

AGRICULTURAL POLICY IN NIGERIA: CHALLENGES FOR THE 21ST CENTURY

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ABSTRACT

Agricultural policy-making in Nigeria has been through changes over time. During each phase, the characteristics of policy have reflected the roles expected of the sector and the relative endowment of resources. In particular, the emergence of petroleum as a major source of revenue had meant that more revenue was available for funding of programmes. It also meant that agriculture no longer commanded the same amount of attention it did in the earlier periods.

These notwithstanding, agricultural policy had been dynamic. Institutions were created while others were disbanded depending on the exigencies of the time. Hence the marketing Boards gave way to commodity boards and production companies; the River Basin development Authorities have been modified to meet changing objectives; small-scale irrigation schemes are receiving more attention than the earlier large versions; agricultural extension by the State Ministries of Agriculture has given way to extension by the Agricultural Development Project (ADP); technology generation and dissemination are being integrated through the ADP-Research Institute farming systems research.

Dialogue has been on-going on key sub-sectors of agriculture among policy makers, practitioners and development agencies, aimed at evolution of more effective policies in the agricultural sector.

It is now realized that agriculture at policy concerns more than food production. In spite of abundant production of food, excessive hunger still does exist among the populace. Both under- and malnutrition could still coexist with apparent plentiful supply of food. Many of the citizens could still be deprived of good health and education in spite of high per capita supply of food.

Availability, access and distribution of food and basic needs have become important security complements of food availability. The broad term, poverty alleviation has assumed an acceptable battle cry for policy makers in the food sector generally.

INTRODUCTION

AGRICULTURAL POLICY IN NIGERIA - A REVIEW

Agriculture is one of the major real sectors of the Nigerian economy. Other important real sectors include crude petroleum, mining and quarrying, manufacturing, building and construction. During the colonial and immediate post-independence Nigeria, it was the leading sector, and satisfactorily performed its traditional

developmental roles of employment generation, income generation, foreign exchange earning, food and raw materials production, and so on.

Agricultural policy in Nigeria has been through a history of changes, beginning from the colonial era to the current period. The history of agricultural policy can be divided into sub periods according to the major characteristics of policy obtaining. Olayemi (1995) recognizes three phases namely: a pre-1970 phase, a 1971-1984 phase and a post 1984 phase. The technical and socio-economic forces operating determine

each period's policy. Beginning from the colonial period when food was apparently abundant with respect to need, emphasis of public policy was to produce cash crops for export and foreign exchange. Based on performance during this period, food surplus was actually forecast for the 1970s.

Beginning from the civil war period, food importation actually became worrisome by the late 1970s. Petroleum was then dominant, providing revenue to finance the importation of food.

There seemed to be no need to worry. The drastic fall in oil revenue from the early eighties however brought about a decline in oil revenue and foreign exchange earnings. Payment for the high import bill hence became a source of concern to the policy makers. Their response was a complex of austerity measures which, culminated in a Structural Adjustment Programme (SAP) in 1986 (CBN Annual Report, 1986).

Major policy initiatives through the period included establishment of the River Basin Development Authorities (RBDA), Agricultural Development Projects (ADP), National Accelerated Food Production Programme (NAFPP), Operation Feed the Nation (OFN), the Green Revolution (GR), National Agricultural Land Development Authority (NALDA). Also important are abrogation of the Commodity marketing Boards which had played pioneer roles during the colonial and immediate post independence era, establishment and subsequent closure of public agency production companies, abolition of import licensing for commodities, phased removal of subsidies on fertilizer, provision of agricultural credit through the Nigerian Agricultural and Cooperative Bank (NACB), Agricultural Credit Guarantee Scheme Fund (ACGSF), and micro credit through the Peoples Bank and Community Banks. Agricultural policy seemed to be hinged on a philosophy of increasing production.

It is a popularly held view that the emergence of petroleum oil as the dominant revenue source of the economy caused the relegation of agriculture to the background. The view is also held that the high price of petro-products in the international market caused a high

appreciation of the Nigerian currency to the extent that it was cheaper to import food items than to produce them locally (Nwagbo, 1998). There were no effective incentives to encourage farmers' production.

Available data over the last decade indicate that the agricultural sector performed better than it did during the previous decade. It has been growing at between 4 and 5 percent (FACU, 1993). Recent policy measures and programmes have impacted positively on the sector. It is commonly however also believed that the agricultural sector could perform better if a number of perceived bottlenecks were broken.

The challenge of the 21st century is to improve on this performance in a sustainable manner, taking into account the broader issues of poverty alleviation in the economy. Important issues in confronting this challenge relate to the following:

- supply side factors such as effective technology generation and dissemination; better input supply and investments that improve productivity of the land;
- adequate incentives for farmers to invest in improved technology; market linkages and public policies have a lot to do on these;
- conserving the fragile agro-environmental resource base. The issue of sustainability is directly relevant here. Presently Nigerian agricultural growth results primarily from expanding the area under cultivation, and depleting the natural resource base (soil, water, forest and so on). Future growth should be based increasingly on intensification and productivity improvements.

In addressing these challenges during the 21st century, many issues are of concern. Five however have more pervasive influence on the agricultural sector. The five issues are:

- the role of the public sector,
- the relationship between the Federal, State and Local Governments,
- market development,
- technology development and dissemination,
- sustainability.

A brief discussion of these issues will be in order

here.

KEY POLICY ISSUES IN THE AGRICULTURAL SECTOR

Public Sector Role

The role of the public sector in Nigeria's agriculture has varied according to time and circumstances. Because of the political importance of food and land, the public sector has been involved in policy making for them. The critical areas of policy are infrastructure development and food production. The record of achievement of the Government in these activities has been dismal. Government and its agencies have simply been ineffective in production and in operation and maintenance of infrastructure. Dialogue between the public sector and development agencies and practitioners have evolved a consensus that some aspects of public assets are better managed by the private sector. To the extent, possible user groups would play a significant role in establishment and management of infrastructure.

The public sector agencies should focus on such functions that compliment private sector in collective infrastructure like feeder roads, water supply and market infrastructure. These are investments that would cost much to establish, and therefore which are likely to be above the means of the local communities. They also have much externality; hence the private sector has insufficient incentive to invest in them.

Within the agricultural sector, relevant roles for the public sector are most relevant in technology generation and extension, control of plant and animal pests and diseases, funding of research and agricultural education.

Federal, State and Local Government Relationships

The basis of the relationship between the three tiers of government is to avoid wasteful duplication of effort and conflict. Existing guideline ascribes to the Federal Government the responsibility of policy in agricultural research, pest and disease control, water resources development, strategic grain and animal reserve.

inventorization of land resources and promotion of use of appropriate technology.

The responsibility of the State includes promotion of primary production, extension, land allocation, pest and disease control, and forest estate and buffer stock management.

The Local Government would progressively take over from the state Government, its extension functions, rural infrastructure development and maintenance, mobilization of farmers through group formations and land allocation (Federal Ministry of Agriculture, 1989).

The logic behind these distribution of functions is to have the States and Local Governments who are closer to the farmer have more production responsibilities while the Federal Government is concerned with policy and other matters that cut across many States. Due to the financial constraints of the States and Local Governments, they have not been able to meet their responsibilities. The Local Governments in particular have not been able to establish any meaningful agricultural programmes. States continue to run the traditional functions of their respective ministries of agriculture, but at funding levels that live minimal impressions. The most evident effort of the State Ministry of Agriculture and Natural Resources (SMANR) is through their respective Agricultural Development Projects (ADP), which many refer to as the implementation arm of the Ministry, implying that the ADPs are concerned mostly with implementation of policies made by the Ministry. The Ministry concentrates on policy-making, monitoring and evaluation aspects in the agricultural sector.

The level of performance of the ADPs has been quite high. This has been in no small measure due to adequate funding of the programmes, with the World Bank contributing a substantial portion. Through the ADPs, investment in manpower, infrastructure and technological know-how have been made at a level that was unprecedented in the history of agricultural development in Nigeria. However, it is necessary to point out that some of the gains that were made during the heydays of the ADPs are being lost as they presently face poor funding and other support.

Federal Government investments in agriculture have come as establishment of a

number of agencies like River Basin Development Authorities (RBDAs), Erstwhile Directorate of Food, Road and Rural Infrastructure (DFRRI) and so on. Through these projects Government has demonstrated a lack of ability to respond flexibly to the needs of farmers in general and small farmers in particular. Many such Government programmes have not stood the test of time.

The challenge for the 21st century is to develop capacity of the states in extension, forestry, livestock management, environmental resources conservation and rural infrastructure creation and maintenance. It is also important to maintain a workable balance between the State level institutions responsible for these activities and the Federal Authorities responsible for much of funding and supervision.

The Federal Government makes significant impact on agriculture through higher education in Universities and research in Research Institutes. The role of the Universities and Research Institute should be better coordinated to solve farm problems. ADP activities need be strengthened to emphasize extension and rural development. The decision to excise rural infrastructure creation from the ADP mandate should be maintained, as such involvement often attracted unsavory political attention, leading to distractions from ADPs' main mandate of agricultural technology adaptation and extension.

Many ADPs are losing their autonomy from civil service establishment as the country returns to civil administration. Enjoyment of relative autonomy had been one of the main sources of strength of the ADP system.

Market Development

A successful growth strategy for the agricultural sector should focus sharply on improving farmer access to markets. The main limitation is infrastructural - feeder roads, village roads and market infrastructure. Market location, and road access, produce handling and processing capacity and transportation capability are major determinants of the level of economic activity in the rural area.

Other marketing issues include trade liberalization, both nationally and internationally, encouragement of efficient private trade sectors.

The issue of inputs, especially fertilizer

remains controversial, even after apparent removal of subsidies. It is however, expected that the current subsidy removal will encourage private sector competition in procurement and distribution and ultimately improve the efficiency of fertilizer use.

As economic development advances, the critical role of marketing and markets increases. Provision of specialized marketing services becomes limiting. The requirement for effective produce marketing system becomes quite essential to reduce risks and lower costs for farmers and other market participants (Abbott, J. C., 1958). The traditional view that marketing services will of themselves automatically arise in response to needs are no longer true (Collins and Holton, 1964). Conscious effort to plan and implement market development programmes should be made.

Technology Development and Dissemination

The Federal Ministry of Agriculture and Natural Resources (FMANR) is currently responsible for the affairs of the Agricultural Research Institutes and the Universities of Agriculture. This means that both the public agency responsible for national policy on agriculture and the agencies responsible for agricultural research are now in one organization. This situation should bring harmony in the development of a research agenda with adequate prioritization of real agricultural problems.

The Research Institutes in collaboration with the Agricultural Development Project (ADP) cooperate in on-farm adaptive research programmes, that fine-tune technology for small-scale farmers. The fact that the faculties of Agriculture in the nation's Universities network are not properly linked up remains the major weakness of the research establishment. As a result of this exclusion, much of the research results by both graduate students and academic staffs are largely unavailable for adaptation and eventual extension to farmers.

However, a World Bank assisted National Agricultural Research Project (NARP) has infused some life into the research system. The impact of the initiative depends very much on whether the effort could be sustained so as to

allow time for needed improvements in certain areas where complaints have been muted.

Sustainability of Agricultural Development

Agricultural development must be considered in a long-term context. Rapid agricultural growth can be achieved at the expense of soil depletion, forest loss and irreversible ecological damage. Farmers concerned with immediate financial benefits often do not see the link between these, especially if they are not assured of the future benefits of present effort to conserve natural resources. Consequently, much of the land that is not currently under natural vegetative cover is subject to soil erosion.

In the 21st century, public policy must create suitable legal, regulatory and incentive framework that encourages agricultural techniques that conserve the natural resource base. Policies should involve the participation of farmers and all other stake-holders in the rural areas, especially for control of exploitation. Development must be defined in terms of sustainable development. That is as, "development that meets the needs for the present without compromising the ability of future generations to meet their own needs" (World Commission on Environment, 1987).

SOME SECTORAL POLICY ISSUES

Many technical and socio-economic issues are important in agricultural policy-making and have attracted some attention in policy-making circles. During the 21st century they will continue to command strong interest in agricultural policy decisions.

Policies on Food Security and Public Sector Grain Storage

Government primary effort in improving food security has been through supporting farmers' effort to expand production. It also

recognizes the importance of improving rural marketing, strengthening market integration and reducing post harvest losses.

In recent years, much efforts and resources are being made towards reduction of seasonal and annual fluctuations in producer and consumer prices from season to season and year to year. The mechanism for this has been through investment in grain storage facilities and security stock. The objective is for massive intervention in the market at both national, state and local government levels in event of acute grain shortage. The public sector grain storage includes:

- a strategic food security programme at the federal level,
- a buffer stock programme at the state level,
- a small and medium scale storage facility at the local government level and
- national on-farm storage programme for farmers and traders.

The strategic grain reserve is to provide emergency relief at home and abroad during calamities such as crop failures, flood, draught and so on.

The national buffer stock programme is being operated at the state level. It requires each State to store 10 percent of its annual grain production, with the Federal Government providing a matching grant to States for the purpose. The stored grain is to be used to forestall seasonal fluctuations in grain supply. Small scale and medium scale storage facilities are to be established at the Local Government Areas, at areas of high production. They will act as feeders for the strategic reserves.

In addition to these storage programmes, an on-farm-storage programme would be encouraged. The purpose of this programme is to encourage small-scale farmers and traders to store grains on the farm or private storage facilities.

Progress in this programme has been very slow. Years after its establishment, only little impact has been made. The rationale for public involvement in grain storage should be assessed under the following heads:

- financial implications
- administrative capacity,

- scale of operation,
- storage requirement,
- effect on traders and development of domestic grain production.

Experience from other parts of the world has been that such programmes have not been cost effective means to promote food security and dampen food price fluctuations. On the contrary, they have tended to discourage private investment in storage and stocks, thus retarding the development of an efficient market.

Financial issues: Effective intervention in a market that can be quite volatile requires sufficient and assured financial resources and considerable flexibility in funding. At times, the agency that is responsible may incur substantial losses. The cost of construction and maintenance of storage facilities may be substantial. Also other costs like periodic turnover of stock, losses in transit and storage, distribution and interest on capital tied up in stored grains, will also be borne.

On the operational side, experience from the defunct marketing Board and public agency fertilizer trade has demonstrated that public agencies are not the best placed to manage complex markets. The poor level of management they would provide would translate to very high operational cost for the storage programme.

As of now, so many problems are being faced with the construction of the silos. Much of the contracts for silo construction are presently abandoned. The silos are of inappropriate technology, which did not take unique ecology of Nigeria into account (A-Shami, 1996). It is beginning to look as if the programme would never be completed, after guzzling a lot of money.

Better options for the future are available. One such option is the maintenance of an emergency stock, rather than carrying substantial stock by public agencies. The emergency stock would be modest and enough for a couple of weeks until stock can be brought in through normal trade channels. Smooth operation of this option depends on the availability of foreign exchange when needed, which cannot be taken for granted. But a priori cost benefit assessment would suggest this as more cost effective than maintenance of very large strategic stock.

Promoting private enterprise and efficient

market is another option. In the long run, a more effective policy would be that which enhances the willingness and ability of farmers and private traders to hold stock. Functioning markets are essential for ensuring food security. Removal of trade restriction is a step in the right direction. The Federal and State Governments should focus on promoting market integration through actions such as: expanding the rural transport and marketing infrastructure; ensuring adequate maintenance of such infrastructure; strengthening the rural banking system, so as to facilitate the financing of farm storage facilities and grain stock by farmers, processors, traders; dissemination of market information; and promotion of uniform weights, measures, grades and quality.

Forestry Resources Management and Development

Nigeria is experiencing large scale degradation of its forest and other natural resources. This is causing soil degradation, water contaminations, microclimate changes and the disappearance of wild life. Increasing population without an increase in agricultural productivity is forcing cultivation into marginal lands, often to the detriment of forested areas.

Weak forest institutions are unable to prevent this encroachment, or to regulate the loggers who fell trees without paying the full economic costs of removal. Here and there, those with authority to conserve and regulate the forest are leading the assault on the forests.

Current policy under-price concessions, hence logs taken from Nigerian forests sell for much higher prices in the world market. Between 1992 and 1995, timber export was one of the most lucrative trade on this account, until Governments started banning of any further export, and revoking concessions, most of which were irregularly made. On the other hand, wood is used locally at very cheap prices.

A government response to deforestation by placing a blanket ban is not the best measure. The challenge for the future is towards a more realistic pricing of concessions, promoting of more effective market for forest products, realistic land and tree tenure policy, industrial

efficiency, agro-forestry development, more effective forest reserve management and conservation. These must be matched by strengthening of public sector institutions' ability to more imaginatively manage forest reserves.

Land Resources Management

The degradation of agricultural land poses a long-term danger for crops and livestock production. Nigeria lacks an aggressive land management practice, except those that come as components of recommended technologies for farmers and the Land Use Act.

To stem land degradation, efforts at promoting the widespread adoption by farmers of resource management techniques that increase yields and simultaneously maintain the long-term productivity of land resources must be made. Experience throughout the world has shown that successful strategies for preventing land degradation requires:

- an effective, affordable and socially acceptable technology,
- appropriate incentives, including security of tenure and adequate financial returns, that favour the intensification of farming and conservation ,
- the direct and committed involvement of actual land users-the farmers and rural communities in planning and implementing the needed actions.

In the 21st century, Nigeria's policy makers should learn from the lessons of the above experience. Their actions should manifest clear appreciation of appropriate role of the public sector, appropriate technologies, economic incentives and realistic land tenure system.

Livestock Development

The demand for livestock products and services in Nigeria remains largely unmet. Yet a complex combination of agro-ecological, technical, economic, social and institutional combinations impede the modernization and commercialization of the livestock sector.

The primary technical constraints are:

- rising pressure on diminishing range resources,
- widespread disease, poor quality of feed,

and

- a weak extension service.

A potential towards increasing productivity seems to lie with promotion of mixed farming as desirable farming system. Most importantly, extension service in livestock sub-sector needs to be strengthened for better optimization of the sector. The market for livestock products remains very rudimentary as the link between rural producers of livestock and urban consumers remains largely undeveloped.

Sustainable Irrigation Development

Irrigation development in Nigeria had been pursued by two main approaches

- public sector large scale surface water schemes, centered on multipurpose dams,
- primary private small-scale demand-driven surface and groundwater schemes, mainly in fadama.

The large-scale schemes were through the RBDAs. These had started during the late 70s with mandate for land preparation, development of irrigation facilities and the construction of dams, boreholes and roads. Their numerous handicaps including, weak implementation capacity, poor management, inadequate funding of operations and maintenance brought about a reassessment of the strategy. Thereafter the RBDAs were reorganized in 1986 when their functions were restricted to water resources management and development.

The small-scale fadama system of irrigation has proved quite successful and popular. With the World Bank assistance, the technology is being promoted nationwide. For more focused development of irrigation, the following issues need clarification:

- a clear definition of the role of public sector especially in water resources planning, legislation and investment in large or small scale schemes;
- institutional issues such as coordination among the various sectoral agencies and provision of support service to irrigated agriculture.

Fertilizer Policy

The 21st century faces a daunting challenge for the supply of agricultural inputs generally, and fertilizer in particular. Fertilizer occupies a special place in policy-making in Nigeria. For a long time, Government assumed full responsibility for its procurement and distribution. Announced policy was to produce as much of it as possible locally, through more effective utilization of existing production capacity, and the encouragement of the establishment of new plants.

Fertilizer sale had always been subsidized up to 1997. As the quantity imported was always less than required at the going price, a sizable parallel market and diversion was encouraged. By 1992, fertilizer subsidy was up to 84% of cost. Yet most of the subsidy never reached the intended beneficiaries, as about 80% of the total sales moved through the black market, while 20% were smuggled into neighboring countries where they cost more. The subsidy on fertilizer disrupted distribution, and gulped a sizable chunk of the money that could have been spent on other areas of need in the agricultural sector.

A recent policy change has liberalized trade in fertilizer. An immediate result has been a proliferation of private participants and brands of fertilizer in the market. A long-term effect of this private sector interest is competition, leading to greater efficiency. Side by side this activity is the need for a monitoring and quality control agency.

Those who benefited from the old arrangement either as middlemen, transporters and so on are clamouring for a policy reversal. One hopes that decision-makers will place the needs of the agricultural sector in the 21st century above the need and, selfish interests of a few privileged individuals, and so keep substantial subsidy out of fertilizer.

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