO).

The problems associated with government intervention in agricultural co-operatives development in Nigeria are:

- 1) Over expansion as a result of over promotion by government led to a large increase in the member of agricultural co-operative which were not viable.
- 2) Because of the large number of agricultural co-operative the government's promotion through public enlightenment led to mismanagement of co-operative, which also led to their liquidation.
- 3) Use of co-operatives as tools to package programme such as "Better Life for Rural Dwellers", resulted in compulsory membership as those who could not join co-operatives were left out.
- 4) As a result of the above reasons, members started to see co-operatives as government agencies instead of member – owned organisations.
- 5) Secondment of government officials by way of "technical assistance" created ill – feelings as members saw it as government taking over their co-operatives.
- 6) Loans from government to the agricultural co-operatives are easily regarded as "National cake" that needs not be repaid.
- 7) Laxity on the part of government agents who do not even bother to follow the activities of co-operatives leading to high rate of loan defaults.
- 8) There is also the danger of interference in the affairs of the agricultural co-operatives by the government as a result of the financial support it renders.

SELF-ASSESSMENT EXERCISE 2

1. Mention the name of the first registered co-operative society in Nigeria. Why was the co-operative registered?
2. Why did the colonial government decide to promote co-operative development in Nigeria?

4.0 CONCLUSION

Throughout this unit, we have been discussing the roles of government in the development of agricultural co-operatives in Nigeria. We saw the efforts of government in the financing of co-operative societies, in the training of co-operative members and officials, in the promotion of co-operative societies as well as in the public enlightenment on the benefits of forming agricultural co-operative society.

5.0 SUMMARY

The history of government's intervention in the development of agricultural co-operatives in Nigeria dates back to the colonial period. Efforts were made to encourage the spread of co-operatives to all the nooks and crannies of Nigeria. We will be looking at the roles of NGOs in agricultural co-operative promotion in the next section which is Unit 9.

6.0 TUTOR-MARKED ASSIGNMENT

1. List and explain the main four organisations government uses to finance agricultural co-operative societies in Nigeria.
2. Government intervention in the development of agricultural co-operatives in Nigeria has led to several problems. What are these problems?

7.0 REFERENCES/FURTHER READING

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UNIT 4 THE ROLES OF NON-GOVERNMENTAL ORGANISATIONS (NGOs) IN AGRICULTURAL CO-OPERATIVE DEVELOPMENT

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 The Meaning of NGOs
 - 3.2 The Roles of Non – Governmental Organisations (NGOs) in Agricultural Co-operative Development
 - 3.2.1 Provision of Grants
 - 3.2.2 Provision of Trainings
 - 3.2.3 Funding and Aids
 - 3.3 Problems Associated with the NGOs’ Intervention in Agricultural Co-operative Development in Nigeria
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

In the last unit we discussed the roles of government in the development of agricultural co-operatives. The discussion took us to the examination of such roles like financing, training, promotion and public enlightenment. We also examined the problems associated with government’s roles in the development of agricultural co-operatives in Nigeria.

In this unit, we shall examine the roles of NGOs in the development of agricultural co-operatives in Nigeria.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- explain the meaning of NGOs
- discuss the roles of NGOs to agricultural co-operatives
- explain the problems associated with the NGOs’ intervention in agricultural co-operative development in Nigeria.

3.0 MAIN CONTENT

3.1 Meaning of NGOs

A broad spectrum of NGOs exists in Nigeria. Prominent are Community Based Organisations (CBOs) which exist in and draw membership from those who live in particular geographical areas or from among people who have a more or less common ancestry, religious organisations, friendly societies and a host of professionally run NGOs working in different thematic areas,

NGOs are generally associated with the mandate to improve on the welfare of Nigerians, strengthening of cultural, social, economic and political life of society.

Many types of organisations are allowed under Nigerian law. These include CBOs, friendly societies, social clubs, women groups, youth clubs, religious organisations, cultural associations, professional associations, trade unions, political parties and specialized professionally – run NGOs which work in various thematic areas.

Our focus in this unit is the professionally – run NGOs in various subject areas. These organisations are usually run by full time staff headed by an Executive Director and associated by volunteers. These organisations arguably represent the cream of the NGOs sector.

NGOs are organisations registered in Nigeria as companies limited by guarantee, in which the general rules of company laws which are supplemented by the provisions of articles of association apply.

SELF-ASSESSMENT EXERCISE 1

What are CBOs?

3.2 The Roles of Non-Governmental Organisations (NGOs) in Agricultural Development

3.2.1 Provision of grants

Many Non – Governmental Organisations (NGOs) in Nigeria provide grants to agricultural co-operatives in the country.

For examples, Farmers Development Union (FADU) based in Ibadan, Oyo State is an NGO, which membership consists of rural organisation. FADU is committed to poverty alleviation through the institutional and

enterprise development of the low – income rural Nigerians with particular emphasis on farmers.

FADU provides 3 types of loan schemes:

- (a) Agricultural loans to farmers
- (b) Working capital loans for members in commerce sector
- (c) Equipment loans

FADU get grants from other NGOs such as:

- (a) EZE of Protestant Church in Germany
- (b) Ford Foundation
- (c) Techno serve.

3.2.2 Provision of Trainings

Some private extension services (training in new farming ideas) providers in Nigeria for the advancement of agricultural co-operative in Nigeria are:

- a) United African Company (UAC)
- b) John Holt
- c) Nigerian Tobacco Company (NTC)
- d) Diocesan Agricultural Development Programme of the Catholic Diocese of Ijebu – Ode, Ogun State
- e) Green River project of the Agip oil company
- f) Ciba Geige Agro – chemical extension outfit and
- g) Olam Nigeria limited (formerly Agro Millers) at Markudi, Benue State. *Adedoyin (1995)* explained that these organisations among several others became involved in agricultural production, processing and marketing some decades ago. The programme of these organisations has been found to inject positive changes into the life of the community where these private organisations located their extension programmes (*Akele and Chukwu, 2004*). A common extension method employed by these private organisations include:
 - (1) Farmers’ participation in program planning and implementation
 - (2) Input service delivery (seed, herbicides, and fertilizers) and
 - (3) Marketing incentives to enhance technology adoption.

We should be aware of the fact that these private organisations provide various extension services in the area of training, education, agro – seed, agro – chemicals, agro – processing, micro – financing, farm tools, and agro – consulting.

3.2.3 Funding and Aids

Several NGOs in Nigeria finds the activities of agricultural co-operatives societies in the country. Cocoa Farmers Association for instance, receives assistance in forms of funding and aids from some NGOs in Nigeria.

Similarly, the Country Women Association of Nigeria (COWAN) based in Akure, Ondo State received financial and technical assistance from various local and international donors. Most of her projects/(programmes) such as “Women and Agriculture” have been funded by these donors.

3.2 Problems Associated with the NGOs’ Intervention in Agricultural Co-operative Development in Nigeria

Even though NGOs have been playing important roles in the development of agricultural co-operatives in Nigeria, there are certain problems common with such intervention. Some of these problems are:

- (1) **Diversion of grants and aids.** Sometimes an NGO which may be based outside the country may decide to give grant aids to a particular co-operative in another country. It is not uncommon for such assistance to be diverted. This probably explains why International Co-operative Information Centre in their publication titled “*A Development Assistance Strategy for Co-operative Development (1994) – part 1*”, suggested that donor assistance should be given on a movement to movement basis. This means that agreements on co-operation and channeling of development funds should be a bilateral relationship between the co-operative movement in a donor country and the co-operative movement in a recipient country. Agreements should not be signed with the government in a recipient country on behalf of the co-operative movement and funds should not be channeled through government accounts.
- (2) **Unequal partnership and inequality.** Successful co-operation for co-operative adjustment presupposes shared concerns, shared objectives, and shared perceptions of what the problems are and what the remedial measures ought to be.
- (3) **Mixed roles by donor/recipient.** The donor should be a supporter the receiver as an executor. The donors should not have an executive but a supportive role in the formulation and implementation of a programme for co-operative development.

- (4) **Assistance that lead to dependence.** Many apex and intermediary co-operative organisations have been, and still are, unacceptably dependent upon, donor funds. This is almost as bad as dependence upon government funding and clearly does not contribute to sustained development. There should be assistance without creating dependence.
- (5) **Grant support to business activities is not good.** As a general principle, donor grant support should not be given to activities which have a direct impact on the profit and loss statement of co-operative organisation. In other words, support should not be given to the business activities of such organisations. This is because such support could easily disguise the inability of a co-operative to make necessary adjustments and give the false impression of economic viability. However, nothing of what is envisaged in the support programmes for primary society development would be of this nature.
- (6) **Lack of proper provision of management and training by NGOs.** Management is one of the crucial features if a co-operative is to successfully transform itself into a competitive business organisation in the short term perspective. And in order to underline its paramount importance, it has been given its own heading here. Most management and training provided by NGOs for co-operative societies are irrelevant. The solution is that, in principle, support under this heading can be divided into management advice and training. Advice can be provided in a number of ways from management extension services for primary societies to managerial counsel to intermediary and apex organisations. Whatever form this assistance will take, its guiding principle must be to increase the entrepreneurial capabilities of the co-operative managers and the boards.

SELF-ASSESSMENT EXERCISE 2

Locate an agricultural co-operative society within your local government and find out the type of support it receives from NGOs.

4.0 CONCLUSION

Several roles are being played by the NGOs in the development of agricultural co-operatives a Nigeria. These roles are in the areas of grants, training and funding. The problem associated with NGOs' intervention in agricultural co-operatives' development was also discussed. There is need for NGOs in Nigeria to readjust their development assistance strategies for co-operatives in the country.

5.0 SUMMARY

We have learnt the meaning of NGOs, the roles of NGOs in the development of agricultural co-operatives, as well as the problems associated with the NGOs' intervention in agricultural co-operatives development. This concludes the first module of this course. We shall be discussing types of agro co-operatives credits in the next unit of our Module II, which is Unit 5.

6.0 TUTOR-MARKED ASSIGNMENT

1. List and explain ten types of organisations allowed under Nigerian Laws.
2. There are several problems associated with NGOs' intervention in agricultural co-operatives development in Nigeria. Mention and explain five of these problems.

7.0 REFERENCES/FURTHER READING

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UNIT 5 TYPES OF AGRO CO-OPERATIVE CREDITS

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Types of Agro Co-operative Credits
 - 3.1.1 Bridging Credit
 - 3.1.2 Crop Credit
 - 3.1.3 Livestock Credit
 - 3.1.4 Social Credit/Capital Development
 - 3.2 How Agricultural Co-operative can enhance the Management Credit of Agro Credit Schemes
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

The last unit focused on the roles of NGOs in agricultural development. In other words, we examined grants, training, funding and aids functions of NGOs in agricultural co-operatives development in Nigeria.

In this unit, we shall examine the types of Agro co-operative credits, such as bridging credit, crop credit, livestock credit, social credit and capital development credit. We shall also discuss how agricultural co-operative can enhance the management of agro credit schemes.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- explain the types of Agro co-operative credits such as bridging credit, crop credit, livestock credit, social credit and capital development credit
- explain how agricultural co-operatives can enhance the management of agro credit schemes.

3.0 MAIN CONTENT

3.1 Types of Agro Co-operative Credits

Agro co-operative credits are powerful and major tools that influence agricultural development. Credit has become as important as other

factors of production because it enables the farmer to acquire and adopt appropriate technology and increase income by enhancing the level of production.

Sources of credit available for agricultural production in Nigeria can be classified under two broad headings as follows:

- a) **Informal sources:** Money lenders, traditional savings, credit and thrift associations or “*Esusu*” group: Merchants (who sometimes provide farm inputs and tools on hire purchase basis), Traders, Family Members and Friends.
- b) **Formal sources:** Banks and other Financial Institutions, Government, Government agencies and Non – Governmental Organisations (NGOs)

The types of agricultural co-operative credits in Nigeria are:

3.1.1 Bridging Credit

Agro bridging credit is a short – term loan to improve the productivity of agro firm or farm. It is also given to improve agricultural business. Agro bridging loan could be from banks, government, government agencies, agricultural co-operatives etc.

This type of loan could be for barnyard development and they are written for one year. As a short – term productive credit, the farmer is expected to pay back within a year or less period. It may also be used to purchase livestock feeds, fertilizers seeds, fuels and to pay for hired labour. Interest rate is very high.

3.1.2 Crop Credit

Crop credit is credit acquired for crop production purpose, say crop improvement. Examples of crop credits are loans for seed procurement, fertilizers. Crop credit is generally to increase crop production. Crop credit is also a productive and short – term credit, which the expected pay-back period is within a year or less.

3.1.3 Livestock Credit

Livestock credit is credit acquired for livestock development purpose. The loan could be for the development of cattle, goat, sheep, rabbit, pig, poultry, etc.

We should note that the major commercial livestock in Nigeria include cattle, sheep, goats, pigs and poultry. Provision of credit is one of the ways of stimulating and encouraging livestock production.

3.1.4 Social Credit/Capital Development Credit

Social credits are loans for improving the social welfare of a place, etc. like providing social amenities. These amenities will encourage people to remain in the rural areas to develop agriculture. In other words, social amenities, like electricity, pipe – borne water, motor able roads, schools, hospitals, markets, recreational and sports facilities encourage school leavers to be engaged in agriculture which will I turn, stem the rural – urban drift.

On the other hand, capital development credit is for capital development purposes. Such credit is obtained by farmers to purchase machinery, farms, construction of farm buildings, dams and irrigation projects, as well as breed livestock or house livestock. The repayable period of a capital development credit is longer than any other agricultural credits. However, it attracts the lowest interest rates.

SELF-ASSESSMENT EXERCISE 1

The type of loan repayable within a year or less is called what?

3.2 How Agricultural Co-operative can Enhance the Management of Agro Credit Schemes

An agricultural co-operative, being an association of a large number of small farmers, acts as a large business entity in the market, reaping the significant advantages of economies of scale that are not available to its members individually.

For agricultural co-operative in Nigeria to enhance the management of agro credit schemes, they should be properly organised and financially assisted. All levels of government namely federal, state and local should embark on measures that will enhance the well being of the co-operatives which will enable them perform their economic developmental roles.

Consequently, government should review the loan policies of all co-operative financing agencies such as state co-operative bank and Nigerian Agricultural Co-operative and Rural Development Bank, and create more rural branches of these banks throughout the country.

By engaging in large scale campaign in order to educate the members and non – members alike about the importance of agro credit, agricultural co-operatives can enhance the management of agro credit in Nigeria. Such campaign can also include the need for regular repayment of agricultural loans.

Agricultural co-operatives can also provides training in credit management to farmers in the rural areas of the country. Such training could be on credit utilization management. The importance of this training lies in the fact that, the success or failure of credit is based on credit utilization. This depends on:

- a) Timely disbursement
- b) Implication of credit diversion
- c) Training/uses of credit
- d) Monitoring and Evaluation
- e) Honesty.

SELF-ASSESSMENT EXERCISE 2

Explain the meaning and operations of the Agricultural Credit Guarantee Scheme of the Federal Government of Nigeria.

4.0 CONCLUSION

Agricultural co-operative credit deals with supply of and demand of funds in the agricultural sector of the economy. Farm financing is important because it enables the farmer to meet his daily activities and to purchase chemical fertilizers and other equipment needed on the farm.

The various types of agricultural co-operatives credits discussed in this unit are bridging credit, crop credit, livestock credit, social credit and capital development credit. For a successful agro co-operative credit schemes, there must be active role by the agricultural co-operative societies.

5.0 SUMMARY

We have treated the various types of agricultural co-operative credits as well as how agricultural co-operatives can enhance the management of agro credit schemes. We shall be treating the costs and benefits of storage and processing of agricultural products in the next unit.

6.0 TUTOR-MARKED ASSIGNMENT

1. Explain the following terms:
 - a. Social credit
 - b. Capital development
 - c. Livestock credit
 - d. Crop credit
 - e. Bridging credit

2. The success or failure of credit is based on credit utilization. What are the five major factors which credit utilization depends on?

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MODULE 3

- Unit 1 Costs and Benefits of Storage and Processing of Agricultural Products
- Unit 2 Description of Forms and Operations of a Typical Agro Input Supply Co-operatives, Marketing of Agricultural Products and Supply of Farm Inputs to Farmers.
- Unit 3 The Roles of Co-operatives in Agricultural Insurance.
- Unit 4 Aims, Objectives and Problems of some Nigerian Agricultural Co-operative Promotion Institutions like NACIMO, UNCP, FEAP, NACB, NALDA, NDE.
- Unit 5 Comparative Study of the Origin, Types, Structures, Achievements and Problems of Agricultural Co-operatives in some Selected Countries like Ireland, Israel, India, USA, Germany, Russia, Tanzania and Japan.

UNIT 1 COSTS AND BENEFITS OF STORAGE AND PROCESSING OF AGRICULTURAL PRODUCE**CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Costs and Benefits of Storage and Processing of Agricultural Product
 - 3.2 Costs and Benefits of Storage of Agricultural Product
 - 3.3 Factors Influencing the Storage of Agricultural Product
 - 3.4 Risks in Storage of Agricultural Product
 - 3.5 Costs and Benefits of Processing Agricultural Product
 - 3.6 How Co-operative can provide both Human and Material Resources for Storage and Processing of Agricultural Product More than Individual Farmers
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

The costs and benefits of storage and processing of agricultural products is the focus of this unit. We shall explain how co-operative can provide both human and material resources for storage and processing of agricultural product more than individual farmers.

In the preceding unit that is, Unit 10, we discussed types of agro co-operative credits such as bridging credit, crop credit, livestock credit, social credit and capital development credit.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- explain the costs and benefits of storage of agricultural products
- list factors influencing the storage of agricultural product
- discuss risks in storage of agricultural product
- explain costs and benefits of processing of agricultural product
- explain how co-operative can provide both human and material resources for storage and processing of agricultural product more than individual farmers.

3.0 MAIN CONTENT

3.1 Costs and Benefits of Storage and Processing of Agricultural Product

The importance of storage and processing of agricultural product cannot be over emphasised. Also, the role of co-operative societies in the storage and processing of farm product are well known. Crops are stored in order to preserve their quality and maintain their economic value. Post harvest storage of fresh fruits, grains, vegetables etc. products reduce the action that tends to breakdown the product.

For instance, during harvest, the prices of agricultural products fall, and farmers may run at loss if they are too anxious to sell their crops at this time, but if they have efficient storage system, the farmers can store their crops until the time when the price will go up before they sell the crops so as to cover the cost of production and maximise their profit. But at the same time the farmers have to pay for the cost of storage, depending on the type of crops.

Another reason for crop storage is to protect it against insect attack or infestation of pests. Also, to prolong the life of the product, it is desirable to reduce the rate of respirations and to prevent water loss by transpiration; all these could be achieved through proper storage.

3.1 Costs and Benefits of Storage of Agricultural Products

- (a) **Costs:** The costs of storage of agricultural products depend on the type of storage system the farmer adopts.

Some crops are stored dried or when their moisture contents are reduced to the safe storage amount; some are stored when retaining reasonable amount of moisture, that is, when moist; while others are stored in their natural states or conditions after harvest (i. e. they have not undergone any form of processing besides washing or sorting/grading).

The above three conditions for storage have brought about different types of storage systems:

- i) Storage under the ambient temperature
- ii) Storage with some addition of heat
- iii) Storage under created environmental conditions
- iv) Storage by cooling and others.

Grain crops, we should note, are stored under the ambient temperature, with addition of heat or under created environmental condition. Fruits, vegetables and livestock producers are stored by cooling.

- b) **Benefits:** Storage performs many functions in the economy and those could be discussed under the following five headings:
 - i) **Preservation function:** - For the continuation of production e.g. seed for planting.
 - ii) **Quality improvement function:** - Some products are stored just to improve their quality e. g. tobacco, wines, spices among others. The storage of tobacco's leaves under ideal conditions improves not only the aroma but also stabilizes its nicotine content.
 - iii) **Quantity Equalisation Function:** - This is the most universally known function of storage. Product/supply is largely irregular while the consumption/demand is relatively stable. This conflicting situation makes it necessary to hold large quantities of produce for a considerable length of time and to control rate of flow.
 - iv) **Price stabilisation Function:** - this involves keeping prices fairly constant and the reduction of fluctuations in market prices – to the advantage of producers and consumers.
 - v) **Entrepreneurial Speculation:** - This is aimed at taking advantage of anticipated rise in price. This is important when the product is highly seasonal and, of course, most agricultural products are seasonal. Storage speculators provide useful service to the marketing system – a combination of quantity equalization and price stability.

3.2 Factors Influencing the Storage of Agricultural Product

We should note that certain factors influence the storage of agricultural products. Some of these factors are called the economics of storage which includes:

1. How society looks at the storage of food stuffs
2. The nature of what is to be stored
3. The technique of storage, and
4. Market (forces of demand and supply)

SELF-ASSESSMENT EXERCISE 1

Define and explain the term storage.

3.3 Risks in storage of agricultural product

Desirable as storage is for agricultural products, there are inherent risks in the process. These include:

1. **Price changes:** - It is not always that prices rise to cover storage costs. Losses do occur.
2. **Quality losses:** - Quality losses cause reduction in the value of the products e. g. dehydrated fruits, weaviled beans, contaminated meat, etc.
3. **Quality depreciation:** - Resulting from loss of weight or physical size of product during storage. E. g. dehydration and rodent/pest attacks.

Costs and Benefits of processing agricultural product

Processing is the act or series of act by which a product is converted to a more usable form. Processing, therefore, increases the form of utility of agricultural products. In agricultural marketing, the processing function encompasses all the manufacturing activities (simple or complicated) that require agricultural products as raw materials.

The costs of processing depends on the type of farm product, the desired end – product or by – products or raw – material and **these** also, determine the type of processing method to be chosen.

The benefits of processing agricultural products are:

1. Makes products more usable
2. A means of converting products from highly perishable to non – perishable forms. E. g. fruit juices.

3. A means by which the quality of products may be improved
4. Processing is necessary for removing dangerous elements or bacterial e. g. fruits.
5. Through processing, wastes or by – products could be utilized. e. g. soya bean, cassava and fruits
6. Processing makes possible the conversion of raw products to one or more different forms e. g. milk to cheese or butter or yoghurt.

SELF-ASSESSMENT EXERCISE 2

Look for a farmer around you and find out if he processes his products before selling them? Then what

How Co-operative can provide both human and material resources for storage and processing of agricultural product more than individual farmers

The role and importance of co-operatives, as instruments of economic and social development have been studied and discussed by Osientogun (1974), Ijere et al (1977), Arun (1980), etc. these studies have unanimously emphasised the crucial role of co-operatives in economic development, particularly in the transformation of rural communities. Some of these studies discussed the different sectors of the economy where co-operatives could act as a framework for development, such as agricultural marketing of food and cash crops and consumer goods. The *World Bank's Report of 1954* pointed out that the co-operative movement can provide a valuable organisational basis for agriculture. The Food and Agriculture Organisation (FAO) of the United Nations Report on Nigeria titled "Agricultural Development in Nigeria (1965 – 80)" noted inter alia, that farmers' co-operatives have proved to be of great value in bringing about an active and conscious participation of the producers in the government's agricultural development plans in their countries.

From the foregoing discussion on the role of agricultural co-operatives in the development of agriculture, we can conclude that co-operative can indeed provide both human and material resources for storage and processing of agricultural product more than individual farmers. Though co-operation, farmers can pool their resources together to process and store their products. They can provide labour among themselves to do these tasks. Farmers can jointly own storage facilities as well as processing facilities.

4.0 CONCLUSION

While reading this unit, you were made to understand the costs and benefits of storage and processing of agricultural products. Explanation of how co-operatives can provide both human and material resources for storage and processing of agricultural product more than individual farmers was given.

It is necessary for co-operative societies to be fully involved in the storage, processing and marketing of agricultural products in Nigeria.

5.0 SUMMARY

You have now learnt the costs and benefits of storage and processing of agricultural product. In the next unit, which is Unit 12, we shall describe forms and operations of a typical agro input supply co-operatives, marketing of agricultural product and supply of farm inputs to farmers.

6.0 TUTOR-MARKED ASSIGNMENT

1. What are the benefits of storage of agricultural products?
2. List and explain the benefits of processing of agricultural products.

7.0 REFERENCES/FURTHER READING

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UNIT 2 DESCRIPTION OF FORMS AND OPERATIONS OF A TYPICAL AGRO INPUT SUPPLY CO- OPERATIVE, MARKETING OF AGRICULTURAL PRODUCTS AND SUPPLY OF FARM INPUTS TO FARMERS

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Description of Forms and Operations of a Typical Agro Input Supply Co-operatives, Marketing of Agricultural Products and Supply of Farm Inputs to Farmers
 - 3.2 Forms of a Typical Agro Input Supply Co-Operatives
 - 3.3 Operations of a Typical Agro Input Supply Co-operatives
 - 3.4 Marketing of Agricultural Products
 - 3.5 Supply of Farm Inputs to Farmers
 - 3.6 Problems of Agricultural Marketing in Nigeria
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

This unit describes the operations of a typical agro input supply co-operative, marketing of agricultural products and supply of farm inputs to farmers.

In the preceding unit we discussed the costs and benefits of storage and processing of agricultural products. In the course of our discussion, we explained how co-operatives can provide both human and material resources for storage and processing of agricultural products more than individual farmers.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- describe forms of a typical agro input supply co-operatives
- describe operations of a typical agro input supply co-operative
- explain the marketing of agricultural products
- explain supply of farm inputs to farmers
- describe problems of agricultural marketing in Nigeria.

3.0 MAIN CONTENT

3.1 Description of Forms and Operations of a Typical Agro Input Supply Co-operatives, Marketing of Agricultural Products and Supply of Farm Inputs to Farmers

Note that a group of farmers may band together to allow themselves to be more competitive and to achieve more economic power. Agricultural co-operatives allow members to save money on materials they need to produce and market their products, which means a large profit margin for all members.

3.2 Forms of a Typical Agro Input Supply Co-operative

Agro input supply co-operatives can take many forms. For example, a group of farmers may decide to form a co-operative to purchase farm equipment or supplies at the lowest possible cost by taking advantage of economies of scale through direct purchase from manufacturers.

Supply co-operatives supply their members with inputs for agricultural production, including seeds, fertilizers, fuels and machinery services. A typical agro input supply co-operative can take any of these forms, depending on the services it intend to provide to farmers.

SELF-ASSESSMENT EXERCISE 1

What are the types of agro input supply co-operatives in your areas?

3.3 Operations of a Typical Agro Input Supply Co-operative

Agricultural input supply co-operative aggregate purchases, storage and distribution of farm inputs for their members. By taking advantage of volume discounts and utilizing other Economies of scale, supply co-operatives bring down the cost of the inputs that the members purchase from the co-operative compared with direct purchases from commercial suppliers. Agro input supply co-operatives provide inputs required for agricultural production including seeds, fertilizers, chemicals, fuels, and farm machinery. Some agro input supply co-operatives operate mechanical field services. (e.g. plowing, harvesting) to their members.

3.4 Marketing of Agricultural Products

Agricultural marketing co-operatives are co-operative business owned by farmers, to undertake transformation, packaging, distribution, and marketing of farm products (both crops and livestock)

It is one thing to produce farm products; it is another thing to make these commodities available to the consumers that are scattered all over the country, so that price can be stabilised and the benefits of the items are appreciated because some of these products are perishable. This effort cannot be sustained by an individual. It needs pooling of resources by farmers. The government Realised this, and so established the marketing boards that would ensure the buying, selling, grading and fixing of prices of agricultural products such as palm kernels, groundnut, cocoa, etc. The efforts of the marketing boards were complemented by the co-operative produce marketing societies. When the marketing boards were scrapped, the produce marketing co-operative society will be a forefront organisation in the marketing of cash crops and take over the responsibilities of the marketing boards (Enikanselu, Akanji, and Faseyiku, 2005).

3.5 Supply of Farm Inputs to Farmers

It is now becoming imperative for farmers to take advantage of the new technologies that would make them to abandon old form of farming using such tools like cutlasses and hoes for tractors, ploughs, harvesters, etc. with new hybrid seeds for better performance. Procuring these modern farm and agricultural tools and implements can be difficult for an individual to bear. However, his membership of an agricultural co-operative can afford the individual farmer the opportunity to use these tools at a reasonable and low cost. This idea will be quite good to boost agro – industrial growth of the country (Enikanselu, Akanji, and Faseyiku, 2005).

The idea of joint ownership of farm tools can be extended to joint purchase of farm inputs such as fertilizers, seeds, herbicides, chemicals, fuels, lubricants, etc.

3.6 Problems of Agricultural Marketing in Nigeria

According to Anyanwu (1989), prior to the enactment of the Co-operative ordinance of 1935, co-operative efforts had existed in Nigeria as was the case in other parts of the world. The need for agricultural marketing co-operative has been recognised all over the world. Such agricultural marketing co-operatives are used as agents for distributing essential food commodities (crops, livestock, and fishery) as well as for combating inflation. In Nigeria, some attempts have been made at the formation of such societies particularly in the urban centres (Ayanwu, 1989).

Note that the central aim of government's strategy to boost the agricultural sector is to substantially increase production of food crops

for local consumption, export and to supply raw materials to agro – industries. Regrettably, the benefits due to the farmers from increased production have often dissipated by the following problems of agricultural marketing in Nigeria.

- 1) Lack of reliable marketing channels through which to sell the marketable surplus, resulting in disincentive to farmers who in turn, are reluctant to increase production. To meet this demand, the Nigeria Agricultural Co-operative Marketing Organisation (NCMO) Limited was established by the Federal Government in 1983 to take charge of the agricultural co-operative food crops inter and intra state marketing in Nigeria.
- 2) Low and declining productivity of the agricultural sector. For instance, the growth rate of the food sub – sector which was 2.5 percent, does not keep pace with annual population growth rate of 3.3 percent (*National Concord*, January 28, 1989, page 3). This has failed to meet the demand arising from increased real per capital income. The consequences of these are the rise in food prices and the growing importance of imported food in the total food supply. Hence, food importation alone accounted for over ₦5 billion representing about 16 percent of Nigeria’s total input for the period of 1979 – 81 (CBN, 1984).
- 3) Poor marketing and distribution arrangements are among the vital problems that face agriculture in Nigeria (Anyanwu, 1989).
- 4) Basic marketing services like storage and processing are underdeveloped in Nigeria.
- 5) Transportation in the rural area is poorly organised.
- 6) The nature of the agricultural markets, especially for staple food crops, is very complex. According to Anyanwu (1989), it involves a very large number of transactions and participants. The traditional small scale market structure with its complexities, he further argues, has fulfilled important economic and social functions in the past, but has now become inadequate in meeting the needs of the modern economy.
- 7) The supportive market information is extremely poor, and there is lack of homogeneity since commodity standardization is poor.
- 8) One other major weakness of staple food marketing in Nigeria is the pricing system. Pricing is often by haggling. Also, prices have been known to vary widely within and between markets because of poor market organisation and dearth of market information. (Anyanwu, 1989). As a result, supplies are not always directed to areas with the highest demand.
- 9) Use of archaic production technology coupled with a rapidly declining soil fertility.

- 10) Lack of adequate credit facilities, poor rate of capital formation, inadequate extension services and poor farm management techniques.

SELF-ASSESSMENT EXERCISE 2

Define agricultural marketing.

4.0 CONCLUSION

In this unit, we have been able to learn the forms and operations of a typical agro input supply co-operatives, marketing of agricultural products and supply of farm inputs to farmers. We also have been able to identify problems of agricultural marketing in Nigeria. There is need for our policy makers to address these identified problems so that our farmers can enjoy the fruit of their labour by getting maximum possible prices for their farm products.

5.0 SUMMARY

Now that we have known the forms and operations of a typical agro input supply co-operatives as well as the marketing of agricultural products and supply of farm inputs to farmers, we shall now go to Unit 13 to discuss the roles of co-operatives in agricultural insurance.

6.0 TUTOR-MARKED ASSIGNMENT

1. List and explain the type of services that a typical agro input supply co-operative can render to farmers.
2. There are several problems militating against effective agricultural marketing in Nigeria. List and explain ten of these problems.

7.0 REFERENCES/FURTHER READING

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UNIT 3 THE ROLES OF CO-OPERATIVES IN AGRICULTURAL INSURANCE

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Roles of Co-operatives in Agricultural Insurance
 - 3.1.1 Insurance Education
 - 3.1.2 Prompt Payment of Premiums
 - 3.1.3 Early Identification of Danger Signals
 - 3.1.4 Quick Response to Distress Calls
 - 3.2 The Place of Co-operative in the Operations of the NAIC
 - 3.3 Seeking Redress in NAIC
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

In our last unit we described the forms and operations of a typical agro input supply co-operatives, marketing of agricultural products and supply of farm inputs to farmers.

We shall be looking at the roles of co-operatives in agricultural insurance, insurance education, prompt payment of premiums, early identification of danger signals, quick response to distress calls. We shall also consider the place of co-operative in the operations of the National Agricultural Insurance Company (NAIC).

2.0 OBJECTIVE

At the end of this unit, you should be able to:

- explain the roles of co-operatives in agricultural Insurance

3.0 MAIN CONTENT

3.1 The Roles of Co-operatives in Agricultural Insurance

In the context of agriculture, a farmers' co-operative refers to an organisation of farmers residing in the same locale that is established for their mutual benefit with regard to the cultivation and harvest of their products, the purchase of farm equipment and supplies at the lowest

possible cost, and the sale of their products at the maximum possible price. The co-operative concept can also be extended to agricultural insurance scheme.

Insurance can be defined as an agreement whereby one party promises to identify or pay another party a sum of money in the event of his suffering a specified loss or damages. It can also be defined as a system for providing financial compensation for the effects of loss, the payments being made from the accumulated contributions of all parties participating in the fund or scheme (Longe, 2007).

The main principle of insurance is the pooling of risks. The insurance or underwriters will collect premium from a group of people who suffer similar risk to create a common fund out of which compensation will be paid to those who suffer losses. This compensation for the victims will, however, depend on the amount of premium paid and the extent of losses suffered.

Consequently, insurance is one of the aids to agricultural practice and marketing, which are characterised with risks and uncertainties. Agricultural insurance seeks to cover such identified risks in farming, storage, transportation and marketing of agricultural produce.

The co-operative societies play important roles in agricultural insurance in the following ways:

3.1.1 Insurance Education

The aim and objective of the co-operative society is to promote and advance the interest of their members, by rendering services to them. One of such services is the rendering of enlightenment campaign on the benefits of insurance to agricultural practices.

We earlier mentioned about inherent risks in agriculture. Some of these risks such as pests and diseases, unpredictable climate (drought, flooding or excessive rainfall which reduces yield, excessive sunshine which leads to increase in temperature, etc), produce price fluctuation, fire and special perils, malicious damage; can be covered with insurance policies.

These risks are better taken care of by taking an insurance policy to that effect.

The role of co-operative in agricultural insurance will be better appreciated due to the high level of illiteracy among our farmers in the rural areas. Our local farmers lack good education. Most of the farmers

in Nigeria are not educated enough in the technicalities relating to agricultural production hence, they are:

- i) Dogmatic and adamant to changes
- ii) Very superstitious in their beliefs
- iii) Very suspicious of any new innovation
- v) Very unco-operative, hostile and unaccommodating
- vi) Not willing to accept technological changes
- vii) Unscientific in mind and thinking
- viii) Unwilling to even learn how to use and apply fertilizers, insecticides and new farm tools

All these according to Ogieva Erebor (2003) bring about low agricultural productivity.

These negative tendencies by our local farmers make them unreceptive to insurance schemes for their agricultural operations. They see no value in taking an agricultural insurance policy.

However, by being a member of a co-operative society, farmers will be educated on the benefits of agricultural insurance. The co-operative serves as an avenue for the dissemination of insurance education to the farmers, who are its members. Society tells them about the importance of insurance.

SELF-ASSESSMENT EXERCISE 1

Find out the type of insurance education an agricultural co-operative society in your place of residence practices.

3.1.2 Prompt Payment of Premium

Premium is the amount an insured party pays to an insurer in consideration for an insurance policy. We should note that an agricultural insurance is the type of insurance which provides relief to farmers for losses suffered on their crops as a result of drought, pest and disease.

A farmer who takes an insurance policy with an insurance company pays a certain amount to the company for granting the farmer a cover for his farming risks-such payment is known as a premium.

It is very common for those who take an insurance policy to delay payment of premium until a risk occurs before the rush to settle such premium debts. In most cases insurance companies are wiser and will repudiate (reject) such claims.

The co-operative society will always advise its members on the need for prompt payment of premium. Early payment of premiums will put the insured on a sure foot to making claims which must be honoured by the insurer since there may not be justifiable grounds to repudiate such claims.

3.1.3 Early Identification of Danger Signals

A co-operative society is better placed to detect danger earlier than an individual farmer. Vital information on weather forecasts, pests, diseases, special perils like fire and malicious dangers can quickly be passed among co-operators-such quick dissemination of information will help members of the co-operative society to put in place, measures to curtail or eliminate such dangers.

3.1.4 Quick Response Distress Calls

We should remember that a co-operative is a form of business ownership that consists of a group of people who have joined to perform a business function more efficiently than each individual could do alone. Members are therefore, at the service of each other and seek to promote their interests. A member who is in danger is at liberty to contact a fellow co-operator who will quickly respond to such distress calls.

It is also to be noted that a co-operative society in response to an individual member's distress call, contact an insurance company, which policy such a member has taken. The insurers will respond to the distress calls and make efforts to mitigate the dangers being faced by the farmers.

3.2 The Place of Co-operatives in the Operations of the NAIC

The operation of Nigerian Agricultural Insurance Corporation (NAIC) covers the following areas:

- (i) Provision of premium subsidy of up to 50% chargeable on selected crops and livestock insurance policies. The perils covered under the crops sector are; fire, windstorm, flood, droughts and diseases. For livestock the perils covered are death or injury caused by accidents, disease, fire lighting, storm and flood.
- (ii) General Insurance coverage of equipments, assets and other properties which form part of the total farm investments at competitive commercial rates.
- (iii) Re-insurance services

- (iv) Provision of extension services to insured farmers/clients after having suffered an insured loss.
- (v) Encouraging institutional lenders to lend more to agriculture through provision of added security to agricultural lending of commercial banks.

From the foregoing analysis of the operations of NAIC, we can state that the place of co-operative in the operations of NAIC is not in doubt. Farmers' co-operatives are created in situations where farmers cannot obtain essential services because the provision of these services is judged to be unprofitable or when services provided are at disadvantageous terms to the farms. By forming agricultural co-operatives, farmers can collectively benefit from the services being provided by NAIC which an individual farmer may be unable to benefit alone.

3.3 Seeking Redress in NAIC

Redress by an aggrieved client could be sought in one all of the following ways:

1. Forwarding a formal letter of complaint or petition laying down the facts of the case to the Managing Director of the Corporation.
2. Forwarding letter/of petition to the Chairman, Board of Directors, should (1) above fail to satisfy the petitioner.
3. An aggrieved citizen/client may also forward the protest letter/petition to National Insurance commission (NAICOM) on the bone of contention.
4. Should responses to 1 – 3 above fail to assuage the client, such a letter or a fresh one may be forwarded to the Honourable Minister of Agriculture for action.
5. Petition can be taken up with Public Complaints Commission, Code of Conduct Bureau, Independent Corrupt Practices Commission, etc.
6. A letter/petition may also be forwarded to members of any or both of the legislative houses since the legislative houses have oversight functions on all legally established organs of government.
7. In line with legal orientation of any establishment, the legal instrument of establishing the corporation allows an aggrieved citizens/client, having sought all peaceful avenues of resolving any outstanding contentious issue with the Corporation without satisfaction, to seek redress in the law courts.

SELF-ASSESSMENT EXERCISE 2

Find out anyone who has ever sought redress from NAIC the method(s) he/she employed.

4.0 CONCLUSION

So far, our discussions have been on the roles of co-operative in agricultural insurance. Various roles have been identified and discussed.

We examined the roles of co-operative in agricultural insurance such as insurance education, prompt payment of premiums, early identification of danger signals, quick response to distress calls as well as the place of co-operative in the operations of NAIC. Agricultural insurance is important for the attainment of the goal of food security in the country.

5.0 SUMMARY

The roles of co-operatives in agricultural insurance were the focus of our present unit. We have discussed various roles indicating their importance. You have to firmly understand them. If you have not, go back to the units once again before answering the questions under the Tutor – Marked Assignments (TMAs). We shall be discussing the aims, objectives and problems of some Nigerian agricultural co-operative promotion institutions in our next unit.

6.0 TUTOR-MARKED ASSIGNMENT

1. List and explain areas in which most of the Nigerian farmers are not educated enough in the technicalities relating to agricultural production.
2. What are the functions of the Nigerian Agricultural Insurance Co-operation?

7.0 REFERENCES/FURTHER READING

Alonge, O. A. (2007). *Essential Commerce*. Lagos: TONAD Publishers Ltd.

Rothschild, J., Allen – Whitt, J. (1986). *The co-operative Workplace*. Cambridge University Press.

UNIT 4 THE AIMS, OBJECTIVES AND PROBLEMS OF SOME NIGERIAN AGRICULTURAL CO-OPERATIVE PROMOTION INSTITUTIONS SUCH AS NACMO, UNCP, NACB, NALDA AND NDE

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Aims, Objectives and Problems of Some Nigerian Agricultural Co-operative Promotion Institutions such as NACMO, UNCP, FEAP, NACB, NALDA, and NDE
 - 3.1.1 NACMO
 - 3.1.2 FEAP
 - 3.1.3 NACB (Now NACRDB)
 - 3.1.4 NALDA
 - 3.1.5 NDE
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

Our present unit will address the aims, objectives and problems of some Nigerian agricultural promotion institutions. In our preceding unit we discussed the roles of co-operative in agricultural insurance that is, insurance education, prompt payment of premiums, early identification of danger signals and quick response to distress calls.

In looking at the aims and objectives of some Nigerian agricultural co-operative promotion institutions, we shall discuss institutions like NACMO, FEAP, NACB, NALDA and NDE.

2.0 OBJECTIVE

At the end of this unit, you should be able to:

- explain the aims, objectives and problems of some Nigeria agricultural co-operative promotion institutions such as NACMO, UNCP, FEAP, NACB, NALDA and NDE.

3.0 MAIN CONTENT

3.1 Aims, Objectives and Problems of Some Nigerian Agricultural Co-operative Promotion Institutions

The national policy on agriculture is being given a breadth of life through several initiatives, all of which came under the umbrella of the National Programme on Food Security. One of such initiatives seeks to revolutionize farmers' co-operatives with a view to easing the various problems that previously debarred progress in rural economies.

Government, in an attempt to attain food security for the nation, established many agricultural co-operative promotion institutions such as NACMO, FEAP, NACB, NALD and NDE. The aims, objectives and problems of these institutions are discussed as follows:

3.1.1 Nigeria Agricultural Co-operative and Marketing Organisation (NACMO)

NACMO limited is a national apex co-operative organisation that is responsible for the co ordination of agricultural co-operative inter and intra – state trade in food commodities in Nigeria (Anyanwu, 1989). NACMO Limited came into being officially in June 1983. The Federal Department of Agricultural Co-operative (FDAC) is responsible for the establishment of NACMO as an instrument to promote co-operative marketing of food products:

a) Aims and Objectives

NACMO aims among other things to (Osuntogun, 1979):

- i) engage in the promotion and effective co-ordination of agricultural co-operative inter and intra state trade in food products in Nigeria
- ii) encourage and promote the development of fully integrated multi – purpose co-operatives for food production, storage, processing, marketing and distribution
- iii) take responsibility for food monitoring and market intelligence
- v) work closely at the primary level, with existing co-operative group farming societies, multi-purpose co-operatives, produce marketing co-operatives, women co-operative groups, the River Basin Development Authorities, the Agricultural Development Projects (ADPs) and the farmer Commodity Boards
- vi) assist in insuring members' produce and assets
- vii) provide transport facilities for evacuating farm supplies and food products and
- viii) set up research, information and statistics departments for promotion of agricultural co-operative marketing

b) Problems of NACMO limited

The major problems hindering the operations of Nigeria Agricultural Co-operative Marketing Organisation (NACMO) Limited in marketing and distributional processes are summarised as follows; (**Anyanwu, 1989**)

- i) defective agricultural co-operative organisational structure
- ii) overdependence of NACMO on NNCWA (Nigeria National Co-operative Wholesale Association)
- iii) lack of committed management
- iv) lack of co-ordination, affiliation and solidarity among the former members as well as among the primary societies
- v) lack of knowledge of NACMO limited marketing procedures
- vi) lack of financial data of NACMO
- vii) conflict of roles between farmers' unions and co-operative organisations
- viii) under-utilisation of its resources.

SELF-ASSESSMENT EXERCISE 1

On your own, study aims, objectives and problems of UNCP as one of Nigeria agricultural co-operative promotion Institutions.

3.1.2 Family Economic Advancement Programme (FEAP)

FEAP was introduced by the late wife to the former Head of State, President Olusegun Obasanjo

a) Aims and objectives of FEAP

The aims and objectives of FEAP include:

- i) To empower married women economically in order to enable them contribute their quota towards the upliftment of family in particular and Nigeria in general
- ii) to empower unemployed married woman economically
- iii) To serve as an agency for the social and economic development of the family
- iv) To train women/men a vocation that would enable them to be self-reliant and thus be able to provide and contribute their quota towards economic development of the nation
- v) To reduce the burden of catering for the family on men
- vi) To serve as a catalyst for socio-political and economic development of the Nigerian. family and by extension the Nation at large

- vii) To prevent family disintegration occasioned by difficult economic downturn in the country
- viii) To serve as an avenue for early governance and
- ix) To extend the dividends of democracy to the grassroots.

b) Problems of FEAP

The problems hindering effective implementation of FEAP are:

- i) Lack of funds for the agency
- ii) Competition among the officials charged with the implementation of the objectives of FEAP
- iii) Ignorance of the targeted people. Most of the women especially from the northern part of the country have not responded to the vocational training initiative of FEAP
- iv) Lack of continuity frequent change of political leadership of the country is also another identified problem affecting the FEAP. Some of the first ladies either at local, state or federal levels may not deem it fit to continue with the laudable programmes of their predecessors and
- v) Communication gap. As laudable as the programme of FEAP is, a lot of targeted women, most especially those residing at the rural areas have little or no knowledge at all about the programme.

3.1.3 Nigerian Agricultural and Co-operative Bank (NACB) Limited

The Nigerian Agricultural and Co-operative Bank (NACB) limited merged with the People's Bank of Nigeria (PBN) and took over the risk assets of the Family Economic Advancement Programme (FEAP) in 2000 to give birth to the Nigerian Agricultural, Co-operative and Rural Development Bank (NACRDB) limited.

a) Aims and objectives of NACRDB

As the single largest development finance institutions, NACRDB is dedicated primarily to agricultural financing at both the micro and macro levels, as well as micro financing of small or medium scale enterprises. The banks broad mandate encompasses savings mobilisation and the timely delivery of affordable credit to meet the funding requirements of the turning Nigeria population in the agricultural and non-agricultural sectors of the national economy.

The aims and objectives of NACRDB are:

- i) Rural savings mobilization
- ii) Agricultural credit administration to foster agricultural and rural development
- iii) Micro credit administration
- iv) Provision of advisory services to farm and non-farm sectors and
- v) Agricultural credit warehousing through on-lending schemes

b) Problems of NACRDB

The problems militating against the attainment of the aims and objectives of NACRDB are as follows:

- i) Low level of literacy among targeted clients
- ii) High rate of loans repayment defaults
- iii) Fraud or insider abuse
- iv) Insufficient funding of NACRAB
- v) Diversion of loans by recipients to other purposes
- vi) Political interference
- vii) Subsistence agricultural practical by clients
- viii) Narrowness of markets
- ix) Assence of large number of small scale enterprises and
- x) Poor infrastructural facilities

3.1 4National Agricultural Land Development Agency (NALDA)

a) Aims and objectives

The National Agricultural Land Development Authority (NALDA) was established by the Federal Government of Nigeria to boost agriculture. The aims and objectives of NALDA are as follows:

- i) To provide lands for agricultural production
- ii) To prepare lands and mark the prepared land for cultivation and
- iii) To enforce Land Use ACT

a. Problems of NALDA

The identified problems of NALDA are

- i. The size of land allotted may not be suitable or enough for commercial agriculture
- ii. The farmer cannot develop the land beyond the allotted period
- iii. Too much red-tape (long bureaucracy) regulations and control

- iv. The land can be revoked if the tenant fails to meet certain conditions and
- v. Permanent crop cannot be cultivated

SELF-ASSESSMENT EXERCISE 2

Find out how the operatives of NALDA was affected by the Land Tenure System.

3.1.5 National Directorate of Employment (NDE)

The aims, objectives and problems of the National Directorate of Employment (NDE) are as follows:

a. Aims and Objectives

In conformity with its mandate of job creation and in effect tackling the problems of unemployment in Nigeria, the NDE trains unemployed youths and retired persons for vocational skills acquisition, entrepreneurship or business development, labour-based works, rural employment promotion and job placement guidance and counseling.

NDE is therefore committed to employment generation, poverty reduction, wealth creation and attitudinal change to enable Nigerian youths to be self-employed and contribute to the economic growth and development of the Nation.

The aims and objectives of NDE, which are also its mission and derived from its mandate, are as follows:

- 1) To design and implement programmes to combat mass unemployment
- 2) To articulate policies aimed at developing work programmes with labour intensive potentials
- 3) To obtain and maintain a data bank on unemployment and vacancies in the country with a view to acting as a clearing house to link job seekers with vacancies in collaboration with other government agencies and
- 4) To implement any other polices as may be laid down from time to time by the Board established under sections of its enabling Act.

b. Problems NDE

- 1) Insufficient funding
- 2) Fraud/corruption

- 3) Political interference
- 4) Inadequate data
- 5) Politisation of the programme
- 6) Insufficient empower.

4.0 CONCLUSION

This unit addressed the aims, objectives and problems of some Nigerian agricultural co-operative promotion institutions and the need to address the identified problems of these institutions.

5.0 SUMMARY

Aims, objectives and problems of some Nigerian agricultural Co-operatives having been explained, we are moving to the next unit which is a comparative study of the origin, types, structure, achievements and problems of agricultural co-operatives.

6.0 TUTOR-MARKED ASSIGNMENT

1. List and explain five problems of Nigeria Agricultural Co-operative Marketing Organisation (NACMO).
2. What are the identified problems of NACRDB?

7.0 REFERENCES/FURTHER READING

Anyanwu, C. E. (1989). *Analytical Study of Operations of the Nigeria Agricultural Co-operative Marketing Organisation (NACMO) Limited in South Eastern States of Nigeria*. A PhD Thesis Research Publications of the University of Nigeria (UNN) Nsukka on Agricultural Economics.

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UNIT 5 COMPARATIVE STUDY OF THE ORIGIN, TYPES, STRUCTURE, ACHIEVEMENTS AND PROBLEMS OF AGRICULTURAL CO-OPERATIVES IN SOME SELECTED COUNTRIES LIKE IRELAND, ISRAEL, INDIA, USA, GERMANY, RUSSIA, TANZANIA AND JAPAN

CONTENTS

- 1.0 Introduction
- 2.0 Objective
- 3.0 Main Content
 - 3.1 Comparative Study of the Origin, Types, Structure, Achievements and Problem of Agricultural Co-operatives in Some Selected Countries like Ireland, India, USA, Germany, Russia, Tanzania and Japan.
 - 3.1.1 Agricultural Co-operatives in Ireland
 - 3.1.2 Agricultural Co-operatives in India
 - 3.1.3 Agricultural Co-operatives in the USA
 - 3.1.4 Agricultural Co-operatives in Germany and Russia
 - 3.1.5 Agricultural Co-operatives in Israel, Tanzania, and Japan
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

The aims, objectives and problems of some Nigerian agricultural co-operative promotion institution were examined in the last unit. We did see the important roles being played by these institutions in the promotion of agricultural co-operatives in Nigeria.

In our present unit which is the last of Module II and the entire course (COP215), we are going to undertake a comparative study of the origin, types, structure, achievements and problems of agricultural co-operatives in some selected countries.

2.0 OBJECTIVE

At the end of this unit you should be able to:

- conduct comparative study of the origins, types, structures, achievements and problems of agricultural co-operatives in Ireland, India, USA, Germany, Russia, Tanzania and Japan.

3.0 MAIN CONTENT

3.1 Comparative Study of the Origins, Types, Structures, Achievements and Problems of Agricultural Co-operatives in some selected countries like Ireland, Israel, India, USA, Germany, Russia, Tanzania and Japan

The first agricultural co-operatives were created in Europe in the second half of the nineteenth century. They spread later to North America and the other continents. They have become one of the tools of agricultural development in emerging countries. Farmers also co-operated to form mutual farm insurance societies. Also related are rural credit unions. They were created in the same periods, with the initial purpose of offering farm loans.

The following is a comparative study of the origin, types, structure, achievement and problems of agricultural co-operatives in some selected countries such as:

3.1.1 Agricultural Co-operatives in Ireland

Agricultural co-operatives in Ireland are usually registered under the Individual and Provident Societies Acts (IPS) (rather than the Companies Acts). The main IPS Act is that of 1893. The government's regulation programme includes a commitment to keep regulatory frameworks and institutions under review and where possible, to reduce administrative burdens on business.

Co-operative societies and organisations have been part of economic life in Ireland for over a century. Agricultural co-operatives (including associated companies) accounted for most of the 12.6 billion turnover attributable to the co-operative sector in 2007. Other sectors in which organisations using the co-operative model have made important contribution include housing, fishing, group water schemes and community development. There were 1027 registered industrial and provident societies at year – end 2008.

The problems facing agricultural co-operatives in Ireland includes fund-raising restrictions for certain co-operative societies, limited borrowing powers, cancellation of societies, amalgamation, winding up, examiner ship, weak public enforcement arrangement etc.

The problem of insufficient capital is also there because agricultural co-operatives in Ireland suffer from under-investment. That is, their members are unable to raise all the capital.

Another problem is very poor management of some agricultural co-operatives in Ireland.

3.1.2 Agricultural Co-operatives in India

Agricultural co-operatives are very common in India. Most of the countries in Asia-pacific region follow a three – tier system i.e. primary co-operatives at the village level, co-operative business federations at the secondary level and the apex organisations at the national level.

The British introduced the European form of co-operative in India in 1921. The agricultural co-operatives developed thereafter primarily to develop the rural economics of India. In India, where agricultural co-operatives are highly developed, they reached the correct conclusion that village areas are to be developed and their residents supplied with employment. The concept is that in all traditional labour, village industries and the informal sector, a relatively low investment ratio exists and therefore, it is possible to supply employment to a larger number of people (Tamini, 1981).

The farmers and artisans in the village region in India are extremely poor. Their productivity was also very low and the wages for their work low also. Agriculture was mainly for subsistence. They were dependent completely on the local merchant when it came to matters of credit, inputs and marketing.

In order to help the local farmer and the artisan, it was necessary to set up an independent system which would provide him, at reasonable prices, with the following services.

- a) **Economic:** full credit, materials at the right time, reliable and proper agricultural extension and marketing, ensuring payment on time.
- b) **Technical Services:** a means to enhance the agricultural productive system, improved farm tools, improved design, professional training, packaging accounting, etc.
- c) **Social:** education and adjustment to a modern agricultural social system.

The three main public sector commodity co-operatives in India are:

- 1) The Food Corporation of India
- 2) Cotton Corporation of India
- 3) Jute Corporation of India.

Other types of agricultural co-operatives in India are:

- 1) National Agricultural Co-operative Marketing Federation
- 2) Central Marketing Societies and
- 3) Primary Marketing Societies
- 4) Food Grain Procurement Societies
- 5) Sugarcane Supply Societies
- 6) Marketing Societies dealing in specialised commodities.

These include:

- i) Cotton Marketing Societies
- ii) Fruits and Vegetables
- iii) Areca nut
- iv) Tobacco
- v) Coconut and
- vi) Jute Marketing Societies

SELF-ASSESSMENT EXCISE 1

Find out the problems of agricultural co-operatives in India.

3.1.3 Agricultural Co-operatives in the USA

The Co-operative Movement in the USA has been the strongest in rural areas. Farmers have formed co-operatives for many purposes, including marketing of produce, purchasing of production and home supplies, and provision of credit. Farm marketing associations are the most important type of agricultural co-operatives in the USA. Farm purchasing co-operatives rank second in importance. The modern farmer – member, who depends increasingly on off farm products, can realize maximum savings by ordering goods through co-operatives. Regional co-operatives in the USA order some items from manufacturers and produce others in their own plants. The most important manufactures of these co-operatives are feed, fertilizers, and petroleum products. Other co-operatively produced items include paint, lumber, and farm equipment. The co-operative petroleum industry is one of the most complexes of the industrial enterprises. It includes oil wells, refineries, pipelines, storage facilities and service stations.

In the United State of America, the co-operative movement began in the 19th century, first, among workers and then farmers. The National Grange, a farmers' co-operative, was founded in 1867 and later exercised considerable political influence.

In the USA, there are both marketing and supply co-operatives (some of which are government sponsored) which promote and may actually distribute specific commodities. There are also agricultural supply co-operatives, which provide inputs into the agricultural process.

Trends in agriculture since World War II have vastly increased the size of former investments in land, building and equipment and, therefore, the need for farm credit. A co-operative farm credit system satisfies this need through land banks, production credit associations, 12 district banks and 1 central bank for co-operatives, and rural credit unions, all of which furnish loans and credit to farmers.

Passage by the US Congress of the *Farm Credit Act of 1916* created the 12 federal land banks, the first credit program established by the federal government and the former of what has become the largest co-operative credit system in the world, the co-operative farm credit system.

In the mid-1980s, as the economic situation of the nation's farmers worsened, the farm credit system incurred steadily growing losses, necessitating further federal assistance. Successive farm credit legislation enacted in 1985, 1986 and 1987 provided this assistance along with authority to recognise the system of 13 banks for co-operatives, 11 have since merged into the National Bank for Co-operatives (Co bank). The federal intermediate credit banks and federal land banks have also merged in each district, as have many production credit associations and federal land bank associations.

Examples of agricultural co-operative in the USA are:

- 1) American Legend Co-operative (Minkfur) "Blackglama" brand
- 2) Blue Diamond Growers (almonds)
- 3) Cabot Creamery (dairy)
- 4) Cotton Incorporated (cotton)
- 5) Florida's Natural Growers (citrus fruit)
- 6) Riceland Foods (rice, soybeans, and wheat)
- 7) United Egg Producers
- 8) Lone Star Milk Produces (dairy)
- 9) Sun-maid (raisins)
- 10) Snokist Growers (pears, apples and cheris)

3.1.4 Agricultural Co-operatives in Germany and Russia

The rise of Marxism at the end of the 19th century accelerated the political split between different forms of socialism: anarchists were committed to liberation socialism and advocated locally managed co-operatives, linked through confederation of unions, co-operatives and communities. Marxists were committed to state socialism and the goal of political hegemony through the state, either through democratic socialism, or through what came to be known as Loniism.

Both Marxism and anarchism sprang from utopian socialism, which is based on voluntary co-operation, without the emphases on bitter class struggle. With the collapse of state socialism in the USSR, other forms of socialism have reasserted their importance and influence, and these include agricultural co-operatives.

(a) Germany

The German, *Ferdinand Lassa – lle (1825 – 1864)* promoted the approach that the state should provide finance for establishing the co-operative. This is because the agricultural co-operative is regarded as a tangible solution to the unemployment problem in rural Germany.

Agricultural co-operatives in Germany have been heavily supported by their government. The government understood the important role small farmers had to play in the agricultural development of these countries, especially in the distant rural areas of Germany.

The establishment of agricultural enterprises provides a source of employment for the population, particularly in areas where it is not possible to establish heavy industry. The co-operative model allows those who lack their own resources to take an active part in the agricultural development process of Germany and Russia. The co-operative enterprise enable the member to not only find employment, but also to participate in the ownership and management of the enterprise in which he works.

The history of production co-operatives in Germany is one of object failure. We should remember that agricultural co-operative is a sub-set of production co-operatives. Munkner (1979) attempted to detail the problems which have been encountered by German co-operatives.

The first problem is that of capital formation. This is the foremost problem because most of those who try and establish agricultural co-operatives are poor. Most agricultural co-operatives are in fact, under-financed.

Munkner also mentioned the problems of the conflict between the democratic structure of the co-operative, and the hierarchical structure of the production enterprise. The problems also include:

- Members' lack of confidence in their own abilities
- State interference
- An unsuitable marketing apparatus and lack of commercial expertise
- Very poor management and
- Constant lack of co-operative education and training among members, as well as lack of technical and management training, among both the members as a whole and their leaders.

(b) Russia

In the case of Russia, the holdings of the peasants declined with every decade. Upon the abolition of serfdom the peasants were given land under two distinct schemes of individual holdings and communal holdings.

Under the first scheme, the peasants received in perpetual tenure specified plots out of the lands allocated to the villages in which they lived, and apart from this also a fixed share in the communal lands, forests, etc belonging to the village.

Under the second scheme, the peasants were given in perpetual tenure a small piece of ground for cottage and garden only, whilst the arable land, pastures, and forest belonging to the village were communal property and the piece of land cultivated by each peasant or household were in their possession until such a time when the land was redistributed.

Under both schemes, the peasant had to pay the purchase price for the land in annual installments fixed by the law; the village, however, was held responsible for the completion of the purchase price in respect of all the lands held by the members of the Commune..

The problem of agricultural co-operatives in Germany is similar to that of Russia.

3.1.5 Agricultural Co-operatives in Israel, Tanzania and Japan

(a) Israel

Pogroms or riots directed towards a certain group of the population, flared up once again in Russia in the first years of the 20th century. In

1903 at Kishinev peasant mobs were incited against Jews after a blood libel. Riots again took place in the wake of Russia's defeat in the Russo – Japanese War and the 1905 Revolution. The occurrence of the new pogroms inspired yet another wave of Russian Jews to emigrate. As in the 1880s, most emigrants went to the United States, but a minority went to Palestine. It was this generation that would include founders of the kibbutzim and later Moshav Shitufi in Israel.

A *kibbutz* is a collective community in Israel that was traditionally based on agriculture. Today, farming has been partly supplanted by other economic branches, including industrial plants and high-tech enterprises kibbutzim began as utopian communities, a combination of socialism and Zionism.

The first *Moshav* was established in the Jezreel, or Yizreel, Valley (*Emeq, Yizreal*) is also seen as the valley of Esdraelon in English) in 1921. In 1986 about 156, 700 Israelis lived and worked on 448 *Moshavim*, the great majority divided among eight federations.

(b) **Tanzania**

Agricultural co-operatives in Tanzania are British in origin. British colonial policy in the 1940s and 1950s encouraged the development of farm crops to partially convert subsistence farms to cash husbandry. Before co-operatives, the farmers sold their products to Indian traders at poor prices. The responsible colonial officer, David Gordon Hines from 1947 to 1959 achieved the vast expansion of the co-operatives.

Co-operative offices throughout Tanzania showed the members: how to elect committees, keep their books, and market produce. Co-operatives formed “unions” for their areas and developed cotton ginneries, coffee factories, and tobacco dryers. A major success for Tanzania was the Moshi coffee auctions that attracted international buyers after the annual Nairobi auctions.

The problems of agricultural co-operatives in Tanzania like all other developing countries are many. For instance, lack of expertise in management of co-operatives. Also, most of the co-operatives in Tanzania are rural based.

(c) **Japan**

Japan is called the birth place of Community- Supported Agriculture (CSA).

SELF-ASSESSMENT EXERCISE 2

You should read on your own, the agricultural co-operatives in Japan.

4.0 CONCLUSION

This unit, which is the last for this course, has touched on the comparative study of the origin, types, structures, achievements and problems of agricultural co-operatives in some selected countries. All these bring out the essential characteristics of agricultural co-operatives in both developed and developing countries.

5.0 SUMMARY

The knowledge you have received in this course provides the foundation on which to build further knowledge in Co-operative Management.

6.0 TUTOR-MARKED ASSIGNMENT

1. Discuss the origin, achievements and problems of agricultural co-operatives in Ireland.
- 2a) What is *Kibbutz* of Israel?
- b) When was *Moshav-Shitufi* of Israel established?

7.0 REFERENCES/FURTHER READING

Munkner, H. H. (1979). *The Position of Workers Productive Co-Operative Societies in the Federal Republic of Germany*. Review of International Co-operatives. Volume 12, No 3, 1979, pages 172 – 183.

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