



NATIONAL OPEN UNIVERSITY OF NIGERIA

COURSE CODE :AEA 504

**COURSE TITLE:
AGRICULTURAL POLICY AND DEVELOPMENT**

**DEPARTMENT OF AGRICULTURAL ECONOMICS AND EXTENSION
FACULTY OF AGRICULTURAL SCIENCES
NATIONAL OPEN UNIVERSITY OF NIGERIA**

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COURSE GUIDE

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INTRODUCTION

AEA 504 Agricultural Policy and Development is a two-credit unit course. The course consist of 24 units covering the introduction to agricultural policy, agricultural policy objectives and formulations, agricultural policy instruments, historical and analytical treatment of government agricultural policies and programmes, agricultural development and agricultural planning. This course guide gives insight into the nature of the course materials you are going to use and how you are to use the materials for meaningful benefits.

You are encouraged to devote, at least, four hours to study each of the 24 units. You are also advised to pay more attention to the tutor-marked assignments.

This Course Guide is meant to provide you with the necessary information about the basics of agricultural policy, agricultural policy objectives and formulations, agricultural policy instruments, types of agricultural policy instruments, historical perspectives of agricultural policies and programmes, analytical treatment of agricultural policies and programmes in Nigeria, problems of agriculture in developing countries and the role of agriculture in economic development. Also this course guide address the concept of agricultural development, theories and models of agricultural development, integrated rural development planning, agricultural planning and the new Nigerian agricultural policy planning. The course demonstrates the nature of the materials you will be using and how to make the best use of the materials towards ensuring adequate success in your programme as well as the practice of agricultural policy and development analysis. 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) questions. There will be tutorial sessions during which your instructional facilitator will take you through your difficult areas and at the same time have meaningful interaction with your fellow learners.

WHAT YOU WILL LEARN IN THIS COURSE

Agricultural policy and development provides you with the opportunity to gain mastery and an in-depth understanding of the policy and planning in agricultural development.

COURSE AIM

The aim of this course is to give better understanding of to the fundamentals of agricultural policy and development. This explains the meaning of public policy, agricultural policy, agricultural development and agricultural planning. Also explained by this course are the basics of agricultural policy objectives and formulations, agricultural policy instruments, types of agricultural policy instruments, historical perspectives of agricultural policies and programmes, analytical treatment of agricultural policies and programmes in Nigeria, problems of agriculture in developing countries, the role of agriculture in economic development, theories and models of agricultural development, integrated rural development planning, agricultural planning and the new Nigerian agricultural policy planning

COURSE OBJECTIVES

In order to achieve the aim of this course, there are sets of overall objectives. Each unit also has specific objectives. The unit objectives are always included in the beginning of the unit. You need to read them before you start working through the unit. You may also need to refer to them during your study of the unit to check your progress. You should always look at the unit objectives after completing a unit.

Below are the wider objectives of the course as a whole. By meeting these objectives you should have achieve the aims of the course as a whole. On successful completion of the course, you should be able to:

- explain agricultural policy
- describe the type and importance of agricultural policy
- explain the need for agricultural policy objectives
- explain and conceptualise the national agricultural policy objectives

- understand the conflicts in agricultural policy objectives
- resolving conflict in agricultural policy objectives
- explain the pre-conditions for agricultural policy objectives
- understand the principles of agricultural and food policy formulations
- explain the meaning of agricultural policy instruments
- state and explain types of agricultural policy objectives
- understand the instruments of agricultural price policies
- explain the challenges of the effectiveness of past agricultural policies
- explain the historical perspectives and analytical treatment of agricultural policies and programmes in Nigeria
- explain the problems of agriculture in developing countries
- explain the role of agriculture in economic development
- conceptualise agricultural development
- state and explain the theories and models of agricultural development
- understand the essentials of agricultural development
- explain integrated rural development planning
- explain the concept of planning and agricultural planning
- state and explain the problems of agricultural planning in developing countries
- understand the new Nigeria agricultural policy planning
- explain the roles and responsibilities of stakeholders.

WORKING THROUGH THIS COURSE

To complete this course you are required to read the study units, read suggested books and other materials that will help you achieve the stated objectives. Each unit contains Tutor Marked Assignment (TMA) and at intervals as you progress in the course, you are required to submit assignment for assessment purpose. There will be a final examination at the end of the course.

During the first reading, you are expected to spend a minimum of two hours on each unit of this course. Below you will find listed components of the course, what you have to do and how you should allocate your time. Discussion group of between three to five people will be ideal.

COURSE MATERIALS

The major components of the course include the following:

1. Course guide
2. Study units
3. Textbooks and references
4. Assignment file

STUDY UNITS

There are 24 study units in this course as follows:

Module 1 Introduction to Agricultural Policy

- Unit 1 The concept of policy and agricultural policy
- Unit 2 The type and importance of agricultural policy
- Unit 3 Need for agricultural policy objectives
- Unit 4 National agricultural policy objectives

Module 2 Agricultural Policy Objectives and Formulations

- Unit 1 Conflicts in Agricultural Policy Objectives
- Unit 2 Resolving conflict in Agricultural Policy Objectives
- Unit 3 Pre-conditions for agricultural policy formulations

Unit 4 Guiding principles of agricultural and food policy formulation

Module 3 Agricultural Policy Instruments

Unit 1 Meaning of Agricultural policy instruments

Unit 2 Types of Agricultural policy instruments

Unit 3 Instruments of Agricultural Price policies

Unit 4 Challenges of the effectiveness of past agricultural policies

Module 4 Historical and Analytical Treatment of Government Agricultural Policies and Programmes

Unit 1 Historical perspectives of agricultural policies and programmes in Nigeria

Unit 2 Analytical treatment of agricultural policies and programmes in Nigeria

Unit 3 Problems of agriculture in developing countries

Unit 4 The role of agriculture in economic development

Module 5 Agricultural Development

Unit 1 The concept of agricultural development

Unit 2 Theories and models of agricultural development

Unit 3 Essentials of agricultural development

Unit 4 Integrated rural development planning

Module 6 Agricultural Planning

Unit 1 The concept of planning and Agricultural planning

Unit 2 Problems of agricultural planning in developing countries

Unit 3 The new Nigerian agricultural policy planning

Unit 4 Roles and responsibilities of stakeholders

TEXTBOOKS AND REFERENCES

- Abdulsalami, I. (1998). Public policy: Concepts, Approaches and Processes. In. I. N. Obasi and N. O. Yaqub (eds). Local Government Policy-Making and Execution in Nigeria, Sam Bookman Publishers, Ibadan, pp 1-9.
- Adegeye, A. J. & Dittoh, J. S. (1985). *Essentials of Agricultural Economics* (New ed.), Ibadan: Impact Publishers Nig. Ltd.
- Federal Ministry of Agriculture (1987). Agricultural policy for Nigeria, Directorate for Social Mobilization, Abuja, Nigeria.
- Federal Ministry of Agriculture (n.d.). Agricultural policy for Nigeria. Federal Ministry of Agriculture, Water Resources and Rural Development, Abuja, Nigeria. Reprint. <http://extwprlegs1.fao.org/docs/pdf/nig149296.pdf>
- Idachaba, F. S. (1980). Food Policy in Nigeria: Towards a framework of Analysis, Agricultural Research Bulletin, Vol. 1 No. 1, pp. 1-47, Faculty of Agriculture and Forestry, University of Ibadan, Nigeria.
- Oji, K. O. (2002). Basic Principles of Economics for Agricultural Projects and Policy Analyses. Prize Publishers, Nsukka, Nigeria.
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- Monke, E. A. & Scott, R. P. (1989). The Policy Analysis Matrix for Agricultural Development. Cornell University Press.
- Norton, R. D. (2002). Agricultural Development Policy: Concepts and Experiences. FAO Agricultural Policy Support Service – Policy Assistance Division. TCAS Working Document No. 43
- Ruttan, V. W. & Hayami, Y. (1972). Strategies for agricultural development. 129-148.
- Ruttan, V. W. (1977). Induced innovation and agricultural development. Food policy 2 (3): 196 - 202.
- Udemezue, J. C. & Osegbue, E. G. (2018). Theories and models of agricultural development, Annals of Reviews and Research, 1(5): 555574.

ASSIGNMENT FILE

In the assignment file, you will find the details of the assignment you must submit to your tutor for making. There are many assignments on 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. The marks you obtain for these assignments will count towards the final score.

TUTOR-MARKED ASSIGNMENT

The Tutor-Marked Assignment (TMA) is the continuous assignment component of this course. It account for 30 percent of the total score. You will be given three TMAs of ten question each to answer. You must submit all your TMAs before you are allowed to sit for the end of course examination. The TMAs would be administered electronically.

FINAL EXAMINATION AND GRADING

This examination concludes the assessment for the course. It constitutes 70 percent of the whole course. You will be informed of the time for the examination through the appropriate authorities and channels of communications in the university.

FACILITATORS/TUTORS AND TUTORIALS

There are 20 hours of tutorials provided in support of this course. You will be notified of the dates, times and location of these tutorials, together with the names and phone number of your tutor, as soon as you are allocated a tutorial group.

Your tutor will mark and comment on your assignments; keep a close watch on your progress and on any difficulties you may encounter as this will be of help to you during the course. You must mail your tutor-marked assignments to your tutor-well before the due date (at least two working days are required). They will be marked by your tutor and returned to you as soon as possible.

Do not hesitate to contact your tutor by telephone, e-mail, or discussion board if you need help. The following may be circumstances in which you would find help necessary. Contact your tutor if:

- you do not understand any part of the study units or the assigned readings.

- you have question(s) or problem(s) with tutor’s comments on any assignment or with the grading of an assignment.
- you should try your best to attend tutorials. This is the only chance to have face-to-face contact with your tutor and to ask question which are course of your study. To gain maximum benefit from course tutorials, prepare your list of questions ahead of time. You will learn a lot from participating in the discussions.

SUMMARY

AEA 504: Agricultural Policy and Development is a course that provides fundamental understanding about agricultural policy, agricultural policy objectives and formulations, agricultural policy instruments, types of agricultural policy instruments, historical perspectives of agricultural policies and programmes, analytical treatment of agricultural policies and programmes in Nigeria, problems of agriculture in developing countries and the role of agriculture in economic development. Also this course guide address the concept of agricultural development, theories and models of agricultural development, integrated rural development planning, agricultural planning and the new Nigerian agricultural policy planning.

We wish you success and hope that you will find the course interesting and useful.

Good luck!

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MODULE 1 INTRODUCTION TO AGRICULTURAL POLICY

Unit 1 The concept of policy and agricultural policy

Unit 2 The type and importance of agricultural policy

Unit 3 Need for agricultural policy objectives

Unit 4 National agricultural policy objectives

UNIT 1 THE CONCEPT OF POLICY AND AGRICULTURAL POLICY

CONTENTS

1.0 Introduction

2.0 Objectives

3.0 Main content

3.1 Concept of Policy

3.2 Concept of Agricultural Policy

4.0 Conclusion

5.0 Summary

6.0 Tutor-Marked Assignment

7.0 References/Further Readings

1.0 INTRODUCTION

The study of agricultural policy has become an essential part of every undergraduate course in agricultural economics and extension, and it is not an exaggeration to say that it is an essential part of every economist and rural development expert. This is because of the importance of agricultural policy to economic development of a nation. Policy is defined as the course of action chosen by government towards an aspect of the economy, including the goals that the government seeks to achieve, and the choice of methods to pursue those goals that have to be justified. Agricultural policy is a term which is collectively used for a bundle of policies related to the agricultural sector.

2.0 OBJECTIVES

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

- understand the concept of public policy

- distinguish between policy and agricultural policy.

3.0 MAIN CONTENT

3.1 Concept of Public Policy

Agricultural policy represents a sub-sector of economic policy. It should be noted from the onset that our primary concern here is with public agricultural policies, as opposed to private policies of agribusiness firms, individuals or groups. Public policies are made by governments, ministries, departments and agencies (MDAs) that is, public institutions, in the process of executing their mandate, while private policies are made by private entities, enterprises or individuals.

The term 'policy' refers to a plan of action to guide decisions and achieve predetermined goals. It may apply to any public or private sector institution or organization, groups, individuals. Here, we discuss the concept of policy only in context of public (government) policy. It comprises the actions of the government and the intentions that determine those actions.

Policy is defined as the course of action chosen by government towards an aspect of the economy, including the goals that the government seeks to achieve, and the choice of methods to pursue those goals.

It is also defined as a set of interrelated decisions by a public actor or group concerning the selection of goals, and the selection of the means of achieving them within a specified situation, where those decisions should in principle, be within the power of the actor or group to achieve.

Three important points are clear from the definition.

1. Policy is concerned with both **the selection of the means of attaining such goals**.
2. **Policy-making is done within the framework of an institution** so that it could commandeer the necessary resources and authority for its implementation. In fact, **all public policies are made by public institutions to realise their mission**. In this regard, it should be pointed that not all decisions of government or public institutions are part of public policy. Only those decisions that are of a strategic or guideline nature are covered by the term 'policy'.
3. **Those setting policies must have the mandate or responsibility to do so**. Bearing these in mind, agricultural policy can be conceived of as a series of interrelated decisions taken by governments and their ministries, departments and agencies (public institutions) concerning the selection of goals for the agricultural sector and the means of achieving them from available alternative strategies, which are intended to guide present and future actions (and inactions) in the sector. Usually, policies are set for the different sectors of the national economy to promote optimum utilization and canalization of the nation's resources; and the agricultural sector is one of the

leading sectors of any economy. Policy represents the intentions and “plans of action” of the policy-maker which are often reflected in programmes, and projects. In fact, the successful implementation of a policy requires that a programme or package of decisions, activities, projects or schemes be designed. Necessary resources will then be appropriated for such programmes and projects to ensure their execution and the realization of policy goals. The need for budgetary appropriations to ensure policy realization cannot be over-emphasized. Policy represents hard pattern of resource allocation represented by programmes and projects designed to respond to perceived public problems or challenges requiring governmental action.

3.2 Concept of Agricultural Policy

Agricultural policy is “*government’s intentions, ambitions, and goals for agricultural sector and the means for attaining such goals given available resources, technologies, preference patterns, and institutional capability*”. The importance of studying agricultural policy lies in its potential for promoting problem-solving interventions and skills in the sector, influencing future course and directions of policy, and in general improving capacity for better prescriptions and advocacy of solutions and strategies in the sector. Also, the survival of the national economy depends on the provision of foods and raw materials which often require the investment of public resources that have to be justified.

Agricultural policy is “*a term which is collectively used for a bundle of policies related to the agricultural sector*”. It may comprise a number of policies, such as land tenure and land reform policy, price policy, trade policy, marketing policy, credit policy, crop insurance policy, water policy, food policy, fertilizer policy, farm power policy, etc. These policies are framed by the government to achieve the specific goals related to the farm sector. As agriculture in the developing countries is a state subject, apart from the national agricultural policy, state governments also prepare their own agricultural policies and also regulate the supply of various agricultural products through some rules, acts and regulations.

4.0 CONCLUSION

In this unit you have learnt about the concepts of policy and agricultural policies, especially knowing the three major things that are necessary in explaining what policy is.

5.0 SUMMARY

Therefore, at this end, I believe you must have understood the meaning of public policy and agricultural policy:

The term 'policy' refers to a plan of action to guide decisions and achieve predetermined goals. It may apply to any public or private sector institution or organization, groups, individuals.

Policy is defined as the course of action chosen by government towards an aspect of the economy, including the goals that the government seeks to achieve, and the choice of methods to pursue those goals.

1. Policy is concerned with both **the selection of the means of attaining such goals.**
2. **Policy-making is done within the framework of an institution** so that it could commandeer the necessary resources and authority for its implementation. In fact, **all public policies are made by public institutions to realise their mission.**
3. **Those setting policies must have the mandate or responsibility to do so.** Agricultural policy can be conceived of as a series of interrelated decisions taken by governments and their ministries, departments and agencies (public institutions) concerning the selection of goals for the agricultural sector and the means of achieving them from available alternative strategies, which are intended to guide present and future actions (and inactions) in the sector.
4. Agricultural policy is “*government’s intentions, ambitions, and goals for agricultural sector and the means for attaining such goals given available resources, technologies, preference patterns, and institutional capability*”. The importance of studying agricultural policy lies in its potential for promoting problem-solving interventions and skills in the sector.
5. Agricultural policy is “*a term which is collectively used for a bundle of policies related to the agricultural sector*”

6.0 TUTOR-MARKED ASSIGNMENT

- i. What do you understand by agricultural policy?
- ii. Vividly differentiate policy from agricultural policy?
- iii. Explain briefly with the three essentials what policy is.

7.0 REFERENCES/FURTHER READINGS

Abdulsalami, I. (1998). Public policy: Concepts, Approaches and Processes. In. I. N. Obasi and N. O. Yaqub (eds). Local Government Policy-Making and Execution in Nigeria, Sam Bookman Publishers, Ibadan, pp 1-9.

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Oji, K. O. (2002). Basic Principles of Economics for Agricultural Projects and Policy Analyses. Prize Publishers, Nsukka, Nigeria.

UNIT 2 THE TYPE AND IMPORTANCE OF AGRICULTURAL POLICY

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- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main content
 - 3.1 Types of Agricultural Policy
 - 3.2 Analysis of Specific Agricultural Policies
 - 3.3 Importance of Agricultural Policy
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

In general, agriculture is a basic and strategic sector of the national economy; therefore, the need for explicit study of agricultural policy easily becomes apparent. Agricultural policies can be classified in several ways, depending on their objectives, the instruments used, and the commodity system they are primarily focused on, etc. The three broad group that agricultural policies are classified into by government are price, structural and marketing policies.

2.0 OBJECTIVES

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

- types of agricultural policy.
- analysis of specific agricultural policies
- importance of agricultural policy.

3.0 MAIN CONTENT

3.1 Type and analysis of Agricultural Policies

Markets and production methods sometimes lag behind requirement of the time, and in the absence of intervention, farmers are subject to low and fluctuating incomes. In developed

countries, there is the tendency of rapid technology advancement to cause production to rise faster than demand which lead to low prices and income. At the same time, biological nature of agriculture leads to unplanned fluctuation in production which causes sharp fluctuation in price and hence the farmers income. In many developing countries on the other hand, the problem is that of agricultural production lagging behind requirement.

To deal with these problems, governments have policies in agriculture which can be divided into three main groups:

1. Price policies,
2. Structural policies, and
3. Marketing policies.

1. Price policies

Agricultural price policy is common with prices which the farmers receive for their product (the farm gate price) and the prices at other stages in the distribution chain. Attention is generally focused on farm gate prices and the individual policies are generally concerned with stabilizing and frequently raising them.

Agricultural price policies can be pursued either nationally or internationally. National policies have used many methods such as tariffs or variable levies on import, import quotas, subsidies, support buying, production control, statutory marketing organization and various combination of these. Policies of these types which are generally protectionist in their effort are not confined to agricultural products alone. Many countries give protection to manufactured products. In most developing countries today however, the protection given to agriculture is more comprehensive than that given to most industries.

Objectives of price policies: In principle, price policies could be aimed at:

- a. increase prices
- b. decrease prices
- c. stabilize prices

The objectives are always related to more general economic growth and income distribution objectives which can be reached by a combination of different instruments on different markets.

2. Structural policies

Structural policies are those designed to improve the structure of agricultural production i.e. the size, layout and the equipment of farms as well as the rural infrastructure, electricity and water supplies, educational and advisory services and in a broad sense, social facilities in the country sides.

3. Marketing policies

Marketing policies are concerned with changes in the distribution chains between farmers and consumers, the objective which may be to strengthen the farmers bargaining position by for example, encouraging the development of producers-controlled marketing organizations or to improve hygiene or quality, or to reduce the cost of marketing.

3.2 Analysis of Specific Agricultural Policies

Agricultural policies can be classified in several ways, depending on:

- their objectives,
- the instruments used,
- the commodity system they are primarily focused on, et

We will use the classification suggested by Norton (2002), which classifies policies in three categories:

1. Policies that affect producer's incentives, which include:
 - i. Output price policies
 - ii. Trade and exchange rate policies
 - iii. Other policies that influence incentives
2. Policies that grant producers access to resources, among which we can identify:
 - i. Food policy and food security
 - ii. Land tenure policies
 - iii. Water access policies and irrigation
 - iv. Agricultural technology policies
3. Policies that influence access to factors' markets, most importantly:
 - i. Labour market
 - ii. Credit market

Such a classification is more in line with the modern view of government intervention in the agricultural sector.

3.3 The importance of agricultural policy

In general, agriculture is a basic and strategic sector of the national economy; therefore, the need for explicit study of agricultural policy easily becomes apparent. More specifically, agricultural policy is studied for the following reasons:

1. To improve the management and use of resources in the agricultural sector in order to attain stated objectives.
2. The growth and contribution of the agricultural sector to the national development is enhanced, and the welfare and well-being of farmers and rural people promoted, when we understand and properly adopt the "right" agricultural policies.
3. Agricultural policies are intended to resolve problems and challenges in the agricultural sector, to the benefit of farmers and the society in general.

4. To enable us analyze and understand the consequences of selected agricultural policy in advance and hence institute appropriate mitigation measures to contain unintended effect during implementation.
5. It helps to build and improve the capacity for policy analyses in the agricultural sector.
6. Government intervention in the agricultural sector often entails the investment of large chunks of public resources. There is therefore the need to ensure proper harnessing of these funds to the greatest benefit of society, through the “right” agricultural policies.
7. Agricultural policy analysis is also undertaken to ensure that the right policy instruments are employed for the selected policy objectives.
8. Policy result in a more orderly and predictable pattern of development of the agricultural sector. This helps to promote both intra-and-inter-sectoral growth stability.
9. Policy guides the selection of programmes and projects and hence the pattern and direction of resource allocation in the agricultural sector. In this connection, it should be noted that policy is like a compass, which guides the direction of government actions and interventions in the sector.
10. Agriculture is a risk-prone and environmental-dependent enterprise. Therefore, policy is needed to minimize the effects of uncertainty, variability in environmental variables, and risk on performance and outcomes in the sector.
11. Recently, increased attention to policy design in the agricultural sector derives from the contemporary experience of partial attainment or outright failure of policy in the area, with dire consequences for the teeming population of food consumers, poverty-stricken farmers and input merchants in the country.
12. With economic development, agriculture faces increasing competition with other sectors of economy. Terms of trade between agriculture and other sectors will likely decline in favour of other sectors due to implicit production costs in agriculture. This will dampen incentives for continued participation in the agricultural sector. In the absence of suitable policies to rebuild incentives for agricultural production, the sector faces the unfortunate prospect of being neglected with tremendous consequences for the survival and food security of the nation; the worsening poverty for millions of poor farmers who depended on agriculture for their subsistence.

4.0 CONCLUSION

In this unit, we have introduced the types and importance of agricultural policies as well as done analysis of specific agricultural policies along the types.

5.0 SUMMARY

In this unit you have learnt:

- Types of agricultural policies, namely: Price policies, Structural policies, and Marketing policies.
- Objectives of price policies: increase prices; decrease prices, and stabilize prices.
- Classification of policies according to Norton (2002), which classifies policies in three categories:
 1. Policies that affect producer's incentives, which include: Output price policies; Trade and exchange rate policies; and other policies that influence incentives.
 2. Policies that grant producers access to resources, among which we can identify: Food policy and food security; Land tenure policies; Water access policies and irrigation; and Agricultural technology policies.
 3. Policies that influence access to factors' markets, most importantly: Labour market policies and Credit market policies.
- Importance of agricultural policies among them are:
 1. To improve the management and use of resources in the agricultural sector in order to attain stated objectives.
 2. The growth and contribution of the agricultural sector to the national development is enhanced, and the welfare and well-being of farmers and rural people promoted, when we understand and properly adopt the "right" agricultural policies.
 3. Agricultural policies are intended to resolve problems and challenges in the agricultural sector, to the benefit of farmers and the society in general.
 4. To enable us analyze and understand the consequences of selected agricultural policy in advance and hence institute appropriate mitigation measures to contain unintended effect during implementation.

6.0 TUTOR-MARKED ASSIGNMENT

- i. Mention and discuss the three types of agricultural policies
- ii. Describe agricultural policies according to Norton (2002) classification and give two examples in each category.
- iii. Discuss ten reasons for studying agricultural policies.
- iv. Mention three criteria that classification of agricultural policies depend on.

7.0 REFERENCES/FURTHER READINGS

Cafiero, C. (2003). Training Materials: Agricultural Policies in Developing Countries. Published by the National Agriculture Policy Center (NAPC) with the support of the FAO Project GCP/SYR/006/ITA.

Ellis, F. (1991). Agricultural Policies in Developing countries. Cambridge University Press.

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Norton, R. D. (2002). Agricultural Development Policy: Concepts and Experiences. FAO Agricultural Policy Support Service – Policy Assistance Division. TCAS Working Document No. 43.

UNIT 3

NEED FOR AGRICULTURAL POLICY OBJECTIVES

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- 3.0 Main content
 - 3.1 Need for National Agricultural Policy Objectives
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

In the previous unit you have learnt the type and importance of agricultural policy. In this unit you will learn the need for agricultural policy objectives, which is a crucial aspect of agricultural policy and development. There is need for the explicit statement of the food policy objectives of any nation. There is need for nations to have policy objectives in order to be able to measure the impact of such policies on the beneficiaries through counterfactual analysis.

2.0 OBJECTIVES

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

- Know the need for agricultural policy objectives

3.0 MAIN CONTENT

3.1 Need for Agricultural Policy Objectives

There is need for the explicit statement of the food policy objectives of any nation for the following reasons:

1. It gives clarity of purpose regarding what it is the country hope to achieve and therefore acts as a good barometer for gauging or measuring performance in the future.
2. A clear statement and specification of objectives provides the basis for the choice of optimal policy instruments for achieving the stated objectives. It thus helps to avoid confusion in the statement in the selection of appropriate policy instruments for achieving stated objectives.

3. We are in a better position to measure policy performance as well as determine the effectiveness of policy instruments when the objectives of policy are clearly spelt out.
4. When objectives are well-stated, both inter-and-intra-sectoral conflicts in objectives are more easily identified and corrected or avoided.
5. Clear and explicit specification of objectives easily revealed the underlying preferences, assumptions, beliefs, biases and value system of the country or policy-maker as the case may be.
6. The ranking of objectives both inter-and intra-sectorally becomes easier and simpler when they are explicitly and unambiguously specified.

From the foregoing, it is clear that a well-articulated and explicitly prepared agricultural policy statement provides for the identification of the policy target, measurement of policy impact, as well as determination of the effectiveness of policy instruments. It also enhances the monitoring of policy during implementation, and the initiation of policy reviews when deemed necessary. All these will undoubtedly improve policy consistency by minimizing the difference between policy targets or intentions and realized output (or impact).

5.0 CONCLUSION

In this unit you have learnt about the need for agricultural policy objectives. It is clear that a well-articulated and explicitly prepared agricultural policy statement provides for the identification of the policy target, measurement of policy impact, as well as determination of the effectiveness of policy instruments.

6.0 SUMMARY

In this unit you know that there is need for the explicit statement of the food policy objectives of any nation for reasons stated above, which among them are:

- it gives clarity of purpose regarding what it is the country hope to achieve and therefore acts as a good barometer for gauging or measuring performance in the future.
- it provides the basis for the choice of optimal policy instruments for achieving the stated objectives. It thus helps to avoid confusion in the statement in the selection of appropriate policy instruments for achieving stated objectives.
- it helps to measure policy performance as well as determine the effectiveness of policy instruments when the objectives of policy are clearly spelt out.
- it easily reveals the underlying preferences, assumptions, beliefs, biases and value system of the country or policy-maker as the case may be.

7.0 TUTOR-MARKED ASSIGNMENT

- i.** State five (5) reasons why there is need for agricultural and food policy objectives in developing countries.

7.0 REFERENCES/FURTHER READINGS

- Cafiero, C. (2003). Training Materials: Agricultural Policies in Developing Countries. Published by the National Agriculture Policy Center (NAPC) with the support of the FAO Project GCP/SYR/006/ITA.
- Ellis, F. (1991). Agricultural Policies in Developing countries. Cambridge University Press.
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UNIT 4 NATIONAL AGRICULTURAL POLICY OBJECTIVES

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main content
 - 3.1 National Agricultural Policy Objectives
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

You have learnt in the previous unit the need for agricultural policy objectives. Another important area is to know about the national agricultural policy objectives. The objectives of national development generally and that of agricultural sector specifically are usually reflected in the national plans and budgets. There are specific objectives of agricultural and food policies generally, and there are those for the sub-sectors of agriculture. This study will address the national agricultural policy objectives.

2.0 OBJECTIVES

At the end of this unit, you will be able to explain the;

- objectives of national agricultural policy, and
- specific food policy objectives.

3.0 MAIN CONTENT

3.1 National Agricultural Policy Objectives

Policy has a strong philosophical underpinning. Government do not simply choose what to do or what not to do in a haphazard manner. The vision and mission of governments as well as the fundamental philosophy of state guide policy. Agriculture is an important and basic sector of the national economy. Therefore, agricultural sector objectives must derive from and be consistent with the overall objective of the national economy. The objective of any nation, represents the fundamental goal of society. The fundamental goal of the Nigerian society is to establish:

“A united, strong and self-reliant nation; a great and dynamic economy; a just and egalitarian society; a land of bright and full opportunities for all citizens; and a free and democratic society”

Agricultural sector objectives must be consistent with these layers of objectives. The role of the economist in policy analysis is to point to policies that will achieve the goals of governments with the least expenditure of resources.

The objectives of national economic development are usually reflected in the national plans and budgets. Quantitative estimates and targets are usually provided in these documents to guide the realization of the objectives. The agricultural sector plans and budgets reflect the long and short-term policy objectives for the sector. These plans and budgets therefore represent instruments for realizing agricultural sector objectives. The typical objectives of the agricultural sector of a developing country are: the provision of adequate food and nutrition for the growing population; provision of raw materials for industries; acting as a foreign exchange-earner for the country; providing employment and income-earning opportunities for the country’s material and non-material resources, providing markets for industrial products; and in general playing other strategic roles especially in periods of economic crises. These objectives can be categorized into food and non-food policy objectives consistent with basic subdivision of the agricultural sector. In Nigeria, the ultimate goal of agricultural policy is the attainment of self-sustaining growth in all sub-sectors of agriculture as well as the realization of the structural transformation necessary for the overall socio-economic development of the rural areas.

3.2 Specific objectives of food policy

The specific objectives of food policy which are essentially geared towards ensuring food security for a nation include:

1. To ensure adequate food supplies for the growing population of the country;
2. To ensure reliable food supplies for the growing population as well as promote necessary supply flexibility to meet national food emergencies or crises;
3. To attain self-sufficiency in basic food commodities
4. To ensure the efficient storage, processing, preservation and distribution of a nation’s marketed agricultural surplus;
5. To guarantee a fair and reasonable return on investment (or income) for farmers and other operators in the food system;
6. To encourage the adoption of appropriate and sustainable technologies in agricultural production, processing and distribution system;
7. To promote stability in the prices of agricultural products and markets;
8. To ensure equitable distribution of income among farmers and other operators in the food production, storage, processing and distribution system;
9. To stimulate, develop and encourage an expansion of the country’s food export capacity and capability while promoting the international competitiveness of her food exports;

10. To protect the domestic food sector from unfavourable international policies and practices;
11. To improve the quality of life of rural dwellers and farmers; and
12. To promote increased production of agricultural raw materials to meet the growing needs of a growing industrial sector.

The non-food objectives are generally geared towards ensuring that agriculture meets the non-food needs of a nation, such as providing raw materials, employment, foreign exchange, and markets. However, most of these objectives may be achieved in the process of meeting the food for the nation, farmers gain income and employment, and when these foods are exported, foreign exchange is earned for the nation. Also, most intermediate food products and crops (e.g. maize, cassava, cowpea, tomatoes, etc) are used as raw materials for nation's agro-allied industries. However, there might be need for some form of balancing of objectives of agricultural policy in instances where particular crops or resources serve both food and non-food purposes in order to minimize conflict objectives. For instance, the objective of increased production of maize to meet staple food needs could become conflicting and competitive with similar objective to increase maize production as raw material for agro-allied industries (e. g. feed mill) or for export. Where this happens, production technology, the principle of comparative advantage, crop diversification etc, could be employed as complementary policies. All said and done, the provision of food is the primary aim the agricultural sector and food policy objectives will in important ways help the realization of the other objectives of the sector.

3.0 CONCLUSION

In this unit you have learnt about the specific objectives of food policy which are essentially geared towards ensuring food security for a nation.

4.0 SUMMARY

This unit has discussed attentively the national agricultural policy. Therefore, at this end I believe you must have understood the specific agricultural and food policy objectives. The fundamental goal of the Nigerian society is to establish: "A united, strong and self-reliant nation; a great and dynamic economy; a just and egalitarian society; a land of bright and full opportunities for all citizens; and a free and democratic society".

The specific objectives of food policy which are essentially geared towards ensuring food security for a nation include:

1. To ensure adequate food supplies for the growing population of the country;
2. To ensure reliable food supplies for the growing population as well as promote necessary supply flexibility to meet national food emergencies or crises;
3. To attain self-sufficiency in basic food commodities
4. To ensure the efficient storage, processing, preservation and distribution of a nation's marketed agricultural surplus;
5. To guarantees a fair and reasonable return on investment (or income) for farmers and other operators in the food system;

6. To promote stability in the prices of agricultural products and markets;
7. To ensure equitable distribution of income among farmers and other operators in the food production, storage, processing and distribution system;
8. To stimulate, develop and encourage an expansion of the country's food export capacity and capability while promoting the international competitiveness of her food exports;
9. To protect the domestic food sector from unfavourable international policies and practices.

5.0 TUTOR-MARKED ASSIGNMENT

1. Briefly explain what you understand by national agricultural policy objectives.
2. State ten specific agricultural and food policy objectives.

6.0 REFERENCES/FURTHER READINGS

- Ellis, F. (1991). *Agricultural Policies in Developing countries*. Cambridge University Press.
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MODULE 2 AGRICULTURAL POLICY OBJECTIVES AND FORMULATIONS

Unit 1	Conflicts in Agricultural Policy Objectives
Unit 2	Resolving conflict in Agricultural Policy Objectives
Unit 3	Pre-conditions for agricultural policy formulations
Unit 4	Guiding principles of agricultural and food policy formulation

UNIT 1 CONFLICTS IN AGRICULTURAL POLICY OBJECTIVES

CONTENTS

1.0	Introduction
2.0	Objectives
3.0	Main content
	3.1. Conflicts in Agricultural Policy Objectives
4.0	Conclusion
5.0	Summary
6.0	Tutor-Marked Assignment
7.0	References/Further Readings

1.0 INTRODUCTION

You have learnt in the previous unit the national agricultural policy objectives. Another important area is to know about the conflicts in agricultural policy objectives. In this unit, you will learn the two types of policy conflicts.

2.0 OBJECTIVES

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

- Explain what conflict in policy is
- Know the two different types of policy conflicts.

3.0 MAIN CONTENT

3.1. Conflicts in Agricultural Policy Objectives

Agricultural policy objectives may become conflicting; and when this happens, efforts aimed at achieving one objective undermine the other(s). Two types of policy conflicts are identified in the literature, namely:

1. The logical or analytical conflict
2. The group dynamics conflict (or inter-group conflict)

1. **The logical or analytical conflict:** A logical conflict in objectives arises where there is implied conflict or contradiction in the logical structure of the objectives. Below are some examples:

- a) the objectives of stabilizing producer prices and ensuring fair income for farmers. Under certain price elasticity of demand conditions, stable prices may lead to lowered income and incentives for producers. Moreover, profit-seeking farmers and business people usually prefer some element of speculation and uncertainty in the price of their products in order to obtain higher returns.
- b) the objective of increasing self-reliance through food import substitution may be conflicting with a policy of structural adjustment that liberalizes food imports thereby dampening incentive for domestic food producers.
- c) also, the objective of increasing the availability of raw materials for agro-allied industries may be conflicting with the objective of increasing smallholder food security if the same set of crops are involved. For instance, maize, groundnut, tomatoes, and palm oil are used for both staple consumption and industrial processing. Therefore, increased use of these crops for one purpose decreases the quantities available for other uses.

When objectives are logically conflicting, one of the objectives will be achieved only at the expense of the other. This requires that nations should properly prioritize their objectives to give greater weights to the more preferred objective.

2. **The group dynamics conflict (or inter-group conflict):** This type of conflict arises out of the social dynamics of competing group interests in agricultural policy. It is a fact of life that **different social and political groups in the society have competing, contending, and often conflicting interests regarding their expectations from food policy.** Thus, agricultural policy objectives come to mean different things to different group of people in the society. These different group may be geographically, occupationally, ethnically, culturally, or socio-economically distinct and identifiable. Examples of these groups will include farmers, merchants, lenders, artisans, borrowers, the poor, civil servants, communities, etc. Examples of this group dynamics conflict are as explained below:

- a) the objective of ensuring fair prices that act as incentive for farmers and food producers. This objective almost invariably conflicts with the objective of reducing food costs to the consumers. Farmers (food producers) and food consumers belong to different socio-economic groups with conflicting interests and expectations in the food economy. While farmers want high food prices to ensure reasonable returns on their investment, consumers expect cheaper foods from a viable agricultural policy.
- b) The policy objective of minimum wage legislation in the food industry, which may conflict, with the objective of increasing investment in the industry by profit-seeking entrepreneurs. This is because minimum wage increases food production costs thereby increasing the propensity to invest in the industry.

- c) the objective of providing cheap agricultural credit or credit subsidy to farmers could dampen incentives by financial institutions to lend to the agricultural sector.

There could be a geographical dimension to this inter-group conflict of objectives. In a country like Nigeria, where geographical settlement patterns are along ethnic cleavages, the location of a project in one ethnic region based on technical recommendations, may include suspicion of favouritism by the other ethnic groups. If this suspicion is not assuaged, it could lead to the destabilization of governance through protests, riots and strikes. In order to correct for this, policy may have to adopt balancing act by siting the same project in all the ethnic regions. A particular example in Nigeria is the concept of Universities of Agriculture which was originally planned for agriculturally rich middle belt zone of the country, but which has now been extended to the other agricultural regions.

4.0 CONCLUSION

In this unit, you have learnt about the Conflicts in Agricultural Policy Objectives. The two types of conflicts in agricultural policy objectives have been discussed as well in the unit.

5.0 SUMMARY

In this unit you learnt that:

- There are two types of conflict in policy objectives namely, a logical or analytical, and group dynamics or inter-group conflict in policy objectives.
- A logical or analytical conflict in objectives arises where there is implied conflict or contradiction in the logical structure of the objectives. For example, the objective of increasing self-reliance through food import substitution may be conflicting with a policy of structural adjustment that liberalizes food imports thereby dampening incentive for domestic food producers.
- The group dynamics or inter-group conflict arises out of the social dynamics of competing group interests in agricultural policy. It is a fact of life that different social and political groups in the society have competing, contending, and often conflicting interests regarding their expectations from agricultural and food policy. These different group may be geographically, occupationally, ethnically, culturally, or socio-economically distinct and identifiable. Examples of these groups will include farmers, merchants, lenders, artisans, borrowers, the poor, civil servants, communities, etc. The example of this type of conflict in policy include the objective of providing cheap agricultural credit or credit subsidy to farmers could dampen incentives by financial institutions to lend to the agricultural sector.

6.0 TUTOR-MARKED ASSIGNMENT

1. What do you understand by conflict in agricultural and food policy objectives?
2. State and briefly explain the two types of conflict in agricultural and food policy objectives and give two examples each of the type mentioned.

7.0 REFERENCES/FURTHER READINGS

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UNIT 2 RESOLVING CONFLICT IN AGRICULTURAL POLICY OBJECTIVES

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main content
 - 3.1. Guidelines for resolving logical or analytical conflicts
 - 3.2. Resolving the group dynamics or inter-group conflicts
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

You have learnt in the previous unit the conflicts in agricultural policy objectives. Another important area is resolving the conflicts in agricultural policy objectives. In this unit, you will learn how to resolve the two types of policy conflicts.

2.0 OBJECTIVES

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

- Explain how to resolve conflict in agricultural policy objectives
- Know the guidelines for resolving logical or analytical conflicts
- Know the guidelines for Resolving the group dynamics or inter-group conflicts

3.0 MAIN CONTENT

3.1 Resolving conflict in Agricultural Policy Objectives

Many policies fail even before they are implemented owing largely to the seeds of conflict and contradictions they harbour. Resolving these conflicts in policy objectives should be an important aspect of policy formulation. The guiding principles on the resolution of conflicts in objectives depend on the type of conflict.

3.1.1 Guidelines for resolving logical or analytical conflicts

For the logical or analytical conflict, the following guidelines are recommended:

- a) In setting objectives, potential areas of analytical or logical conflict should be minimized by re-examining the logical structure of the objectives. For example, in most cases incomes and low (or stable) prices are not logically positively related.

Consequently, objectives directed at simultaneously achieving both outcomes may be conflicting. Similarly, the objective of promoting the adoption of purchased inputs among farmers, may become conflicting with efforts aimed at preserving traditional farming systems.

- b) Where a given policy objective could produce unintended results, policy-makers or decision-makers should be so informed. Also, the possible consequences of such unintended results should be highlighted. For instance, a policy of agricultural credit guarantee could slacken incentives by banks to monitor loans and ensure repayment. This may produce the unintended result that majority of agricultural loans are unrepaid. If that is the case, the policy of agricultural credit guarantee ostensibly intended to increase the flow of credit to the sector, ends up reducing credit to the sector through accumulated bad debts! These possible consequences should be highlighted to policy-makers along with possible remedial measures.
- c) Inevitable conflicts in agricultural policy objectives can be mitigated by the adoption of complementary public policies. The policy of credit insurance to increase the flow of credits to farmers will create less repayment problems for banks if complementary public policies are adopted. The essence of such policies would be to reduce the occurrence of the unintended or undesirable outcomes. Such complementary measure might include the joint monitoring of farmers' projects by both the lending bank and the credit guarantee agency (usually the central bank), periodic inspection of the bad debts returns of banks by the apex bank, and the raising of farm productivity through encouragement of the adoption by farmers, of productivity enhancing technologies disseminated by the agricultural extension system.
- d) When policy objectives are still conflicting, in spite of (a), (b), and (c) above, policy-makers should be able to rank-order or prioritize objectives based on the underlying philosophy of the country or her current economic situation. The objective that is of greater strategic importance should be preferred.

3.2 Resolving the group dynamics conflicts (or inter-group conflict)

- a) **Examining more carefully the benefits and costs imposed by policy objectives on different groups of people:** Conflict can be resolved by examining more carefully the benefits and costs imposed by policy objectives on different groups of people. This may entail some form of stakeholder analysis in which ex ante assessment of the impact of public policy on the major stakeholders are identified. For instance, if a farm settlement project is to be established in a particular community, the possible impact of the project (both positive and negative) on farmers, the participants, the local community, neighbouring communities, banks, input merchants, the government (through the budget), extension system, and other relevant stakeholders, should be analyzed. Based on this analysis, a suitable compensation principle should be employed to compensate for the effect of the project on loser groups.

- b) Adoption of participatory approach among the major stakeholders in the policy formulation process:** Conflicts in policy objectives can be minimized where the policy formulation process adopts participatory approach so that major stakeholders are adequately consulted and their inputs sought to the overall policy. The participatory approach enables the various stakeholders to negotiate a common ground, accept the final policy, and co-operate during its implementation. Studies have shown that when farmers are consulted in the process of developing a new technology for the farming system, they are easily persuaded to accept or adopt the resulting technology than otherwise.

4.0 CONCLUSION

In this unit you have learnt about the guidelines for resolving logical or analytical conflicts and resolving the group dynamics or inter-group conflicts.

5.0 SUMMARY

In this unit you know that:

The logical or analytical conflict, the following guidelines are recommended:

- In setting objectives, potential areas of analytical or logical conflict should be minimized by re-examining the logical structure of the objectives. For example, in most cases incomes and low (or stable) prices are not logically positively related. Consequently, objectives directed at simultaneously achieving both outcomes may be conflicting.
- Where a given policy objective could produce unintended results, policy-makers or decision-makers should be so informed. Also, the possible consequences of such unintended results should be highlighted. For instance, a policy of agricultural credit guarantee could slacken incentives by banks to monitor loans and ensure repayment. Inevitable conflicts in agricultural policy objectives can be mitigated by the adoption of complementary public policies.
- **Resolving the group dynamics conflicts (or inter-group conflict) can also be done by the following:**
 - Examining more carefully the benefits and costs imposed by policy objectives on different groups of people.
 - Adoption of participatory approach among the major stakeholders in the policy formulation process.

6.0 TUTOR-MARKED ASSIGNMENT

1. State three guidelines for resolving logical or analytical conflict
2. Explain briefly with examples two ways to resolve group dynamic conflicts in agricultural and food policy.

7.0 REFERENCES/FURTHER READINGS

- Ellis, F. (1991). *Agricultural Policies in Developing countries*. Cambridge University Press.
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UNIT 3 PRE-CONDITIONS FOR AGRICULTURAL POLICY FORMULATIONS

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 2.0 Main content
 - 3.1 Pre-conditions for agricultural policy formulations
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

You have learnt in the previous unit the guidelines for resolving conflicts in agricultural policy objectives. Another important area is the pre-conditions for agricultural policy formulations. In this unit, you will learn the pre-conditions for agricultural policy formulations

2.0 OBJECTIVES

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

- Know the pre-conditions for agricultural policy formulations

3.0 MAIN CONTENT

3.1 Pre-conditions for agricultural policy formulations

The formulation of a viable agricultural policy for a country should be preceded by an examination of the structure of the economy, as well as a statement of the main elements of the current economic environment. The structure of the economy should include such issues as the available sectors, lead sectors, and major sub-sectors including basic statistics on their operation, activities and trends. A listing of the major opportunities (resources and markets) and weaknesses (constraints) of each sector should be highlighted along with identification of the major limitations and problems confronting the economy. Basic trends and statistics of the economy highlighting the more recent historical experiences and political upheavals in the short- and long-terms should also include information on the ideology of the country, population and people, environmental and climatic settings, and the level of technological development in agriculture and related sectors. A more detailed presentation of trends in the performance of the agricultural sector, highlighting existing and potential problems and challenges should be made. This information provides the policy-maker with a familiarity of the national economic setting as a background to the formulation of realistic agricultural

policies and programmes. The overall aim is to highlight the state and status of agriculture in the context of other economic sectors and problem areas and needs.

There is also the need to provide information on major global economic forces and trends. Major national policies and programmes could be hampered by developments in the international economic environment. Consequently, policy-makers, especially in developing countries should resist the temptation of treating their countries as if they are closed or isolated economies. Developments in any part of the world usually have direct or indirect effects on the rest of the globe. For instance, the September 11, 2001, terrorist bombing of the World Trade Center in the United State of America led to drastic downturns in the U.S. economy, which affected her trade relations with the rest of the world. In Nigeria, the consequence of that economic down-turn was the drastic reduction in the national budget following drops in oil revenue, as the United States happens to be one of Nigeria's major trading partners. Relatedly, the U.S. led attacks on Iraq during the Gulf war under the auspices of the allied forces, following Iraqi annexation of Kuwait, resulted in "Gulf of oil windfalls" for Nigeria, because of the international boycott of Iraqi oil. The implications of all these is the national agricultural policies should be formulated with due cognizance of developments in the international economy and their potential consequences for the domestic agricultural economy.

4.0 CONCLUSION

In this unit, you have learnt about the pre-conditions for agricultural policy formulation. These include the basic trends and statistics of the economy highlighting the more recent historical experiences and political upheavals in the short- and long-terms which should include information on the ideology of the country, population and people, environmental and climatic settings, and the level of technological development in agriculture and related sectors. A more detailed presentation of trends in the performance of the agricultural sector, highlighting existing and potential problems and challenges should be made. This information provides the policy-maker with a familiarity of the national economic setting as a background to the formulation of realistic agricultural policies and programmes.

5.0 SUMMARY

In this unit you learnt:

- the formulation of a viable agricultural policy for a country should be preceded by an examination of the structure of the economy, as well as a statement of the main elements of the current economic environment.
- The structure of the economy should include such issues as the available sectors, lead sectors, and major sub-sectors including basic statistics on their operation, activities and trends.
- There is also the need to provide information on major global economic forces and trends. Major national policies and programmes could be hampered by developments in the international economic environment.

6.0 TUTOR-MARKED ASSIGNMENT

1. What are the necessary conditions to examine before the formulation of any viable agricultural and food policy?

7.0 REFERENCES/FURTHER READINGS

Ellis, F. (1991). *Agricultural Policies in Developing countries*. Cambridge University Press.

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UNIT 4 GUIDING PRINCIPLES OF AGRICULTURAL AND FOOD POLICY FORMULATION

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main content

3.1 Guiding principles of agricultural and food policy formulation

- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment

- 7.0 References/Further Readings

1.0 INTRODUCTION

In this unit, you will learn the basic principles guiding the formulation of agricultural and food policy in developing countries. You will also learn those factors that could undermine the autonomy of national food systems.

2.0 OBJECTIVES

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

- Guiding principles of agricultural and food policy formulation.
- Factors that could undermine the autonomy of national food systems.

3.0 MAIN CONTENT

3.1 Guiding Principles of Agricultural and Food Policy Formulation

In a fundamental sense, the provision of food represents the *raison d'être* (i.e. the reason why something exists) of the agricultural sector of any nation. Food is the only resource or contribution (to the economy) that is peculiar to the agricultural sector. However, food and agricultural policies often differ from country to country. Bearing this in mind, certain carefully articulated principles (or ground rules) should guide the design and formulations of food policy to enable it promote national development. These principles are what the South Center (1997) describes as the five dimensions of food security. The basic principles guiding the formulation of agricultural and food policy in developing countries are:

1. Food sufficiency
2. Autonomy
3. Reliability

4. Equity
5. Sustainability

1. Food Sufficiency: National food sufficiency is attained when the food system of a nation possesses the capacity to produce, store, import, or otherwise acquire sufficient food to meet the needs of all its citizens at all times. Thus, national food sufficiency requires that a nation should be in a position to determine her available productive capacity, and food import capacity (which is related to her revenue) as well as strategically use storage reserves to buffer the effect of shortfalls in food supplies. In most developing countries, food production is still carried out in the traditional rural farm sector by smallholders with debilitating resource constraints. Thus, assessing the productive capabilities of these smallholdings, and their potentials for production expansion using improved inputs. Usually, optimum domestic production capacity is attained when nations adopt the comparative advantage principle by concentrating on the production of those crops that she enjoys comparative advantage in its production and exports, while importing those foods for which it has comparative disadvantage in their production. Domestic food production capacity can be expanded by the adoption of yield-increasing technologies and practices by farmers. This calls for investment in research, technology generation and transfer, and the requisite ancillary institutions.

Food import, which is also a component of food sufficiency, is related to the size of government revenue and should be used to complement domestic food supplies strategically. Food importation should be resorted to when domestic production and stored reserves are temporarily inadequate to meet a country's food needs.

Another crucial component of national food sufficiency is the maintenance of strategic food reserves in designated places throughout the country. Nigeria's agricultural policy devolves this responsibility to the various state government. Food reserves or buffer stocks are necessary to complement domestic production shortfalls, and to stabilize food prices thereby providing incentives to farmers and consumers. It could be seen that increasing food sufficiency should form an integral part of a country's overall development strategy and style.

2. Autonomy: This is also a very important dimension of food policy and security. The principle of autonomy or self-reliance emphasizes that nation states should not be subjected to the dictates of other nations, transnational institutions, and multinational corporations in determining the policies and rules affecting their food systems. Increased national food sufficiency, if properly harnessed and managed can contribute to increased autonomy. Nations with weak import capacity, such as unstable revenues and volatile economies, may have to increasingly rely on domestic food sources to enhance their food system autonomy. Even where national import capacity is not weak, autonomous food policy is enhanced if international trade relations are based on the comparative advantage principle. Nations should produce those foods for which they have comparative advantage in terms of resource endowments, markets, and skills, and import those foods for which they suffer comparative disadvantage in production relative to other countries. Over-reliance on food imports, especially of basic staple, can be harmful to the long-term strategic survival of a country.

Consequently, to improve autonomy, the long-term objective of any country should be to minimize her dependence on imports of basic food staples.

The following factors could undermine the autonomy of national food systems:

- i. Food aid
- ii. International debts burdens
- iii. Intellectual property rights, and
- iv. Funding of agricultural research.

i. Food aid especially for genuine emergencies is often necessary on humanitarian grounds. But food aid to developing countries is usually prone to abuse. Poorly administered food aid increases dependency, and depress food prices in the receiving country thereby diminishing incentives for domestic producers. Also, food aid can dampen pressures on recipient states to adopt necessary reforms and policies to strengthen domestic food systems. These help to undermine the autonomy of national food systems.

ii. International debts burdens: Similarly, the burden of large foreign debts could reduce the food system autonomy of any nation. Under this circumstance, resources are preferentially allocated to the servicing of these debts, rather than the provision of inputs, institutions, incentives, infrastructures, and innovations for domestic production. Moreover, the necessary structural adjustment programmes that are usually demanded by the creditors often favour imports and marginal activities to the detriment of local production and incentives.

iii. Intellectual Property rights (IPR): There is at present a new source of loss of autonomy. The food system autonomy of most developing countries is in danger of being further eroded by the new protection given to intellectual property rights under the Trade-related Intellectual Property (TRIPS) agreement. This was negotiated as an integral part of the 1995 Uruguay Round and administered by the World Trade Organisation (WTO). The TRIPS agreement is likely to reinforce the trend towards reliance on patented seeds purchased from large seed multinationals, thus adding increasingly to the costs of small farmers who traditionally relied on exchange of seeds within the local farming communities or villages. The TRIPS agreement is therefore likely to improve the prospects for profits by large seed multinationals corporations to the detriment of small peasant farmers and local crop diversity.

iv. Funding of international agricultural research: The present structure and direction of international agricultural research poses great threats to the autonomy of the food systems of developing countries. Although developing countries conduct agricultural research through their national agricultural research system (NARS), most important breakthroughs in research have usually occurred at the International Agricultural Research Centre (IARCs) whose funding is from the Consultative Group on International Agricultural Research (CGIAR). The CGIAR is an informal network of donors, multilateral and transnational institutions

dominated by the developed countries. It therefore goes without saying that research agenda in these international centres may largely reflect the perceptions and concerns of developed country donors and scientists, to the neglect of developing countries' interests and expectations.

3. **Reliability:** The principle of reliability implies that the food system continues to supply adequate foods even during periods of seasonal and cyclical variations in climatic and socio-economic conditions. The system is resilient enough to withstand the impact of exogenous shocks such as natural disasters, climatic changes, policy reversals and stoppage, and society induced changes in the production and consumption environments. It is generally recognized that reliable access to food could be jeopardized by natural disasters such as droughts, earthquakes, and outbreaks of pests and diseases; and man-made ones including armed conflicts, sharp fall in commodity prices, fluctuations in foreign exchange rates and earnings; loss of major markets, or imposition of economic embargoes. However, a reliable food system should be able to anticipate, contain, and withstand these forces and threats at least in the short-run. In essence, promoting base, especially the encouragement of the cultivation of resilient and drought-resistant food security crops and breeds of livestock, the prudent and judicious use of food imports and the expansion of a country's import capacity; and the strategic management of national food reserves in the overall interest of food producers and consumers. The role of the state is very crucial on these issues.

4. **Equity:** The principle of equity deals with distributional issues. The central issue in any discussion of food security is the assurance that every social group and individual in the economy has access to adequate food at all times and at the right quality. Globally and in most countries, statistics have shown that there is already enough food available to assure food security for all, as well as the potential for producing a great deal more using existing technologies. Despite, this however, there is still widespread malnutrition and hunger, suggesting that the root cause of inadequate access to food is primarily distributional or institutional. Therefore, equitable access to food should be a fundamental guiding criterion of food policy. It has been suggested that if the distribution of food is based on individual nutritional needs as opposed to access to production resources or income, perhaps hunger would have long been wiped out from the face of the earth. But unfortunately, this is not so. Except perhaps in the moribund socialist or communist state, where the government intervenes to provide individual with food on the basis of need, food distribution and the associated equity considerations will continue to be an area of policy attention. Market-based food distribution arrangements should provide enough incentives to farmers for continued production, guarantee fair prices that do not harm the pockets of consumers, while not neglecting the food needs of the ultra-poor who lack access to income and production opportunities. This is central principle of equity in food system.

Equity can be achieved through institutional reforms that reduce inequality and promotes greater access to income opportunities and production resources by a greater majority of the population. Such reform measures might include a more egalitarian land (re) distribution policy, land tenure reforms, income redistribution through progressive taxation,

input subsidy for smallholders, and the provision of basic infrastructures in the rural areas. All these should be contained in any realistic policy of agrarian reform. However, agrarian reform entails much more than the redistribution of rights to land and water. Rural smallholders have to gain education, health, access to credit, markets, appropriate technologies, employment, education, health services, and other basic amenities. Developing country governments usually involuntarily exhibit an unhelpful degree of urban-bias in the provision of basic rural amenities in pursuit of equity considerations may require the mobilization, sensitization and strengthening of autonomous rural groups such as peasant organizations, community development associations, co-operative societies, rural credit associations, and clubs to articulate the case for the rural majority. Equity and reliability are perhaps the two attributes of effective food policy that encourage active state intervention in the food sector to remedy the limitations of the market mechanism. The importance of equity has clearly been demonstrated by recent observations in low income countries like Cuba, Sri-Lanka, China and the Indian State of Kerala where public policies and institutions accord a high priority to the equitable distribution of available food. There, the proportion of undernourished people is low, in comparison with widespread malnutrition in several richer countries without equitable policies.

5. **Sustainability:** The sustainability of the food system is one principle that is increasingly gaining currency since the United Nations World Conference on Environment and Development (WCED) popularly referred to as the earth summit, in 1994. Sustainable development requires that the present generation should meet their food needs from the resources of the earth without compromising the capacity of future generations to also meet their needs. This implies that the current production and consumption patterns should not in any way jeopardize similar activities in the future. In this regard, environmentally unfriendly production and consumption patterns leading to land degradation, desertification, deforestation, pollution, over-cultivation, nutrient-mining, over-fishing, loss of biodiversity, atmosphere ozone layer depletion, soil erosion, pesticide toxicity, and water depletion should be discouraged. Furthermore, technologies and practices promoting intensive use of non-renewable resources should be discouraged. Sustainability also has a social dimension. The social dimension of sustainability demands that production and consumption patterns that create major social disruptions, inequalities, intra-and inter-group conflict, gender problems should be avoided. Similarly, an economically sustainable food policy should ensure fair prices and incentives for all participants in the food system.

4.0 CONCLUSION

In this unit you have learnt about the general guiding principles of agricultural and food policy formulation.

5.0 SUMMARY

In this unit you have learn about:

The basic principles guiding the formulation of agricultural and food policy in developing countries as:

- **Food Sufficiency:** National food sufficiency is attained when the food system of a nation possesses the capacity to produce, store, import, or otherwise acquire sufficient food to meet the needs of all its citizens at all times.
- **Autonomy:** This is also a very important dimension of food policy and security. The principle of autonomy or self-reliance emphasizes that nation states should not be subjected to the dictates of other nations, transnational institutions, and multinational corporations in determining the policies and rules affecting their food systems.
- **Reliability:** The principle of reliability implies that the food system continues to supply adequate foods even during periods of seasonal and cyclical variations in climatic and socio-economic conditions.
- **Equity:** the principle of equity deals with distributional issues. The central issue in any discussion of food security is the assurance that every social group and individual in the economy has access to adequate food at all times and at the right quality.
- **Sustainability:** The sustainability of the food system is one principle that is increasingly gaining currency since the United Nations World Conference on Environment and Development (WCED) popularly referred to as the earth summit, in 1994. Sustainable development requires that the present generation should meet their food needs from the resources of the earth without compromising the capacity of future generations to also meet their needs. This implies that the current production and consumption patterns should not in any way jeopardize similar activities in the future.

6.0 TUTOR-MARKED ASSIGNMENT

1. State and briefly explain five basic principles guiding formulation of agricultural and food policy in developing countries.
2. Discuss briefly how the following factors could undermine the autonomy of national food systems:
 - i. Food aid
 - ii. International debts burdens
 - iii. Intellectual property rights, and
 - iv. Funding of agricultural research.

7.0 REFERENCES/FURTHER READINGS

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MODULE 3 AGRICULTURAL POLICY INSTRUMENTS

- Unit 1 Meaning of Agricultural policy instruments
- Unit 2 Types of Agricultural policy instruments
- Unit 3 Instruments of Agricultural Price policies
- Unit 4 Challenges of the effectiveness of past agricultural policies

UNIT 1 MEANING OF AGRICULTURAL POLICY INSTRUMENTS

CONTENT

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main content
 - 3.1 Meaning of agricultural policy instruments
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

In the previous unit you have learnt guiding principles of agricultural and food policy formulation. In this unit you will learn the meaning of agricultural policy instruments, which is a crucial aspect of agricultural policy and development.

2.0 OBJECTIVES

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

Define agricultural policy instruments

3.0 MAIN CONTENT

3.1 Meaning of Agricultural Policy Instruments

Agricultural policy instruments are tools through which intended policy goals are achieved. They are the means, measures, or strategies available to policy-makers for achieving stated agricultural policy objectives. An instrument is defined as something which the manager or actor can change or manipulate in order to produce a desired effect. It may be an economic quantity such as interest rate or it may be a part of the institutional framework such as nationalization of banks. An instrument, therefore, is the means by which the policy objectives are pursued.

Just as the scissors and tapes are instruments in the hand of tailors for cutting clothes, or the nails and hammer are tools in the hand of carpenters, policy instruments are the tools used by policy-makers to achieve stated policy objectives. In order to achieve desirable results, policy instruments have to be properly tailored to the specific objective. In a fundamental sense, the relevant policy instruments for a specified objective guide the selection of programmes and projects for the achievement of that objective.

A policy instrument is an individual economic tool which can be used to manipulate an economic variable to achieve an economic objective. Instrument include interest rates, tax rates, subsidies, minimum price and wages, and legislation.

Policy instruments are interventions made by government/public authorities in local, national or international economies which are intended to achieve outcomes which conform to the objectives of public policy.

Policy instrument is a linkage between policy and policy formulation and policy implementation. The intention in policy formulation is reflected in policy implementation through instrument. Policy instrument are often known as governing tools as well, particularly when they are applied with all conditions associated to them.

Policy instruments are tools which can be used to overcome problems and achieve objectives. They include conventional transport methods such as new infrastructure, traffic management and pricing policies, but increasingly they also involve attitudinal changes and use of information technology.

4.0 CONCLUSION

In this unit you have learnt the meaning of agricultural policy instruments. A policy instrument is an individual economic tool which can be used to manipulate an economic variable to achieve an economic objective. Instrument include interest rates, tax rates, subsidies, minimum price and wages, and legislation.

5.0 SUMMARY

In this unit you have learnt the following:

- Agricultural policy instruments are tools through which intended policy goals are achieved. They are the means, measures, or strategies available to policy-makers for achieving stated agricultural policy objectives.
- Policy instruments are interventions made by government/public authorities in local, national or international economies which are intended to achieve outcomes which conform to the objectives of public policy.
- Policy instrument is a linkage between policy and policy formulation and policy implementation. The intention in policy formulation is reflected in policy implementation through instrument. Policy instrument are often known as governing tools as well, particularly when they are applied with all conditions associated to them.

6.0 TUTOR-MARKED ASSIGNMENT

1. Explain briefly the meaning of agricultural policy instruments
2. With clear examples, briefly explain the importance of agricultural policy instruments
3. With examples explain what you understand by policy instruments.

7.0 REFERENCES/FURTHER READINGS

Ellis, F. (1991). *Agricultural Policies in Developing countries*. Cambridge University Press.

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UNIT 2 TYPES OF AGRICULTURAL POLICY INSTRUMENTS

CONTENT

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main content
 - 3.1 Types of agricultural policy instruments
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

In the previous unit you have learnt meaning of agricultural and food policy instruments. In this unit you will learn the types of agricultural policy instruments, which is a crucial aspect of agricultural policy and development.

2.0 OBJECTIVES

At the end of this unit, you should be able to:
State the types of agricultural policy instruments.

3.2 Types of Agricultural Policy Instruments

The agricultural policy instruments that have been used in Nigeria and other parts of the world are as follow:

1. Subsidy
2. Agricultural commodity price support schemes
3. Taxes
4. International trade instruments
5. Monetary policy instruments
6. Agricultural insurance scheme
7. Agro-industrialization strategy
8. Agricultural sector budgets
9. Legislation
10. Infrastructure services

11. Research and extension

12. Direct payment

1. Subsidy: Generally, subsidy is a direct or indirect payment by a government to the agricultural sector to achieve specific objectives. More specifically, subsidy is a grant or payment (in cash or kind) by the state representing part of the cost of a commodity or input, and designed to encourage the use of that input or commodity. Thus, there are input subsidy and food subsidy.

a. Input Subsidy:

One of the most significant instruments of the agricultural policy is subsidy given to farmers on agricultural inputs. Through this subsidy, farmers are encouraged to augment the application of subsidized inputs for raising crop yields and production. The objectives of input subsidy are:

1. to make the farm produce cheaper for domestic consumers
2. to provide cheap raw materials to agro-industries.
3. to boost up the agricultural export.

During the green revolution period, input subsidies were provided to farmers for achieving self-sufficiency in food grains. Subsidies on fertilizer, power and irrigation are the major components of total subsidies given to the farm sector.

Now, you should understand how input subsidy as an instrument works to achieve the policy goals. Note that the subsidy given to a farmer per unit of an input is equivalent to a fall in the price of input by the amount of the subsidy. If other things remain the same, a fall in the procurement cost of an input due to subsidy would lead to increase the farm production, reduce output price and increase output demand for consumers for final consumption and agri-business companies for further processing. For example, huge input subsidies provided by the US to their farmers indirectly benefit large agri-business companies which get the cheap farm produce for making processed food to be supplied at competitive prices in the domestic as well as global market. Note that if this instrument is used along with output price stability, it would enhance farmers' income. On the other hand, if market price of the agricultural product declines due to reduction in input-cost, it would benefit the consumers and agro-processing firms.

It is pertinent to note that the input subsidy as a policy instrument has become questionable on environment, equity, and efficiency grounds. For example, irrigation subsidy promotes excessive use of irrigation and creates water logging and soil salinity problems. In case of fertilizer subsidy, it is observed that its significant portion supports to an inefficient fertilizer industry. In India, a steep rise in agriculture subsidy during 1990s and 2000s has crowded out the real investment in the farm

sector, as the resource-striven central and state governments find it difficult to increase public investment in the sector.

b. Food Subsidy:

Government subsidy on food grains to the consumers can also be used as a policy instrument. Although food subsidy is targeted for poor people to ensure their food security, it can also be used to increase the farm income. If issue prices of food grains crops are lowered due to heavy food subsidies, it would generate more demand for the food grains, indirectly benefiting the growers. Like in India, food subsidy has three components—consumers' subsidy, implicit producers' subsidy, and subsidy pertaining to the maintenance of buffer stock. The amount of consumers' subsidy depends on the quantity of food grains distributed through the Public Distribution System(PDS) while carrying cost on maintaining the stocks at buffer norm level is the price for food security. The carrying cost in excess of stocks over and above norms may be considered as a kind of implicit producers' subsidy.

The problem with a subsidy scheme is to ensure proper targeting so that benefits do not leak to unintended beneficiaries.

2. Agricultural commodity price support schemes

A commodity price support policy entails fixing minimum producer prices as well as periodic interventions to stabilize such prices. These policy instruments can help to achieve several objectives including:

- i. securing fair and reasonable incomes for farmers
- ii. stabilizing agricultural commodity markets
- iii. ensuring reliable supply of agricultural products
- iv. encouraging the adoption of profitable new technologies, etc.

These policy instruments were popular during the era of Commodity Marketing Boards in Nigeria.

3. Taxes: Taxes are payments made either directly or indirectly by individuals and cooperate citizens to the state in return for the enjoyment of citizenship and other rights. Taxation can be used to redistribute income in the economy. For instance,

- a progressive income tax policy may reduce the income inequality between the poor rural residents and the more well-off urban population.
- Corporate tax holidays policy can be used to encourage rural industrialization and investment in agriculture in the country.

- Indirect taxes imposed on certain goods and services, e.g. cigarette and alcohol, are intended to discourage their consumption for health reasons and as well generate revenue for the government.
- Import and export taxes are associated with international trade policies and transactions.
- The value added tax (VAT) is a form of indirect tax on goods and services in the domestic economy.

The effectiveness of indirect taxes on goods and services depends on the market structure, and the demand and supply elasticities of the goods and services being taxed.

4. International Trade Instruments: Several policy instruments are intended to control the free flow of goods and services across country's international borders. These instruments may be fiscal instruments, monetary instruments, or outright legislation. They include:

- i. export control and promotion instruments,
 - ii. import control and promotion instruments, and
 - iii. foreign exchange rate management.
- i. Export control instruments are intended to regulate the flow of goods and services from the domestic economy to other countries. They include export subsidy, export duties and taxes, export quotas, and export bans. Export duties and taxes are imposed to discourage the export of certain crops, while export subsidies have the opposite effect, that is, to encourage the export of certain crops. Commodity export promotion was the general direction of Nigeria's agricultural policy during colonial period. Export quotas and outright bans are commodity export restriction instruments intended to meet especially short-term objectives.
 - ii. Import Control and promotion instruments include import duties and taxes, import subsidy, import quotas and bans. In general, import control instruments are trade policy instruments intended to regulate the inflow of goods into a country. For example, landed border closure policy in order to encourage local production of agricultural produce especially rice and frozen poultry products. Import duties and taxes are imposed in order to discourage importation of such goods as well as generate revenue for government. Import quotas and outright bans may be employed to meet short-term objectives; such as encouraging domestic production, and the development of domestic production capacity for agricultural products involved.
 - iii. Exchange rate management is also used to influence the flow and composition of a country's imports and exports. The devaluation of a country's exchange rate renders her agricultural exports cheaper relative to her agricultural imports. Such a policy will

have both input and commodity effects. When a country's inputs are cheaper relative to the value in international exchange, there will be a trend towards increased export of those inputs, or the attraction of foreign direct investments and multinational firms to take advantage of the cheap inputs. For example, the devaluation of Nigeria's currency following the Structural Adjustment Programme (SAP) has induced a trend towards trans-border migration of labour from the country.

a. Agricultural Trade Regulations: Trade regulations comprise quotas, import duties, and export subsidies, applied to imports or exports to increase or decrease amounts traded internationally and thus increase or reduce domestic prices.

5. Monetary Policy Instruments:

The monetary policy instruments of interest in agricultural policy analysis are those intended to control the direction, composition, and flow of credit to the agricultural sector, as well as those used to control the general price level or inflation in the economy. Prominent among these instruments are:

- i. the interest rate structure, and
- ii. sectoral credit quotas.

For example:

- i. Below market rate of interest may be charged for agricultural loans with the aim of increasing borrowing for agricultural projects.
- ii. Mandatory sectorial credit quotas aimed at specifying the minimum percentage of all loans and advances by the banking system that should be channeled to agricultural sector, is also used to increase lending for agricultural projects. In Nigeria, these sectoral credit quotas are usually specified in the periodic monetary and credit guidelines of the Central Bank of Nigeria. These instruments could be complemented by smallholder credit guarantee schemes, micro-credit schemes, soft-loan programmes and grants to the agricultural sector.

6. Agricultural Insurance

It is widely recognized that agricultural enterprises are prone to risks and uncertainties. A risk is defined as a situation where all possible outcomes of an activity are known along with the probability associated with the occurrence of each possible outcome. Uncertainty, on the other hand, arises either where all the possible outcomes of an activity are not known, or the probabilities of the outcomes are not known, or neither the outcomes nor their probabilities are known. There is often the underlying recognition that agricultural practices may not yield expected results. This is because, unlike manufacturing, farmer's decisions at the ploughing and planting stages do not yield instantaneous results, thereby giving room for unpredictable intervening factors such as weather, pests and diseases, natural disasters, etc to influence outcomes.

There is need to reduce the risk of losses or total failure of farmer's investment through a well-designed programme of agricultural insurance. Insurance also helps to rebuild farmer's confidence and incentives to produce.

The major objective of agricultural insurance is to protect farmers against natural hazards, through a mechanism that ensures prompt indemnity sufficient to keep farmers in business, as to provide necessary back-up to government policies on agricultural development. For instance, it is expected that a well-administered programme of agricultural insurance will improve the flow of credit to agriculture, as insurance cover can be used by farmers to secure their loans. Conceptually, insurance involves the exchange of a small known cost for the possibility of a larger but uncertain future loss. It is an institutional device for accumulating funds to meet unexpected losses; and the purchase of insurance policy by individual or business serves to shift the financial burden of loss to the insurer in return of periodic premium payments by the insured. However, implementing a programme of agricultural insurance in developing countries has been problematic due to the following reasons:

- i. Lack of accurate and reliable farm records or data for the assessment of farmer's losses;
- ii. Uneconomical size of farm holdings
- iii. Absence of deliberate efforts by farmers to protect their investment
- iv. Unreliable property rights system which gives farmers' unclear titles to farmlands
- v. Problem of determining appropriate compensation package (indemnity) for farmers in the event of losses
- vi. Problem of establishing clear insurable interest over farmers' investments; and
- vii. Conceptual and measurement problems related to separating farm and household activities for purposes of income determination.

Agricultural insurance can be used to achieve the following policy objectives:

- i. Ensuring adequate and reliable food supplies
- ii. Increasing the flow of credit to agriculture
- iii. Securing fair and reasonable income for farmers
- iv. Adoption of profitable modern technology
- v. Stabilizing commodity markets
- vi. Achieving stable food prices, and
- vii. Encouraging investment in profitable agricultural enterprises.

7. Agro-industrialization strategy: The essence of agro-industrialization is to promote functional linkages between the agricultural and industrial sectors of the economy to enhance growth. There are three alternative strategies under this policy instrument, namely:

- a) Import substitution industrialization
- b) Export promotion industrialization, and
- c) Rural industrialization.

a). Import substitution industrialization is essentially intended to encourage the domestic manufacturing and servicing of agricultural inputs, spares, and supplies in order to promote stable supply and availability to farmers, increase affordability of the inputs, and the adoption of modern inputs. It also encourages the creation and strengthening of domestic capacity for the servicing, spares and adaptation of the relevant inputs. The policy instruments under this strategy might include:

- i. the domestic manufacturing of fertilizers and other agro-chemicals, feeds, etc.
- ii. the assembling and manufacturing of tractors, ploughs, equipment, and other agricultural implements, and
- iii. the development of the relevant skills in the delivery, repairs, and servicing of inputs.

Such policies help to:

- i. stabilize the domestic input market by shielding it from the effects of foreign exchange induced procurement problems.
- ii. conserve foreign exchange, that otherwise would have been used to import these inputs.
- iii. ensuring the timely availability of inputs, this policy instrument promotes the adoption of recommended innovations and inputs by farmers at a much faster rate than otherwise.
- iv. encourage domestic production of previously imported agricultural products such as fruit juices, canned foods, baked foods and confectionary, etc, which help to conserve foreign exchange, as well as create profitable employment opportunities for domestic resources.

b). Export promotion industrialization: This is intended to encourage the export of agricultural products to improve farmers' revenue, as well as the international quality and competitiveness of farm products. Agricultural exports are mainly of two types, namely:

- i. raw produce/materials, and
- ii. semi-processed and processed products.

The export of processed products tends and helps to:

- i. add greater value to domestic production and is particularly encouraged on account of this.

- ii. link the farm sector to the agribusiness and manufacturing sectors, thereby creating inter-industry and/or inter-sectoral linkages.
 - iii. build capacity in agro-industrial processing and domestic industrialization through a strategy of domestic utilization of agricultural raw materials.
 - iv. create self-reliance in food and industrial production, employment, and stabilization of domestic commodity markets.
- c). **Rural industrialization:** This entails a conscious strategy of encouraging the establishment of cottage processing and manufacturing agro-based industries in the rural areas. This strategy is anchored on the belief that although agriculture is the major occupation of rural people, the processing of agricultural products before transporting them to the urban centres will considerably create value-added to agricultural production, create non-farm employment opportunities for rural residents, as well as facilitate the meaningful integration of the farm and non-farm sectors of the rural economy. Rural industrialization usually attracts such ancillary services to the rural area as rural health, educational, financial, infrastructural, and other social amenities. This strategy helps to:
- i. discourage the rural-urban drift.
 - ii. stabilize agricultural production
 - iii. improve the terms of trade between agriculture and other activities
 - iv. promote the adoption of profitable agricultural technology and alleviate poverty

8. Agricultural sector budgets: Annual budget represent one of the most important instruments through which the government directs the performance of the economy in general, and the agricultural sector in particular. The budget is a government's expected revenue and expenditure plan in the current fiscal year. Thus, budget shows which sector(s) of the economy the government expects to obtain revenue for her operations, and also which sector and projects receive (greater) allocation of these resources. Budgetary allocation is therefore one way of determining the extent of priority attention accorded to the different sectors, and sub-sectors by the government. In essence, the budgetary allocation to agriculture relative to the other sectors indicates the extent of priority accorded to agriculture in the economy by the government in the fiscal year. Also, within the agricultural sector, the degrees of priority accorded to the different sub-sectors will be reflected in the size of their budgetary allocations, as well as the range of programmes and projects to be undertaken in each sub-sector. Some of the typical sub-sectors of agriculture include crops, livestock, fisheries, rural development, research, extension, etc. The budgetary allocations to each of these sub-sectors reveal government's priority preference for their respective programmes in the fiscal year. In reading the budget, it should be realized that agricultural production could be serviced or facilitated by the agencies in other departments of government.

The sub-sectoral distribution of programmes and projects in the annual budget serves to indicate the underlying strategy for the sector. For instance, governments may prefer

directly productive activities in the sector by encouraging programme interventions intended to achieve this objective. Such programme may include: farm settlement schemes, school-to-land projects, input delivery programme, national livestock transformation programme, etc. This type of policy strategy by the government will be reflected in the budget by the programmes. In Nigeria, these may include for instance land resources development (e.g. the defunct National Agricultural Land Development Authority (NALDA), River Basin Development, Fadama development, and the community and cooperative operative mobilization schemes.

The budget is also a major instrument for regulating inflation. For example, if inflationary pressures are too strong, a restrictive budget will be introduced. This implies that taxes will be raised and/or government expenditure reduced. This contractionary fiscal policy, as it is often called, helps to check inflationary pressures in the economy.

It should be realized that a government budget is a legislation. When approved, it becomes an act of parliament to be enforced by the relevant authority. Thus, a budget is one of the legal instrument for realizing the agricultural policy objectives of a country.

9. **Legislation:** Legislation is one of the instruments for realizing the objectives of agricultural policy. Legislation provides the institutional framework for the achievement of stated objectives. Special laws, rules, and regulation may be required to control behaviour, direct outcomes, mobilize resources, procure inputs, create incentives, regulate behaviour, or to direct the activities of economic agents to desirable ends. For instance, special laws may be promulgated to discourage smuggling or restrict imports so as to realize the import substitution policy of government. In particular, the ban by the Federal Government of Nigeria on the importation of rice and frozen chicken are intended to encourage the growth of the domestic rice and poultry sub-sectors of agriculture. Certain agricultural projects and programmes may require an enabling legislation for their implementation. The enabling legislation is intended to accord such projects a separate legal identity for the channeling of benefits and use of resources, as well as to insulate their operations from the general bureaucracy. Legislation and the associated quarantine services may be promulgated to control the spread of debilitating diseases and pests of crops and livestock.

Land reforms: This is an example also of legislation. Agricultural policy goals can also be achieved through bringing various acts, rules and regulations. Land Reform Act was enacted for making reform in the land tenure system and for equitable distribution of land. The act was intended to achieve economic, social and political objectives. For example, political objective was to change the rural power structure. The economic objectives were to reduce poverty and increase agricultural productivity. Policy makers should clearly weigh the benefits and costs of legislation along with alternative instruments, before proceeding to promulgate one.

10. **Infrastructure services:** Governments investments in irrigation, land improvement, soil and water conservation, roads, electricity, water and pasture land improvement are the major elements of infrastructure services. In addition, general services provided to producers

either free or at subsidized costs include inspection services, and pest and disease control services.

11. Research and extension: Agricultural research represents one of the most cost-effective, easily available and adaptable, but surprisingly less frequently utilized technique for achieving the objectives of policy. National agricultural research is undertaken to solve identified problems in any area of policy, and therefore assists in the making of informed decisions. All aspects of agriculture are amenable to research, on the basis of which recommendations are drawn to guide policy formulation, analysis, and implementation. The major output of scientific research is knowledge, and as such, it should constitute an important component of other policy instruments. Thus agricultural research while being an instrument in its own right, should serve as a complementary tool to other policy instruments. For instance, the use of legislation to control water pollution should be preceded by a research survey of the likely reactions of major stakeholders in the water sector to the legislation. Research on the effectiveness of legislation relative to alternative strategies for the control of water pollution (e.g. taxes, public health enlightenment, sanitation, etc) will also be beneficial to the decision-making.

In the developing countries, research is not frequently used to guide decision making. This accounts for the low impact of policy on people's welfare and productivity. The agricultural policy document for Nigeria, prepared by the Federal Ministry of Agriculture specified the following objectives of agricultural research in the country's agricultural development process. They include to promote the:

- i. Development of improved and high-yielding production materials such as seeds, seedlings, livestock-breeds, fingerlings, etc
- ii. Development of appropriate technologies in the different areas of agricultural production, processing, and storage to increase efficiency and reduce the usual drudgery associated with farming;
- iii. Development of appropriate and sustainable technologies for the optimum utilization of farm resources without adverse effects on the agro-ecosystem;
- iv. Provision of appropriate technology and package of practices for optimum production and for the general improvement of the quality of life of the rural farming communities.

Closely related to research is agricultural extension or technology transfer. Research results or technologies developed at research institutes have to be made available to farmers for their application, adaptation, or even rejection. It is the duty of the agricultural extension to ensure that proven research results are taken to farmers and problems of farmers are relayed back to the research stations for proper attention and solution.

Extension can be used to:

- i. promote the objective of encouraging the adoption of desired technologies,

- ii. encourage particular cropping patterns, and
- iii. improve the education, enlightenment and awareness of the farming population.

12. Direct Payments

Direct payments are given to the farmers to achieve the multi-functionality objective of agriculture. They are designed to maintain the agricultural output within the predefined output quota. Common agricultural policy of European Union (EU) uses this instrument. USA also transfers direct money to the farmers for not to grow crops. These payments are directly transferred from taxpayers to farmers without raising prices to the consumers. The objectives of direct payments to the farmers may be to achieve price stability, protect farm income and conserve the soil. In many developing countries (e.g. Nigeria), this instrument is not generally used.

4.0 CONCLUSION

In this unit you have learnt the types of agricultural policy instruments which include subsidy, taxes, international trade instruments, monetary policy instruments among others.

5.0 SUMMARY

In this unit you have learnt the following:

- Types of agricultural policy instruments which include:
 - i. Subsidy
 - ii. Agricultural commodity price support schemes
 - iii. Taxes
 - iv. International trade instruments
 - v. Monetary policy instruments
 - vi. Agricultural insurance scheme
 - vii. Agro-industrialization strategy
 - viii. Agricultural sector budgets
 - ix. Legislation
 - x. Infrastructure services
 - xi. Research and extension
 - xii. Direct payment

6.0 TUTOR-MARKED ASSIGNMENT

1. Explain the following policy instruments:
 - i. Subsidy

- ii. Agricultural commodity price support schemes
- iii. Taxes
- iv. International trade instruments
- v. Monetary policy instruments
- vi. Agricultural insurance scheme

7.0 REFERENCES/FURTHER READINGS

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UNIT 3 INSTRUMENTS OF AGRICULTURAL PRICE POLICIES

CONTENT

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main content
 - 3.1 Instruments of agricultural price policies
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment

- 7.0 References/Further Readings

1.0 INTRODUCTION

You have learnt in the previous unit, the meaning and types of agricultural policy instruments. Another important aspect to elaborate on is instruments of agricultural price policies. This is what this unit will address.

2.0 OBJECTIVES

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

- describe the main instruments to modify the price faced by producers and consumers through which policy makers attempt to achieve the desired objectives.

3.0 MAIN CONTENT

3.1 Instruments of Agricultural Price Policies

Given that most agricultural products are tradable, in the absence of any restriction to trade or other policies, agricultural output prices will be determined by the world price levels, which, for a small country, are to be considered as exogenous.

The objectives of price policies, thus, should be pursued through attempts at modifying the effective prices faced by farmers and consumers, which constitutes the real incentives.

The main instruments to modify the price faced by producers and consumers are:

- a. Trade policies
- b. Exchange rate policy
- c. Sectoral policies
 - i. Price controls
 - ii. Farm support prices

- iii. Public Storage
- iv. Input markets

In addition, general economy-wide policies such as *fiscal policy* and *macroeconomic policy* can also have large influences on the incentive prices.

1. Trade policies

Trade policies are the set of public intervention intended at modifying the volumes of import and/or exports. By modifying the volume of international trade, these policies effectively drive a wedge between domestic prices and world prices.

There are various instruments that can be used to achieve the objectives of trade policies, among them are:

- i. Tariffs
- ii. Quotas and other non-tariff trade restrictions
- iii. Export incentives

i. **Tariffs:** Tariffs are taxes levied on imports, so that the effective domestic price becomes higher than the world price. In general, the effect of a tariff is to provide *economic protection for domestic production*, because it makes imported products more expensive in the domestic markets. We can have generalized (uniform) tariffs and specific tariffs.

- Generalized or uniform tariffs, which would cover all tradable goods by the same percentage.
- Specific tariffs, instead, can be used to alter the relative profitability of some products and sectors against others. While such diversified tariffs could be beneficial in the short run to protect specific sectors, in the long run they have the potentially negative effect of reducing competitiveness of the protected sector. In fact, the least competitive sector is the one which will have the stronger interest to obtain a preferential tariff.

Tariffs are thus a powerful mechanism to protect sectors that produce import substitutes, and are justified whenever world price level is objectively too low to warrant the right incentives to the agricultural production. In general, however, a country should not fall in the trap of raising prohibitive tariffs and go back to extreme protectionisms.

Norton suggests that three principles should guide the setting of tariffs:

- 1) tariff rates should not be high in general, and if they are, a programme should be put in place to scale them downward over time
- 2) their rates should be relatively uniform over sectors and products; and

3) the tariff system should be relatively stable over time, except for the downward adjustments planned years in advance.

ii. Quotas and other non-tariff trade restrictions: An alternative type of intervention on

Trade is to restrict the volume of import or export through quotas.

iii. Export incentives: Rather than by reducing imports, one other set of trade policies that

can be used to raise incentives for agriculture concerns enhancing exports. A subsidy on exports has the effect of raising the effective price for producers and consumers.

Direct subsidies on export, as can be seen, are very expensive for the government budget. Usually they cannot be used extensively, unless an equivalent amount of import tariffs is available to finance them. Also, given that usually the export subsidies are paid to the exporters, whenever there is concentration in the distribution sector (i.e. monopsony power on the part of exporters), the benefits will not reach the farmers.

For this reason, if the government want to really target the farmers, the right to the subsidy should be given directly to the producers, for example through a system of transferable permits.

2. Exchange rate policy

The exchange rate is the price of foreign currency. It is usually expressed as the amount of domestic currency needed to buy one unit of foreign currency (for example, 362 Naira for 1 US dollar). As any price, its efficient level should be formed by the balance of supply and demand. Supply of foreign currency is provided by exporters, who sell their product abroad and are being paid with foreign currency, whereas demand is generated by importers, who need foreign currency to pay for their purchases on the world market.

An increase in the nominal value of the exchange rate thus defined, is called a *devaluation or a depreciation* (if more Nigerian Naira are required to buy one dollar, we say that the Naira is depreciated, i.e., it has lost value). On the contrary, a reduction in the nominal value of the exchange rate is an *appreciation or evaluation* of the domestic currency.

3. Sectoral policies

The trade and exchange rate policies we have discussed are probably the most effective ways for governments to affect farm prices. In the past, however, it has been common for government also to

issue sectoral policies to the explicit aim of altering the price level of agricultural products. A list of

these sectoral policy instruments can be the following:

- i. administered prices
- ii. minimum guaranteed prices
- iii. price stabilization schemes

- iv. commodity taxes

The justifications that have been provided for such interventions comprise:

- i. keep the price for food low to the benefit of consumers
- ii. increase farmers' income
- iii. stabilize farmers' income to offset the high variability of agricultural production
- iv. provide fiscal revenue.

After years of experience with price control schemes in various parts of the world, the conclusion that can be drawn is that they are almost always the less efficient way of achieving the stated objective. For this reason, they are gradually being abandoned all over the world.

- i. **Administered prices:** This means all the policy interventions that aim at keeping the market price for a commodity at a predetermined level, which is somewhat independent of the real balance of supply and demand. It has been used especially for food price, on the account that they should be kept low to benefit poor consumers, which are those for which food expenditure is the higher share of their budget. To directly control prices, the government needs to put a complex administrative structure, which ensures that no sale is made at a different price than that fixed by the government.

Administered prices presents many problems among them are:

- 1. it is operationally difficult to maintain efficient planning of the programme. Often there will be either excess supply or excess demand of the commodity at the administered price, given that it is difficult for the government to correctly assess the balance of supply and demand. Excess supply will be witnessed by increasing private and public stocks, whereas excess demand will show with queuing, the classic symptom of shortages.
 - 2. to ensure a fixed price, also trade restrictions must be in place, with additional administrative costs.
 - 3. most importantly, fixed prices almost certainly will lead to a misallocation of resources, given that they will alter the relative terms of trade among products and sectors.
- ii. **Minimum guaranteed prices:** With this instrument, designed to protect farmer incomes from falling, the government tries to ensure that the price received by producers does not fall below a predetermined minimum level, while it is left free to increase at any level.

It is also a very difficult scheme to implement, because it requires that the government be ready to buy any excess supply at the guaranteed level of price. Guaranteed prices are usually

utilized to ensure an adequate remuneration to farmers' resources. A problem then is to decide which level of minimum guaranteed price is adequate.

- iii. **Price stabilization:** One other reason for government intervention on domestic prices is to stabilize the price. The argument here is that unstable prices might cause unstable incomes for farmers, something that is deemed to be dangerous.

However, it must be noted that it is not necessarily true that variable prices imply variable incomes, in fact, one of the main reasons of variable price is the fluctuation in production due to weather variability: the price tends to be high when production is low and vice versa. This means that revenues are much more stable than prices, providing what is called a natural hedge. Only when price levels are uncorrelated with domestic production, a stabilizing scheme for prices will help stabilizing incomes. This happens for example for tradable goods whose price is determined on the world market.

The simplest price stabilization scheme that has been used in many countries is the use of *buffer stocks*.

The idea here is that the government would fix a lower and an upper bound for prices, being ready to buy commodity at the lower price whenever the market price should fall below the minimum price, thus building up stocks to release on the market when the price is at the higher level.

In order to effectively manage a buffer stock scheme, the levels of price bounds should be accurately set.

- iv. **Commodity taxes:** Agricultural commodities can be subject to consumption or production taxes in order to provide fiscal revenue to the government, as an alternative to income tax. For example, it has been a common practice to tax export crops in countries where income tax systems are not well developed.

One of the justifications for commodity taxes is that they would not alter production very much. However, commodity tax (in the same way as unequal tariffs) would distort incentives by breaking the linkage between domestic price ratios and external relative prices.

Input policy

All the price policies discussed above are policies principally aimed at changing the output price.

There are also options for the government to affect the incentives to producers through input price and availability.

One of the input policies is subsidies on input prices. Payments for variable inputs such as fertilizers, pesticides, other agrochemicals, but also water and electricity are what constitute a farm's costs. By subsidizing the price of inputs, the farm's cost will be reduced. As a consequence, production would increase and, if the output price is maintained constant,

producers' surplus will increase. When input subsidy is extended to the entire sector, however, it is not clear whether producers will gain or not. It depends on the relative elasticity of supply and demand. In fact, if the demand function is very inelastic, the benefits from input subsidies could be transferred completely to consumers.

Among inputs, agrochemicals (such as fertilizers and pesticides) and seeds deserve a special discussion. In the chemical industry usually there are large economies of scale. For this reason, traditionally the chemical industry is publicly operated as a natural monopoly, because a single large firm can achieve lower marginal cost than many smaller firms. Being controlled by the government, it is easier to provide such inputs to farmers at a reduced price when the government wants to support and increase agricultural production. However, it is crucial that the distribution of agrochemical is efficient if the subsidy has to express its full benefits in terms of increased production. In the history of agricultural development, the availability of new and improved varieties has been one of the successful elements that allowed productivity growth. However, to switch to the new variety, usually requires a complete change of technology, such as for example, to abandon the tradition of utilizing self-produced seed and to buy commercial, certified seed. Small farmers might have problems in adopting the new technology, and the provision of subsidized inputs may be required to provide incentives for the adoption. For example, farmers may be risk averse, and would underestimate the benefits of the new technology. Also, the adoption of new technology may need to be accompanied by improved knowledge on input use and cropping technology. For all of these reasons, input subsidies and input distribution on the part of the government are best designed within a more general input package transfer, which includes seeds, fertilizers, pesticides and the technical knowledge on the best agricultural practice. One other aspect of subsidized inputs is related to the potential distortion they induce in resource allocation. By providing cheap pesticides, an incentive is created, for example, to substitute chemicals for labour. In agricultural system with abundant labor, this may go against the country's comparative advantages.

4.0 CONCLUSION

In this unit you have learnt about the instruments of agricultural price policies among which are trade policies, exchange rate policy, and, sectoral policies.

5.0 SUMMARY

In this unit you have known:

- The main instruments to modify the price faced by producers and consumers are:
 - a. Trade policies: They are the set of public intervention intended at modifying the volumes of import and/or exports. By modifying the volume of international trade, these policies effectively drive a wedge between domestic prices and world prices. The various instruments that can be used to achieve the objectives of trade policies, among them are tariffs, quotas and other non-tariffs restrictions, and export incentives.

- b. Exchange rate policy: The exchange rate is the price of foreign currency. It is usually expressed as the amount of domestic currency needed to buy one unit of foreign currency (for example, 362 Naira for 1 US dollar). As any price, its efficient level should be formed by the balance of supply and demand.
- c. Sectoral policies
 - Price controls
 - Farm support prices
 - Public Storage
 - Input markets

In addition, general economy-wide policies such as *fiscal policy* and *macroeconomic policy* can also have large influences on the incentive prices.

6.0 TUTOR-MARKED ASSIGNMENT

1. State and explain the three main instruments to modify the price faced by producers and consumers.
2. State the three principles that should guide the setting of tariffs according to Norton.
3. State and explain briefly three instruments used to achieve the objectives of trade policies.
4. Discuss briefly the following sectoral policy instruments:
 - i. Administered prices
 - ii. Minimum guaranteed prices
 - iii. Price stabilization schemes
 - iv. Commodity taxes
5. Enumerate three problems of administered prices.

7.0 REFERENCES/FURTHER READINGS

- Ellis, F. (1991). *Agricultural Policies in Developing countries*. Cambridge University Press.
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UNIT 4 CHALLENGES OF THE EFFECTIVENESS OF PAST AGRICULTURAL POLICIES

CONTENT

- 1.0 Introduction
- 2.0 Objectives
 - 2. Main content
 - 3.1 Challenges of the effectiveness of past agricultural policies
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

You have learnt in the previous unit, the instruments of agricultural price policy. Another important aspect to elaborate on is the challenges of the effectiveness of past agricultural policies. This is what this unit will address.

2.0 OBJECTIVES

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

- Enumerate the challenges of the effectiveness of past agricultural policies.

3.0 MAIN CONTENT

3.1 Challenges of the Effectiveness of Past Agricultural Policies

There are many challenges inhibiting the effective implementation of past agricultural policies in the developing countries, among them are discussed in this unit.

1. Policy instability

One of the major constraints to agricultural policy effectiveness was that of policy instability. Over the years, the rate of turnover in agricultural policies had been high, with many policies formulated and scrapped in rapid succession. Again, this problem could be partly ascribed to political instability as every successive military government tended to jettison most of its predecessor's policies and programs in the erroneous belief that a new government could only justify its existence or make its mark by adopting entirely new policies and programmes.

2. Inconsistency in policies

It had been observed that some agricultural policies and programmes of Government tended to be mutually antagonistic rather than being mutually complementary and reinforcing. A popular example was the conflict, which existed between Government's domestic food

production policy and its cheap food import policy. The latter was so antagonistic of the former that it (the former) was rendered ineffective. One fundamental factor that made policy inconsistency so common was the failure of policy makers to adopt a systems approach to policy formulation. In a systems approach, the entire spectrum of agricultural and rural development problems would be viewed globally and consistent, mutually reinforcing policies would be addressed to them. But as each problem was viewed in isolation of others and policy was addressed to each problem in isolation, the probability of inconsistency among policies could not but be high.

3. Narrow base of policy formulation

The base of the agricultural policy formulation process in Nigeria had, in the past, been rather narrow as the level of involvement of the people and their institutions in the formulation of policies that affected their lives was minimal. In the circumstance, these policies tended to lack grassroots support and the popular mobilization required for their success.

4. Poor implementation of policies

There was a tendency to regard the formulation of policies as ends in themselves, rather than being means to desired ends. As such, little attention was paid to the efficient implementation of policies. Bureaucrats and policy implementers tended to lose sight of the fundamental objectives of policies, instead, focusing on superficial issues. Poor managerial capacity, bureaucratic bottlenecks, corruption, and high rates of policy turn over tended to complicate the problem of policy implementation.

5. Weak institutional framework for policy coordination

Inadequate institutional arrangements for policy and program coordination had often led to a duplication of effort and general inefficiency in resource use among agencies and ministries of the same government, between federal and state agencies, and between states. Inadequate monitoring and evaluation arrangements for policy implementation had also led to situations in which policies and programs tended to lose sight of their focus and original goals without corrective measures being taken.

4.0 CONCLUSION

In this unit you have learnt about the challenges of the effectiveness of past agricultural policies.

5.0 SUMMARY

In this unit we have learnt about:

Challenges of the Effectiveness of Past Agricultural Policies

- Policy instability
- Inconsistency in policies

- Narrow base of policy formulation
- Poor implementation of policies
- Weak institutional framework for policy coordination

6.0 TUTOR-MARKED ASSIGNMENT

1. State and explain briefly the challenges of the effectiveness of past agricultural policies in Nigeria.

7.0 REFERENCES/FURTHER READINGS

Ellis, F. (1991). *Agricultural Policies in Developing countries*. Cambridge University Press.

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MODULE 4 HISTORICAL AND ANALYTICAL TREATMENT OF GOVERNMENT AGRICULTURAL POLICIES AND PROGRAMMES

- Unit 1 Historical perspectives of agricultural policies and programmes in Nigeria
- Unit 2 Analytical treatment of agricultural policies and programmes in Nigeria
- Unit 3 Problems of agriculture in developing countries
- Unit 4 The role of agriculture in economic development

UNIT 1 HISTORY OF AGRICULTURAL DEVELOPMENT POLICIES IN NIGERIA

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main content
 - 3.1. History of agricultural development policies in Nigeria
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

You have learnt in the previous unit about the instruments of agricultural price policies. It is equally important to address the history of agricultural development policies in Nigeria. This unit is set to address this.

2.0 OBJECTIVES

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

- Know the four distinct agricultural policy phases in Nigeria's agricultural development policies.

3.0 MAIN CONTENT

3.1 History of Agricultural Development Policies in Nigeria

In order to revamp the agricultural sector, successive governments in Nigeria had embarked on and implemented several agricultural policies some of which are defunct or abandoned, and some restructured while others are still in place.

Nigeria’ agricultural policy framework has gone through a number of evolutionary processes and fundamental changes that reflected, in a historical perspective, the changing character of agricultural development problems and the roles which different segments of the society were expected to play in tackling these problems.

In retrospect, four distinct agricultural policy phases can be identified in Nigeria, namely:

1. The first phase spanned the entire colonial period and the first post-independence decade from 1960 to about 1969,
2. The second phase covered the period from about 1970 to about 1985,
3. The third phase started from about 1986 in the structural adjustment period, and
4. The fourth was what could be characterized as the post structural adjustment era starting from about 1994.

1. The pre-1970 period

In the pre-1970 era, the government philosophy of agricultural development was characterized by minimum direct government intervention in agriculture. As such, the government’s attitude to agriculture was relaxed, with the private sector and particularly the millions of small traditional farmers bearing the brunt of agricultural development efforts.

Government efforts were merely supportive of the activities of these farmers and largely took the form of:

- i. agricultural research and extension
 - ii. export crop marketing, and
 - iii. pricing activities.
- i. **Agricultural research and extension:** The following agricultural research institutes

were established during the pre-1970 period to help achieve increase in the production of those respective crops, livestock and fisheries.

Name of Research Institute	Year established	Research Mandate
Institute for Agricultural Research, Ahmadu Bello University, Zaria	1924	<ul style="list-style-type: none"> • Genetic improvement and development of production and utilization technologies for sorghum, maize, cowpea, groundnut, Cotton, sunflower, and • Research into the improvement of the productivity of the entire crop-based farming system in the North West Zone of Nigeria
National Veterinary	1924	<ul style="list-style-type: none"> • Research into all aspects of animal diseases, their

Research Institute, Vom		treatment and control <ul style="list-style-type: none"> • Development and production of animal vaccines and sera
Nigerian Institute for Oil Palm Research, Benin City	1939	<ul style="list-style-type: none"> • Research into genetic improvement, production and processing of oil, coconut, date, raphia and ornamental palms
Institute of Agricultural Research and Training, Ibadan	1956	<ul style="list-style-type: none"> • Soil and water management research, • genetic improvement of kenaf and jute, and • improvement of the productivity of the entire farming system of the South West Zone
Rubber Research Institute of Nigeria, Benin City	1961	<ul style="list-style-type: none"> • Research into genetic improvement, production and processing of rubber and other lather producing plants.
Cocoa Research Institute of Nigeria Ibadan	1964	<ul style="list-style-type: none"> • Research into the genetic improvement, production and local utilization research on cocoa, cashew, kola, coffee and tea
National Institute for Freshwater Fisheries Research, New Bussa	1968	<ul style="list-style-type: none"> • Research into all freshwater fisheries, and long term effects of man-made lakes on ecology and environment throughout the country

2. The 1970 to 1985 era (period of maximum government intervention)

This phase was characterized by a change of policy from minimal government intervention to maximum in the agricultural sector. The oil boom featured in the era which brought about enormous financial investments in agricultural projects and institutions. Many agricultural policies and programmes were enunciated and they are discussed below:

1. Agricultural commodity marketing and pricing policy

The major instrument of agricultural commodity marketing and pricing policy was the establishment of six national commodity boards in 1977 to replace the regional, multi commodity boards that had been operating since 1954. The six new national commodity boards were for:

- i. Cocoa
- ii. Groundnut
- iii. palm produce
- iv. cotton
- v. rubber, and
- vi. food grains.

The case of the grains marketing board was particularly unique as it represented the first effort ever made to extend the marketing board system to cover food crops. The National Grains Board handled maize, millet, sorghum, wheat, rice, and cowpea. It administered a guaranteed minimum price policy whereby floor prices were nationally set for each of the six grain crops and the board would intervene as a buyer of last resort if and when their regular market prices fell below the guaranteed minimum. The board also operated a strategic grain reserve scheme. Under this policy, the programmes and schemes launched were:

- i. National Commodity Boards
- ii. National Grains Boards
- iii. Guaranteed Minimum Price Scheme
- iv. Strategic Grain Reserve Scheme

2. Land use policy

This was promulgated by the Federal Government in 1978 vesting the ownership of all lands on the government as to give genuine farmers access to farmlands.

3. Agricultural extension and technology transfer policy

This is aimed at improving the adoption of improved agricultural technology by farmers with the National Accelerated Food Production Programme (NAFPP) and Agricultural Development Projects (ADPs) as implementing agencies.

4. Input supply and distribution policy

This was promulgated to ensure adequate and orderly supply of agricultural inputs notably fertilizers, agro-chemicals, seeds, machinery and equipment as follows:

- a) In 1975 Government centralized fertilizer procurement and distribution with numerous agro-service centres nationwide.
- b) In 1972 Government created National Seeds Service (NSS) to produce and multiply improved seeds such as rice, maize, cowpea, millet, sorghum, wheat and cassava.

5. Agricultural input subsidy policy

As far back as the 1950s, various regional governments in Nigeria were already subsidizing the prices of key inputs, especially the prices of agrochemicals used in the production of groundnut, cotton, cocoa, palm produce, and other export crops. But in the early 1970s, input subsidy policy became centralized and its application extended to food crops.

The policy instruments adopted comprised the following:

- Fertilizer subsidy. Between 1976 and 1979, fertilizer attracted a 75% subsidy, wholly borne by the Federal Government. But in 1980, the Federal Government's share was

reduced to 50% while the states were required to absorb the remaining 25%. However, the total percentage subsidy was subsequently reduced to 50%.

- Seed subsidy. There was a subsidy of 50% or more on various improved seeds produced by the National Seed Service (NSS).
- Subsidy on agrochemicals. Rates of subsidy on agrochemicals varied, but were generally over 50%.
- Subsidy on tractor hire services. Subsidies on tractor hire services that were mostly operated at the state level ranged from about 25% to about 50% of the actual cost of tractor services.

6. Agricultural research policy

The policy was aimed at coordination and harmonization of agricultural research and extension linkage. Agricultural Research Council of Nigeria (ARCN) was established in 1971. The 1973 Decree empowered the Federal Government to take over all state research institutions. The 1975 reconstitution by the Federal Government of the Nigerian Agricultural Research Institute network led to the establishment of 14 institutes which were later increased to 19 and the creation in 1977 of the National Science and Technology Development Agency to coordinate all research activities in Nigeria. Agricultural Research Council of Nigeria (ARCN) coordinates the research institutes under the Federal Ministry of Agriculture and Rural Development in Nigeria now.

7. Agricultural co-operatives policy

The following were the major instruments:

- In 1979, a department of agricultural cooperatives within the Federal Ministry of Agriculture, Water Resources and Rural Development was created to actualize this policy aimed at encouragement of farmers to form co-operatives.
- The use of agricultural cooperatives for the distribution of some farm inputs as well as imported food commodities.
- The provision of necessary encouragement for the establishment of cooperative farms and other cooperative enterprises.

8. Water resources and irrigation policy

The major instrument of the water resources and irrigation policy was the establishment of eleven (11) River Basin Development Authorities (RBDAs) in 1977 charged with the responsibility of developing Nigeria's lands and water resources.

RBDAs had the mandate for:

- i. land preparation
- ii. development of irrigation facilities
- iii. construction of dams, boreholes and roads.

- iv. the distribution of farm and fishing inputs.
- v. direct agricultural production through large-scale mechanized farming under the civilian regime between 1979 and 1983.

9. Agricultural mechanization policy

The policy was instrumental to:

- the creation of the Ministry of Science and Technology
- the establishment of some Universities of Science and Technology;
- the operation of Tractor Hiring Units in all the states of Nigeria,
- reduce import duty on tractors and agricultural equipment and implements
- generalized and liberalized subsidies on farm clearing,
- launch a machinery ownership scheme in 1980 under which the Federal Government provided half of the purchase cost of farm machinery to be owned and used by farming cooperatives or group farms, and establishment of a National Centre for Agricultural Mechanization (NCAM).

Post-Structural Adjustment Period (SAP) period

With the adoption of Structural Adjustment Programme (SAP) in 1986, government admitted the failure of past policies to significantly improve the economy and reverse the declining trend of production in the agricultural sector. The Structural Adjustment Programme relied most especially on the agricultural sector to achieve the objectives of its far-reaching reforms on diversification of exports and adjustment of the production and consumption structure of the economy.

Critically with SAP, agricultural sector did not register significant overall growth for several reasons.

- i. SAP had more of an impact on the distribution of farm incomes than on agricultural growth and productivity.
- ii. on average, real producer prices of tradable goods did not change significantly after the policy reforms. The decline in output of the export crop subsector contributed to a reduction in foreign exchange earnings that could affect the foreign exchange requirement of the agricultural sector. As a result of this reduction and subsequent loss of export earnings from crops, the country's dependence on crude petroleum export earnings between 1988 and 1992 increased substantially.

In this phase also, which marked the SAP period:

- there was lower agricultural and economic growth with high rates of unemployment.

- Export earnings declined to less than 5% as well as widening gap in food supply and demand.
- Food prices increased from 2.6% in 1970 to 1979 period to almost 20% during 1980 to 1989.
- The environmental implications of these policy reforms were quite significant, namely:
 - i. During this period, there was increased deforestation with adverse impact on biotic resources, loss of biodiversity, increased desertification in arid areas and flooding in lowland areas.
 - ii. There was also evidence of increased use of chemicals and abuse of fertilizer use which led to soil degradation in certain agro-ecological zones.
- With respect to the index of real agricultural sector GDP between 1985 and 1990, it was fluctuating over these years. It was negative (0.13 and -1.56) in 1985 and 1986 and positive (36.45,36.35,5.30 and 18.43) in 1987 to 1990.

4.0 CONCLUSION

In this unit you have learnt about the history of agricultural development policies in Nigeria especially concerning the four distinct phases.

5.0 SUMMARY

In this unit you have learnt:

The four distinct agricultural policy phases can be identified in Nigeria, namely:

- The first phase spanned the entire colonial period and the first post-independence decade from 1960 to about 1969,
- The second phase covered the period from about 1970 to about 1985,
- The third phase started from about 1986 in the structural adjustment period, and
- The fourth was what could be characterized as the post structural adjustment era starting from about 1994.

6.0 TUTOR-MARKED ASSIGNMENT

1. Explain briefly the following:
 - i. Agricultural commodity marketing and pricing policy
 - ii. Agricultural extension and technology transfer policy
 - iii. Input supply and distribution policy
 - iv. Agricultural input subsidy policy

2. With the agricultural input subsidy policy, state four policy instruments adopted to subsidized inputs in Nigeria.

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UNIT 2 ANALYTICAL TREATMENT OF AGRICULTURAL POLICIES AND PROGRAMMES IN NIGERIA

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main content
 - 3.1 Analytical Treatment of agricultural policies and Programmes in Nigeria
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

You have learnt in the previous unit about the historical perspectives of agricultural policies and programmes in Nigeria. It is equally important to learn the analytical treatment of agricultural policies and programmes in Nigeria. This unit is set to address this.

2.0 OBJECTIVES

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

- The difference between an agricultural policy and programme or project.
- The reasons for agricultural policy and programme failures in Nigeria
- How to make successful policies and programmes in the country

3.0 MAIN CONTENT

3.1 Analytical Treatment of Agricultural Policy and Programmes in Nigeria

Historically, the most common and effective extensive adjustment in agricultural production in Nigeria has been to increase the area of land planted. Therefore Nigerian agricultural/rural institutions are at a crossroad. This is because agriculture is growing but the growth is unsustainable. Agriculture also continues to suffer from the inertia associated with policies and programmes intervention and reformation that pervaded Nigeria especially in the post-colonial era. A policy is a deliberate plan of action to guide decisions and achieve rational outcomes (www.Monster.ca). It is also a guideline consisting of principles and rules governing the behaviour of persons in an organization. Policies prescribe how people in an organization should act or behave (Asiabaka, 2002). Policy differs from rule of law. While law can compel or prohibit behaviors, policy merely guides actions toward those that are

most likely to achieve a desired outcome (www.Monster.ca). Agricultural policy is a statement of action and a fundamental tool employed in achieving agricultural development. A programme, on the other hand is a comprehensive plan that includes objectives to be attained, specifications of resources required and stages of work to be performed (Asiabaka, 2002). Elaborate plans are called programmes (Kirkpatrick, 1987). According to Olatunji (2005), a programme is a collection of coordinated activities that are mutually directed towards the attainment of a definite goal and it usually comprises of several segments or projects which can be separately pursued as a component of the whole. The concept of programme implies that a goal is in focus and several activities would be needed and coordinated to attain the goal. It is generally accepted that Nigerian agriculture has suffered as a result of the resource curse effect of oil and inappropriate policies and institutions. This coupled with heavy handed and unpredictable government intervention programmes which has led to short term investment decisions and rent seeking behaviour by programmers has created dysfunctional and disconnected benefit to the poor masses. Clearly, the persisted failures of agricultural programmes in Nigeria have revealed the basic weakness of agricultural policies in Nigeria and the inability of the several administrations in Nigeria to solve the basic and fundamental problems of agricultural development (Amalu, 1998). A cream of authors (Amalu 1998, Ayoola, 2001; Madukwe, 2008) have also laid the failure on the door-steps of governments for the absence of or weak agricultural policies. In Nigeria agricultural policies and programmes have undergone changes especially in the postcolonial era. These changes have been a mere reflection of changes in government or administration (Amalu, 1998). This is because these policies and programmes vary only in nomenclature and organizational network. They emphasize almost same objectives like: to provide food for the inhabitants of the nation (food security and sufficiency) and export excess to other countries and to provide rural dwellers and farmers with extension services, agricultural support and rural development services etc. Despite all the policies and laudable programmes with challenging themes, Nigeria is yet to achieve food security. Agriculture also continues to suffer from inertia associated with these policies and programme reformation that pervade Nigeria. To be successful, Nigeria's reform and agricultural programmes in particular need to be backed up or initiated through a policy or policies coupled with increased and better coordinated technical and financial assistance. It should also be a programme selected based on a rational, national and institutional structure that come from a national consensus on how best to achieve sustainable and equitable rural/ agricultural development. It is against these aforementioned facts that the study sought to critique agricultural policies and programmes in Nigeria. Specifically it:

- described agricultural policies and programmes in Nigeria and
- identified gaps in management of agricultural policies and programmes in Nigeria.

1. Policy a high-level overall plan embracing the general goals and acceptable procedures, especially of a governmental body.
2. Policy a course of action adopted by a government to induce certain changes in the decisions and behaviour of actors in that society in order to achieve certain goals

The term **policy** has a variety of definitions. When many people think of a policy, the first thing they visualise is something akin to the first definition given above (1) – a high level plan, on paper, which defines (often vaguely) some general goals and ideas for reaching them. Such policy papers may come and go, often having little operational impact. There is often a ‘disconnect’ between what is written in the policy paper and what the government or agency actually does. The second definition above (2) is the one we will use for this unit. The definition has several components that are worth looking at in a bit more detail:

- (a) **A course of action:** we will distinguish wherever possible between ‘official’ or ‘written’ policy and **policy in practice**, which is what is actually operationalised and implemented.
- (b) **A government:** this unit focuses on government and international (multi-governmental) policies, unless otherwise specified. However, clearly there are other actors and institutions whose policies can be important.
- (c) **To induce certain changes in the decisions and behaviour of actors:** Section 1 outlined some of the particular challenges for policy-making in changing the behaviour of actors in agriculture and agricultural trade.
- (d) **To achieve certain goals:** policy-makers often face **difficulties in defining and getting agreement on clear goals for agricultural policy**, due to the multiplicity of potential goals for agriculture and the different objectives of different **stakeholders** (people and groups with an interest in policy outcomes).

4.0 CONCLUSION

In this unit you have learnt about the analysis of agricultural policies and programmes in Nigeria.

5.0 SUMMARY

In this unit you have gone through the analytical treatment of agricultural policies and programmes in Nigeria. Agricultural policy is a statement of action and a fundamental tool employed in achieving agricultural development. A programme, on the other hand is a comprehensive plan that includes objectives to be attained, specifications of resources required and stages of work to be performed (Asiabaka, 2002). Elaborate plans are called programmes (Kirkpatrick, 1987). According to Olatunji (2005), a programme is a collection of coordinated activities that are mutually directed towards the attainment of a definite goal and it usually comprises of several segments or projects which can be separately pursued as a component of the whole.

Clearly, the persisted failures of agricultural programmes in Nigeria have revealed the basic weakness of agricultural policies in Nigeria and the inability of the several administrations in Nigeria to solve the basic and fundamental problems of agricultural development (Amalu, 1998).

7.0 TUTOR-MARKED ASSIGNMENT

1. Explain briefly the difference between an agricultural policy and programme

2. Explain briefly the reasons for agricultural policies and programmes failures and suggest how these can be resolved in future

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UNIT 3 PROBLEMS OF AGRICULTURE IN DEVELOPING COUNTRIES

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main content
 - 3.1. Problems of agriculture in developing countries
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment

- 7.0 References/Further Readings

1.0 INTRODUCTION

You have learnt in the previous unit the analytical treatment of agricultural policies and programmes. It is equally important to know the problems of agriculture in developing countries. This unit is set to address this very crucial aspect of agricultural policy and development.

2.0 OBJECTIVES

At the end of this unit, you should be able to know the analytical treatment of agricultural policies and programmes problems of agriculture under the following headings:

- Technical constraints
- Resource constraints
- Socio-economic constraints
- Organizational constraints

3.0 MAIN CONTENT

3.1 Problems of Agriculture in Developing Countries

The problems of agriculture are categorized into four groups, namely technical constraints, resources constraints, socio-economic constraints and organizational constraints.

1. Technical Constraints

Technical constraints include the following:

- i. Inadequate infrastructural facilities
- ii. High incidence of pests and diseases
- iii. High cost of improved varieties of seedlings

- iv. Dependence on unimproved inputs and rudimentary technology as well as lack of modern techniques in agriculture
- v. Inefficient inputs and distribution system
- vi. Inadequate extension services, and
- vii. High environmental hazards
- viii. Non-existent transportation networks for agricultural product.

2. **Resources Constraints**

These include:

- i. Shortage of labor caused by high level rural-urban migration,
- ii. High demand on land due to increasing population and industrialization, coupled with
- iii. High rate of land degradation caused by oil exploration activities as well as industrial activities especially in the Niger Delta Region,
- iv. Lack of friendly bank policies for agriculture.

3. **Socioeconomic Constraints**

These include:

- i. Scarcity and high cost of improved farm inputs,
- ii. Inefficient marketing arrangement characterized by high marketing margins,
- iii. Lack of grades and standards,
- iv. Lack of legally enforceable ownership of lands as well as extension and credit,
- v. Low rate of growth in international demand for primary export commodities,
- vi. Poor road network as well as a lack of storage facilities.

4. **Organizational Constraints**

Agricultural production is predominantly in the hands of a multitude of small scale unorganized farmers, scattered across the country. Lack of organization, coupled with the dispersed nature of farm settlements, hinders the participation of farmers in agricultural and rural development. It also hinders the supply of extension service, farm credit, and other vital inputs to farmers.

4.0 CONCLUSION

In this lesson you have learnt about the problems of agriculture which include:
technical,
resource, socio-economic, and organizational constraints

5.0 SUMMARY

In this unit you have learnt about the:
the problems of agriculture under the following headings:

- Technical constraints
- Resource constraints
- Socio-economic constraints
- Organizational constraints

6.0 TUTOR-MARKED ASSESSMENT

1. Enumerate the four major categories of the problems of agriculture in developing countries.
2. State five problems under the following categories of the problems of agriculture in developing countries.
 - i. Technical constraints
 - ii. Resource constraints
 - iii. Socio-economic constraints
3. Explain briefly the organizational constraints category of problems of agriculture in the developing countries.

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UNIT 4 THE ROLE OF AGRICULTURE IN ECONOMIC DEVELOPMENT

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main content
 - 3.1. The role of agriculture in economic development
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

You have learnt in the previous unit about the problems of agriculture in developing countries. It is equally important to address the role of agriculture in economic development. Agriculture plays a vital role in economic development of developing countries. The role of agriculture in economic development is crucial because majority of the population of developing countries make their living from agriculture. We explain below the role of agriculture in economic development of a country. This unit is set to address this very crucial aspect of agricultural development.

2.0 OBJECTIVES

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

- know the role agriculture plays in economic development of developing countries.
- the classification of the contribution or role of agriculture by Simon Kuznet.

3.0 MAIN CONTENT

3.1 The Role of Agriculture in Economic Development

The role of agriculture in economic development is crucial because majority of the population of developing countries make their living from agriculture. Agriculture play the following role in economic development of developing countries:

1. Contribution to National Income
2. Source of Food Supply
3. Provision of Surplus
4. The Shift of Manpower from Agriculture to Non-agricultural Sector
5. Creation of Infrastructure
6. Relief from Shortage of Capital

7. Helpful to Reduce Inequality
8. Helpful in minimizing political and social tensions
9. Helpful in stimulating the growth of the non-agricultural sector (i.e Create Effective Demand)
10. Helpful in Phasing out Economic Depression
11. Source of Foreign Exchange for the Country
12. Contribution to Capital Formation
13. Employment Opportunities for Rural People
14. Improving the Welfare of the Rural Dwellers
15. Extension of Market for Industrial Output

1. Contribution to National Income

The lessons drawn from the economic history of many advanced countries tell us that agricultural prosperity contributed considerably to fostering economic advancement. It is correctly observed that “The leading industrialized countries of today were once predominantly agricultural while the developing economies still have the dominance of agriculture and it largely contributes to the national income.

2. Source of Food Supply

Agriculture is the basic source of the food supply of all the countries of the world—whether underdeveloped, developing or even developed. Due to the heavy pressure of population in underdeveloped and developing countries and its rapid increase, the demand for food is increasing at a fast rate. If agriculture fails to meet the rising demand for food products, it is found to affect adversely the growth rate of the economy. Raising supply of food by the agricultural sector has, therefore, great importance for the economic growth of a country. Increase in demand for food in an economy is determined by the following equation: $D = P + 2g$ Where:

D stands for Annual Rate of Growth in demand for food.

P stands for Population Growth Rate.

g stands for Rate of Increase in Per Capita Income.

2 stands for Income Elasticity of Demand for Agricultural Products.

3. Provision of Raw Materials for Agro-allied industries

Agricultural advancement is necessary for improving the supply of raw materials for the agro-allied industries, especially in developing countries. The shortage of agricultural goods has its impact on industrial production and a consequent increase in the general price level. It will impede the growth of the country's economy. The flour mills, rice shellers, oil mills, bread, meat, milk products, sugar factories, wineries, jute mills, textile mills and numerous other industries are based on agricultural products.

4. Provision of Surplus

The progress in the agricultural sector provides a surplus for increasing the exports of agricultural products. In the earlier stages of development, an increase in the exports earning is more desirable because of the greater strains on the foreign exchange situation needed for the financing of imports of basic and essential capital goods. Johnson and Mellor are of the opinion, "Given the urgent need for enlarged foreign exchange earnings and the lack of alternative opportunities, a substantial expansion of agricultural export production is frequently a rational policy even though the world supply-demand situation for a commodity is unfavorable."

5. The Shift of Manpower from Agriculture to Non-agricultural Sector

Initially, agriculture absorbs a large quantity of labour force. In Nigeria still, about 70% labour is absorbed in this sector. Agricultural progress permits the shift of manpower from agricultural to non-agricultural sector. In the initial stages, the diversion of labour from agricultural to the non-agricultural sector is more important for economic development as it eases the burden of the surplus labour force over the limited land. Thus, the release of surplus manpower from the agricultural sector is necessary for the progress of the agricultural sector and for expanding the non-agricultural sector. Development of agriculture in modern times would bring about a decline in the percentages of the labour force engaged in agriculture and release some to industry.

6. Creation of Infrastructure

The development of agriculture requires roads, markets, storage facilities, transportation railways, postal services and many others for an infrastructure creating demand for industrial products and the development of the commercial sector.

7. Relief from Shortage of Capital

The development of the agricultural sector has minimized the burden of several developed countries that were facing the shortage of foreign capital. If foreign capital is available with the 'strings' attached to it, it will create another significant problem. Agriculture sector requires less capital for its development. Thus it minimizes growth problem of foreign capital.

8. Helpful to Reduce Inequality

In a country which is predominantly agricultural and overpopulated, there is greater inequality of income between the rural and urban areas of the country. To reduce this inequality of income, it is necessary to accord higher priority to agriculture. The prosperity of agriculture would raise the income of the majority of the rural population and thus the disparity in income may be reduced to a certain extent.

9. Helpful in minimizing political and social tensions

If the agricultural sector does not grow at a faster rate, it may result in the growing discontentment amongst the masses which is never healthy for the smooth running of democratic governments. For economic development, it is necessary to minimize political as well as social tensions. In case the majority of the people have to be kindled with the hopes of prosperity, this can be attained with the help of agricultural progress. Thus the development of the agriculture sector is also relevant on political and social grounds.

10. Helpful in stimulating the growth of the non-agricultural sector (i.e Create Effective Demand)

The development of the agricultural sector would tend to increase the purchasing power of agriculturists which will help the growth of the non-agricultural sector of the country. It will provide a market for increased production. In underdeveloped countries, it is well known that the majority of people depend upon agriculture and it is they who must be able to afford to consume the goods produced. Therefore, it will be helpful in stimulating the growth of the non- agricultural sector. Similarly, improvement in the productivity of cash crops may pave the way for the promotion of exchange economy which may help the growth of the nonagricultural sector. Purchase of industrial products such as pesticides, farm machinery, etc. also provides a boost to industrial dead out.

11. Helpful in Phasing out Economic Depression

During the economic depression, industrial production can be stopped or reduced but agricultural production continues as it produces necessities of life. Thus it continues to create effective demand even during adverse conditions of the economy.

12. Source of Foreign Exchange for the Country

Most of the developing countries of the world are exporters of primary products. These products contribute 60 to 70 percent of their total export earnings. Thus, the capacity to import capital goods and machinery for industrial development depends crucially on the export earning of the agriculture sector. If exports of agricultural goods fail to increase at a sufficiently high rate, these countries are forced to incur a heavy deficit in the balance of payments resulting in a serious foreign exchange problem. However, primary goods face declining prices in the international market and the prospects of increasing export earnings through them are limited. Due to this, large developing countries like India (having potentialities of industrial development) are trying to diversify their production structure and

promote the exports of manufactured goods even though this requires the adoption of protective measures in the initial period of planning.

13. Contribution to Capital Formation

Underdeveloped and developing countries need a huge amount of capital for its economic development. In the initial stages of economic development, it is agriculture that constitutes a significant source of capital formation.

14. Employment Opportunities for Rural People

Agriculture provides employment opportunities for rural people on a large scale in underdeveloped and developing countries. It is an important source of livelihood. Generally, landless workers and marginal farmers are engaged in non-agricultural jobs like handicrafts, furniture, textiles, leather, metal work, processing industries, and in other service sectors. These rural units fulfill merely local demands. In Nigeria and even India, about 70% of total labour force depends upon agriculture.

15. Improving the Welfare of the Rural Dwellers

It is time that rural economy depends on agriculture and allied occupations in an underdeveloped country. The rising agricultural surplus caused by increasing agricultural production and productivity tends to improve welfare, particularly in rural areas. The living standard of rural masses rises and they start consuming a nutritious diet including eggs, milk and fruits. They lead a comfortable life having all modern amenities—a better house, motorcycle, radio, television and use of better clothes.

16. Extension of Market for Industrial Output

As a result of agricultural progress, there will be an extension of the market for industrial products. Increase in agricultural productivity leads to an increase in the income of rural population which in turn, leads to more demand for industrial products, thus the development of the industrial sector. According to Dr. Bright Singh, “Increase in agricultural production and the rise in the per-capita income of the rural community, together with the industrialization and urbanization, lead to increased demand in industrial production.” In this way, the agricultural sector helps promote economic growth by securing as a supplement to the industrial sector.

Simon Kuznets identifies four possible types of contribution that the agricultural sector is capable of making for overall economic development, namely:

1. Product contribution, i.e., making available food and raw materials.
2. Market contribution, i.e., providing the market for producer goods and consumer goods produced in the non-agricultural sector.

3. Factor contribution, i.e., making available labour and capital to the non-agricultural sector.

4. Foreign Exchange contribution.

4.0 CONCLUSION

In this unit you have learnt about the role of agriculture in economic development which include generation of national income, food supply, provision of surplus, employment among others. You have also learnt the roles as classified by Simon Kuznets.

5.0 SUMMARY

In this unit you have learnt that agriculture play the following role in economic development of developing countries:

- Contribution to National Income
- Source of Food Supply
- Provision of Surplus
- The Shift of Manpower from Agriculture to Non-agricultural Sector
- Creation of Infrastructure
- Relief from Shortage of Capital
- Helpful to Reduce Inequality
- Helpful in minimizing political and social tensions
- Helpful in stimulating the growth of the non-agricultural sector (i.e Create Effective Demand)
- Helpful in Phasing out Economic Depression
- Source of Foreign Exchange for the Country
- Contribution to Capital Formation
- Employment Opportunities for Rural People
- Improving the Welfare of the Rural Dwellers
- Extension of Market for Industrial Output
- You also learnt that Simon Kuznets identifies four possible types of contribution that the agricultural sector is capable of making for overall economic development, namely:

- i. Product contribution, i.e., making available food and raw materials.

- ii. Market contribution, i.e., providing the market for producer goods and consumer goods produced in the non-agricultural sector.
- iii. Factor contribution, i.e., making available labor and capital to the non-agricultural sector.
- iv. Foreign Exchange contribution.

6.0 TUTOR-MARKED ASSESSMENT

1. Explain the following role of agriculture in economic development in developing countries:
 - i. Contribution to National Income
 - ii. The Shift of Manpower from Agriculture to Non-agricultural Sector
 - iii. Creation of Infrastructure
 - iv. Relief from Shortage of Capital
 - v. Helpful in minimizing political and social tensions
 - vi. Helpful in stimulating the growth of the non-agricultural sector
 - vii. Source of Foreign Exchange for the Country
 - viii. Employment Opportunities for Rural People
 - ix. Improving the Welfare of the Rural Dwellers
 - x. Extension of Market for Industrial Output

3. State and briefly explain four possible types of contribution that the agricultural sector is capable of making for overall economic development according to Simon Kuznet.

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MODULE 5 AGRICULTURAL DEVELOPMENT

- Unit 1 The concept of Agricultural Development
- Unit 2 Theories and Models of Agricultural Development
- Unit 3 Essentials of Agricultural Development
- Unit 4 Integrated rural development planning

UNIT 1 THE CONCEPT OF AGRICULTURAL DEVELOPMENT

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main content
 - 3.1. The concept of agricultural development
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

You have learnt in the previous module the historical and analytical treatment of government agricultural programmes and policies. It is equally important to address the concept of agricultural development. This unit is set to address this very crucial aspect of agricultural development.

2.0 OBJECTIVES

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

- know the concept of agricultural development in developing countries.

3.0 MAIN CONTENT

3.1 The concept of agricultural development

Agricultural development is a multi-sectional activity that support and promote positive change in the rural and urban areas. However, the main objectives of agricultural development are the improvement of material and social welfare of the people. Therefore, agricultural development is seen as synonymous with rural development, the two terms are different but intrinsically related. Agricultural development is a part of rural development; rural areas cannot develop without its agriculture being developed because about 90% of the rural dwellers are engaged in agricultural practices as their major source of income. Nigeria as a country seeks to become a leading economy in Africa and a major player in the world's

economic and political affairs of which their 20-20-20 plan is their guideline. To become a developed nation, Nigeria needs to speed up its economic growth by focusing on vital economic sectors like education, energy, agriculture and manufacturing. At this point in Nigeria's development, the best approach is to focus on the agricultural sector. By focusing on agricultural development, Nigeria can speed up its economic growth in the coming decade.

Agricultural development can also address gender disparities. In Sub-Saharan Africa and South Asia, women are vital contributors to farm work, but because they have less access to improved seeds, better techniques and technologies, and markets, yields on their plots are typically 20 to 40 percent lower than on plots farmed by men. Addressing this gap can help households become more productive and reduce malnutrition within poor families. Economic growth is seen as a long term rises in the capacity to supply increasingly diverse economic goods to its population. It also entails a sustainable rise in national output with a manifestation of economic growth. Therefore, the role of agriculture in transforming both the social and economic framework of an economy cannot be over-emphasized. It has been the source of gainful employment from which the nation can feed its teeming population, providing the nation's industries with local raw materials and as a reliable source of government revenue. A full developed economy, especially in agricultural sector, means an increase in the production of export crops with an improvement in the quantity and grades of such export crops. However, for a country to industrialize, agricultural output will be said to have acquired growth if agriculture can supply enough materials to agro-allied industries. In the light of this, Reynolds in Research opined that agricultural development can promote economic development of underdeveloped countries in four different ways:

- i. By increasing the supply of food available for domestic consumption and release labour needed for industrial employment.
- ii. By enlarging the size of the domestic market for the manufacturing sector.
- iii. By increasing the supply of domestic saving; and
- iv. By providing foreign exchange earned by the agricultural exports.

Therefore, creating a sustainable agricultural development path means improving the quality of life in rural areas, ensuring enough food for present and future generations and generating sufficient income for farmers. Supporting sustainable agricultural development also involves ensuring and maintaining productive capacity for the future and increasing productivity without damaging the environment or jeopardizing natural resources. In addition, it requires respect for and recognition of local knowledge and local management of natural resources, and efforts to promote the capabilities of current generations without compromising the prospects of future ones. Consequently, economic and environmental sustainability, adequate farmers' income, productive capacity for the future, improved food security and social sustainability are important elements of developing countries' agricultural development. Thus, when farmers grow more food and earn more income, they are able to feed their

families, send their children to school, provide for their family's health, and invest in their farms and this makes their communities economically stronger and more stable for agricultural development.

The main aim of agricultural development is the improvement of material and social welfare of the people. Therefore, it is often seen as integrated approach to improving the environment and wellbeing of the people of the community.

4.0 CONCLUSION

In this lesson you have learnt about the concept of agricultural development as a multi-sectional activity and Reynolds' opinion on agricultural development.

5.0 SUMMARY

In this unit you have learnt about:

- The concept of agricultural development as a multi-sectional activity.
- The main objectives of agricultural development are the improvement of material and social welfare of the people.
- Agricultural development is a part of rural development; rural areas cannot develop without its agriculture being developed because about 90% of the rural dwellers are engaged in agricultural practices as their major source of income.
- Agricultural development can also address gender disparities.
- Reynolds in Research opined that agricultural development can promote economic development of underdeveloped countries in four different ways:
 - i. By increasing the supply of food available for domestic consumption and release labour needed for industrial employment.
 - ii. By enlarging the size of the domestic market for the manufacturing sector.
 - iii. By increasing the supply of domestic saving; and
 - iv. By providing foreign exchange earned by the agricultural exports.

6.0 TUTOR-MARKED ASSESSMENT

1. Explain agricultural development as a multi-sectional activity.
2. Explain briefly the difference between agricultural development and rural development.
3. Enumerate four ways that agricultural development can promote economic development of underdeveloped countries.

7.0 REFERENCES/FURTHER READINGS

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UNIT 2 THEORIES AND MODELS OF AGRICULTURAL DEVELOPMENT

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main content
 - 3.1. The theories and models of agricultural development
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

You have learnt in the previous unit the concept of agricultural development. It is equally important to address the theories and models of agricultural development. This unit is set to address this very crucial aspect of agricultural development.

2.0 OBJECTIVES

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

- know the theories and models of agricultural development.

3.0 MAIN CONTENT

3.1 The theories and models of agricultural development

The first step in the process of agricultural development is to abandon the view of agriculture in pre-modern or traditional societies as essential static. However, the problem of agricultural development is not that of transforming a static agricultural sector into a modern dynamic sector, but of accelerating the rate of growth of agricultural output and productivity consistent with the growth of other sectors of a modernizing economy. Therefore, any attempt to embrace a meaningful perspective on the process of agricultural development must abandon the view of agriculture in pre-modern or traditional society as essential static. Hence, a theory of agricultural development should provide insights into the dynamics of agricultural growth, either into the changing sources of growth, in economies ranging from those in which output is growing at a rate of 1.0% or less to those in which agricultural output is growing at an annual rate of 4.0% or more.

There are about five (5) general models in the literature on agricultural development:

- i. The conservation model
- ii. The urban-industrial impact model

- iii. The diffusion model
- iv. The high-pay off input model
- v. The frontier model

1. The Conservation Model

The conservation model of agricultural development evolved from the advances in crop and livestock husbandry associated with the English agricultural revolution and the concepts of soil exhaustion suggested by the early German soil scientists. It was reinforced by the concept in the English classical school of economics of diminishing returns to labour and capital applied to land and labour. The conservation model emphasized the evolution of a sequence of increasingly complex land- and labour-intensive cropping systems, the production and use of organic manures, and labour-intensive capital formation in the form of physical facilities to more effectively utilize land and water resources.

2. The Urban-Industrial Impact Model

The conservation model stands in sharp contrast to models in which geographic differences in the level and rate of economic development are primarily associated with urban-industrial development. Initially, the urban-industrial impact model was formulated (by von Thunen) to explain geographic variations in the intensity of farming systems and in the productivity of labour in an industrializing society. Later it was extended by T. W. Schultz to explain the more effective performance of the factor and product markets linking the agricultural and non-agricultural sectors in regions characterized by rapid urban-industrial development. The model has been tested extensively in the United States but has received only limited attention in the less developed world.

3. The Diffusion Model

The diffusion of better husbandry practices was a major source of productivity growth even in pre-modern societies. The diffusion approach to agricultural development rests on the empirical observation of substantial differences in land and labour productivity among farmers and regions.

The route to agricultural development, in this view, is through more effective dissemination of technical knowledge and a narrowing of the dispersion of productivity among farmers and among regions. The diffusion model of agricultural development has provided the major intellectual foundation for much of the research and extension efforts in farm management and production economics since the emergence, in the last half of the nineteenth century, of agricultural economics as a separate sub-discipline linking the agricultural sciences and economics. The developments that led to the establishment of active programmes of farm management research and extension occurred at a time when experiment-station research was making only a modest contribution to agricultural productivity growth. A further contribution to the effective diffusion of known technology was provided by the research of rural sociologists on the diffusion process. Models were developed emphasizing the relationship

between diffusion rates and the personality characteristics and educational accomplishments of farm operators. The insights into the dynamics of the diffusion process, when coupled with the observation of wide agricultural productivity gaps among developed and less developed countries and a presumption of inefficient resource allocation among "irrational tradition-bound" peasants, produced an extension bias in the choice of agricultural development strategy during the 1950s. The limitations of the diffusion model as a foundation for the design of agricultural development policies became increasingly apparent as technical assistance and community development programmes, based explicitly or implicitly on the diffusion model, failed to generate either rapid modernization of traditional farms or rapid growth in agricultural output.

4. The High Payoff Input Model

The inadequacy of policies based on the conservation, urban-industrial impact, and diffusion models led, in the 1960s, to a new perspective that the key to transforming a traditional agricultural sector into a productive source of economic growth is investment designed to make modern high payoff inputs available to farmers in poor countries. Peasants, in traditional agricultural systems, were viewed as rational, efficient resource allocators. They remained poor because, in most poor countries, there were only limited technical and economic opportunities to which they could respond. The new, high payoff inputs, as identified by Schultz, can be classified into three categories:

- (a) the capacity of public and private sector research institutions to produce new technical knowledge;
- (b) the capacity of the industrial sector to develop, produce, and market new technical inputs; and
- (c) the capacity of farmers to acquire new knowledge and use new inputs effectively.

The enthusiasm with which the high payoff input model has been accepted and translated into an economic doctrine has been due in substantial part to the success of efforts to develop new high-productivity grain varieties suitable for the tropics. New high-yielding wheat and corn varieties were developed in Mexico, beginning in the 1950s, and new high-yielding rice varieties in the Philippines in the 1960s. These varieties were highly responsive to industrial inputs, such as fertilizer and other chemicals, and to more effective soil and water management. The high returns associated with the adoption of the new varieties and the associated technical inputs and management practices have led to rapid diffusion of the new varieties among farmers in several countries in Asia, Africa, and Latin America. The impact on farm production and income has been sufficiently dramatic to be heralded as a "green revolution." The significance of the high payoff input model is that policies based on the model appear capable of generating a sufficiently high rate of agricultural growth to provide a basis for overall economic development consistent with modern population and income growth requirements. As interpreted generally, the model is sufficiently inclusive to embrace the central concepts of the conservation, urban-industrial impact, and diffusion models of

agricultural development. The unique implications of the model for agricultural development policy are the emphasis placed on accelerating the process of development and propagation of new inputs or techniques through public investment in scientific research and education. The high payoff input model, as developed by Schultz, remains incomplete as a theory of agricultural development, however. Typically, education and research are public goods not traded through the market place. The mechanism by which resources are allocated among education, research, and other alternative public and private sector economic activities is not fully incorporated into the Schultz model. The model does treat investment in research as the source of new high-payoff techniques. It does not explain how economic conditions induce the development and adaptation of an efficient set of technologies for a particular society. Nor does it attempt to specify the processes by which factor and product price relationships induce investment in research in a particular direction.

5. The Frontier Model

The history expansion of the area cultivated or grazed in the western countries has represented the main way of increasing agricultural production. However, the most dramatic example in western history was the opening up or creation of the new continents - North and South America and Australia - to European settlement during the 18th and 19th centuries. These countries of the new continents became increasingly important sources of food and agricultural raw materials for the metropolitan countries of the Western Europe. In earlier times, similar processes had proceeded, though at a less dramatic pace, in the peasant and village economies of Europe, Asia and Africa. Intensification of land use in existing villages was followed by pioneer settlement, the establishment of new villages and the opening up of forest or jungle were a series of successive change from Neolithic forest fallow to system of shifting cultivation on bush and grass land fallowed first by short-fallow systems and in recent years by annual cropping. As regard to the above, where soil conditions were favorable, as in the great river basins and plains, the new villages gradually intensified their systems of cultivation. While where soil resources were poor, as in many of the hill and upland areas, new areas were opened up to shifting cultivation or to nomadic grazing. As a result of rapid population growth, the model did not last, the limits to the frontier model were quickly reached. Crop yields were typically low- measured in terms of output per unit of seed rather than per unit of crop area. Output per hectare and per man hour tended to decline - except in the Delta areas such as in Egypt and South Asia, and the wet rice area of East Asia. In some areas, the result was to worsen the wretched conditions of the peasantry while there are relatively few remaining areas of the world where development along the lines of the frontier model will represent an efficient source of growth during the last quarter of the 20th century. The 1960s saw the "closing of the frontier" in most areas of South East Asia, in Latin America and Africa, the opening up of new lands awaits the development of technologies for all control of pests and diseases (such as the Tse-tse fly in Africa) or for the relation and maintenance of productivity of problem soil.

4.0 CONCLUSION

In this lesson you have learnt about the theories and models of agricultural development which are five (5) according to the literature.

5.0 SUMMARY

In this unit you have learnt about the following theories and models of agricultural development:

- The conservation model
- The urban-industrial impact model
- The diffusion model
- The high-pay off input model
- The frontier model

6.0 TUTOR-MARKED ASSESSMENT

1. Explain briefly the following theories and models of agricultural development:
 - vi. The conservation model
 - vii. The urban-industrial impact model
 - viii. The diffusion model
 - ix. The high-pay off input model
 - x. The frontier model.
2. State the three new high payoff inputs as identified by Schultz.

7.0 REFERENCES/FURTHER READINGS

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UNIT 3 ESSENTIALS OF AGRICULTURAL DEVELOPMENT

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main content
 - 3.1. Essentials of agricultural development
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

You have learnt in the previous unit the theories and models of agricultural development. It is equally important to address the essentials of agricultural development. This unit is set to address this very crucial aspect of agricultural development.

2.0 OBJECTIVES

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

- know the essentials of agricultural development.

3.0 MAIN CONTENT

3.1 Essentials of agricultural development

The essentials of agricultural development are highlighted below:

1. Marketing for farm products
2. Constantly changing technology
3. Local availability of supplies and equipment
4. Production incentives for the farmers
5. Adequate transportation
6. Adequate credit for production and consumption
7. Formation of farmers groups and cooperatives
8. Improving and expanding agricultural land
9. National leaders with objectives of agricultural development
10. Existence of competent planners for agricultural development

11. A nation that gives pride to farmers who can make agricultural development possible

1. Marketing for farm products

An essential pre-requisite for agricultural development to take place is that there must exist markets for the farmers' surplus production. Agricultural development itself should lead to increased production. Produce must be sold at prices that would cover cost of production and leave a surplus to cover or pay for the efforts of the farmer. For effective marketing, there must be that demand for the goods to be produced. The marketing system must be such that a reasonable proportion of what consumers pay reach the farmers so that they would be encouraged to produce more. The farmers must also have confidence in the marketing systems, for instance, an assurance that they will be able to sell all that produce at fair prices to them and the consumers. There must also be storage facilities, where excess production at harvest can be stored against the lean period, programmes, like price stabilization or guaranteed minimum prices, are ways to encourage farmers to increase production.

2. Constantly changing technology

For agricultural development to take place there must be constantly changing technology. For instance, continuous cultivation of piece of land leads to decrease in fertility. To improve the soil, there must be adequate fertilizers which should be used at the right time with the right quantity and combination. Again the continuous cultivation of certain crops leads to the building up of pests and diseases. There must therefore be new methods of crop management as well as the use of chemicals and pesticides. There must be the introduction of new high-yielding varieties which should be resistant to certain diseases. As for animals, better qualities must be produced or introduced. For instance, the exotic layers produce more eggs than local birds, and in a situation where demand for eggs is high, the introduction of exotic layers becomes a necessity. Furthermore, when hectrage cultivated increase, say, for maize or rice as a result of irrigation schemes, it means that production patterns may change, which will in turn necessitate more and better machines, and more equipment for sowing or harvesting. With increased production, there must be storage facilities to store excess production from one season to the other. Some of the techniques can be developed within a country through research and the findings of such research can be disseminated through an articulated extension service. Some technologies might be imported and adapted to local conditions. For sustained agricultural development, a large percentage of new technologies introduced to the farmers must be developed within a given country. The advantages of "indigenous" technologies are many and include cheapness and acceptability. For example, maize could be stored in wooden cribs as against silos.

3. Local availability of supplies and equipment

The new technologies introduced will result in the use of special supplies and equipment. Some of these include new seeds, fertilizers, pesticides, tractors, cages for layers, waters and feeders. In most developing countries, these are imported. But for effectiveness in production, there should be gradual moves towards local production of these goods, particularly if they would become cheaper. Even if they are imported, they must be made available in the local areas. There are at present in Nigeria reports of shortages of fertilizers and spraying chemicals. In order to reduce these shortages, governments and development corporations have set up agro-service centres to ensure that supplies are brought within easy reach of the farmers. In places where there are no such centres, cooperative farmers' organizations help in the distribution of supplies and hiring of tractors and implements. Whether it is through the efforts of individuals, governments or cooperatives, the most important thing is that the productive resources or inputs must be available to the farmer at the time they need them and at prices that they can afford.

4. Productive incentives for Farmers

Farming is not as attractive as other occupations. In the peasant environment, much physical energy is expended in production while returns are low. Many continue to produce just to exist. Agricultural development cannot take place in this atmosphere. For development to take place, farmers must be paid 'fair' producer prices, prices that would cover the cost of production and leave them with some reasonable margin. The guaranteed minimum price policy is a result of government's intention of guaranteeing stable prices for farmers.

Furthermore, the farmers must be able to have all the goods and services that they need for their families. For instance, good medical care, schools within easy reach of their living places, good water supply and electricity. In short they must have facilities that will make them comfortable and so help increase their productivity.

5. Transportation

Goods produced by the farmers must get to the consumers or the users at the right time. Roads are needed to bring to the farmers the required inputs and dispose of the outputs. Where there are good roads and improved systems of transportation, farmers receive better prices for their products. In some cases, roads to rural areas are constructed and maintained by government efforts. In some other cases when certain community roads become important, the local government may take them over from local communities and help in maintaining them. Other important factors in transportation include prices of commercial vehicles and their spare parts.

The importance of transportation of both men and materials cannot be overemphasized in agricultural development. For example, a man using a wheel-barrow to transport farm produce is estimated to be able to carry five times the quantity transported by a man using head portage. This is also true of donkeys used for transporting farm produce.

6. Group action by farmers

There are a lot of farmers' organizations, some voluntary, others inspired, that have been found to help farmers both in the purchase and disposal of production inputs. This group action may range from group cultivation, to bulk purchases of inputs and to purchase of tractors.

7. Improving and expanding agriculture land

Land is very important for agricultural production in developing countries. Challenges here include lack of rainfall or excessive rainfall and lack of proper care in the use and management of agricultural land. There is need for improving the method of cultivation as well as working out the combination of crops to be grown. The expansion of agricultural land can be done through bringing more land into cultivation and through irrigation schemes. The removal of some institutional factors particularly as they relate to land tenure is likely to make available more agricultural land.

8. Availability of credit for production and processing

Capital is needed by the farmers to break the vicious cycle created by low productivity, income and savings. For agricultural development to take place, credit must be available at the time the farmers want it and at reasonable interest rates. Allowance must also be given to ensure that farmers receive not only production credit but also consumption credit; otherwise the farmers are likely to use their production credit for consumption and this will not help agricultural development.

9. National leaders committed to agricultural development

In countries where there are many sources of revenue, the tendency is to give priority to those that would generate immediate income. Agriculture is almost always neglected or at least not given a pride of place. Oil-rich countries of the developing world is a case in point. In most cases, it needs a major food crisis or some international problem in prices of minerals to gear leaders in these countries to do something meaningful for the agriculture of the countries. It is, therefore, a necessity that leaders must know that the development of agriculture is *sine qua non* of economic development and this must be reflected in agricultural policies of these countries. Mere enumeration of agricultural policies is not enough, their translation into reality is essential. This also implies that such leaders or their planners must understand agricultural policies in terms of types and implementation strategies.

10. Existence of competent planners for agricultural development

For agricultural development to take place, there must be competent planners as well as adequate planning data on which meaningful projection for agricultural development could be made.

11. Recognising farmers

For countries that desire rapid agricultural development the farmers must be recognized and be given pride of place. They must not be seen as mere providers of food and cash crops.

Every effort must be made by the government to ensure that farming is recognized as one of the important professions, and aids should be channeled to them and the public made aware of the important role the farmers play in the national economy. Awarding prizes at agricultural shows and conferring honours on successful farmers are steps that can be taken to encourage farmers to put in their best so as to achieve rapid and sustainable agricultural development.

4.0 CONCLUSION

In this lesson you have learnt about the essentials of agricultural development which are eleven in number as discussed in the text.

5.0 SUMMARY

In this unit you have learnt about the following essentials of agricultural development:

- Marketing for farm products
- Constantly changing technology
- Production incentives for the farmers
- Local availability of supplies and equipment
- Adequate transportation
- Adequate credit for production and consumption
- Formation of farmers groups and cooperatives
- Improving and expanding agricultural land
- National leaders with objectives of agricultural development
- Existence of competent planners for agricultural development
- A nation that gives pride to farmers who can make agricultural development possible

6.0 TUTOR-MARKED ASSESSMENT

1. State and explain briefly six essentials of agricultural development:
2. Discuss briefly the following essentials of agricultural development:
 - i. Formation of farmers groups and cooperatives
 - ii. Improving and expanding agricultural land
 - iii. Constantly changing technology
 - iv. Adequate transportation

- v. Adequate credit for production and consumption

7.0 REFERENCES/FURTHER READING

- Abdulsalami, I. (1998). Public policy: Concepts, Approaches and Processes. In. I. N. Obasi and N. O. Yaquab (eds). Local Government Policy-Making and Execution in Nigeria, Sam Bookman Publishers, Ibadan, pp 1-9.
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UNIT 4 INTEGRATED RURAL DEVELOPMENT PLANNING

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main content
 - 3.1. Integrated rural development
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment

- 7.0 References/Further Readings

1.0 INTRODUCTION

You have learnt in the previous unit the essentials of agricultural development. It is equally important to address the integrated rural development. This unit is set to address this very crucial aspect of agricultural policy and development.

2.0 OBJECTIVES

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

- Meaning of integrated rural development
- Features that highlighted different types of integrated rural development
- Advantages of integrated rural development

3.0 MAIN CONTENT

3.1 Integrated Rural Development

The concept of integrated rural development effectively combines multiple sectors and techniques from health care service provision, agricultural expansion, education, and improvement of infrastructure to technical transfer, regarding local governments as counterparts to deal with the multidimensional causes of poverty.

Integrated rural development strategy combines the development of various areas of the rural society including agricultural, educational, health, nutrition, rural electrification, rural water supply and cooperatives simultaneously. The strategy also aims at improved employment, access to production resources, access to social services and management and development of resources. The distinguishing feature of this strategy is that the various development sectors are considered together rather than in isolation so that their relationships can be seen.

The use of this strategy involves increased mobilization and motivation of rural people to participate actively in decision making process concerning their progress and in the development activities. There should be established institutional relationships which will

facilitate the development of the sectors. Rural development councils should be set up at the national, state, local government village levels to educate people, clarify ambiguities and mobilize moral and financial supports for rural development. The past military administration of General Ibrahim Babangida, has adopted this administrative arrangement for rural development. It has set up a Directorate of Foods, Roads and Rural Infrastructures which is charged with the responsibilities for specially facilitating food production, road construction and provision of other rural infrastructural facilities such as electricity and pipe borne water supply to the rural area. Many agencies and institutions employ the integrated-strategy for rural development. Oil companies such as Texaco and Mobil petroleum companies have engaged in integrated rural development, particularly agricultural development in more than two decades. The United State Agency for International Development carried out water supply projects in urban as well as rural areas during the 1960s in Nigeria. The United Nation Educational Scientific and Cultural Organization (UNESCO). The World Health Organization (WHO) has provided funds for emergency educational and health improvement programmes in rural and urban areas. Universities have also embarked on integrated rural development on experimental basis. Successful integrated rural development is therefore a joint effort of many national and international organizations and agencies.

- Features that highlighted different types of integrated rural development include:
 - Target-oriented
 - Comprehensive and multi-sectoral
 - Decentralization
 - Participatory, community centered and/or community based
 - Multi-sectoral infrastructure improvement

- **Advantages of integrated rural development**
 - i. To enable multidisciplinary anti-poverty efforts in rural areas,
 - ii. To enable solutions to regional problems, targeting impoverished groups, and
 - iii. To promote the participation of local people, local administrative organizations, and civil society.

4.0 CONCLUSION

In this lesson you have learnt about the:

- The meaning of Integrated rural development
- Features that highlighted different types of integrated rural development, and
- Advantages of integrated rural development

5.0 SUMMARY

In this unit you have learnt about the:

- The concept of integrated rural development effectively combines multiple sectors and techniques from health care service provision, agricultural expansion, education, and improvement of infrastructure to technical transfer, regarding local governments as counterparts to deal with the multidimensional causes of poverty.
- Features that highlighted different types of integrated rural development include:
 - Target-oriented
 - Comprehensive and multi-sectoral
 - Decentralization
 - Participatory, community centered and/or community based
 - Multi-sectoral infrastructure improvement
- **Advantages of integrated rural development**
 - iv. To enable multidisciplinary anti-poverty efforts in rural areas,
 - v. To enable solutions to regional problems, targeting impoverished groups, and
 - vi. To promote the participation of local people, local administrative organizations, and civil society.

6.0 TUTOR-MARKED ASSESSMENT

- i. Features that highlighted different types of integrated rural development
- ii. State three advantages of integrated rural development
- iii. What do you understand by integrated rural development?

7.0 REFERENCES/FURTHER READING

- Adegeye, A. J. & Dittoh, J. S. (1985). *Essentials of Agricultural Economics* (New ed.), Ibadan: Impact Publishers Nig. Ltd.
- Idachaba, F. S. (1980). Food Policy in Nigeria: Towards a framework of Analysis, *Agricultural Research Bulletin*, Vol. 1 No. 1, pp. 1-47, Faculty of Agriculture and Forestry, University of Ibadan, Nigeria.

MODULE 6 AGRICULTURAL PLANNING

- Unit 1 The concept of planning and Agricultural planning
- Unit 2 Problems of agricultural planning in developing countries
- Unit 3 The new Nigerian agricultural policy planning
- Unit 4 Roles and Responsibilities of stakeholders

UNIT 1 THE CONCEPT OF PLANNING AND AGRICULTURAL PLANNING

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main content
 - 3.1. The concept of planning and agricultural planning
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

You have learnt in the previous unit the essentials of agricultural development. It is equally important to address the concept of agricultural planning. This unit is set to address this very crucial aspect of agricultural development.

2.0 OBJECTIVES

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

- the concept of planning and agricultural planning.
- reasons for agricultural planning,
- steps involved in agricultural planning

3.0 MAIN CONTENT

3.1 The Concept of Planning and Agricultural Planning

Planning has been simply defined as “deciding in advance what to do, how to do it, when to do it and who is to do it”. Planning is also defined as embracing all the activities that lead to the determination of objectives and the appropriate courses of action that lead to their

achievements. Planning is an activity which involves decisions about ends as well as means and about conduct as well as result.

Agricultural planning can be defined as a deliberate coordinated effort towards a desirable development of crops, livestock, fisheries and forestry. For instance, the market demand may indicate high rewards for growing rice as compared to other crops in a locality. Following this situation, all farmers in a country can decide to grow only rice. From an agronomic point of view, moreover, a mono-cultural economy may become vulnerable to international movement of prices. There is, therefore, a need to evaluate resources in order to see how crops and livestock can be combined for faster economic development.

There are many other reasons why agriculture needs to be planned.

1. Agricultural planning must be regarded as an integral part of over-all economic planning. An agricultural plan may be part of a national plan which may reflect the objectives of the ruling elite.
2. Agricultural planning may be necessary as a result of market imperfections where prices do not necessarily reflect properly the costs and returns as related to farm production.
3. Agricultural planning may be desirable as a result of technological indivisibilities. For instance, governments may have to set up Research institutes or build irrigation schemes because the individual farmer cannot afford them, yet both are needed to increase agricultural productivity.
4. Government may engage in agricultural planning to achieve desired production patterns that may not materialize in good time, if natural or market forces were to be relied upon. So being subjected to major destabilizing economic shocks.
5. Unplanned agricultural development may lead to the neglect and stagnation of some regions, states or local government areas in a country.
6. Government may engage in planned agricultural development to cope with fundamental problems of uncertainty in agricultural production, for instance, planning towards drought or war years.

In trying to plan, certain steps must be taken. They are as listed below:

1. Setting realistic national agricultural objectives
2. Estimation of available resources with current performance of crop and livestock activities
3. Projecting the expected demand for these inputs and outputs of the agricultural industry;
4. Projecting the expected production and identifying demand/supply gaps;

5. Setting targets that seem achievable in the light of the available resources and demand for the outputs;
6. Establishment of projects and measures to achieve the set targets; and
7. Evaluation and follow-up of the measures adopted.

4.0 CONCLUSION

In this lesson you have learnt about the concept of planning which means deciding in advance what to do, how to do it, when to do it and who is to do it and agricultural planning as a deliberate coordinated effort towards a desirable development of crops, livestock, fisheries and forestry.

5.0 SUMMARY

In this unit you have learnt about the concepts of planning and agricultural planning.

- Planning has been simply defined as “deciding in advance what to do, how to do it, when to do it and who is to do it”.
- Planning is also defined as embracing all the activities that lead to the determination of objectives and the appropriate courses of action that lead to their achievements. Planning is an activity which involves decisions about ends as well as means and about conduct as well as result.
- Agricultural planning can be defined as a deliberate coordinated effort towards a desirable development of crops, livestock, fisheries and forestry.
- For instance, the market demand may indicate high rewards for growing rice as compared to other crops in a locality. Following this situation, all farmers in a country can decide to grow only rice.

6.0 TUTOR-MARKED ASSESSMENT

1. Explain briefly the meaning of planning
2. With examples discuss briefly agricultural planning
3. State five reasons why agriculture has to be planned
4. What are the steps involved in agricultural planning?

7.0 REFERENCES/FURTHER READING

- Abdulsalami, I. (1998). Public policy: Concepts, Approaches and Processes. In. I. N. Obasi and N. O. Yaqub (eds). Local Government Policy-Making and Execution in Nigeria, Sam Bookman Publishers, Ibadan, pp 1-9.
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UNIT 2 PROBLEMS OF AGRICULTURAL PLANNING IN DEVELOPING COUNTRIES

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main content
 - 3.1 The problems of agricultural planning in developing countries
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

You have learnt in the previous unit the concept of planning and agricultural planning. It is equally important to address the problems of agricultural planning in developing countries. This unit is set to address this very crucial aspect of agricultural policy planning and development.

2.0 OBJECTIVES

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

- know the problems of agricultural planning in developing countries.

3.0 MAIN CONTENT

3.1 Problems of agricultural planning in developing countries

There are many problems facing agricultural planning in developing countries. The following are some of them:

1. Lack of well-defined goals and policies: Inadequate definition of and/or well-defined goals makes a policy to lack clarity, internal consistency and compatibility with other policy goals with the result that the successful implementation of such a policy becomes problematic. This is a problem of communication. Goal definition varies in developing countries because people disagree about the objectives of a given programme or because people do not care to define such objectives because the objectives are not to their advantage. In some other instances, the policy makers assume that they know the needs of the target groups and therefore see no reason for clarity of goals.
2. Inadequate or incompetent planners for evaluation and monitoring projects;

3. Lack of accurate data for planning;
4. Existence of land tenure and other institutional problems;
5. Inadequacy of infrastructural facilities;
6. Absence of a new cadre of farmers that can easily be 'bent' to achieve effective agricultural planning;
7. Lack of effective administrative managerial machinery for effectuating agricultural sector plan;
8. Fragmentation of holdings and the impossibility of reaching all the farmers that are scattered over large areas;
9. Inadequacy of relevant researches to the problems of local farmers; and
10. Inadequate extension services to carry the research findings to the farmers.

Agriculture must of course be planned in relation to the whole economy and unless this is done, there are bound to be problems, to the extent that wrong emphasis may be laid on which aspects of agriculture to be developed. For instance, if a country is setting up agro-allied industries, agriculture must be geared towards feeding these industries with raw materials. If food is the nation's problems, then agriculture must be geared towards this objective.

It is certain, therefore, that difference is only in the extent and degree of planning or involvement of government in the planning effort.

4.0 CONCLUSION

In this lesson you have learnt about the problems of agricultural planning in developing countries which are numerous as earlier discussed.

5.0 SUMMARY

In this unit you have learnt about the problems of agricultural planning in developing countries, among them are:

- Inadequate or incompetent planners for evaluation and monitoring projects;
- Lack of accurate data for planning;
- Existence of land tenure and other institutional problems;
- Inadequacy of infrastructural facilities;
- Absence of a new cadre of farmers that can easily be 'bent' to achieve effective agricultural planning;

- Lack of effective administrative managerial machinery for effectuating agricultural sector plan;
- Fragmentation of holdings and the impossibility of reaching all the farmers that are scattered over large areas;
- Inadequacy of relevant researches to the problems of local farmers; and
- Inadequate extension services to carry the research findings to the farmers.

6.0 TUTOR-MARKED ASSESSMENT

1. State ten problems of agricultural planning in developing countries.

7.0 REFERENCES/FURTHER READING

Abdulsalami, I. (1998). Public policy: Concepts, Approaches and Processes. In. I. N. Obasi and N. O. Yaqub (eds). Local Government Policy-Making and Execution in Nigeria, Sam Bookman Publishers, Ibadan, pp 1-9.

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UNIT 3 THE NEW NIGERIAN AGRICULTURAL POLICY PLANNING

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main content
 - 3.1. The new Nigerian agricultural policy planning
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment

- 7.0 References/Further Readings

1.0 INTRODUCTION

You have learnt in the previous unit the problems of agricultural planning in developing countries. It is equally important to address the new Nigeria agricultural policy planning. This unit is set to address this very crucial aspect of agricultural policy and development.

2.0 OBJECTIVES

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

- Objectives of new agricultural policy and planning
- Key features of the new agricultural policy planning
- Major content of the policy framework
- The new agricultural policy direction

3.0 MAIN CONTENT

3.1 The New Agricultural Policy Planning

The previous agricultural policy document was finalized in 1988 and was supposed to remain operative until the year 2000. Hence, in 2001, a new policy document was launched (FMARD 2001). The new policy document bears most of the features of the old one, but has more focused direction and better articulation.

3.1.1 Objectives of new agricultural policy and planning

In a broad sense, the objectives of the new agricultural policy (as stated in the document) are very similar to those of the old one. They include:

1. The achievement of self-sufficiency in basic food supply and the attainment of food security.
2. Increased production of agricultural raw materials for industries.

3. Increased production and processing of export crops, using improved production and processing technologies.
4. Generating gainful employment.
5. Rational utilization of agricultural resources; improved protection of agricultural land resources from drought, desert encroachment, soil erosion and flood; and the general preservation of the environment for the sustainability of agricultural production.
6. Promotion of the increased application of modern technology to agricultural production.
7. Improvement in the quality of life of rural dwellers.

3.1.2 Key features of the new policy planning

The key features of the new policy planning are as follows:

1. Evolution of strategies that will ensure self-sufficiency and improvement in the level of technical and economic efficiency in food production. This is to be achieved through:
 - i. the introduction and adoption of improved seeds and seed stock
 - ii. adoption of improved husbandry and appropriate machinery and equipment
 - iii. efficient utilization of resources
 - iv. encouragement of ecological specialization, and
 - v. recognition of the roles and potentials of small-scale farmers as the major producers of food in the country.
2. Reduction of risks and uncertainties in agriculture to be achieved through the introduction of a more comprehensive agricultural insurance scheme to reduce the natural hazard factor militating against agricultural production and security of investment.
3. A nationwide, unified, and all-inclusive extension delivery system under the ADPs.
4. Active promotion of agro-allied industry to strengthen the linkage effect of agriculture on the economy.
5. Provision of such facilities and incentives as rural infrastructure, rural banking, primary health care, cottage industries etc, to encourage agricultural and rural development and attract youths (including school leavers) to go back to the land.

3.1.3 Major content of the policy framework

The policies cover issues on:

1. agricultural resources (land, labor, capital, seeds, fertilizer, etc.) whose supply and prices affect the profitability of agricultural business,
2. crops, livestock, fisheries, and agroforestry production,
3. pest control,
4. mechanization,
5. water resources and irrigation,
6. rural infrastructure,

7. agricultural extension and technology transfer,
8. research and development (R&D),
9. agricultural commodity storage, processing and marketing,
10. credit supply,
11. insurance,
12. agricultural cooperatives,
13. training and manpower development, and
14. agricultural statistics and information management.

The successful implementation of the agricultural policy is, however, contingent upon the existence of appropriate macroeconomic policies that provide the enabling environment for agriculture to grow in equilibrium with other sectors. They affect profitability of agricultural enterprises and the welfare of farmers through their effects on the flow of credit and investment funds, taxes, tariffs, subsidies, budgetary allocation, etc.

3.1.4 The new policy direction

According to the document, the new agricultural policy will herald in a new policy direction via new policy strategies that will lay the foundation for sustained improvement in agricultural productivity and output. The new strategies involve:

1. Creating a more conducive macro environment to stimulate greater private sector investment in agriculture.
2. Rationalizing the roles of the tiers of government and the private sector in their promotional and supportive efforts to stimulate agricultural growth.
3. Reorganizing the institutional framework for government intervention in the agricultural sector to facilitate the smooth and integrated development of the sector.
4. Articulating and implementing integrated rural development programs to raise the quality of life of the rural people.
5. Increasing budgetary allocation and other fiscal incentives to agriculture and promoting the necessary developmental, supportive, and service-oriented activities to enhance agricultural productivity, production, and market opportunities.
6. Rectifying import tariff anomalies in respect of agricultural products and promoting the increased use of agricultural machinery and inputs through favorable tariff policy.

4.0 CONCLUSION

In this lesson you have learnt about the:

- Objectives of new agricultural policy and planning
- Key features of the new agricultural policy planning
- Major content of the policy framework, and

- The new agricultural policy direction

5.0 SUMMARY

In this unit you have learnt about the:

- Objectives of the new agricultural policy (as stated in the policy document) are very similar to those of the old one. They include:
 - i. The achievement of self-sufficiency in basic food supply and the attainment of food security.
 - ii. Increased production of agricultural raw materials for industries.
 - iii. Increased production and processing of export crops, using improved production and processing technologies.
 - iv. Generating gainful employment.
 - v. Rational utilization of agricultural resources; improved protection of agricultural land resources from drought, desert encroachment, soil erosion and flood; and the general preservation of the environment for the sustainability of agricultural production.
 - vi. Promotion of the increased application of modern technology to agricultural production.
 - vii. Improvement in the quality of life of rural dwellers.

- **The new agricultural policy direction strategies involve:**

The new strategies involve:

- i. Creating a more conducive macro environment to stimulate greater private sector investment in agriculture.
- ii. Rationalizing the roles of the tiers of government and the private sector in their promotional and supportive efforts to stimulate agricultural growth.
- iii. Reorganizing the institutional framework for government intervention in the agricultural sector to facilitate the smooth and integrated development of the sector.
- iv. Articulating and implementing integrated rural development programs to raise the quality of life of the rural people.
- v. Increasing budgetary allocation and other fiscal incentives to agriculture and promoting the necessary developmental, supportive, and service-oriented activities to enhance agricultural productivity, production, and market opportunities.
- vi. Rectifying import tariff anomalies in respect of agricultural products and promoting the increased use of agricultural machinery and inputs through favorable tariff policy.

6.0 TUTOR-MARKED ASSESSMENT

1. State five objectives of the new agricultural policy.
2. State five key features of the new agricultural policy planning

3. Enumerate ten areas of major content of the new agricultural policy framework
4. State five strategies of the new agricultural policy direction.

7.0 REFERENCES/FURTHER READING

Federal Ministry of Agriculture (1987). Agricultural policy for Nigeria, Directorate for Social Mobilization, Abuja, Nigeria.

Federal Ministry of Agriculture (n.d.). Agricultural policy for Nigeria. Federal Ministry of Agriculture, Water Resources and Rural Development, Abuja, Nigeria. Reprint. <http://extwprlegs1.fao.org/docs/pdf/nig149296.pdf>

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UNIT 4 ROLES AND RESPONSIBILITIES OF POLICY STAKEHOLDERS

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main content
 - 3.1. The roles and responsibilities of the three tiers of Government and the private sector in agricultural policy for Nigeria
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment

- 7.0 References/Further Readings

1.0 INTRODUCTION

You have learnt in the previous unit the problems of agricultural planning in developing countries. It is equally important to address the roles and responsibilities of the three tiers of government and the private sector in agricultural policy for Nigeria. This unit is set to address this very crucial aspect of agricultural policy planning and development.

2.0 OBJECTIVES

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

- the roles and responsibilities of the Federal Government in agricultural policy for Nigeria.
- the roles and responsibilities of the State Governments in agricultural policy for Nigeria.
- the roles and responsibilities of the Local Governments in agricultural policy for Nigeria.
- the roles and responsibilities of the private sector in agricultural policy for Nigeria.

3.0 MAIN CONTENT

3.1 The Roles and Responsibilities of Various Tiers of Government and the Private Sector

In order to reduce areas of overlap and duplication of efforts between the three tiers of government in the country, the responsibilities of the Federal, State and Local Governments are clearly indicated in this section. The exact mode of operation in some of the areas of intervention are contained in subsequent subsections.

3.1.1 The Roles and Responsibilities of Federal Government

The main areas of direct involvement of the Federal Government will be:

- i. the provision of the general policy framework within which agriculture will develop and guidance to state and other public agencies on areas of emphasis for investment, particularly in strategic products;
- ii. research into all facets of agriculture, including the provision of breeding stock and foundation seeds of improved varieties, brood stock and improved fast-growing hybrid species as well as fish seed;
- iii. the control of pests and diseases of national and international significance;
- iv. the development of water resources, including the construction and maintenance of small, medium and large dams for irrigation, aquaculture (fish farming), rural water supplies and other uses and the construction of boreholes; maintaining strategic grains and animal product reserves for purpose of food security;
- v. the establishment and maintenance of a national capability for animal and fish diseases control through a virile Federal Veterinary and Public Health Service;
- vi. advise on agricultural produce tariff and pricing policy through representations in appropriate policy formulation committees
- vii. the promotion of sale of exportable agricultural produce outside the country;
- viii. the maintenance of a reasonable flow of resources into agriculture and rural development by way of matching grants, subventions and investments in Federal, joint Federal and State, State and other specialized projects and by creating conditions which facilitate resources flows from other sources.
- ix. the training of manpower for agricultural development;
- x. the establishment of an Agricultural Insurance Scheme;
- xi. the promotion of appropriate technology in agricultural production, preservation, processing and storage through the development of prototypes and pilot projects as a follow-up to research inventions;
- xii. the coordination of the nation's forest development efforts including forest resources development and utilization afforestation, wildlife conservation and management;
- xiii. the coordination of data collection; and
- xiv. the inventorisation of land resources through soil survey and soil fertility mapping and the control of land use and land degradation for effective soil conservation.

3.1.2 The Roles and Responsibilities of State Governments

The state governments will be primarily responsible for the following activities:

- i. The promotion of primary production of all items of agricultural produce (including crops, livestock and fisheries) through;
 - a. The maintenance of a virile and effective extension of service which can deal with problems of production, preservation, storage, processing and marketing; and
 - b. The promotion of the production of inputs for crops, livestock, fish and forestry using the combined activities of government and private agencies
- ii. Ensuring access to land by those who wish to engage in farming;
- iii. The training of manpower for agricultural development
- iv. The control of plant and animal pests and diseases
- v. The establishment of appropriate institutions for administering credit to small scale farmers, pastoralists, fishermen and fish farmers
- vi. The maintenance of buffer stocks of agricultural produce for purposes of price stabilization Investments in rural development, including rural roads and water supply so that the standard of living of rural dwellers is improved;
- vii. Ownership, management and control of forest estates held in trust for the local communities.

3.1.3 The Roles and Responsibilities of Local Governments

The Local Government authorities will be expected to take over progressively the responsibility of the State Government with respect to:

- i. the provision of an effective agricultural extension service;
- ii. the provision of rural infrastructure;
- iii. the mobilization of farmers for accelerated agricultural and rural development through cooperative organisations and the communities;
- iv. the provision of land for new entrants into farming in accordance with the provisions of the Land Use Decree; and
- v. the coordination of data collection at the primary levels.

3.1.4 The Roles and Responsibilities of the Private Sector

The philosophy of government is that agriculture is essentially a private-sector activity with the government playing largely support roles and providing facilitating services. In this regard, the private sector will be expected to spear-head the drive for the realization of the

objectives of agricultural policies in Nigeria. In particular, the private-sector will be expected to play a leading role with respect to:

- i. investment in all aspects of agricultural production;
- ii. agricultural produce storage, processing and marketing;
- iii. agricultural input supply and distribution;
- iv. agricultural mechanization
- v. provision of certain types of rural infrastructure; and
- vi. support for research in all aspects of agriculture.

4.0 CONCLUSION

In this lesson you have learnt about the roles and responsibilities of the stakeholders in agricultural policy for Nigeria.

5.0 SUMMARY

In this unit you have learnt about the roles and responsibilities of the three tiers of government and the private sector for agricultural policy for Nigeria, among them are:

The main areas of direct involvement of the Federal Government will be the following among others:

1. the provision of the general policy framework within which agriculture will develop and guidance to state and other public agencies on areas of emphasis for investment, particularly in strategic products;
2. research into all facets of agriculture, including the provision of breeding stock and foundation seeds of improved varieties, brood stock and improved fast-growing hybrid species as well as fish seed;
3. the control of pests and diseases of national and international significance;
4. the development of water resources, including the construction and maintenance of small, medium and large dams for irrigation aquaculture (fish farming), rural water supplies and other uses and the construction of boreholes; maintaining strategic grains and animal product reserves for purpose of food security;
5. the establishment and maintenance of a national capability for animal and fish diseases control through a virile Federal Veterinary and Public Health Service;
6. the training of manpower for agricultural development;
7. the establishment of an Agricultural Insurance Scheme, etc

The state governments will be primarily responsible for the following activities:

1. The promotion of primary production of all items of agricultural produce (including crops, livestock and fisheries) through:
 - a. The maintenance of a virile and effective extension of service which can deal with problems of production, preservation, storage, processing and marketing; and
 - b. The promotion of the production of inputs for crops, livestock, fish and forestry using the combined activities of government and private agencies
2. Ensuring access to land by those who wish to engage in farming;
3. The training of manpower for agricultural development
4. The control of plant and animal pests and diseases
5. The establishment of appropriate institutions for administering credit to small scale farmers, pastoralists, fishermen and fish farmers; etc

The Local Government authorities will be expected to take over progressively the responsibility of the State Government with respect to:

1. the provision of an effective agricultural extension service;
2. the provision of rural infrastructure;
3. the mobilization of farmers for accelerated agricultural and rural development through cooperative organisations and the communities;
4. the provision of land for new entrants into farming in accordance with the provisions of the Land Use Decree; and
5. the coordination of data collection at the primary levels.

The private-sector will be expected to play a leading role with respect to:

1. investment in all aspects of agricultural production;
2. agricultural produce storage, processing and marketing;
3. agricultural input supply and distribution;
4. agricultural mechanization
5. provision of certain types of rural infrastructure; and
6. support for research in all aspects of agriculture.

6.0 TUTOR-MARKED ASSESSMENT

1. State roles and responsibilities of the following stakeholders in agricultural policy for Nigeria:

- i. The Federal Government
- ii. The States Government
- iii. The Local Governments
- iv. The private sector

7.0 REFERENCES/FURTHER READING

- Abdulsalami, I. (1998). Public policy: Concepts, Approaches and Processes. In. I. N. Obasi and N. O. Yaqub (eds). *Local Government Policy-Making and Execution in Nigeria*, Sam Bookman Publishers, Ibadan, pp 1-9.
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