‘‘ENHANCING OF CAPACITIES ON INTERNATIONAL AGRICULTURE AGREEMENTS FOR DEVELOPMENT OF REGIONAL AGRICULTURE AND FOOD MARKETS’’

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LITERATURE REVIEW ON EXISTING AGRICULTURAL
AND TRADE POLICIES IN NIGERIA

The colonial government recognised the potential of the agricultural sector to improve Nigeria's economy and therefore put in place policies aimed at increasing output and to extract surpluses in the sector. The main focus of development in this period was the surplus extraction philosophy or policy whereby immense products were generated from the rural areas to satisfy the demand for raw materials in metropolitan Britain (Ayoola, 2001). This early interest of the extraction policy was on forest resources and agricultural exports like cocoa, coffee, rubber, groundnut, oil palm, cotton, etc. Meanwhile, most of these policies were made without proper institutional arrangement, programmes, specific projects, strategies, goals or targets, and specific objectives geared towards realisation of the dreams of the policies. This can be proved by the fact that there was only one documented agricultural scheme that evolved towards the end of the era (early 1960s) termed Farm Settlement Scheme (Iwuchukwu and Igbokwe, 2012).

The Nigerian agricultural development was fully decentralised with the regions and states carrying out all activities while support was provided by the Federal government, and this enabled a state/region specific approach. This approach involved the combined effort of small scale farmers/the private sector and the government. This approach was very successful during the period and thus with agriculture remaining the mainstay of the economy: providing employment, raw materials for industries, the main source of foreign exchange earnings and also sustaining the food security status of the populace. With the onset of the 70s, there was a national neglect of this sector due to the oil boom which practically led to a decline in the sector.

In the 1970s, the policy instrument that was introduced by the government included a series of development plans at the national level ranging from; the first from 1962-1968 to the second 1970-1974 to the third 1975-1980 and to the fourth 1981-1985 National Development Plans. The Structural Adjustment Plan (SAP) in 1986 came up after this and efforts was made at making the sector commercially competitive and remunerative and also tried to redress Nigeria's defective mono-economic imbalance by diverse diversifying programme in order to reduce dependence on the oil sector and also on imports. This policy package focused on a rapid improvement of domestic food production, the domestic supply of agricultural raw materials, the production of exportable cash crops and also rural employment.

The programme only succeeded in creating and raising the awareness to diversify the economy through agriculture and the catalytic and leading role the private sector must play in agricultural development, which renewed a general interest in agriculture.

Despite its huge potential, the country is currently a net importer of food. The nation's food import basket is made up of items which can be produced locally in sufficient amounts. In addition, the economy is characterised by price volatility and high prices due to overdependence on the rain-fed agricultural output. Some of the problems faced by the agricultural sector in Nigeria include: under-investment, low productivity, inadequate input, poor and rudimentary storage culture, unfavourable exchange rate policy among others. In addition, (Adesina, 2011) posited that only 1 percent of total lending in banking sector goes to agriculture despite the fact that the sector accounts for 70 percent of employment opportunities and 44 percent of the nation's GDP.

According to (Sanusi, 2011), Nigeria is incurring a total food import bill of $4.2 billion (about N638.4 billion) annually due to the neglect of agriculture and partly due to insatiable appetite of Nigerians for foods not locally produced. For instance, Nigeria is the only country in the world that does not produce wheat and eats 100 percent wheat bread.

Nigerian governments at different times have formulated and implemented several agricultural policies aimed at addressing the myriad of problems confronting the sector and ensuring food availability and foreign exchange earnings for the country. However, for a policy to have meaningful impact, it must have strategies (that is, programmes or projects) geared towards accomplishment of specific objectives and the ultimate goal of the policy. To this extent, various policy programmes and projects have been initiated in Nigeria. Some of the policy programmes recorded substantial success while some were huge failures. Some of the agricultural development policy programmes which have been operated in Nigeria include:

(1) Farm Settlement Scheme

The Farm Settlement Scheme was introduced by the government of the Western Region of Nigeria under the Western Nigeria Policy of Agricultural and Natural Resources of 1959. The main objective of this scheme was to settle young school leavers in a specified area of land, making farming their career thereby preventing them from migrating to big cities in search of paid jobs. These settled farmers were also to serve as models in good farming systems for farmers residing in nearby villages to emulate. The scheme failed to achieve its stated objectives due to many reasons among which included (i) lack of experience on the part of the settled farmers, (ii) lack of the correct understanding of the working and philosophy of the scheme by settlers, and (iii) high cost of implementing the scheme which include installation of critical infrastructure and payment of initial allowances to settlers.

(2) Agricultural Development Projects (ADPs)

The ADP concept was conceived in response to a fall in agricultural productivity, and hence a concern to sustain domestic food supplies, as labour had moved out of agriculture into more remunerative activities that were benefitting from the oil boom. The ADPs were first launched in 1972 and was to be funded under the tripartite agreement involving World Bank - 66 percent, Federal Government of Nigeria - 20 percent and State Governments - 14 percent in addition to the payment of salaries of local staff. The projects provided agricultural investment and services, rural roads, and village water supplies. The government's adoption of the ADP concept put the smallholder sector at the centre of the agricultural development strategy. The first ADPs in Nigeria were enclave projects, each covering a specific region within a state such as those in Oyo North in Oyo State and in Ilorin in Kwara state. Their early results impressed both the federal and state governments, and there was pressure to replicate the approach across whole states. By 1989, all Nigeria's then 21 states had ADPs.

The ADPs sought to increase food production and farm incomes. In the early part of the project's inception, productivity increases came from the use of improved technology, especially planting material and fertilizer. The agricultural components of the projects were designed around systems for developing technology and transferring it to farmers, distributing modern inputs, and land development including small-scale irrigation of fadama areas and land clearing. The pull-out of the World Bank from the ADPs in 1996 marked the beginning of the inefficiency of the agency as the ADPs were subsequently merged with the various states' bureaucratic system where delay in budget preparation, approval, implementation and corruption affect output.

(3) National Accelerated Food Production Programme (NAFPP):

The National Accelerated Food Production Programme (NAFPP) started in 1972 and its aim was primarily to improve farmers' income as well as accelerate the rate of diffusion of new agricultural technology and serve as a means of testing and adopting agricultural research findings in on-farm conditions.

(4) River Basin Development Authority

Given the vast water resources nature has endowed the country with and the importance of water to agriculture and food security, the then Federal Military Government of Nigeria promulgated the River Basin Development Decree in 1976 and established eleven River Basin Development Authorities Decree 25 of 1976. The eleven River Basin Development Authorities (RBDAs) were the Sokoto-Rima Basin, Sokoto; Hadejia-Jema'are Basin, Kano; the Lake Chad Basin, Maiduguri; the Upper Benue Basin, Yola; the Lower Benue Basin, Makurdi and the Cross River Basin, Calabar. Others were the Anambra-Imo River Basin, Owerri; the Niger River Basin, Ilorin; the Niger Delta River Basin, Port Harcourt; the Benin-

Owena River Basin, Benin City and the Ogun- Oshun River Basin, Abeokuta. The aim of RBDAs was to provide water for irrigation and domestic water supply, improvement of navigation, hydro-electric power generation, recreation facilities and fisheries projects. In addition, the RBDA were expected to take development to the grass roots and discourage rural-urban migration. These objectives were to be achieved through surface impoundment of water by constructing small, medium and large dams, which would enable an all-year round farming activities in the country.

(5) Operation Feed the Nation (OFN)

OFN was launched on May 21, 1976 under the then Federal Military government. The aim of the programme was to ensure increased food production in the entire nation through the active involvement and participation of everybody in every discipline thereby making every person to be capable of partly or wholly feeding him or herself. Under this programme every available piece of land in urban, sub-urban and rural areas was meant to be planted while government provided inputs and subsidies (like agrochemicals, fertilizers, improved variety of seed/seedlings, day olds chicks, matchets, sickle, hoes etc) freely to government establishments. Individuals received these inputs at a subsidised rate. According to Iwuchukwu and Igbokwe, 2012, the failure of the programme can be attributed to: (i) farming was done on any available piece of land irrespective of its suitability for agriculture (ii) majority of the participants in the programme had little or no farming background and there was no formal or informal preparatory teaching or advice given to them on how to manage their farms (iii) they practiced mono-cropping instead of mixed/relay cropping and relied on hired labour to carry out their farming activities, which resulted in high input and low output /yield per unit of land (iv) preference was given to government establishments and individuals in authority/administration over the poor farmers (real producers of food) in terms of input supply (v) there was abundance of food in the market and less demand for the food because many people produced part or almost whole food they consumed (vi) there was incidence of endemic poultry diseases especially new castle disease that wiped out the birds due to lack of quarantine and necessary routine inoculation/vaccination practices alongside poor management system.

(6) The Land Use Act

The Land Use Act started in 1978 and was meant to facilitate an effective utilisation and exploitation of the land resources for agricultural purposes. This law sought to bring the existing land tenure system under one common law. This law has been largely abused as public officials with authority for land use approval have expropriated large portions for self-based compromises. Besides the law has become a key bottleneck to land access and alienation for investment uses, necessitating the call for its amendment.

(7) Green Revolution (GR)

Green Revolution (GR) was a programme inaugurated by the democratically elected Civilian government in April, 1980. It was essentially a reformulation of "Operation Feed the Nation" Programme but it focused on the small farmer and also the development of the rural areas. The aim of the programme was to increase production of food and raw materials in order to ensure food security and self-sufficiency in basic staples. Furthermore, the programme tried to increase livestock and fish production in order to meet domestic demand and possibly to export thereby diversifying the economy and getting the much needed foreign exchange earnings. The federal government provided agrochemicals, improved seeds/seedlings, irrigation system, machine (mechanisation), credit facilities, improved marketing and favourable pricing policy for agricultural products in order to ensure the success of the programme. The programme did not achieve its objective of increasing food supply because there was delay in execution of most of the projects involved in the programme. There was also no monitoring and evaluation of the projects for which huge sums of money were spent.

(8) Directorate for Food, Road and Rural Infrastructure (DFRII)

The Directorate was established in Nigeria in January 1986 under the Military administration of General Ibrahim Babangida's administration. It was a kind of home grown social dimensions of adjustment (SDA) that was embarked upon in most Sub Saharan African countries by the World Bank, African Development Bank and the United Nations Development Programme (UNDP). DFRRI attempted to open up the rural areas through the construction of access roads, and provision of basic amenities of modern living. This is inevitable because the economic future of Nigeria depends on the development of rural areas. The poor quality of infrastructures provided by the directorate probably due to embezzlement/mismanagement of fund made the impact of the programme almost insignificant.

(9) National Fadama Development Project

The National Fadama Development Project (NAFDP) was designed in early 1990s and is a project of the Federal Government of Nigeria, jointly financed by the World Bank, the Federal Government and the various state governments in Nigeria to develop fadama lands by introducing small-scale irrigation in states with fadama development potentials. The objective of the project is to sustainably increase the incomes of fadama land and water resource users to reduce rural poverty, increase food security as well as contribute to the achievement of the Millennium Development Goals (MDGs). In Nigeria, the term "Fadama" is a Hausa name for irrigable land — usually low-lying plains under-laid by shallow aquifers found along major river systems. In addition to providing a source of water for livestock during dry seasons, "fadamas" also support large and diverse resident or transient wildlife including herbivores, carnivores and migratory birds. According to (Baba and Singh, 1998), the fadama lands have high potentials and agricultural values several times more than the adjacent upland. Fadama development is a typical form of small scale irrigation practice characterized by flexibility of farming operations, low inputs requirement, high economic values with minimal social and environmental impact and hence conform with the general criteria for sustainable development (Akinbile et al., 2006).

The project is fast becoming a household name and the competitive spirit that is engendered among the states actually improved implementation significantly. The project takes the Community Driven Development (CDD) approach, which places beneficiaries in the driver's seat. Local community members, under the umbrella of Fadama Community Associations (FCAs) and Fadama User Groups (FUGs), oversee the design and implementation of the project and are empowered through skills and capacity-building to improve their livelihoods by increasing income generating activities. An assessment by IFPRI team confirmed that Fadama II was very successful and increased the direct beneficiaries' real incomes by 58.5%. This is higher than the proposed target of 20%. The project is presently in the third phase, hence the acronym FADAMA III which followed the successes recorded in the first and second phases. The US$450 million Fadama III project is being implemented in 35 states, and in Nigeria's Federal Capital Territory. Financing is comprised of US$250 million from International Development Agency (IDA) credits and $200 million counterpart contributions from Nigeria's federal, state and local governments and beneficiaries.

(10) National Agricultural Land Development Authority (NALDA)

This was established in 1992 with the aims of giving strategic public support for land development, assisting and promoting better uses of Nigeria's rural land and their resources, boosting profitable employment opportunities for rural dwellers, raising the standard of living of rural people, targeting and assisting in achieving food security through self-reliance and sufficiency. NALDA procured many farm machineries such as tractors, ploughs, ridgers, planters and harvesters among others. These were distributed to state/field offices where farmers were assisted in land clearing, tillage and planting including other farming support services such as input procurement, farming group formation and extension services among others. The scheme recorded some level of success but the subsequent civilian government merged NALDA with DFRII in year 2000 and christened it Department of Rural Development under the Federal Ministry of Agriculture and Natural Resources which was renamed Federal Ministry of Agriculture and Rural Development. The Department of Rural Development carried on with the mandate of the two legacy agencies (DFRII and NALDA) but the department has now been reduced to a mere unit under the Department of Agriculture of the ministry.

(11) Agricultural Credit Guarantee Scheme (ACGS)

Between the years 1995 and 1998, the then Federal military government embarked on the reform of lending policies through the ACGS for easier access to agricultural credit. This resulted in a sharp growth in the value of loans guaranteed by the government in subsequent years. It has been stated severally that the ACGS suffers from misplaced priorities as many small scale farmers had less access to the fund.

Current Policy (1998-2008)

Nigeria introduced an agricultural policy instrument in 1988, and revised it in 2001. The policy, as the Structural Adjustment Programme (SAP), re-emphasised the role of agriculture in the overall economic structure of Nigeria. It sought an improved investment into the sector, its competitiveness in local and international market and maintained roles for critical stakeholders in the sector. Other policy instruments that have either direct or indirect bearing on agricultural development include the New National Agricultural Policy, the National Economic Empowerment and Development Strategy (NEEDS), the Presidential Initiatives on Commodities, the Agricultural Trade Policy and the Food Security Policy. There is also the President Yar' Adua's 7-Point Agenda, the Commerce 44, and the Export Expansion policy instruments.

The General Policy Direction

The general policy direction was, in line with national economic objective, to engender a private- sector driven economic growth in all sectors including agriculture. The place of private investment to enhance competitive and export capacity and complementary public investments in infrastructure and rural development was unambiguously stated. It also gives room to a public- private sector partnership arrangement in agricultural infrastructure provision.

Generally, over the period 1998-2008, the Nigerian government achieved a relatively overall macro-economic stability that supported greater inflow of investments and offered a regime of incentives to stimulate and attract private investments in Nigerian agriculture. These incentives included fiscal measures such as tax reductions or tariff removals on production inputs and spare parts importation as well as tax holidays and monetary measures that are largely interest rate management and inflation hedging. Also trade related incentives of liberalised trading environment and institutional support for agriculture was intensified including investment promotion, protection and export facilitation especially for non-staple crops.

The Policy Instruments

The three broad Policy and economic instruments that bear on the agricultural sector are:

1. The National Agriculture Policy
2. National Economic Empowerment and Development Strategy (NEEDS)
3. The 7-Point Agenda

Some sub-sectorial policies in the agricultural sector include:

1. Agricultural Trade Policy
2. Natinal Fertilizer Policy
3. Agricultural Subsidy Policy
4. Food Security Policy

Within the frameworks are policy programmes such as:

1. The Presidential Initiatives on agricultural commodities
2. National Special Food Security Program (NSPFS)
3. Commerce 44
4. Export Expansion Grant (EEG)

5. Agricultural Credit Guarantee Scheme (ACGS)
6. National Fadama Development Programme
7. National Cocoa Development Programme
8. Commodity Development and Marketing Companies

(1) The New Agricultural Policy on Agriculture

The new Agriculture Policy in 2001 sought to attain self-sustaining growth in all sub-sectors of agriculture, a structural transformation of the overall socio-economic development of the country and the improvement of livelihoods. Its strategies also aim at achieving self-sufficiency and improvement of technical and economic efficiency in food production through the introduction and adoption of improved technologies of production, efficient utilisation of resources and the enhancement of producer capacities. Its macroeconomic policies include appropriate pricing and trade, exchange rate stability and accessible agricultural land. Sub-sector specific policies covered food production, input supply, subsidy administration and support services.

The objectives of the New Agricultural Policy are the attainment of self-sufficiency in basic food commodities with particular reference to those with high consumer shares, high forex yield and comparative advantage in local production, increased production of raw materials for agro-industrial expansion and for export. It also targets agricultural modernisation through technology infusion and the creation of rural employment opportunities, and remunerative farming as an attraction for private investment flow, all of which will be given appropriate institutional support and facilitation.

(2) Presidential Initiatives on selected crops

In 1999, the federal government launched Presidential Initiatives for seven agricultural products (cassava, rice, vegetable oil, sugar, livestock, cultivated trees and dry grains). The aim of these initiatives was to boost Nigeria's agricultural exports by taking advantage of preferential agreements in the framework of the World Trade Organisation (WTO) and the Economic Partnership Agreements between the European Union and the Africa-Caribbean-Pacific countries. It also aimed at making the most of the potential regional market made up of neighbouring countries. The only shortcoming of this initiative was the gross neglect of the other end of the commodities' value chain. For instance, the initiative focused so much on production without paying the required attention to assemblage, transportation, storage, marketing, processing/value addition and others. This eventually caused glut in cassava marketing for instance; wastages and eventually the discouragement of farmers. It was only the vegetable oil programme that reported positive development because of prior private sector investments into its production and processing chains.

(3) The 7-Point Agenda Agriculture Strategy

The current administration's policy quest for national food security and self-sufficiency through sustainable agro-allied entrepreneurship sought to optimise agricultural production and productivity and integrate water resources and attendant sector development. The land reform (especially agricultural land use reforms) is seen as very critical while strengthening monitoring and evaluation management as well research and partnership development.

(4) National Special Programme on Food Security (NSPFS)

Following careful conceptualisation, the programme was formally launched in January 2002. The general objective of the programme was to increase food production and eliminate rural poverty. This 5-year programme was funded by the Nigerian government and is meant to concentrate knowledge gains and continuity capacity from loan-assisted projects, promote simple technologies and train farmers. In addition, the project sought to assist farmers in increasing their output, productivity and income; strengthening the effectiveness of research and extension service training and educating farmers on farm management for effective utilisation of resources; supporting governments efforts in the promotion of simple technologies for self-sufficiency among others. The food security project was implemented in the first phase with small scale farmers in the 109 senatorial districts of Nigeria. The programme faced some constraints among which was default in loan repayment by majority of the beneficiaries, introduction of complex technology, poor extension services among few others.

(5) Root and Tuber Expansion Programme (RTEP)

RTEP was launched in April, 2003. It covers 26 states and was designed to address the problem of food production and rural poverty. At the local farmers' level, the programme hopes to achieve economic growth, improve access of the poor to social services and carry out intervention measures to protect poor and vulnerable groups. At the national level the programme is designed to achieve food security and stimulate demand for cheaper staple food such as cassava, yam, potato etc as against more expensive carbohydrate such as rice. Small holder farmers with less than two hectares of land per household were the targets of the programme while special attention is being paid to women who play a significant role in rural food production, processing and marketing. RTEP also targets at multiplying and introducing improved root and tuber varieties to about 350,000 farmers in order to increase productivity and income.

(6) National Economic Empowerment and Development Strategy (NEEDS)

The NEEDS 2004 document is a reform agenda by Nigerian Government modelled on the IMF's poverty reduction and growth facility to achieve some macroeconomic goals of stability, poverty alleviation, wealth creation, and employment generation. According to (Bambale, 2011), NEEDS was conceived within the framework of neo-liberal economic order that limits the role of Government ownership of productive resources. The NEEDS was premised on recognising the private sector as the engine of economic growth and that a robust private business initiative is associated with profitability, efficiency and promotion of rapid economic growth. The plans enumerate strategic roles for the private sector in agriculture. NEEDS was initiated by the Federal government of Nigeria in 1999. NEEDS provided help to agriculture, industry, small and medium scale enterprises and oil and gas.

It sets up a series of performance targets that government wanted to achieve by 2007. These included a 6 percent annual growth in agricultural GDP of US$ 3billion per year on agricultural exports and 95 percent self-sufficiency in food. NEEDS offered farmers improved irrigation, machinery and crop varieties which would help to boost agricultural productivity and tackle poverty head on since half of Nigerian's poor people are engaged in agriculture. Its activity with States' Economic Empowerment and Development Strategies (SEEDS) was to help to implement integrated rural development programme to stem rural-urban migration. NEEDS differs from other reforms by its participatory process that was to ensure ownership, sustainability, encompassing scope, coordination, attractiveness, problem solving and achievement oriented. NEEDS/SEEDS process was commended for bringing about cordial relationship between federal and state level planning.

The strategies to achieving the NEEDS Agriculture objectives include programs such as the Presidential Initiatives on chosen competitive commodities and taking advantage of concession arrangements in bilateral and multilateral agreements (WTO, EU-ACP, US-AGOA, and ECOWAS). Others include strengthening agricultural research, training and extension institutions and frameworks. It also seeks a sustainable development of a private sector-led input supply and distribution system; an integrated agriculture-led rural development and the growth of agricultural credit access windows for farmers. NEEDS provided for the participation of various stakeholders; the Federal Government and its agencies, state governments, local governments and private sector, in its implementation.
While the strategy objective of 6% sector growth and food import reduction were achieved, others were not. This is obviously because the structures (infrastructure, value chain and standards compliance systems) that could support them were not strictly operative. During this period, the Real GDP annual growth rate averaged 6.6 percent (2004-2006) as against the annual target of 6.0, though most of the growth occurred in the banking and the telecommunication sector of the economy.

(7) Commerce 44 Instrument

This policy initiative sought to develop the export of eleven agricultural commodities, eleven manufactured products and eleven (11) solid minerals, with high export potentials. The general idea was to focus on eleven countries or regions of the world taking advantage of the concessions offered by the subsisting Bilateral and Multilateral Agreements as well as Memorandums of Understanding (MOUs) that will facilitate the smooth export of Nigerian products into their markets. The agricultural commodities include cocoa, cotton, cassava, ginger, Shea nut, Gum Arabic, sesame seed, poultry, cashew nuts, fruits and vegetables and floriculture. The capacity to exploit these opportunities is in the attainment of best practices to enhance their competitiveness. It is still-born.

(8) Commercial Agricultural Development Project (CADP)

CADP is a comprehensive five-year project developed by the Federal Ministry of Agriculture and Water Resources (FMAWR) now Federal Ministry of Agriculture and Rural Development in collaboration with the World Bank and other stakeholders. The project launched in 2009, was in response to the growing interest in commercial agriculture in Nigeria. It was aimed at helping participating small and medium scale commercial farmers to access improved technology, infrastructure, finance and output markets. The main approach of CADP is to improve the business environment for agriculture to become more successful by gradually shifting from subsistence to commercial agriculture. The project was to strive to sustainably boost the incomes of target beneficiaries, through a value chain approach with strong emphasis on stakeholder participation. The project was to guide beneficiaries through the process of group formation and decision-making using a range of participatory techniques, resulting in the development of Commercial Agriculture Development Plans (CADPlans).

The strategic thrust of the project is: (i) to support access to productivity-enhancing technologies, (ii) to improve market access, (iii) to build and improve capacity in areas of need and (iv) to improve access to rural infrastructure (i.e. network of roads and electricity). The targeted value chains are oil palm, cocoa, fruit trees, poultry, aquaculture and dairy, with maize and rice as staples. The project was to be implemented in five States of the Federation, namely, Cross Rivers, Enugu, Kaduna, Kano and Lagos along eight value chains. The project supported three value chains per state. These are Cross River (Oil Palm, Cocoa, and Rice), Enugu (Fruit Trees, Poultry, and Maize), Kaduna (Fruits Trees, Dairy, and Maize), Kano (Rice, Dairy, and Maize) and Lagos (Poultry, Aquaculture, and Rice). The value chains chosen by each of the participating states were based on the respective comparative advantage and their contribution to agricultural growth.

The project recorded moderate success mainly due to increased adoption of improved technologies, increased access to improved infrastructure and enhanced capacity of the beneficiaries to effectively participate in project implementation. The specific success of the project include, for instance in Kano state, it was reported in July 2013 that the project assisted beneficiaries to upgrade their cow breeds through the use of artificial insemination technology and improved feed supplement which resulted in the increase in the volume of milk from 2.15 liters to 4 liters per cow per day.

(9) Nigeria Incentive-Based Risk Sharing for Agricultural Lending (NIRSAL)

Nigeria Incentive-based Risk Sharing for Agricultural Lending was a product of collaboration between CBN and the Federal Ministry of Agriculture. The project launched in 2012 was meant to make available N450 billion to farmers and also to the entire agriculture value chain. The scheme is meant to reduce the risk of lending by banks to agriculture, build capacity of the banks to better assess the credit risks for agriculture, and fix the agricultural value chain so that banks can lend to more efficient agricultural value chains, i.e. from production, irrigation, machinery, storage, processing and food manufacturing. It is expected to provide financing at single digit interest rates. This is aimed at emulating Brazil where banks are required to dedicate 25 percent of their lending portfolio to agriculture at single digit interest rate as agriculture cannot be financed at about 23 percent interest rate prevalent in the country.

(I) Agricultural Trade Policy

Nigerian government, like many other developing countries considers trade as the main engine of its development strategies, because of the implicit belief that trade can create jobs, expand markets, raise incomes, facilitate competition and disseminate knowledge (World Trade Organisation, 2005). The main thrust of trade policy is therefore the enhancement of competitiveness of domestic industries, with a view to stimulating local value-added and promoting a diversified export base. Trade policy also seeks (through gradual liberalisation of the trade regime) to create an environment that is conducive to increased capital inflows, transfer and adoption of appropriate technologies.

Over the years, policy process in Nigeria has been adversely affected by vague direction, inconsistency, poor implementation and lack of continuity. This failure has in part been due to the persistent instability in governance arising from frequent changes in leadership with the attendant lack of continuity in focus and aspiration. Furthermore, inadequate or poor funding and coordination of the work of specialised institutions affect their ability to offer the much needed quality advice they are set up to provide. These shortcomings have led to conflict and lack of cooperation among government agencies and apathy on the part of private sector stakeholders. Consequently, there has been a considerable absence of stable policy environment for coherent medium to long term decisions. Moreover, Trade Policy needs to be consistent with other policies being formulated by government.

The Agricultural Trade Policy sought to exploit all the trade potentials of agricultural products both within the domestic and international market opportunities. Thus it sought to achieve by encouraging sector specialisation in terms of commodity-based comparative advantage in production and ecological endowment for cheap and adequate supply of agricultural raw materials necessary for inter-sectorial trade. It also seeks the achievement of competitive quality and standards certified products to satisfy local demands and attain export competitiveness capacity. To this end, it makes demands on export value and linkage with the industrial sector to enhance export promotion and technology application objectives of the policy. Basically, the policy seeks the platform of Nigeria's bilateral, regional and multilateral trade agreements to explore export market for her agricultural products.

The agricultural sector is the leading sector of the Nigerian economy in terms of contribution to national output and employment and is the second only to crude oil sector in foreign exchange earnings. The potential of the agricultural sector to contribute to foreign exchange earnings directly and indirectly through external trade is already historically established, but it is presently far from being exploited.

Development in the Nigerian agricultural sub-sector has been constrained by inconsistencies in the trade policies. Tariffs paid on cash crops were raised to between 70% and 100%. Frequent import regime changes and uneven duty collection make importing difficult and expensive. Thus, many businessmen resort to under-invoicing and smuggling to avoid tariffs or bans (Akanni et al., 2009).

FRN (2000) observed that one of the identified areas of constraints to the development of agricultural sector was the inconsistency in trade policies particularly in the international trading of the Nigerian cash crops.

Topmost agricultural products imported to Nigeria are rice and wheat among others while the country exports tobacco, rubber, cocoa and grains. Some of the trade policy instruments in Nigeria are tariffs, subsidies and export control. Tariffs provide the Nigerian government with its second-largest source of revenue after oil exports. In a major tariff revision in 2003, tariffs on agriculture were raised to between 70 percent and 100 percent. Frequent import regime changes and uneven duty collection make importing difficult and expensive.
The government sometimes gives subsidies to producers of export (cash crops). The aim is to lower the cost of production and to make a country's exports cheaper in the world market.

The quantity of exports will also increase and this may lead to an improvement in the balance of trade status. The Nigerian export control policy involves limiting the quantities or placing embargoes on export of certain agricultural (cash) crops. This is done to bring down domestic prices of the commodities and sometimes to increase the level of value addition at the domestic level.

In Nigeria, inter-regional trade barriers characterise trade and distribution. Many layers of distribution raise the cost of goods, bureaucracy in the implementation of trade incentives including delay in business registration and payment of export-rebate incentive, amongst others alongside dumping of substandard and subsidised goods. The non-implementation of the Economic Community for West African States (ECOWAS) treaty on Free Trade, for many years after its ratification has also served a serious disincentive to exploring the potential of West Africa for trade (FRN 2000). The large number of security agents at the ports and nation's borders coupled with long processes for clearing of goods were further impediments to trade. This, among others were the reason the Federal Government of Nigeria came up with a comprehensive Trade policy Draft in November 2001 which was intended to be consistent with the Multi-lateral trading system.

On the agricultural sector of the said trade policy draft, the general objectives were to, among others:

1. Achieve self-food sufficiency and become a net exporter of food.
2. Promote domestic trade through sectorial specialisation among the regions of the country in accordance with comparative advantages and ecological zones without prejudice to regional food security.
3. Promote inter-sectorial trade and linkage between agricultural and industrial sector in order to make agricultural sector serve as markets for domestic industrial products while the industrial sector develops capacities to supply inputs efficiently for a dynamic agricultural sector.

4. Encourage participation in bilateral, regional and international cooperation and agreements in agricultural trade and development policies that are mutually beneficial.
5. Promote relatively cheap and adequate supply of agricultural raw materials to industries to enhance international competitiveness of manufactured products in order to facilitate trade and foreign exchange earnings of the country.

The policy also aimed at pursuing with vigour, horticulture (cut-flowers), soya beans, shrimps, rubber, fish, cocoa, cashew, gum Arabic, oil palm, cassava chips, ginger, grains, castor seed/oil, beni seed oil, leather and animals, groundnut and cotton all of which have potentials for export.

The government under this policy intended to adopt some agricultural trade development strategies which included the provision of enabling environment – effective application of Land Use Act for Agriculture; promotion of the potentials of women in trade and ensure sustainable development, strengthening of supportive agricultural research institutes, involvement of financial institutions for special credit facilities including micro-credit; agricultural price support and income stabilisation policies such as Guarantee Minimum Price system or Domestic Price stabilisation fund; discouragement of Monopoly Market Practices in order to minimise market distortion, artificial scarcity and wastages among others. Other strategies to be adopted included industrialising and commercialising agriculture; liberal and efficient tariff system; produce inspection and quality control in order to ensure compliance with international quality and standard; and finally, establishment of Agricultural Trade Information Bureau to conduct studies and source information on trade and investment opportunities in agriculture for the benefit of prospective entrepreneurs.

As appealing as the trade policy relating to agriculture is, it has not been able to achieve the expected outcome due to wrong implementation, lack of political will, corruption, bureaucracy, among several other impediments. To this end, poverty has continued to be pronounced among farmers. This is more so as most of the core agricultural policies, except few, recorded some level of failure.

(II) Agricultural Inputs Policy: Fertilizer Policy

Before 1976, state governments were responsible for fertilizer procurement and distribution. With the establishment of the Federal Fertilizer Procurement and Distribution Department, the government established fertilizer plants to develop domestic production capacity in order to meet increasing demand. Over time, however, the public sector control of fertilizer manifested leakages and transit losses, late and non-deliveries as well as artificial scarcities and ultimately unsustainable subsidy benefiting unintended groups – the middlemen. The sector reform started in 1994 and produced a Fertilizer liberalisation policy in 1996 by which the Federal government withdrew her involvement in fertilizer procurement and distribution and discontinued subsidy on it and graduated import reliefs at 10% (1996), 5% (1997) and 0% (2000) while abolishing VAT and Excise duty, all of which effects were to be passed on to farmers. This also failed to stabilise the fertilizer sector, as fertilizer use decreased from 500, 000 nutrient ton (1996) to 100, 000 tons by 1999. This necessitated the institution of another reforms process in the sector. The reforms produced in 2006 another National Fertilizer Policy.

The objectives of the policy includes the production of fertilizers that is open to both the public as well as the private national and international investors in a manner that is compliant with the requirements of the National Policy on Industry and the National Policy on Agriculture. Under the policy, the Federal Government would encourage domestic production of fertilizers through appropriate targeted tax relief and tariff regime, stable exchange rate, controlled inflation and favourable and reasonable expatriate quota and income repatriation. It would also encourage the exploration and development of the country’s raw material potential for fertilizer production and in collaboration with financing institutions; endeavour to reduce the risk associated with the provision of and access to the fund available for investment in fertilizer production and raw material development. However, it insists that fertilizer types to be produced by prospective producers must conform to the provisions of the law and supporting regulations for different crops in the agro ecological zones of the country and establish an internal quality control mechanism.

(III) Seed Policy

The National Seed Service (NSS) of the FMARD was established in 1992 and is responsible for coordinating development, monitoring policy, and implementing quality control for a full treatment of the Nigerian seed industry. The agricultural research institutes in Nigeria are responsible for the production of breeder seeds. NSS and the private sector produce the foundation seed while the private sector produces certified seed. These certified seeds are sold to farmers through public and private sector markets. Public sector seed sales are sold to farmers through farm-service centres, Agricultural Development Projects (ADPs), and cooperatives. There are five private seed companies in Nigeria who purchase foundation seed from NSS and agricultural research institutes and International Agricultural Research Centres (IARCs) such as International Institute of Tropical Agriculture (IITA), International Crops Research Institute for Semi-Arid Tropics (ICRISAT), and West African Rice Development Association (WARDA). They use contract growers and sell to farmers. An informal seed market operates that provides improved but noncertified seed to farmers.

Total certified seed production is small—4,324 tonnes in 2000 (IFDC, 2000b). It is estimated that less than 10% of farmers use certified seeds in Nigeria. Significant constraints to the development of Nigeria's seed sector are inadequate arrangements for seed certification and quality control, low funding of public sector institutions, slow release of new varieties, inadequate extension services, and conflicting roles between the private and public seed sector.

(IV) Agricultural Input Subsidy Policy

Agricultural input subsidies have been widely used in developing countries to raise farmers' demand for inputs in order to increase productivity and achieve food security. Such subsidies have also been used to develop a competitive private sector for inputs supply. Fertilizer subsidy can crowd in or crowd out the private fertilizer sector depending on the production environment, fertilizer market characteristics, and the design of the subsidy program. Recent literature from several countries in sub-Saharan Africa (Malawi, Zambia) suggests that fertilizer subsidies generally crowd out the participation of private input traders in supplying agricultural inputs, particularly fertilizer, to farmers.

A voucher-based fertilizer distribution has been implemented in Nigeria only on a small scale until recently and it showed better targeting than the existing subsidy program and minimal leakage of subsidised fertilizer to those who were not intended to benefit from the program. Under the Agricultural Transformation Agenda (ATA), the government plans to scale-up the voucher program to the entire country. The ATA envisages improving targeting of the beneficiaries, which should reduce leakage of subsidised fertilizer. In such a context, a greater benefit may arise from the change in the structure of the national fertilizer market. It thus becomes important to understand the extent to which previous fertilizer subsidy programs crowded out private input trader participation.

Subsidies on fertilizer can, however, crowd-out the commercial sector if:

1. The price of subsidised fertilizer lowers the open market price;
2. The recipients of the subsidised fertilizer are poorly targeted; and
3. The fertilizer policies of government are unpredictable, creating uncertainties for investors in the private supply of inputs.

INSTITUTIONAL FRAMEWORK

Institutional frameworks have been put in place to create incentive and disincentive structures for stakeholders in the agricultural sector. Some of the institutions/programmes put in place are:

(a) Federal Ministry of Agriculture and Water Resources (FMAWR)

The FMAWR is responsible for national agriculture and water resources policy development, technical support to states for agriculture and water resources development, technology generation and dissemination, land use planning, soil management, soil capacity evaluation and soil water resource management, project/programme coordination and planning, monitoring, and research. The ministry also has the responsibility to develop and conserve Nigeria's surface and underground water resources.

(b) The National Food Reserve Agency (NFRA)

The NFRA is a department that was created in 2000 through the merger of the Federal Agricultural Coordinating Unit (FACU) and the Agricultural Project Monitoring and Evaluation Unit (APMEU) in order to form the Project Coordinating Unit (PCU) which was later transformed to NFRA in the year 2007. The department is responsible for extension delivery services and also for the coordination of projects and programmes supported by development partners.

(c) River Basin Development Authorities: (RBDA)

The RBDA is a major implementing arm of the FMAWR. RBDA is responsible for the development of surface and ground water resources for irrigation, livestock and rural and urban water supply; the control of erosion and floods including watershed management and the construction, operation and maintenance of dams, dykes, polders, wells and boreholes.

(d) Nigerian Agricultural Insurance Corporation (NAIC)

It was established to reduce farmers' exposure risk, particularly smallholders, by offering protection for losses from natural disasters. The objectives of NAIC are:

1. Provision of premium subsidy of up to 50% chargeable on selected crop and livestock insurance policies. The areas covered under the crop sector are fire, lightning, windstorm, flood, droughts, pests and diseases while for livestock

production, the areas covered are death or injury caused by accidents, disease, fire lightning, storm and flood.

2. General Insurance coverage of equipment, assets and other properties which form part of the total farm investments at competitive commercial rates.
3. Encouraging institutional lenders to lend more to agriculture through provision of added security to agricultural lending of commercial banks.
4. Payment of indemnity to insured farmers/clients after having suffered an insured loss.
5. Re-insurance services
6. Provision of extension services to insured farmers and insured projects.

Since the inception of the NAIC, the institution has never defaulted in the payment of indemnity to insured farmers after suffering from an insured loss.

(e) Agricultural Development Programmes (ADPs)

Agricultural Development Programmes were established as state institutions with a mandate to raise agricultural production and improve the living standards of the rural population. They provide technical support through extension services to smallholder farmers as a means of promoting the adoption of improved farming techniques. They have been highly effective since their inception.

(f) Agricultural Credit Institution

A typical example of an agricultural credit institution is the Bank of Agriculture.

Bank of Agriculture (BOA)

It was established as a result of government's strive to improve the quantum of loanable funds to the sector through recapitalisation and to enhance access to credit by the beneficiary farmers, rural dwellers and small scale entrepreneurs. It is a development bank that came into existence after the merger of the defunct Nigeria Agricultural and Cooperative Bank Limited (NACB), Peoples Bank of Nigeria Limited (PBN) and the Family Economic Advancement

Programme (FEAP). It later became known in 2010 as Bank of Agriculture (BOA). The specific objective of the bank was to act as a development finance institution for delivering credit to the agricultural sector of the economy. The bank provides loans to individual farmers, cooperatives, state and federal government agencies which enable the small scale farmers to establish as well as expand their production in order to increase agricultural production, enhance food sufficiency, promote household and national income and augment the individual borrower's ability to repay borrowed fund.

The objectives of the BOA are:

1. Rural savings mobilisation through management of deposit liabilities with the objective of earning higher return,
2. Micro credit administration being guided by a lending philosophy that is driven by demand of loan resources professional analysis of risk and effective management.
3. Agricultural credit administration to foster agriculture and rural development by employing the best industry practice to aid efficient, timely and effective operation.
4. Agricultural credit warehousing through on-lending schemes.
5. Provision of advisory services to farm and non-farm sectors.

The challenges associated with the Bank of Agriculture are the untimely disbursement of loans, the inability of the institution to recover some of the loan obtained and also the disbursement of less than the requested amount to an individual.

(g) Agricultural Research and Development

National Agricultural Extension Research Liaison Service (NAERLS)

The institute while arriving at its extension policies considered the institute's mandate, the functions, the vision statement, the mission statement and the following other criteria: efficiency, equity, sustainability, food self-sufficiency, food security, and poverty alleviation.

The Mandate

1. To be involved in the development of agricultural technology and extension methodology.
2. To collate and evaluate agricultural technology for their dissemination.
3. To monitor and evaluate available agricultural information and package them for dissemination through appropriate media.

The Specific Functions

1. Research in technology development, technology transfer, adoption processes and extension methodology.
2. Collaboration with other research organisations conducts subject matter-specific research. Publication of the Nigerian Journal of agricultural Extension to provide regular extension research information.
3. Collation and evaluation of technologies generated from the national Agricultural Research systems (NARS) to ascertain their suitability for transfer.
4. Coordination of the overall planning and development of Research Extension Linkage activities throughout the country.
5. Coordination of the production of television, radio and video films on agricultural activities nationwide in collaboration with the National Agricultural Research Institutes (NARS) and the Agricultural Development Programmes (ADP).
6. Coordination of national agricultural trainings, conferences and workshops targeted at improving the capacity of the agricultural extension systems.
7. Production of extension publications of different classes for use by the extension system and farmers.
8. Monitoring and evaluation of agricultural production data and information.

Priority Research Activity Areas

1. Development of extension Methodologies
    a) Development of extension methodologies
    b) Field Evaluation of extension Methodologies
2. Evaluation of Extension Approaches
    a) Participatory extension approaches and the processes
    b) Private extension services
    c) Cooperative extension services
    d) Community based extension services
    e) Commodity based extension services
    f) Result based extension services
    g) Farmers' field school
    h) Privatised and commercial Extension services.
    i) Adoption studies on various extension approaches.
    j) Adoption studies on various technologies
    k) Impact assessment of various approaches
    l) Impact assessment of various technologies
    m) Studies on effectiveness of different ways of technology generation
    n) Studies on roles of stakeholders in Technology generation and extension delivery.

3. Evaluation of Characteristics of Improved Technologies
    a) Technical characteristics of improved technologies
    b) Economic characteristics/impact of improved technologies
    c) Social characteristics/impact of improved technologies
    d) Environmental characteristics/ impact of improved technologies
    e) Institutional characteristics of improved technologies
    f) Farm inputs and output studies
    g) Evaluation of indigenous knowledge systems (IKS)

h) Environment Impact assessments.

4. Policy, issues and Analysis as they affect agricultural and rural development
    a) Studies on effects of policy issues on agricultural extension
    b) Studies on how different policy issues affect agriculture and rural development
    c) Studies on Nigeria’s Agricultural policies
    d) Studies on the effects of sustainable agriculture, food security, rural poverty etc. on extension delivery
    e) Evaluation of agricultural curricula

5. Evaluation of extension packages and the channels of communications
    a) Effectiveness/impact of training, conferences and workshop
    b) Effectiveness/impact of extension publication
    c) Effectiveness/impact of radio and television programmes
    d) Effectiveness/impact of farmers’ field schools, vocational schools and other non-conventional agricultural schools.
    e) Effectiveness/impact of agricultural shows, field days, demonstration, and meetings.
    f) Effectiveness/impact of traditional channels of information dissemination.

6. Agro-business Development an Extension Delivery.
    a) Farm input distribution and marketing
    b) Marketing of agricultural produce
    c) Subsidy issues
    d) Niche crops/markets
    e) Pricing of agricultural commodities
    f) Farm input Prices
    g) Cooperative Studies

h) Roles and responsibilities of producer associations
i) Cost and returns of various commodities
j) Feasibility appraisal of agricultural enterprises.
k) Sourcing and management of funds
l) Investment opportunities and management
m) Processing of farm produce
n) Post-harvest loss and preservation of farm produce

7. Adaptive Research
   a) Adaptive research in all agricultural sub sectors.
   b) Intensification and diversification of agricultural production

8. Special issues in Extension
   a) Women in agriculture
   b) Rural youths in agriculture
   c) Dry and wet season agricultural performance evaluation
   d) Peri-urban farming
   e) Linkages and collaboration.

9. Information communication technology (ICT) and extension service Delivery
   a) ICT in rural development
   b) ICT for training in agricultural extension delivery
   c) ICT in extension Administration
   d) ICT in farm management

(h) Agricultural Commodity Exchange Market (ACCOMEX)

This aims at establishing agricultural commodity exchange markets with the objective of achieving efficient marketing and price information systems.

(i) Water, Aquaculture and Environmental Resource Management

This aims at achieving intensified aquaculture production systems, sustainable conservation through construction of small dams, irrigation facilities and gaining “Carbon Credit” through afforestation.

LEGAL FRAMEWORK

(I) The Land Use decree

After independence in 1960, the Government of Northern Nigeria enacted a new law titled ‘Land Tenure Law 1962’. It is pertinent to note that one of the major declarations of the 1962 Land Tenure Law, like its predecessor, was that all lands in northern Nigeria were under the control and subject to the disposition of the Governor and were to be held and administered for the use and common benefit of the Natives of Northern Nigeria.

Consequently, two titles to native land were recognised: customary rights of occupancy administered by traditional authorities who covered all those tenure systems administered by communities or their leaders since pre-colonial times; and statutory rights of occupancy which were administered by State Governments. These were usually evidenced by certificates of occupancy that were granted to any persons including foreigners, usually for a specific purpose.

Title to it may be granted on prescribed terms and for periods of up to ninety-nine years. Subsequent developments on land management in Nigeria led to the modification of the Northern Nigeria Land Tenure Law of 1962, into the Land Use Act of 1978. Prior to the enactment of the Land Use Act, it had frequently been stated that private individuals and the Government increasingly faced difficulties in acquiring land for development purposes. Demand for land had been occasioned principally by increasing urbanisation particularly at the peri-urban fringe and the growth of the national economy due mainly to revenues derived from oil.

Such difficulties were clearly stated in the Third National Development Plan viz: although legislation exist empowering Governments to acquire land compulsorily for public purposes, it has become difficult to do so at reasonable cost in some of Nigeria's urban centres. Several projects in the Second Development Plan (1970- 1974) have failed to take off because of the difficulty of obtaining land in major urban centres. (Equally too), many private projects must have also run into similar obstacles.

Moreover, even where land was readily available, the prices are often prohibitive, and compensation claimed and paid by Governments have been generally much higher than the true opportunity cost of land. This situation has obviously been aggravated by the activities of land speculators who purchase land which they do not intend to develop (immediately), hold on to them until development has substantially increased their market value and then sell at abnormal profits

In order to overcome the above difficulties and solve the high inflationary problem in the country, the Federal Government set up the Anti-Inflation Task Force on 15th August, 1975. The main term of reference of the Task Force, amongst others, was to examine the existing inflationary tendencies in the economy and identify their causes. In its first report, the Task Force recommended in the section under land,' inter alia, 'a comprehensive national policy on land by the promulgation of a Decree that will vest all land in principle in the State Government.' This report was not accepted by the Federal Government. But the persistence of the difficulties on the acquisition of land for development noted above, and the incidence of high rents demanded by property developers, an incidence occasioned by not only the high costs of building materials but also land, led to the setting up of a Rent Panel on 6th January, 1977.

The Land Use Panel submitted two reports, main and minority - to the Federal Government in early 1978. But the minority report while characterising the authors of the main report as 'protectors of vested interest initiating against the rational socio-economic use of land,' Advocated its nationalisation, slating that 'the idea of Government being the custodian of land in the Northern States is germane and should remain acceptable base for land use. The Federal Military Government concurred with the authors of the Minority Report and accordingly promulgated a decree on land use, and called it The Land Use Decree No. 6 of 1978'.

(II) The Enterprise Promotion Decree

The Nigeria enterprises promotion decree often referred to as indigenisation policy was started from 1972. The aim of the decree was to give Nigerians the desired involvement in the control, management and ownership of the country's productive enterprises.

Objectives of Nigerian Enterprises Promotion Decree

The following are the objectives of the Nigerian enterprises promotion decree:

1. To create more employment for Nigerians.
2. To enable Nigerians have greater control of their economy.
3. To avoid foreign domination in order to prevent possible economic sabotage.
4. To create greater opportunities for training indigenous personnel in the art of management.
5. To maximise local retention of profits.

The Effect of the Nigeria Enterprises Promotion Decree

The effects of "Indigenisation Policy" cannot be over-emphasized as measures were taken to address the flaws and shortcomings through:

1. The promulgation of the Indigenisation decree: The lack of fund by local investors and the inability to raise loans from the foreign controlled financial

institution were drastically alleviated by established of financial institutions specifically for this project.

2. The provision of the Decree: The essence of which is to give Nigerians increased involvement in the ownership control and management of the country's productive enterprises, have brought a redistribution of income and increase in the employment of Nigerians in top and middle management positions.
3. The Nigerian enterprise Promotion Decrees promote indigenous participation in business undertakings and foster the growth of indigenous enterprises.
4. Through the capital issue commission sets up under the Decrees, prices of shares for companies were stabilised.

At the initial stage of the decree, the decree had a double schedule which was schedule 1 and 2. But with the passage of time, the decree was modified by Decree no 3 of 1977. This modification provides a triple schedule of enterprises for better participation of Nigerians.
The triple schedules are:

1. Schedule One

This schedule comprises of enterprises which are exclusively reserved for Nigerians. In this schedule, Nigerians reserve the right of participating and being owners of all the items which are exclusively in schedule 1 without interference.

2. Schedule Two

Schedule comprises of enterprises in which Nigerians must have major interest at least 60% equity interest. These enterprises include:

i. Banking
   a. Commercial Banks
   b. Merchants Banks
   c. Development Banks
ii. Basic iron and steel manufacturing

iii. Beer brewing
iv. Clearing and forwarding agencies

3. Schedule Three

Schedule 3 comprises of enterprises in which Nigerians are meant to have at least forty percent equity interest. The enterprises include:

a. Distilling and blending of spirits such as Ethyl alcohol, whiskey and Brandy
b. Fertilizer production
c. Manufacturing of basic industrial chemicals
d. Manufacturing of tobacco

The Nigerian enterprises promotion decrees however, encountered some shortcomings which hindered the effective implementation of the decrees. Some of the barriers are:

1. Moral and social difficulties in creating few wealthy Nigerians at the expense of the populace.
2. Difficulties in the acquisition of funds to streamline businesses affected by the decree.
3. Inadequate trained manpower to replace people lacking in managerial skills and technical know-how.

With the discovery of the shortcoming of this decree, the Federal Military Government took cogent steps in ensuring effective implementation of the programme. The following are some of the measures put in place by the government in order to solve the shortcomings of the decree.

1. The establishment of the Nigerian Bank for Commerce and Industry (NBCI) with the aim of providing adequate support financially.
2. The establishment of the Nigeria Enterprises Promotion Board for the effective and proper implementation of the decree.

3. The establishment of the Nigerian Industrial Development Bank (NIDB) to finance industrial projects and encourage indigenous investors.
4. Councils for management education and training were also established for the management training of local businessmen etc.

PROBLEMS AASSOCIATED WITH NIGERIA'S AGRICULTURAL POLICY

Overlaps of policy

There are a lot of role conflicts among different policy programmes. For instance, there was role conflict between DFRRI and ADP in many states. According to (Ayoola, 2001), reports has it that DFRRI merely removed the sign post of some ADPS and replaced it with its own to lay claim to the construction of certain rural roads and borehole. A cursory look at the aims of most of the policy programmes shows high level of similarities.

2. Lack of continuity as political leadership changes

There is always lack of continuity of intervention policy programmes. This is more so as new political leaders in Nigeria prefer to be identified with certain policy programme especially in the agricultural sector. This has not allowed various policy programmes to mature by correcting its own mistake and make the required impacts. Examples in this respect include FSP (1994) and FEAP (1996), OFN and RBDAS were initiated almost the same time (1976) and initiation of NAFPP in 1972, OFN in 1976 and GR in 1980 etcetera.

3. Corruption in implementation

As agencies saddled with the responsibilities of implementing intervention policy programmes are subjected to the bureaucratic procedure of typical civil service in Nigeria, delay and loopholes which encourage corruption usually creep in and desired outcomes are not achieved.

4. Top-bottom approach to policy conceptualisation and implementation

Most of the policies/intervention programmes were formulated, planned and implemented without inputs from the intending beneficiaries who are expected to air their views on their needs and the best ways to address them. According to (Daneji, 2011), agriculturists, scientists, researchers and more importantly the farmers/rural dwellers are normally ignored during planning and implementation of agricultural/rural development policies and programmes. These stakeholders are in a better position to identify the policies and programmes that will be tailored to the need of the farmers. Their non-participation has led to failure of intervention programmes, increased poverty and inaccessibility of basic social amenities with dwindling economic fortune.

5. Inadequate or lack of objective monitoring and evaluation of policy programmes

Some of the policy programmes have inadequate monitoring and evaluation mechanism. Proper monitoring and evaluation of existing project/programmes will go a long way in checking the progress of the project against the stated goals and hence curb unnecessary cost. It will also be useful in subsequent planning and implementation.

INTRA-ECOWAP EXPORT POTENTIALS OF NIGERIA AGRICULTURAL PRODUCTS

Agriculture is central to the economic growth and development in Nigeria. The sector provides about 60% of food requirements and also engages an average of 70% of the labour force. Food insecurity has been increasing due to unpredictable climate and declining rainfall and floods in some areas. Rising population coupled with low productivity of the sector has resulted in massive importation of food. Food importation as percentage of GDP is over 25% in year 2009 (World Bank, 2011). This underscores the importance of Agricultural sector in the socio-economic development of the West African sub region in general and Nigeria in particular. The potential role of the sector to alleviate poverty derives from the fact that the sector employs about 70% of the labour force and access to markets in West African sub-region will enhance that role. Growth of agricultural sector can increase incomes directly to the poor arising from demand for more hands in agriculture and indirectly through input output and expenditure linkages with non-farm activities in the rural sector.

Nigeria possesses significant natural and agricultural resources including agricultural land, water bodies and rivers, forests and wildlife, livestock, minerals, and gas and petroleum. These resources are distributed in varying magnitudes between the six geo-political regions of Nigeria; notably North central, Northeast, Northwest, Southeast, South-south and Southwest. These geopolitical zones despite the diversity in their production systems provide an important opportunity for the exchange of products based on complementarities and have the potential of providing the export base for Nigeria agricultural products.

Characteristics of production factors in Geo-Political Zones

The geo-political zones are endowed with production factors peculiar for the production of agricultural commodities listed against their names; the common characteristics that favour large scale commercial production of the commodities are:-

- Favourable agro-climatic environment.
- Good quality and fertile soil.
- Low cost of production
- Availability of resources – land and cheap labour

Agricultural Commodities of Comparative Advantage

The agricultural commodities in which the different zones have comparative advantages that have domestic, regional and market can be classified into two groups: unprocessed commodities. Zones in the south; Southeast, South-south and Southwest have comparative advantage in the production roots and tubers; timber and non-timber forest products, cocoa and rubber. These zones are located in the tropical rainforest belt of the country. The North central is a transitional zone between the northern and southern zones and has a comparative advantage in the production of some commodities that are produced in the north and the south. These include soybean, yam, cassava, groundnut, maize palm produce citrus cashew etc. (Manyong et al., 2005).

Development Domains for Agricultural Commodities for Domestic, Regional and World Markets

ZONE	UNPROCESSED	PROCESSED
North-Central	Soybean, Yam, Cassava, Benni seed, Groundnut, Neem, Fruit, Honey, Mangoes, Cashew, Palm Kernel, Maize, Citrus	Soya Oil and Meal, Canned Fruit, Orange Juice, Vegetable Oil.
Northeast	Vegetable Production (Tomato, Pepper, Onion Etc.), Oil Seeds Production (Groundnut), Gum Arabic Production and Cotton.	Vegetable Processing (Tomato, Pepper. Onion Etc.), Cotton Lint, Gum Arabic Products
Northwest	Ginger, Tomato, Cotton, Sorghum, Groundnut, Garlic, Gum Arabic, Soybean, Sesame, Cowpea and Wheat	Textiles, Beer, Groundnut Oil, Hides & Skin, Tomato Paste, Resin and Leather
Southeast	Oil Palm, Cassava, Yam, Rice, Poultry, Cocoyam, Yam, Plantain, Banana, Vegetables, Ginger, Timber, Cashew Nuts, Cocoa, Maize, Melon, Rubber and Copra.	Palm Oil, Cassava Chips/Gari, Yam, Flour, Plantain Chips, Vegetable Oil, Cocoyam Cassava Flour, Rubber Products, Cashew Products and Kola Nut.
South-South	Cocoa, Palm Fruit, Rubber, Timber, Non-Timber Forest Products, Cassava, Fish, Crayfish and Shrimps.	Cassava Chips, Palm Oil, Latex, Cassava Toasted Granules (Gari), Cocoa Powder and Chocolate, Palm Kernel Oil and Cake.

Southwest	Cassava, Palm Produce, Cocoa, Timber, Oil Palm, Fish and Shrimps.	Fish And Shrimps, Yam, Timber, Cassava and Cocoa Cake.

The Northeast and Northwest have their comparative advantage in the production of cotton, gum Arabic, Vegetables, (tomato, pepper, onion, etc.), cereals and legumes. As indicated in the table, the processed commodities are derived from the unprocessed commodities listed.

The agricultural commodities itemised under processed column of the table above when exposed modern processing techniques and stringent phytosanitary procedures will provide the base of Nigeria’s export products.

INSTITUTIONAL REPORTS

A. Report on Higher Educational Institutions

The universities visited were:

- University of Ibadan, Oyo State
- Obafemi Awolowo University, Osun State
- Olabisi Onabanjo University, Ogun State

Questions were also posed to the Heads of Departments (HODs) of the following universities without actual visits in order to enquire if they had courses on international agricultural trade agreements.

- University of Lagos, Lagos State
- Bells University, Ogun State
- Lagos State University, Lagos State

Bells University Ogun State had a 300 level course on International Negotiations as an elective under Business Administration with Human Resource Option.

The Economics Department at the University of Ibadan had 6 lecturers comprising of 2 professors and 4 doctors who were specialists in the area of industrial and agricultural trade agreements. The department itself had two courses both at the undergraduate and postgraduate level on international trade and international finance.

The Agricultural Economics department of the University of Ibadan had no courses on International Agricultural Trade Agreement but had an Agricultural Marketing course with a little aspect on international trade. None of the lecturers interviewed were specialist in the area of International Agricultural Trade Negotiations. Some of the lecturers interviewed specialised in Agricultural Marketing so they were able to teach the aspect of Agricultural Marketing on international Agricultural Negotiation.

At the Economics Department at the Obafemi Awolowo University, Osun State, there were some specialists in the area of international trade agreements with emphasis on international industrial trade. None of the lecturers specialised in the area of international agricultural trade agreement.

The Agricultural Economics department of the Obafemi Awolowo University, Osun State had no courses on International Agricultural Trade Agreement but had an Agricultural Marketing course with a little aspect on international trade. Only one of the lecturers interviewed was a specialist in the area of International Agricultural Trade Negotiations. About 10% of the lecturers were specialist in Agricultural Marketing so they were able to teach the aspect of the Agricultural Marketing course on international Agricultural Negotiation.

The Agricultural Economics department of the Olabisi Onabanjo University, Ogun State had no course on International Agricultural Trade Agreement but had an Agricultural Marketing course with a little aspect on international trade. Just two of the lecturers interviewed were specialist in the area of International Trade with about 10% of the lecturers being specialist in Agricultural Marketing so they were able to teach the aspect of the course on international Agricultural Negotiation.

From the findings of this study, it can therefore be concluded that there exists a gap to be filled as no higher institutions in South West Nigeria have courses on International Agricultural Trade Agreement both at the undergraduate and postgraduate level, and very few lecturers specialise in the area of International Agricultural Trade Negotiations.

Similarly, all the departments of Agricultural Economics in all the universities visited were willing to adopt the proposed curriculum that will be developed at the postgraduate level when made available.

In the same vein, at the Agricultural Economics departments of all the institutions visited, most of the lecturers were willing to attend training on International Agricultural Trade Negotiations.

Furthermore, at the Economics departments of all the institutions visited, all the younger and upcoming lecturers were willing to attend a training on International Agricultural Trade Negotiations while just a few of the older agreed to attend any training as they said they already had their own area of specialisation and were not willing to diversify.

B. Report on the Ministry of Agriculture

Majority of the directors and assistant directors are males and were educated up to the postgraduate level. They all adopted Sanitary and Phytosanitary Measures (SPS). Some said other policies were adopted from other ECOWAS countries while other said they were not aware of any policies been adopted. Some of the adopted policies were ECOWAS Trade Liberalisation Scheme (ETLS), Food security, and Agricultural trade policy.

It was also reported that Nigeria also harmonised her policies with ECOWAS agricultural Policy (ECOWAP) and some said that there were incentives for domestic agro-industrial enterprise in Nigeria while others said otherwise.

It was also reported that Export Promotion Laws in Nigeria did not abolish all export taxes and does not allow a preferential tax rate for agricultural products.

The respondents were also not aware of the Export Promotional Law that provided additional types of incentives to exporters of non-traditional products.

Some of the taxes applicable in the agricultural sector were:

- Rice importation- High tax rate
- Rice levy

- Sugar levy
- 5% tariff for imported agricultural equipment

About half of the respondents said that the country had existing strategies for price-stabilisation in the agriculture sector while others said otherwise.

It was also reported that the government was taking steps towards addressing growing demand for extension services in the agriculture sector through some of the following steps:

- Creation of Extension departments in the Ministry of Agriculture
- Establishment of food value chain commodity
- Subsidy of fertilizer
- Establishing regional staple crops processing unit
- ADPS are currently providing extension services
- Through the revitalisation of the extension unit in the Federal Ministry of Agriculture and Agricultural Department.

It was further reported that some officials of the Ministries were involved in trade agreements at the Ministerial level.

Listed below are the various types of researches and innovations that are considered to be of strategic national importance to the Agriculture sector:

- Introduction of food value chain commodity
- Small and medium agricultural entrepreneurship
- Dry season farming
- Free tax for importation and agricultural equipment
- Problem oriented research

Some of the following activities came into existence as a result of the above mentioned innovation:

- Food security and safety

- Fertilizer subsidy
- Food value chain commodity
- Empowering youth and women in agriculture

Listed below is some of the technical assistance the respondents consider important for Agricultural Trade agreement:

- Training
- Advocacy
- Publicity
- Establishment of regional trade agreements
- Harmonisation of safety standards
- Establishments of trade information systems
- Creation of agricultural trade and investment unit in the Ministry of agriculture
- Creating a country office for agricultural trade
- Capacity building in the area of SPS risk assessment

C. Report on Ministry of Industry and Commerce

The Ministry of Industry and Commerce in Abeokuta, Ogun State reported that the ministry was not involved in the exportation of commodities at the state level, national level and international level but reported that some commercial farms/firms in the state such as Obasanjo farms Nigeria Limited, Animal care Services Consult Nigeria Limited produce on a large scale and are involved in exporting their commodities outside the country.

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