The Dwindling State of the Agricultural Sector and Government Policies On Agriculture: A Policy Formulation and Policy Implementation Question

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ABSTRACT

The paper x-rayed the scope, objectives and performance of the Nigerian Government policy on agriculture with specific consideration for components of the policies that concern the agricultural development and its contribution to national development. The study also covered the main debates on Nigerian agricultural policies especially as it concerns the formulation and implementation of its policies and programmes as well as their achievements in the sector in Nigeria. This paper posits that government's agricultural policies over the years in Nigeria did not achieve much because the country still face problems of food security, malnutrition and hunger, low earnings from agriculture as the GDP from agricultural sector declines. The paper, leaning on the arguments of the theories of public interest economic regulation which was first developed by Arthur Cecil Pigou in his book titled "The economics of welfare" published in 1932 is based on the idea of an existence of common interest (public interest) of which governments are more suited to provide and protect through regulation. The data for the study were generated through the documentary method and qualitative descriptive method. Similarly, available secondary data indicated that the existing policy framework have hitherto not adequately supported the growth of the sector. The data analysis revealed that; agricultural policies are not supported with adequate data at the stage of formulation by the policy makers; there are implementation problems that affect agricultural policies and efforts in achieving their intended results; the provisions of agricultural micro-credits are still insufficient to farmers especially those in the rural areas; there are implementation deficiencies which divert benefits to unintended beneficiaries especially those outside agricultural dominated activities. Based on these findings, we recommend, amongst others that the formulation of agricultural policies should endeavor to adequately put into consideration the social, economic, political and environmental impact analysis. The paper concluded by providing fresh focus areas that will make a new policy to be more vibrant and supportive of an efficient multi-sectoral agricultural production in the country.

Keywords: Government, Policy Formulation, Agricultural Policy, Policy Implementation, Programs

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1. INTRODUCTION

Agriculture is a key to the sustenance of life and it is the bedrock of economic and social development, mainly in the provision of adequate and nutritious food that is needful for human growth, development and industrial raw materials. Sustainable agricultural development is propelled by agricultural policies. The first national policy on agriculture was adopted in 1988 and was accepted to remain valid for about fifteen years, that is, up to year 2000. In 2001, a new policy document on agriculture was lunched. The new policy document has most of the features of the old ones, but with more focused direction and better articulation. Agricultural policies are supported by sub-policies that facilitate the growth of the sector. Implementation of agricultural policies is however moderated by macro-economic policies which provide the enabling environment for agriculture to grow in line with the other sectors. These policies usually have major impact on profitability of the agricultural system and the welfare of farmers as they affect the flow of funds to the sector in terms of budgetary allocation. The macro-policies comprise the fiscal, monetary, trade budgetary policies and other policies that govern macro-prices.

Agriculture contributes immensely to the Nigeria economy in many ways mostly in the provision of food for the increasing population, supply of adequate raw materials (and labour input) to a growing industrial sector, a major source of employment; generation of foreign exchange earnings, and, provision of market for the products of the agrarian sector (Okumadewa, 1997).

Support for agriculture is widely driven by the public sector, which has established institutional support in form of agricultural research extension, commodity marketing, input supply and land use legislation so as to fast-track development of agrarian sector to achieve the aim of economic development. The importance of the agrarian sector, also suggests the intervention of the private sector through sponsorship of research and breakthrough on agricultural issues in Universities, capacity building for farmers and, most importantly, the provision of fund for farm businesses. International governmental and non-governmental agencies including the World Bank Fund and Agricultural Organization of the United Nations, also contribute to on farm and off-farm support in form of finance, input supply and strengthening of technical capacity of other support institutions.

The role of agricultural sector in diversification of economy cannot be over emphasized, given that it guarantees food security of any nation. Public expenditure on agriculture has, however, been shown not to be substantial enough to meet the objectives of Government agriculture policies (IFPRI, 2008). For a developing country with a mono-product oil economy such as Nigeria, Government's indifferent to agriculture portends great danger to the economy for many reasons. For instance, fluctuating food prices are a precursor of inflation. Secondly, from the expenditure approach to national income accounting, it is likely that Engel's Law that a large chunk of expenditure in developing economics goes to food-holds meaning that shocks to the domestic agricultural production and supply could be damaging to price stability. There is also the perspective of food security, in an era when food has been used as a weapon of War (United Nations Oil for food Deal in Iraq) and as bargaining tool (North Korea- United States Food Deal), even within Nigeria, the federal military government during Nigerian-Biafran War used food blocked as a tool of war.

Agricultural policies in Nigeria have generally followed the path of modernism, i.e. the desire to break up with the past (traditional agriculture) which is considered to be archaic and unproductive. Agricultural modernization was and is still regarded as the key to achieving food security and economic growth. Previous policies and programmes targeted at improving the productivity of farmers relied on technical assistance through the provision of external inputs such as fertilizer, herbicide, insecticides and hybrid seeds. Others include large-scale irrigation schemes aimed at transforming small-scale agriculture to commercial farming. The result of these various intervention measures include: the erosion of sustainable traditional farming practices (intercropping, mixed cropping, integrated farming, and use of organic manure); widespread adoption of agrochemicals and the attendant environmental consequences with food scarcity as a result of emphasis on crops for the market as against food crops.

The effect of these policies is that research and extension have targeted and served the interest of the 'modern' agriculture and the 'modern farmer' instead of improving the indigenous practices of the smallholder farmer. Generally, these policies have not resulted in long-term sustainability and food self-sufficiency, nor have they led to poverty reduction, especially among Nigeria's teeming rural populations. Be it as it may, current thinking, particularly in Nigeria seems to focus on how to improve on agriculture as oil has taken sole control of Nigeria economy as against the experiences in 1960s to 1980s, considering the achievements made from the earnings of agricultural sector in the then three regions of Nigeria, namely, Eastern, Western and Northern regions (Anyanwu, 1997). Over the years, the rate of growth in agricultural production has stagnated and failed to keep pace with needs of a rapidly growing population, resulting in a progressive increase in import bills for food and industrial raw materials.

Anyanwu (1997) observed that most of government policies on agriculture have failed to address the issues of land tenure system, provision of adequate agricultural facilities to farmers, access to agricultural micro credits, access to markets for the sale of agricultural products, provision of agricultural education to rural farmers on mechanized farming, among others. Eze (2010) noted that access to credit is a problem for all farmers and is particularly acute for poor farmer. It is on this note that the Report of the Nigerian Poverty Assessment 2007 stated that: "None of the existing credit sources on agriculture appear able to provide credit to poor farmers, without which it is unlikely that they will invest heavily in productivity-increasing inputs. Given that poor farmers are less likely to have assets for collateral, innovative ways need to be found to provide credit, perhaps based on the group credit systems operating in other countries.

On the other hand, improving agricultural extension services as well as providing adequate agricultural infrastructures have remained poor. Over 85% (percent) of the Nigerian farmers have no access to agricultural extension services and lack of necessary agricultural infrastructures that increase productivity, yet policies to improve these are set in place. The implication of this has been poor impact of the agriculture on Nigerian economy. Therefore there is no empirical evident to show for the enormous resources put into the agricultural sector as a means to diversifying the Nigerian economy from its crude oil based economy. The truth is that the beneficiaries of these agricultural policies are mainly people who are outside agricultural occupation. This situation has always presented the introduction of any agricultural policy or programme as illusive and deceit on the part of farmers and all others who wish to take occupation in agriculture. As a matter of fact, the initiation of these policies do not take into consideration, the Environmental Impact Assessment (EIA), the Economic Impact Assessment (EIA) and the Social Impact Assessment (SIA) to give the problems of agriculture in Nigeria a holistic approach.

Apparently, the intended goals and objectives of agricultural policies such as generating massive employment through agriculture and agro-based businesses, reduction of high poverty rate, ensuring sufficiency in the supply of food for the Nigeria's teeming population, improving per capital income of Nigerians who engage in agriculture, taking comparative advantage on the Nigerian agricultural products in the international markets among others have remained partially unachievable considering some research findings on the assessment of agriculture in Nigeria. The national Economic Empowerment and Development Strategy (NEEDS) 2004 report give that the Gross Domestic Product (GDP) of Nigerian agriculture has continued to decline drastically. This indeed is worrisome considering the number of agricultural policies and programmes which have been introduced by various regimes and governments to boost agricultural productivity in Nigeria such as the National Accelerated Food Production Project (NAFPP), the Nigerian Agricultural and Co-operative Bank (NACB), the River Basin Development Authorities (RBDAs), Operation Feed the Nation (OFN), Agricultural Credit Guarantee

Scheme (ACGS), Green Revolution Programme (GRP), Agricultural Development Project (ADPs), among others.

This paper therefore examines Nigeria's agricultural policies, the dwindling state of the agricultural sector and their impact on Nigeria economy. It is interesting to note that this area of study has generated a lot of research.

2. LITERATURE REVIEW

Public discourse today is saturated with the advocacy or criticism of various policies. It is common to hear of foreign policy, defense policy, economic policy, educational policy and policies in almost every area of government activity. We also hear of policy intension and the commitment of millions of naira to the implementation of certain policies (Ikelegbe, 1996).

The concept therefore is central to government or public sector. Public policy is simply actions taken or to be taken and actions not taken or not to be taken by government (Ikelegbe, 1996). It is a statement of what the government wants to do, what is doing, what it is not doing and what would not be done. In the same sense, agricultural policy is the statement of what the government wants to do, what it is doing and what it is not doing and what would not be done as regards to agricultural activities in Nigeria. Nigeria's agricultural policy is the synthesis of the framework and action plans of Government designed to achieve overall agricultural growth and development (Ministry of Agriculture Policy Guide, 2004). The policy aims at the attainment of self sustaining growth in all the sub-sector of agriculture and the structural transformation necessary for the overall socio-economic development of the country as well as the improvement in the quality of life of Nigerians (Ministry of Agriculture, 2007).

2.1 The Broad Policy Objectives of the Nigerian Agricultural Policy

According to the Ministry of Agriculture policy Guideline report (2004), the broad policy objectives of the agricultural policies in Nigeria include:-

1) Attainment of self-sufficiency in basic food commodities with particular reference to those which consume considerable shares of Nigeria's foreign exchange and for which the country has comparative advantage in local production;
2) Increase in production of agricultural raw materials to meet the growth of an expanding industrial sector;
3) Increase in production and processing of exportable commodities with a view to increasing their foreign exchange earning capacity and further diversifying the country's export base and sources of foreign exchange earnings;
4) Modernization of agricultural production, processing, storage and distribution through the infusion of improved technologies and management so that agriculture can be more responsive to the demands of other sectors of that Nigerian economy;
5) Creation of more agricultural and rural employment opportunities to increase the income of farmers and rural dwellers and to productively absorb an increasing labour force in the nation;
6) Protection and improvement of agricultural land resources and preservation of the environment for sustainable agricultural production;
7) Establishment of appropriate institutions and creation of administrative organs to facilitate the integrated development and realization of the country's agricultural potentials.

However, the Ministry of Agriculture Policy Guideline (2004) gives a holistic insight of the main features of the policy to include: the evolution of strategies that will ensures self-sufficiency and the improvement of the technical and economic efficiency in food production. This is to be achieved through the introduction and adoption of improved seeds and seed stock, husbandry and appropriate machinery and equipment. Efficient utilization of resources, encouragement of ecological specialization and recognition of the roles and potentials of small scale farmers as the major production of food in the country, reduction, in risks and uncertainties were to be achieved through the introduction of the agricultural insurance scheme to reduce natural hazard factor militating against agricultural production and security. A nationwide, unified and all–inclusive extension delivery system under the Agricultural Development Programme (ADP) was put in place in a joint Federal-State Government collaborative effort. Agro-allied industries were actively promoted. Other incentives such as rural infrastructure, rural banking, primary health-care, cottage industries etc. were provided, to encourage agricultural and rural development and attract youth, including school leavers, to go back to the land. The agricultural policy is supported by sub–policies that facilitate the growth of the sector.

These sub-policies cover issues of labour, capital and land whose price affect profitability of production systems; crops, fisheries, livestock and land use, input supply, pest control and mechanization; water resources and rural infrastructure; agricultural extension, research, technology development and transfer; agricultural produce storage, processing, marketing, credit and insurance, cooperatives, training and manpower development, agricultural statistics and information management.

3. PAST EFFORTS AT REVAMPING AGRICULTURE IN NIGERIA

It is only recently that the growing awareness of the role of agriculture in the economic development of Nigeria has prompted various governments in the country to intensify efforts aimed at transforming agriculture from its present subsistence level to a market-oriented production. There had been a number of policy measures and programmes within the last two decades which involve the reconstruction or reformation of the whole structure of the agricultural sector by the creation of appropriate institutions and public services designed to strengthen the economic position of the independent farmer (Anyanwu, 1997). These measures and programmes are as discussed below:

(a) The National Accelerated Food Production Project (NAFPP)

The desire to induce farmers to boost food production “within the shortest possible time”, led to the establishment of NAFPP in 1973, a programme which was based on the green revolution concepts and experiences of Mexico, India, Phillipines and Pakistan. Its main objective is to accelerate the production of six major food crops namely rice, millet, sorghum, maize, wheat and cassava. The project which has three component; research, extension and agro-services is divided into three phases namely the Minikit, Production Kit and Mass Production phases (Anyanwu, 1997).

The International Institute for Tropical Agricultural (IITA), Ibadan is the national coordinator of the project. The National Cereals Research Institute (NCRI), Ibadan houses the National Rice/Maize centre which guides and coordinates the activities of the NAFPP for rice and maize while the National Root Crop Research Institute Umudike is in charge of cassava. Another centre at Samaru near Zaria in Kaduna State takes charge of sorghum, millet and wheat (Anyanwu, 1997). Despite the fact that a substantial number of farmers have gained from the programme, it is bedeviled by inadequate finance, inadequate commitment by some states, inadequate publicity and poor infrastructure facilities.

(b) The Nigerian Agricultural and Co-operative Bank (NACB)
The NACB was founded in April, 1973, to foster growth in the quantity and quality of credit to all aspects of agricultural production including poultry farming, fisheries, forestry and timber production, horticulture etc. It also aims at improving storage facilities for agricultural products and the promotion of the marketing of agricultural products.

After ten years of operation (1973-95), loans directly made to private sector investors in agriculture by the bank amounted to N122, 468,031 and this is made up of 236 loans covering N26, 776,654 made to individuals, 102 loans covering N94, 071,747 made to incorporated companies and six loans covering N619, 639 made to co-operative societies for direct private investment in agriculture (Anyanwu, 1997). Despite this apparent impressive performance, quantity of loans granted to small-holder has proved grossly inadequate.

(c) The River Basin Development Authorities (RBDAs)
The development of river basins was conceived in 1963 with involvement in the Lake Chad Basin and River Niger Commissions for countries bordering the Lake and the Niger River Anyanwu (1997) and Are (1985) cited Okoli and Onah (2002). But the concept was first tried in 1973 with the establishment of the Sokoto-Rima and the Chad Basin Development Authorities Anyanwu (1997). In addition, Anyanwu (1997) noted that eleven others were established under Decree Nos. 25 and 31 of 1976 and 1977 respectively. These include the Sokoto-Rima (for Sokoto), Hadejia-Jamare (for Kano), the Chad (for Borno), the Upper Benue (for Gongola), the Lower Benue (for Benue and Plateau), the Cross River (for Cross River), the Anambra- Imo for Imo and Anambra), the Nigeria (for Kaduna, Niger and Kwara) the Ogun-Oshun (for Oyo Ogun and Lagos), the Benin-Owena (for Bendel and Ondo) and the Niger Delta (for Rivers). Decree No. 87 of September 28, 1979 amended some sections of the original decree. Another amendment came in October 1981 under Amendment Act No. 7. In June 1984, the number of these river basins was increased to 18 under the new name of River Basin in River Development Authorities (old name being River Basin Development Authorities).

Each RBRDA covers a state, except Lagos and Abuja, which share with one other state each. In the area of surface water development, remarkable achievements have been made since the creation of the RBRDAs. They have also been involved in the exploitation of ground water resources. As at August, 1984, 12 of the 18 RBRDAs have assisted their participating farmers to crop 188, 194 hectares of various crops during the 1984 planting season for where 524,859 metric tonne of assorted crop like maize, wheat, cowpeas, rice, millet, sorghum, groundnut and vegetables were produced (CBN, 1995b).

In the area of irrigation, the story is only about 82,305 hectares or 33% is under irrigation. By 1995, they later reduced number of RBDAs (from 18 to 11 in 1987) developed 51,558 hectares of land, irrigated 12,540 hectares, constructed 443 kilometers of roads, catered for 136,514 families, and drilled 58 boreholes. Its funds stood at N589.3 million, with 96.1% coming from the Federal Government (CBN, 1995b). Activities of the RBRDAs have been hampered due to inadequate planning data. Shortage of funds, shortage of spare parts and lubricants, difficulties in securing land for development especially in the south and the shortage of qualified and experience technical, professional and managerial manpower.

(d) Operation Feed the Nation (OFN)
Operation Feed the Nation (OFN) Scheme was launched in May 1976 the Obasanjo regime mainly to increase food production and eventually to attain self-sufficiency in food supply (Ijere, 2001). Other objectives of the programme include encouraging the section of the population which relies on buying food to grow its own food. Under the scheme encouragement and material assistance were given to the people in the form of technical advice and the supply of essential farm inputs such as improved seeds. Fertilizer, pesticides, farm implement, livestock and livestock feed at subsidized prices.

(e) Agricultural Credit Guarantee Scheme (ACGS)
The need to encourage the flow of increased credit to the agricultural sector raised the necessity for an investigation to determine the bottlenecks which were experienced in attracting credit to the sector (Ijere, 2001). He further noted that the enquiry, a joint effort of the Central Bank of Nigeria and the Commercial Banks, focused on the current size and coverage of lending by the commercial banks to agriculture and the measures needed to improve the situation.

The results was a fund established by the Federal Government under the Agricultural Credit Guarantee Fund Act, 1977 which provided for a Fund of N100 million subscribed to by the Central Bank of Nigeria (60%) (Anyanwu, 1997). The scheme came into operation by April 3, 1978 with the objective of providing "guarantees in respect of loans granted for agricultural purposes by any bank in accordance with the provision of the Act" and with the aim of increasing the level of bank credit to the agricultural sector. The agricultural purposes in respect of which loans can be guaranteed by the fund are those connected with the establishment or management of plantations for the production of rubber, oil palm and other related crops, the cultivation of cereal crops, animal husbandry, including cattle rearing, poultry and fish farming.

Between April 1978, when the scheme came into operation, and the end of that year a total of 341 agricultural loans amounting to about N11.3 million had been guaranteed by the fund. The fund has continued to increase progressively over the years such that by the end of 1982, a total of 4,762 projects involving the sun of N143.2 million have been guaranteed by the fund. The number of loans guaranteed rose from 341in 1998 to 18079 in 1995 while the value rose from N11.284 million in 1978 to N164.190 million in 1995. However, some of the observed problems in the implementation of the scheme include delays experienced by farmers in having their application processed by the banks and some issues alleged to have arisen from the Land Use Act.

(f) Rural Banking Scheme
At the instance of the Central Bank of Nigeria, the Financial System Review Committee in 1975 recommended and the Federal Government approved a programme of geographical dispersal of bank branches particularly designed to ensure the penetration of the rural areas by banks. The rationale for this included, among others, the fact that a network of rural banks would help to mobilize rural savings some of which would be invested in the agricultural sector. The first cycle of the plan covered the period 1977-1980 and 200 bank branches which were projected to be set up have since been established. During the second phase 1980-1983, 266 rural branches were planned to be opened. The third phase which was launched in 1985 covered 1985 to 1989 and it involved the opening of 300 rural branches.

Though the scheme was abandoned in 1990, by 1991-2000; 266 and 299 branches had been opened for each of the three phases, giving a total of 765, with only 1 outstanding. Apart from the above, it has been observed that, this programme aimed at facilitating the transformation of the rural economy and thus restrain the population drift from the rural to the urban centers, was not being vigorously implemented. This appeared too slow and unacceptable.

(g) Commodity Boards

There was also a reorganization of the then existing marketing board system for export in 1977 from regional-oriented boards to those with a national outlook. Thus there came into being 7 Commodity Board, viz: Cocoa, Rubber, Cotton, Groundnut, Grains (for Cereals) Root Crops (for Cassava, Yam and Cocoyam), and Palm Produce (for palm oil and Palm kernel) Commodity Boards. Their establishment was to promote both the production and marketing of their respective commodities. In the particular case of the food crops, the boards have recorded little or no impact due to their low coverage with only a small proportion of farmers reached. In addition, the minimum prices fixed by the boards are lower than those obtaining in rural markets.

(h) The Land Use Decree

This Decree was promulgated in March 1978 and it appears the most sensation institutional reform in Nigerian agriculture for several years. The decree was intended to reform the land tenure system which was believed to constitute a formidable obstacle to the development of agriculture. The land tenure system has long been a bottleneck in the establishment of large-scale farms by private operators. With the implementation of the recent land use decree, private sector involvement in large-scale agricultural activities should receive a boost during the next plan period. The reform should promote better security of tenure and also encourage consolidation of holdings and large-scale operation. It should make it easier to attract foreign entrepreneurs and foreign capital into agricultural production" Anyanwu (1997). The Decree thus invests the control of all and in state governments' hands to be held in trust for the Federal Government. It does not disturb the rights of users of land already occupied or developed in rural areas but transfers the powers to allocate over undeveloped land from traditional authorities to local government. A Land Use Allocation Committee exists in each state to advise the governor with respect to urban lands (Anyanwu, 1997). Land Allocation Advisory Committees exist in the rural areas to advise local governments on the effective management of land. The Decree has received mixed reaction from Nigerians. Some see it as an unnecessary interference with the basis of private property while others think that one cannot take socialist measures without the state itself becoming socialist. The decree appears to have a more radical effect on the systems in the Southern part of Nigeria than the Northern part.

(i) The Green Revolution Programme (GRP)

With the birth of civilian administration in 1979, the question of food shortage in the country once more received a critical look as the drain in the nation's foreign reserves and its threat to the economy and existence were realized (Anyanwu, 1997; Okeke, 2001). Thus the Green Revolution Programme was launched in 1980 by the then Shagari administration. Its objective is centred at self-reliance in food production and the diversification of Nigeria's sources of foreign exchange. To achieve this all known constraints to increased production were to be removed. Under the scheme, new input procurement and distribution systems came into operation. Input subsidies and crop pricing were streamlined while construction of rural physical infrastructure was embarked upon via massive federal funds allocation. Green Revolution National Committee and state Representatives were formed with the state coordinating committees responsible for coordinating and implementation policies and programmes of various Federal Ministries concerned with the Green Revolution in the states. The programme covered all areas of agricultural production, food and export crops, livestock, fisheries and forestry. Some measures of positive results were recorded in increased cultivated land hectares, livestock production, forestry of funds, mismanagement and fraud, poor and thorough research and extension services, problems of land acquisition, inadequate data, inadequate executive capacity and lack of infrastructural facilities (Anyanwu, 1997).

(j) Agricultural Development Projects (ADPs)

As part of rural development programmes, ADPs were established first in pilot states and later in all the state in the country. Some of their key areas of activities are the provision of infrastructure (including water points wash bores), farm service centers, the supply of farm inputs such as fertilizers, root crops/ tubers, agro-chemicals (pesticides and herbicides), and water pumps, and extension and training (including the establishment of Special Plots for Extension and Training (SPET). Indeed, the ADP concept has been used as the primary method to increase production and welfare in the small holder agricultural sector in Nigeria. Since 1974, the World Bank had assisted Nigeria with a series of ADPs which have gone through various phases. ADPS started in 1974 with the establishment of the first three “enclave projects” in the northern part of Nigeria (Funtua, Gusau and Gombe ADPs). Thus, from 1975 to 1980, the number of projects grew for the original 3 to total of 9 enclave projects. The need and pressure to enlarge the programme and to cover all the states led to the first multi-state ADP (MSADP-1) comprising 7 states: Anambra, Bendel Benue Cross River, Imo, Ogun, and Plateau. These came on stream later part of 1985 and early 1986. MSADP-II later covered the then Gongola, Kwara. Ondo, Lagos, and Rivers states, with the later programme incorporating support for fisheries in those maritime states.

Then, by 1988, the entire country had been covered by the ADP system with benefits spread to all the LGAs in each state. In August 1990 when the loan for the first set of state-wide ADPs terminated, an Agricultural Development Fund (ADF) loan was initiated for the projects, (NATSP) and the National Fadama Development Project (NFLP). Both loans became effective in 1992. The NATSP provides assistance for technology adoption and dissemination in Bauchi, Kano and Sokoto states while the NFDP provides funds for Fadama Development in Nigeria by concentrating on irrigation with the use of ground water in already cultivated Fadamas. We note that, basically, all ADPs had the key objective of increasing food production and hence farm incomes for the majority of the rural households in the defined project regions, thus improving the standard of living and welfare of the farming population.

(k) The NALDA

This was established in 1991 to execute a national agricultural land development programme to moderate the chronic problem of low utilization of abundant farm land. The main target of the programme was the development of 30.000-50.000 hectares of land in each state during the 1992-94 National Rolling Plan periods. Also, it was to see to the placement of at least 7,500-12, 500 farmers within the area developed such that each lives within 3km-5km radius of his farmland. An average of N300 million was allocated to NALDA by the Federal Government annually in 1991 and 1992, while the State and Local Government were to allocate suitable tracks of land to authority in addition to token contributions towards the funding of its programme. By the end of 1995, NALDA had developed a total of 16,000 hectares of land out of which 81.1% was cultivated with various crops. However, NALDA’s performance had been constrained by inadequate and untimely release of funds and inadequate farm machinery/equipment.

4. TOWARDS REVIEWING NIGERIA AGRICULTURE PUBLIC EXPENDITURE: A POLICY FORMULATION AND POLICY IMPLEMENTATION QUESTION

Most of Nigeria's poor reside in rural areas and gain their livelihood from agricultural work. If the government's poverty reduction goals are to be achieved, Nigeria will need an adequate level of strategically targeted investments in agriculture to upgrade rural infrastructure, boost productivity, and increase competitiveness. Before effective investment programmes can be designed and implemented, however; it is important to have a clear understanding of the current pattern of public spending agriculture. The Nigeria Agriculture Public Expenditure Review (NAGPER); a collaborative study carried out by a research team from the International Food Policy Research Institute (IFPRI) and the World Bank; assesses the quantity and quality of public spending in agriculture and evaluates its degree of alignment with government policy goals. The findings of this research showed that expenditures on Nigeria agricultural policies and programmes are still low to ensure effective implementations government policies and programmes on agriculture (Kwanashie, Ajilima, and Abdul-Ganiyu, 1998).

1. Public spending on agriculture in Nigeria is very low

Less than 2 percent of total federal expenditure was allotted to agriculture during 2001 to 2005, far lower than spending in other key sector such as education, health and water. This spending contrast dramatically with the sector's importance in Nigeria economy, which ranged from 20 to 30 percent of total GPD since 2000; and falls well 30 below the 10 percent goal set by African leaders in 2003 Maputo agreement. Nigeria also falls far behind in agricultural expenditure by international standers, even when accounting for its level of income. Nigeria however, does not conform to this general pattern. GDP per capital is very low, but so too is the agricultural spending share.

2. Agricultural spending is broadly aligned with policies, but there are important discrepant discrepancies:

Broadly speaking, agricultural spending has followed government agricultural policies. However, spending is highly concentrated in a few areas. Three programs account for more than 81 percent of total spending: procurement and distribution of fertilizer, the National Special Program for Food Security (NSPFS), and buyer-of-last- resort grain purchase. Nearly 60 percent of total capital spending goes to government purchase of agricultural inputs and agricultural outputs alone. In several instances, public funds are implementing approaches that differ significantly for those described in policy documents. And funding is very low for a number of activities considered vital for promoting agricultural productivity gains leading to pro-poor growth, such as basic and applied agricultural research, agricultural extension and capacity building, agricultural finance, irrigation development, and agribusiness development.

3. The pattern of public spending in agriculture raises doubts about the quality of spending:

NAGPER analysis noted that many of the Presidential Initiatives- which differ greatly in target crops, technologies, research, seed multiplication, and distribution-have identical budgetary provisions. This pattern suggests that the needs assessment and costing for these initiatives may have been inadequate, and that decisions may have been based on political considerations rather than economic assessment.

4. Analysis of public spending is complicated by the preponderance of off-budget funds:

Public spending on agriculture in Nigeria in not fully captured in official budget records. So-called "off-budget" expenditures overlap extensively with donor funds, because a substantial amount of external aid is typically not captured in government accounts. Reliable data on these two categories of funding proved extremely difficult to obtain, both from ministries and agencies in the sector, from the central ministries, and from the donor community.

5. Budget execution is poor:
The Public Expenditure and Financial Accountability (PEFA) best practice standard for budget execution is no more than 3 percent discrepancy between budgeted and actual expenditures. In contrast, during the period covered by the study, the Nigerian federal budget execution averaged only 79 percent, meaning 21 percent of the approved budget was never spent. Budget execution at the state and local levels was even less impressive, ranging from 21 percent to 44 percent. Government ministries and agencies are only able to plan and carry out effective agriculture programs and activities if approved budgets provide a good indication of actual resources. Other sectors showed similar low levels of budget execution, suggesting that the problem is a general one affecting not only agriculture but most sectors.

6. Information about the functional areas of public spending in agriculture is lacking:
At all three levels of government, the budget classification system is not structured along functional lines, such as agricultural extension, agricultural research, input subsidies, and others. Capital spending is reported by sub sector (such as livestock and crops) and/or by department and program. Recurrent expenditures are classified into salaries, benefits and operating costs. An additional classification determining the level of resource allocation to agriculture's core functions would be useful for analysis as well as for policy planning determining, for instance, the reason for non-adoption of improved technology. At every level of government, there is a need to commit more effort to organizing, recording, and reporting public spending information in a way that makes transparent the functional allocation of public resources.

7. Poor data quality and availability hinder policy analysis, program planning, and impact assessment:
One of the most significant findings of the NAGPER relates to the poor state of the systems for recording, verifying, and reporting data on public expenditure in agriculture. At the federal level, data on public spending in agriculture were not available even in the Ministry of Agriculture's Department of Finance and Accounts and had to complied from approximately one dozen technical departments of the Ministry. As two core technical departments (Agriculture Research and Cooperatives) were unable to provide any expenditure data, the database on federal spending remains incomplete. In cases where data were available, the quality was often questionable. The discrepancies between the data obtained from the individual line departments in the agriculture ministry and from the central ministry for budgets were often significant; in some instances figures doubled from one source to another. Reasons for Government Policies on the Financing of Agriculture According to Ezeat et. al (2010:4), policy is said to be an intervention, a course of action taken by government, or management (in the case of organization) or, better still, an individual, to influence or arrive at predetermined outcomes. The Federal Government of Nigeria (FGN) did recognize the importance of the agricultural sector early enough, so it decided to pursue policies that promote access to finance and financial infrastructure for agricultural production, with the ultimate aim of achieving the country's development goals.

The reasons for government intervention in the agricultural financial market are to:

1. Smoothen out imperfections in the agricultural financial market:
Okonjo and Chete (2008) explain that the agricultural financial market (also the rural financial market) exists to facilitate exchange, a platform for the reconciliation of demand for ad supply of capital for agriculture and rural development. However, Eze et. al (2010) noted that often times, the market is constrained by certain factors such as information asymmetry, moral hazard, adverse selection, etc, from performing its roles effectively. Government then intervenes to iron out those imperfections and create a more Pareto-optimal environment for market players.

2. Ensure food security:
Noted from Osemeobo (1992) Olawumi (2009), it could be said that since finance is critical for investment in agricultural production, either in form of equity or debt, government intervention in form of expenditure on credit to farmers, direct production, etc, is to guarantee that food is available and affordable. There is the realization that securing access to cheap food for Nigerians would ensure social stability and lessen reliance on food imports which supply can be cut at any time depending on prevailing global political and economic conditions or similar conditions in the exporting countries. In this regard, government has always promoted the formulation of policies towards ensuring adequate food production in the country such policies include the National Accelerated Food Production Project, the River Basin Development Authorities, Operation Feed the Nation, Agricultural Credit Guarantee Scheme among others.

3. Achieve favorable balance of payments:
A high food import bill exerts pressure on the foreign reserves of the country, leading to its depletion. This adversely affects the balance of payments and hence, the international position of the country. Whereas we have been endowed with abundant land resources and farming-friendly climate, just a little push in the direction of other resources, including financial capital, is all that is needed to boost production and reduce dependence on food imports (Ogen, 2009). The government intervenes to ensure that this happens, thereby saving foreign reserves for the more productive use.

4. Promote foreign exchange earnings from agricultural exports:
From the viewpoints of Anyanwu (1997), Ekpo and Egwaikhhide (1994), Abolagba (2010) and Daramola (2007), government policies on agricultural financing aim at, first, ensuring self-sufficiency in food production and then, exporting the surplus to earn foreign exchange. So, not only does government actions help reserve foreign reserves to improve our balance of payments position, it also stimulates accretion to the reserves.

5. Enhance other socio-economic issues:
Such as poverty reduction, employment generation, reduction in rural-to-urban migration and especially, food price stability since it is known that food fluctuations are the precursor of inflation in developing countries. Eze (2010) strongly believe that this follows from Engel's law, which states that a higher proportion of income in developing countries is spent on food. And since income elasticity of demand for food is highly elastic, it is easy to see why expenditure on food is large enough to cause inflationary trends in the economy.

6. Use finance as engine of growth and development since the major occupation of the people is farming.
It is expected that a farmer encouraged with credit will be in position to improve his operation, use improved implements, seeds, livestock, manpower, transportation and markets for sale of the output and purchase of

inputs at good market price (Eze, 2010). Moreover, Abiodun and Olakojo (2010) contended that the farmer will reap the economies of scale, discover new and cheaper products, create demand where none exists and provide utilities to satisfy a widening market, generate in them the optimism and determination to venture into new fields. Through this, credit will constitute the power or key to unlock latent talents, abilities, visions and opportunities, which will lead to economic development and growth among the rural farmers who benefited from government credit policies.

5. NATIONAL PROGAMMES ON AGRICULTURE

What follows is a list of several national programmes on agriculture

1. National Accelerated Food Production Programme (NAFPP) of 1972
According to Eze (2010:8), this was part of the Second National Development Plan (1970-74).The plan itself has no clear statement on rural development, although N1,353 million was voted for it (FGN, 2004). It targeted self sufficiency in the production of rice, maize, sorghum, millet and wheat. It was a joint programme of Federal Government and USAID. Its objectives include accelerating and increasing food production through the adoption of improved packages of production technology, speedy up the transfer of research results to farmers, pursuing intensive and extensive cultivation of crops and linking research to production agencies through extension services.

2. Agricultural Development Programme of 1975
It is jointly funded by the World Bank, Federal and States, in Nigeria aimed at provision of rural roads, farm service centers, agricultural extension services, credit etc towards achieving food production. Extension activities implemented by ADPs included establishing demonstration farms, identifying lead farmers, providing information to lead farmers on improved farming practices, facilitating access to improved technology and inputs and helping lead farmers teach others (Eze, 2010).

3. Operation Feed the Nation (OFN) of 1976
The OFN was part of the Third National Development Plan (1975-80) which was voted N2,050.738 million (Okeke, 2001 and Eze, 2010). Like the earlier plan, there was no categorical strategy for rural development, except some N500 million for rural regrouping (Olayiwola and Adeleye, 2005). However, it had objectives to mobilize the people to embrace agriculture, eliminate the traditional disdain for agriculture by the educated, enhance food production on a large scale, create jobs and income and utilize all available land resources in the country.

4. Green Revolution Programme of 1980
The civilian regime initiated this programme aimed at wiping away hunger through credit supply to farmers, encourage and intensify cooperative education, mobilizing the local people to actively participate in agriculture, application of research on food and fiber to enhance abundance in staple food production, processing and distribution in Nigeria.

5. Rural Banking Programme of 1977 to 1991
Banks were encouraged to not only establish rural branches but also to extend at least 50 per cent of the deposit mobilized from the rural areas as loans and advances to rural dwellers. Defaulting banks were to be penalized.

6. Community Banking Programme of 1991 to 2007

The programme provided for the establishment of community banks with a focus on rural banking operations. The National Board for Community Banks (NBCB) was the regulator of these banks until 2002 when this function was transferred to the CBN (Eze, 2010:9). It was intended to serve communities that were able to establish one based on personal recognition, character and credit worthiness of the borrower.

7. Root and Tuber Expansion Programme of 2000

It was established to commercialize root and tuber crop production and improve living conditions, income, food security and nutritional health of the poorest small holder households.

8. National FADAMA Development Programme

This was aimed at increasing income of beneficiaries by at least 20%. The programme was designed in 1993 to promote simple and low cost improved irrigation technology under World Bank financing (Eze, 2010). FADAMA is a Hausa word for low lying flood plains usually with easily accessible shallow groundwater. It is a major instrument for achieving the government's poverty reduction objective in rural areas of Nigeria. The beneficiaries are meant to come as a group known as FADAMA Community Association to the National FADAMA Development Programme. The programme empowers the association with resources, training, and technical assistance support to properly manage and control the resources for their own development. FADAMA adopts a socially inclusive and participatory process in which all FADAMA users will collectively identify their development goals and pursue it when assisted.

9. Family Economic Advancement Programme (FEAP) of 1997 to 2001

This was established to serve the credit needs of the family in their daily economic activities through input supplies, loan in form of cash, and capacity building.

10. National Poverty Eradication Programme (NAPEP) of 1999 to date

Like FEAP, NAPEP was established by the federal government. The mode of operation is tailored towards directed (subsidized) credit to farmers. The programme consists of four schemes namely, Youth employment scheme which involves capacity acquisition, mandatory attachment, and credit delivery; Rural Infrastructures Development scheme which involves the provision of portable water, rural electrification, transportation and communication development. Social Welfare Services Scheme which is involved with qualitative education, primary health care, farmers employment and provision of social services, provision of agricultural input and credit delivery to rural farmers.; and Natural Resources Development and Conservation Scheme which contains programmes for environmental protection through conservation of land and space, development of agricultural resources, solid minerals and waters resources.

11. Microfinance of 2005 to date

Microfinance bring financial services such as savings, deposit, payments, transfers, micro insurance and micro leasing to the active (or productive) poor and low income people, who would otherwise have no access to such services. The Microfinance Policy outlines the principles and guidelines for the practice of microfinance in Nigeria, including provision for the establishment of private sector driven microfinance banks with market-centred operations; veritable source of loanable funds for microfinance bank is the Micro Credit Fund, integration of microfinance institutions into the formal banking system. The specific objectives of the Nigerian microfinance policy are to make financial services accessible to a large segment of the potentially productive Nigerian population which otherwise would have little or no access to financial services, promote synergy and mainstreaming of the informal subsector into the national financial system, enhance service delivery by

Microfinance institutions to micro, small, and medium entrepreneurs, contribute to rural transformation and promote linkage programmes between universal and development banks, specialized institutions and microfinance banks. The micro finance banks are of two types; those licensed to operate as a unit bank with capital base of # 20 million (88,890 Euros) and those licensed to operate in a state with capital base # 1 billion (444, 500 Euros) (Eze, 2010:10). There have been several recent presidential initiatives aimed at financing the production and export of certain commodities such as cassava, rice, cocoa and oil palm.

12. Preferred sector allocation of credit, 1970 to 1996

Banks were mandated to extend 40 per cent of their loans and advances to agriculture which was designated a preferred sector. Banks that failed to meet this target were penalized. The funds not lent were transferred to the then Nigerian Agricultural and Cooperative Bank, NACB (Eze, 2010).

13. Concessionary interest rates for agricultural loans, 1980 to 1987

Banks were further mandates to extend credit to agriculture at a regulated rate of 9 per cent per annum. To achieve these schemes, programmes, and institutions, the government over the years made budgetary allocations to agriculture which when compared with the total budget, fall short of meeting policy intentions. For instance during the first to third (1962 to 1980) development plan periods, the federal government budgeted #3.57 billion but only #2.41 billion was actually released for the sector (Federal Department of Agriculture, National Development Plan, 1992). The record also showed that in the first plan, 11.6 percent of the budget was allocated to agriculture but only 9.8 percent was released, in the second plan 9.9 percent was budgeted but 17.7% was actually spent and in the third plan 7.2 allocation was budgeted and 7.1 of this amount was released for the period.

The picture of budgetary allocations and actual expenditures for the period covered showed that though the government put up ambitious policies their financial commitment and consideration has been inadequate. It is therefore not surprising that these policies have not achieved the food sufficiency, self reliance, reduction in poverty and rural development goal. The Nigeria Agriculture Public Expenditure Review (NAGPER), a collaborative study carried out by a research team from the International Food Policy Research Institute (IFPRI) and the World Bank (2008), showed that public spending on agriculture in Nigeria is less than 2 percent of total federal expenditure during 2001 to 2005.

This spending contrasts dramatically with the sector's importance in the Nigerian economy, which ranged from 20% to 30% of total Gross Domestic Product between 1996 to 2000 and ranged between 41 to 42.30 between 2001 to 2007 (Tewodaj, 2008; CBN, 2005 & 2007); and falls below the 10 per cent goals set by African leaders in the 2003 Maputo agreement. Nearly 60 percent of total capital spending goes to government purchase of fertilizer and buyer of last resort grain purchases. Public funds implementation approaches differ significantly from those described in policy documents, such very low funds are available for activities considered vital for promoting agricultural productivity gains leading to pre-poor growth, such as basic and applied agricultural research, agricultural extension and capacity building, agricultural credit, irrigation development and agribusiness development.

6. CHALLENGES OF AGRICULTURAL POLICIES IN NIGERIA

Nigerian efforts in agricultural development over the past three decades have failed to improve the country's economy. A review of the sector depicts a gloomy picture. Performance is reflected in environmental degradation, mounting food deficits, and decline in both gross domestic product and export earnings, while retail food prices and import bills have been increasing (Osemebo, 1992). The effects have further impoverished the smallholder's farmers, looking them into a poverty web (Olawumi, 2009). These challenges have been the reason for failure of previous policies, and they continue to threaten existing ones.

1. Lack of adequate skills to deliver services effectively
Most of the credit institutions undertook lending to agriculture without the use of trained agricultural credit officers vested with knowledge of agriculture and the constraints to farmer performance. Additionally, supervision of credit programmes has often been below acceptable standards. Invariably, the schemes fail due to poor repayment performance.

2. Lack of management capacity of farmer-clients
Most farmers who should benefit from the financing policies, especially the financing schemes, lack the basic skills of farm management, including record keeping. And when these are called up as requirement for accessing facilities, as is always the case, they become ineligible.

3. Unwillingness of conventional banks to support agriculture
Even with mandatory (preferred sector) lending, guarantee of exposure and subsidized fund schemes, most banks prefer not to land for farming, citing its lower productivity and higher risk relative to the non- agricultural sector as their reason.

4. Paucity of loanable funds
Most of the loanable funds have come from government sources and is not sufficient for any meaningful agricultural investment. The government cannot go it all alone. This creates a finance supply deficit relative to demand. Statistics show that bank credit to agriculture as a proportion of total bank credit to the economy has hardly exceeded 17 per cent since recorded history in 1970, yet the sector contributes over 35 per cent of the gross domestic product annually (CBN, 2007b).

5. Weak institutional support in the sector
Infrastructure for processing and storage, land tenure systems, legal system for registration and perfection of collateral, judicial system for the enforcement of loan contracts and foreclosure of collateral, etc, are weak. This does not encourage private sector commitment to the agricultural financing policies.

6. Poor funding of public financing institutions
The NACRDB, for instance, has a capita base of 50 billion to be contributed to by the FGN and the CBN in a ratio of 60:40. However, as of date, about N23 billion has been paid up. DFRRI and other non bank institutions were or have been similarly starved of funds. These institutions cannot deliver effectively in the face this death in funding.

7. Some of the policies have been criticized for being excessively skewed against the small farmer:
Given the eligibility requirements and documentation e.g. Agriculture Credit Support Scheme, etc. Those schemes that are within the reach of these farmers often have cumbersome procedures which soon prove insurmountable.

8. Save for the RRF:
Most policies does not favour long gestation farm enterprises. This leaves much to be desired as the implication is that the major agricultural exports which are long gestation crops such as oil palm cocoa may not be rehabilitated soon.

9. Undue political interference in lending operations
Any time Government initiates a credit policy, most beneficiaries are those close to corridors of power. The result is diversion of the fund and default in repayment.

10. Government belief that the appropriate interest rates for agricultural loans be kept low
This is to promote agricultural development and to assist small farmers ends up in the hands of big farmers who now invest this fund in their business leaving their own funds free for investment outside farming thereby negating the intention of government to increase agricultural output and encourage adoption of new technologies as well as develop the rural areas.

11. Credit flowing into unproductive areas leads to policy dislocation or distortion
For instance, the River Basin Development Authority building an irrigation facility in an irregular flowing river which is not likely to produce the necessary water for irrigation. Or the same scheme engaging in food production with unnecessary high over head costs.

12. Issue of inconsistency and lack of continuity
The most challenging is the issue of inconsistency and lack of continuity as well as insider abuse in the implementation of policies.

13. Feasibility studies not conducted before Policy Formulation
Sometimes policy formulation in agricultural sector in Nigeria fails to conduct adequate feasibility studies through its field agencies such as ministries, parastatals, commissions and other bodies alike. Therefore, a major problem in policy making is the concentration of efforts on the design and formulation of public policy (Ikelegbe, 1996). The problem in policy activity often tends to be seen as policy formulation. The task of policy activity ends in policy making. The task of implementation design in terms of consideration of the practicality, suitability and feasibility, or how implementation the policy is, in the real life situation are either neglected or given little considerations by the policy makers.

14. Contractual Problems
Many programmes depend on private contracts for critical inputs for activity and operations, such as supplies and procurement, construction, production of goods and services, research, training of personnel, and sometimes even operation. The performance of these programmes, therefore largely depend on the performance of contractors. However, sometimes the programme contractors may not be the most facilitative of programme objectives and targets. Political patronage, rather than capability, expertise, experience and proven efficiency, tend to be the criteria sometimes for awarding contracts, poor performance and

abandonment. Many programmes implementation are bogged and problem ridden because of contractors' indiscipline, corruption and non performance.

7. THEORETICAL CONSIDERATIONS

The Public Interest Economic Regulation Theory suffixes. Public interest economic regulation theory sometimes referred to as the normative theory of market-failure is one of the group of economic regulation theories. This theory was first developed by Arthur Cecil Pigou in his book titled "The economics of welfare" published in 1932.

7.1 Tenets of the Theory

Its distinct characteristics is that it is based on the idea of an existence of common interest (public interest) of which governments are more suited to provide and protect through regulation.ie regulation is supplied in response to the demand of the public for the correction of inefficient or inequitable market practices. Regulation in this discourse refers to legislative and administrative restraints on market actors' behaviours to influence prices, production, and market entry including government intervention in form of quotas, tariffs, subsidies and taxes. Public interest here represents conditions and processes that guarantee best allocations of scarce resources for individual and common goods in the society. Theoretically, it could be shown that under certain conditions (perfect competition) the market mechanism ensures the optimal allocation of resources. This fact is evident in the theorem that if there is a competitive market for all resources used in production and for all commodities valued by individuals, the economic outcome will be efficient (Arrow and Debreu, 1954; Marlow, 1995). However, in practice this is usually not so. Many forces in the real world often influence the market to allocate resources less efficiently than the ideal competitive market and thus provide the justification for exploring other alternative resource allocation methods.

Thus, this public interest regulation theory is essentially built around contentions on competitive market conditions and deviations from socially efficient use of scarce resources, in an attempt to set a scientific foundation for social engineering. The theory grew out of the welfare economics tradition which ironically is concerned with promotion and protection of individual utility or welfare. Within this tradition, the aggregation of individual utilities or welfare in the society is taken to represent social welfare or the public interest. However, there remained a major problem of making interpersonal utility comparisons and determining what constituted marginal increase in individual utility (in other words how best to meaningfully operationalise public interest). A major breakthrough was provided by Vilfredo Pareto (1848-1923) who developed two criteria for measuring or verifying public interest – Pareto optimality and Pareto Superiority. Pareto reasoned that since it is difficult to compare the individual utilities, one can only be sure that a given change would increase social welfare if at least one person is made better off by that change without anybody being made worse off (Bator, 1957; Greenwald and Stiglitz, 1986). Thus, any change cannot be certainly taken to be in the public interest if it made some people better off while it made others worse off. According to this view, a situation is optimal if no one can be made better off without making somebody worse off.

Thus, it is generally accepted that most appropriate resource allocation mechanism is the system that guarantees Pareto efficiency or optimality where no individual can be made better off without another being made worse off. Pareto efficiency was later complemented by the Kaldor-Hicks criterion that postulates that an outcome is more efficient if those that are made better off could in theory compensate those that are made worse off and still be better off, which would result in a Pareto optimal outcome. It is thus assumed that Pareto optimality would occur when both productive efficiency and allocative efficiency are simultaneously achieved (a change in which gains would exceed losses).

This leads to inefficiency in the allocation of goods and resources due to 'market failures' in the form of for example natural monopoly, incomplete markets, externalities, public goods and imperfect information. In taking market failure as a point of departure, the public interest regulation theory argues that market failure is principally caused by self-seeking behaviour of agents and lack of incentives to act co-operatively or take account of social costs of their actions within market process. This situation justifies a third party (usually government) coercive enforcement or intervention to mediate, remedy or enhance cooperative behaviour among agents within the society (Hägg, 1997; Mackaay, 1999; Hertog, 2003). The theory predicts that regulation will be instituted to improve economic efficiency and protect social values by correcting market imperfections. If the benefits of government regulation outweigh their costs, then the allocation of resources here would be considered as efficient. Thus, the affirmative view of governments' and other public agencies' ability to ameliorate identified market failures at low cost, or adjust inequitable market practices by means of regulatory techniques, has been coined the public interest theory (Hägg 1997,399).

Underlying the theory is the implicit presumption of the existence of "the public interest", that the government officials act in accordance of public interest and that the separation of policy making and policy implementation has no effect on maximizing efficiency (Hertog 2003, 43) Applying this theory to agricultural policies in Nigeria would mean that governments are indeed expected to ameliorate agricultural policy failures and indeed moderate such failures through appropriate intervention that delivers adequate agricultural practice to its citizens through regulations. However, under this theory, intervention in the agricultural sector will be considered as economically efficient if the benefits of providing such interventions that are constructively stable outweigh the costs of such intervention. In this light, government regulation could be seen as an efficient instrument to correct imperfect competition, unbalanced market operation, missing markets and undesirable market results (Hertog 2003, 10). Thus, regulation/intervention is seen within this theory as a corrective interference to socially inefficient market mechanisms. This thinking provided the rationale for regulation and intervention as a means of achieving social goals and objectives.

8. SUMMARY AND CONCLUSION

This study has attempted the assessment of the dwindling state of the agricultural sector and government policies on agriculture, looking at the policy formulation and policy implementation problems which contribute to the dwindling and possibly the failure of the policies. The study critically reviewed the past and current government agricultural policies in Nigeria with the aim of ascertaining their impact on the economic development. In addition, the study covered the key dominant issues in formulating, implementing and evaluating agricultural policies which are the broad objectives of the policies.

It is from assessing the outlined objectives of agricultural policies that led to other key issues on the subject matter such as the achievements and failures of government agricultural policies, Nigeria's funding of agricultural policies, and programmes, especially from the budgetary allocations in the agricultural sector, the Gross Domestic Product (GDP) from Nigeria's agricultural sector, agricultural policies in relation to rural farmers in Nigeria, challenges of agricultural policies and prospects of agricultural policies in Nigeria. The study however maintains that poor impact of agricultural policies on Nigerian economy is largely due to policy formulation faults/deficiency and poor implementation. At the formulation stages, policy makers usually carry out a cross-road assessment of social, economic, environment and political impact analysis of agricultural problems especially as they affect the rural agriculture in Nigeria. The issue is that for agricultural policies to succeed in Nigeria, the agricultural problems of rural communities which are the custodians of agriculture need to be addressed and agricultural policies need to adopt integrated approach in order to solve the multiple problems of agricultural sector.

Poor funding affects the implementation of agricultural policies in so many ways. It limits the availability of agricultural micro-credits, provisions of agricultural infrastructures in the rural communities and creates administrative incapacities to the implementing agencies. In concluding, the study make bold to state that agricultural policies can only impact significantly on Nigerian economy if the trinity of problems that affect their implemented are surmounted.

However, the critical examination of the problem under review made the following findings:

i. Agricultural policies are not supported with adequate data at the stage of formulation by the policy makers.
ii. There are implementation problems that affect agricultural policies and efforts in achieving their intended results.
iii. The provisions of agricultural micro-credits are still insufficient to farmers especially those in the rural areas;
iv. There are implementation leakages which divert benefits to unintended beneficiaries especially those outside agricultural dominated activities.

Based on the findings of the study and taking cognizance of the importance of the subject matter under review, the following recommendations were proffered:

i. Formulation stage of public policies involves identification of problems. Therefore, formulation of agricultural policies should endeavor first to identify the problems of Nigeria's agricultural sector in areas of social, economic, environmental/physical and political problems that affect the outcome of agricultural policies in Nigeria.
ii. Also adequate assessment on social economic and environmental impact analysis of agricultural policies should be carried out before formulation. This will help in providing pragmatic solutions to the problems of agricultural sector.
iii. It is important that agricultural micro-credits be made available to farmers in order to assist them purchase necessary agricultural inputs for mechanized farming. One way of achieving this by adequate funding of the agricultural sector especially the implementing agencies such as Nigerian Agricultural and Co-operative Bank (NACB).
iv. The implementation of agricultural policies should be well monitored by both government and non-governmental agencies. This is because implementation is the most sensitive stage of the success or failure of agricultural policies and programmes. And from our research findings, there were evidence that agricultural policies record implementation leakage. This tends to create a scenario, where by unintended beneficiaries hijack the benefits of agricultural policies ad programs.
v. There is need to strengthen the administrative capacities of the implementing agencies in order to effectively discharge their duties. Also government should ensure motivation of staff of the implementing agencies by providing incentives to them and urge them to pursue vigorously the goals and objectives of agricultural policy. One aspects of the motivation of staff of the implementing agencies should including staff training and re-training.
vi. Government should endeavor to improve the marketing of agricultural produce both at local and international markets. At the local level, government should build more local markets and establish more agro-industries to enable the rural farmers' sale their produce. On the international level, it is

good to guarantee export subsidies in order to encourage farmers' sale their produce in the international markets.

vii. Establishment of agricultural research institutes across the country will also go a long way to solve most of the problems of the agricultural sector. The establishment of research institutes will help in providing reliable information on agricultural issues. In other word, the findings record by these research institutes will be immensely valuable to policy-makers during the formulation of agricultural policies.

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