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## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background to the Study

Agriculture accounts for about 20 percent of GDP, in the African sub-region (World Bank, 2005); two third of the people derive from livelihoods and 40 percent of exports commodities come from this sector (World Bank, 2000). Despite the importance of the agriculture sector, its performance over the last 30 years has been disappointing: agriculture and food production per capital in West Africa has stagnated in last ten years (FAO, 2005) yield of grain crops are less than half, those of other developing regions in Asia and South America. If Africa is to feed itself, lift its people out of poverty and attain a satisfactory level of sustainable growth, the poor in the performance of its agricultural sector must be addressed. It is the dominant sector in the rural areas of Nigeria as it provides less than 50% of the country's cultivable agricultural land is under cultivation particularly because smallholder and farmers who use rudimentary production techniques cultivate most of this land with resultant low yields. The smallholder farmers are constrained by many problems including those of poor access to modern inputs and credit, poor infrastructure, inadequate access to markets, land and environmental degradation and inadequate research and extension services (Oluwatayo, et al 2008).

In an effort to overcome some of these issues, donor agencies and government have re-emphasized cooperative as a strategy to promote collective action to strengthen smallholder's livelihoods by linking them to national and international markets. Cooperatives are defined as autonomous association of persons who unite voluntarily to meet their common economic and social needs aspiration, through a jointly owned and democratically controlled enterprise (International Cooperative Association's, (ICA) 1995). Cooperatives are established by like-minded persons to pursue mutually beneficial economic interest and they provide a unique tool for achieving one or more economic goals in an increasingly competitive global economy. These goals include achieving economic of size, improving bargaining power when dealing with other business, purchasing in bulk to achieve lower prices and obtaining product and services otherwise unavailable. Develtere (1995), described cooperative as a medium through which services like provision of farm input, farm implements, farm mechanization, Agricultural loans, agricultural extension, members education, marketing of members farm produce and other economic activities and services are rendered to members. Cooperative can be multi-purpose or focused on area. An example of the latter is farmer's cooperative provides smallholder farmers with economic of scale by facilitating cheaper and more efficient access to inputs, production technologies, market information and markets.

Today in an area where many people (especially small-holder farmers) feel powerless to change their lives, cooperative can serve as a strong, vibrant and viable economic alternative. They are based on the powerful idea that are formed together, a group of people can achieve goals that none of them can achieve alone. It has being considered as a third force, an alternative and countervailing power to both big business and big government (ICA, 1995)

Agricultural cooperative encourage members to engage in joint cultivation of food and cash crops among others. In view of the financial capacity and high level of underdevelopment, an individual farmer cannot achieve the desire for large-scale production. It is therefore; in the farmers' interest that resources are pulled together so as to gain tremendous collective advantage and thus widening the industrial base of the

economy and the management techniques of the farmers (Enikaselu et al, 2005).

Group projects are increasingly being relied upon by governments, bi- and multi-laterals and non-governmental organizations (NGOs) as the preferred model for rural development project implementation and poverty alleviation (Grootaert, 1998; Harris, 1997; World Bank, 1997). Thus despite the low performance of cooperatives, the World Bank (1997) claims they remain the preferred form of organization, and perhaps the only organization with which rural people are familiar (Hussi 1999:12). For instance farmers cooperatives are formed to bring in more agricultural inputs and product marketing services members, increase competition in the agricultural service sector and provide saving and credit to members, among many other functions (Porvali, 1993). Small holder farmers stand a better chance with the formation of agricultural cooperatives.

The cooperative as a social organization began early in human development. Cheney (1999) opined that cooperatives were always inspired by the doctrine of human fellowship, by the new spirit of social services and by a firm faith that the time would come when people would work for the whole community, instead of their own gains. Ghosh and Maharjan (2001), modern cooperatives started in 1904 in British India when the cooperative societies act was enacted. The purpose of the cooperatives at inception was to provide cheap credit to the farmers. Cooperatives were introduced into Russia in mid-19th century from Germany (Lohlein and Wehrheim, 2003), but the exact year was not stated. However, Lohlein and Wehrheim (2003) reported that by 1883, there were about 981 cooperatives in Russia. Those in rural areas are called credit cooperatives while those in the urban centers are referred to as credit unions.

Furthermore, before Rochdale, cooperative pioneers societies had practiced most of the Rochdale principles. Gates (1998) found profit sharing and surplus sharing cooperatives between workers and owners, as far back as 1795 and (as might be expected) the genius of the Rochdale cooperative was that they actually developed principles, which they then practiced and popularized. Subsequently, following the guiding principles of cooperative promotion by the ICA, various cooperatives rapidly developed worldwide—both in developed and developing countries and this made immense contribution to social and economic development (ICA, 2008).

The evolution of cooperatives has shown that the cooperative movement has been influenced by the social and economic conditions. Cooperatives were created by their members to deal with their own difficulties, in relation to aspects of economic change (Fairbairn, 2004a). Djik (1997) summarized the historical reasons to industrial firms which included the need for counterbalancing power; to gain access to industrially produced goods and services; efficiency by economies of scale; risk management and the improvement of members' income and the rural economy.

Illipoulos and Cook (2004) over-view the historical development of farmers' cooperatives in America, and divided them into two main types which included 'Traditional' cooperatives and 'new generation' cooperatives. Traditional cooperatives often refer to producer-owned, controlled with open membership, and risk capital generated primarily by means of retained earnings from member patronage and illiquid equity ownership rights. A new generation cooperative (NGOs) often adapts "a property rights structure that enables them to partially ameliorate the aforementioned constraint" (Illipoulos & Cook, 2004). Cook and Burrell (2009) further research also proposed a dynamic life cycle framework includes five phases of economic justification: organizational design. Growth, glory and heterogeneity, recognition and introspection, and choice (Cook and Burrell, 2009).

The early cooperative societies in Nigeria were established to facilitate cocoa farming which led to the establishment of the Cooperative Registrar of the Colonial Government in 1935.

Later, these cooperative societies began providing intermediation to members (World Bank, 2000).

Eventually multi-purpose cooperative societies were designed to simultaneously solve several problems facing members and marketing of farm produce. Consequently one could arguably state that the need to reduce shortage of loans to the low income farmers among the members thus promoting agricultural development brought about cooperative societies in Nigeria (Oluyombo, 2010). The operation of cooperative within and outside Africa varies from one nation to another. In some countries, there are rules and regulations guiding the operation of cooperatives which they are expected to comply with. The regulation may require the cooperative to be under the direct control of the Central Bank of such nation or a separate agency may be created to monitor and control the affairs of cooperative depending on what the country deems acceptable to do (Henry and Schimmel, 2011).

The survival of cooperative societies in any country depends largely on the overall political and economic environment of such nation because cooperatives exist within the wider economy of the particular country where it operates (Calkins and Ngo, 2005). The practice of cooperative has grown over the years across the globe either as formal or informal institutions. The regulation of farmers' cooperatives is a function of the role they are expected to perform in such economy vis-a-vis the level of economic development and poverty in such a nation (Oluyombo, 2010). Cooperative with track records of prudent management and cohesive membership stand to play a major role in agricultural and rural development in Nigeria.

International organizations such as the United Nations (UN), the World Bank and the International Labour Organization (ILO) are convinced that agricultural cooperatives can play a vital role in achieving sustainable rural development. UN (2008) noted that cooperatives are by nature concerned with democratic and human values, as well as caring for the environment.

Successive governments in Nigeria recognize that cooperative societies are essential for the development of the agricultural sector. This laudable goal was supported by the establishment of the Agricultural Development Programme (ADPs) and the River Basin and Rural Development Authorities (RBRDAa). Both ADPs and RBRDAs always organize farmers under their programmes into cooperative groups for better co-ordination of the farmers' activities. The cooperatives approach to group action has been effectively utilized by these two programmes. Although, the primary objectives of forming group farming cooperatives in ADPs and RBRDAs is to increase agricultural outputs, it has been possible to get them involved in marketing of their produce as well.

Farmers are the single largest group of users and managers of land, water, and other ecological resources throughout the world. Most smallholder farmers regardless of gender require services and information obtainable through membership of agricultural cooperative. Such information includes appropriate technology and sound technical advice not only to increase their agricultural productivity and incomes but also make farming and rural life richer and more sustainable. Herein lies the reason why agricultural cooperative is deserving of research attention particularly in Abaji Area Council where major farming activities are taking place around the Federal Capital Territory of Nigeria.

## 1.2 Statement of Research Problem

Small-holder farmer including Nigeria has accounted for over 90% of all agricultural output in Nigeria (World Fact Book, 2011). The farmers are burdened with high cost of farm inputs, insufficient farming

techniques, inadequate infrastructure, poor producers' prices and heavy constraints in obtaining credits and insurance. Benson (2004) remarked that the situation is further compounded by the general economic downturn and governments drive to remove all subsidies on inputs such as fertilizers, vaccines and foundation stock. Consequently, the cooperative option comes into focus as a viable way to effectively mobilize farmers to form groups and pool resources so as to become more effective in agricultural production. In addition to the values and principles of cooperatives, Veerakumaran (2005) explained that cooperatives serve as a fundamental tool for achieving food security at household level. Cooperatives are the best institution for attaining food security in any country.

The developed nations like the United States of America, Canada, Australia, almost all European countries and socialist countries like China have attained food self-sufficiency through cooperatives (Chambo, 2009)

Gertler (2001) using the profit model studied the potential impact cooperatives have in sustaining regional economies in Canada. The results show that cooperatives are practical vehicles for cooperation, collective action and they build and reinforce community, stabilize regional economies and provide a favourable climate for further investment. Cooperatives reduce inequality and promote equitable sharing of the cost and benefits of development. Cooperatives can promote economic democracy and the empowerment of marginalized groups, a hallmark of sustainable development and a precondition for shared responsibility. Adefila (2012) examined the factors influencing the performance of farmers' cooperative organization in Gurara Area of Niger State, Nigeria using multiple regressions. The results from the regression analysis revealed that farmers' cooperative organizations are variously involved in agricultural development and that factors influencing their role performance.

Include annual income, experience in farming, leadership training and membership size. The author concluded that cooperatives in whatever form are seriously viewed as catalysts in the process of rural socio-economic development and the law should empower cooperatives to perform certain functions, such as strengthening their bargaining power as effective agents of socio-economic rural transformation.

Ojiako and Ogbukwa (2012) examined loan repayment capacity of small-holder cooperative farmers in Yewa North Area Ogun State, Nigeria using regression technique. The results show that farm credits played vital roles in the socio-economic transformation of the rural economies. However, loan acquisition and repayment were characterized by numerous challenges. Smallholder cooperative farmers' loan repayment capacity would require conscious use of policies directed at increasing loan size and farmers' farm holdings and/or reducing household size.

Similarly, Ofuoku and Urang (2009) assessed the effects of cohesion of farmers' cooperative societies on loan repayment among members in Delta State, Nigeria using Spearman's rank order correlation analysis. The study observed that there was almost perfect positive relationship between rates of loan repayment perception and cohesion. Consequently, they recommended that extension agents should take advantage of the effect of cohesion on loan repayment to promote cohesion in upcoming cooperative societies.

In evaluating agricultural credit utilization by cooperative farmers in Benue State, Nigeria, Okwoche et al (2012), observed a significant difference between the agricultural output and income of farmers' before and after the utilization of loan acquired. The t-test analysis shows that farmers joined the farmers' cooperatives societies mainly to access credit.

They recommended that the farmers should be adequately motivated with needed credit facilities as this will further balance agricultural production.

However, considering various studies (Gartler, 2011; Veerakumareen, 2005; Ofuoku and Urang, 2011; Adetila, 2012; Ojako and Ogbulewa, 2012; and Okwoche, 2012) it is on this aforementioned explanation that informed the choice in the development of agriculture in Abaji Area Council.

### 1.3 Objective of the Study

In general, this study set out to determine the extent to which the cooperative societies can contribute to the development of agriculture in the specific objectives are:

1. provide insight into the role cooperative societies play in the development of agriculture in Abaji Area Council.
2. identify the types of agricultural cooperative societies in the Area Council
3. examine problems militating against cooperative activities in Abaji Area Council
4. examine the forms of benefits members derive from cooperative societies in Abaji Area Council.
5. provide insight into the process through which the community and cooperative leaders can ensure genuine development of agriculture in the Area Council through cooperative societies
6. examine the measures which all the levels of government will embark on to enhance the cooperatives for better development in Abaji Area Council.

### 1.4 Significance of the Study

In recognition of the worsening food situation in Nigeria, successive developments have instituted different policies, programmes and projects directly or indirectly connected with agricultural production. These programmes include, the National Accelerate Food Production Programme (NAFPP of 1973), the Nigeria Agricultural Cooperative Bank (NACB in 1973) transformed to Nigerian Agricultural and Rural Development Bank (NACRDB) in the year 2000 to reflect the rural nature of cooperative activities in Nigeria (FGN Budget, 2000), the Agricultural Credit Guarantee Scheme Fund (ACGSF of 1976), the Agricultural Development Projects (ADPs in 1975), Operation Feed the Nation in 1976, the River Basin and Rural Development Authority (RBDA in 1976), the Green Revolution in 1976 and very recently presidential instructions on food production, National Fadama Programmes among others.

Despite these programmes, policies and schemes instituted by the government to improve agricultural development, the sectors remain backward. Moreover, as governments around the world cut services and withdraw from regulating markets, there is the need to continuously evaluate strategy that involves the reorganization of rural producers into viable cooperatives (ICA 2007). Cooperatives constitute the most appropriate instructional mechanism for reaching the millions of scattered peasant producers in the rural areas for ensuring their access to suitable markets and credit sources for introducing new technologies; skills and development oriented attitudes; for protecting these peasant farmers from the exploitation of the middlemen and money lenders and for ensuring effective participation by the peasants in the development process (Njoku, 1998). In other words, cooperatives are considered the most effective instruments for mobilizing the peasant farmers for rural development and for ensuring that they benefit substantially from the development process.

This study concentrates on variables of agricultural productivity that makes for agricultural development. This helps to trace the role of cooperatives to ownership of farm assets, enterprises assets, enterprise productivity and increase in farm income to determine their contribution to agricultural development. This study seeks to contribute to the emerging body of knowledge on how best to make agricultural cooperatives to be more productive, it will deepen the understanding of the values and principles of cooperatives, incorporating them

into competitive strategies relying on cooperation, trust loyalty as coordinating forces of economic activities and sources of competitive difference in agricultural system.

The underlying argument of the study is that cooperatives, based upon some principles represent a unique third way of social organization that enhances technology development and extension markets information and organization, and government policy, it is particularly useful in cases of simultaneous markets and government failure to assure adequate credit, input delivery, technology training, output delivery and social development in poor areas of Africa (Brayerman et al 1991).

The findings of this study will help to suggest to government and non-governmental agencies how social institutions like agricultural cooperatives could overcome the problem of low agricultural productivity and betterment of living condition

### 1.5 Scope of the Study

The spatial scope of this study is Abaji Area Council Abuja, FCT. The area council is made up of ten wards: Abaji Central ward, Abaji Southeast ward, Abaji Northeast ward, Nuku Sabon-Gari ward, Rimba-Ebagi ward, Yaba ward, Agyana ward, Alumamagi ward, Guridi ward and Gawu ward.

The content scope of the study focuses on the influence agricultural cooperatives have in gradual but sustained in substitution of local implement with improved or modern ones and local species with improved ones. That is gradual transformation from subsistence farming culture to commercial farming.

The choice of the study area is centered on the fact that agricultural cooperative are better and efficiently organized in those areas. In addition, the study area is dominated by poor peasant farmers who come together with common goal of influencing the value-chain with respect to agricultural production, distribution, transfer and marketing. The study focused on agricultural cooperatives such as producers, consumers, marketing and multipurpose. Thrift and credit and not in any way cooperative in general.

### 1.6 Research Questions

The objectives of the study will be served with the following research questions:

1. What role do cooperative societies play in the development of agriculture in Abaji Area Council?
2. How many types of agricultural cooperative societies are in Abaji Area Council?
3. What are the problems associated with the cooperatives in Abaji Area Council?
4. What forms of benefits do members derive from the cooperative societies in Abaji Area Council?
5. What are the processes that community and cooperative leaders take to ensure genuine development of agriculture in Abaji Area Council?
6. What measures can government embark on to enhance cooperative development?

## CHAPTER TWO

### CONCEPTUAL FRAMEWORK AND REVIEW OF LITERATURE

#### 2.1 Conceptual Framework of the Study

There are some fundamental and technical concepts that demand for clarifications in the way they are being used in this study and they include: the concepts of development, cooperatives agricultural development.

#### 2.2 Concept of Cooperative

The idea of people working together is the basis for the formation of cooperatives. The International Cooperative Alliance (ICA, 2010) as an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise. This definition emphasizes that cooperatives are based on the values of self-help, self-

responsibility, democracy and equality (ICA 2007).

Cooperative societies are community based, self controlled and self funded microfinance institution (Simkhada, 2001) because they are meant to operate at the micro level in most cases to serve the low level strata of the economy, to people who in most cases lack access to formal banking system.

Cooperatives are financial organizations that are owned and controlled by the members and they provide savings and credit services to their members in the community (Sharma et al, 2005). Cooperatives are a form of microfinance institutions owned by group of people who are the members and they provide small scale financial services-majorly savings and loans just like any other microfinance institutions to their members. This is different from the formal microfinance institutions such as the microfinance banks (MFBs) in Nigeria which are meant to serve the general public. Cooperatives are voluntary associations that are member owned, self managed and democratically controlled within a specific location (Adebayo and Yusuf, 2004). The existence of cooperative in a community suggest that they may be location bound or restricted which also apply to some formal microfinance institutions especially the MFBs in Nigeria with the microfinance policy delineating the operational allocations of MFB (CBN, 2005) either as a unit MFB or a state-wide MFB.

Cooperatives are independent association of people who voluntarily unite to form a jointly owned and democratically controlled enterprise called cooperatives, to meet members' economic, social and cultural needs (Henry and Schimmel, 2011). Cooperative can be seen as an arrangement designed to improve the lot of individuals and enhance micro and small scale entrepreneurs both in the rural and urban areas in mobilizing savings and accessing fund as loans as at when needed from the scheme.

Cooperative societies are privately organized association of individuals of like minds who come together to operate a savings and loan programme among themselves (Oluyombo, 2010).

Cooperative is therefore, owned and controlled by the member who voluntarily come together based on share on share value to meet members' needs. Cooperative is an association of individuals who voluntarily form cooperative societies (Lohlein and Wehrheim, 2003) who are united in their quest for the economic benefits of the members. Cooperative can be an intervention based on social intermediation in which poor people can mobilize their savings, link them with credit and finally become self employed (Singh, 2004). The social intermediation in cooperative societies includes training of members on different areas of vocations, health, literacy, business record keeping and management skills as found necessary. Social intermediation also include support for member in trouble such as sickness and those having essential social function to perform such as burials and weddings.

Cooperative is one of a range of financial arrangement design to attract the poor as either borrower and/or savers (Montgomery and Weiss, 2005). Cooperative is a microfinance arrangement to help the low income earners with financial services that will enable them to create wealth without any discrepancy as to access financial and non financial services that are packaged in a manner that enable those who are unable to access formal financial services to access comparatively small loans, saving schemes and other services for working capital and income generation (Nathan et al, 2004).

Cooperatives are privately organized institutions that are owned and controlled by their members (Branch, 2004). One person, one vote is therefore applicable to cooperative societies because the association is jointly owned and by the members. There is uniformity in membership class of cooperative members, unlike ownership of a limited company that can comprise of ordinary shareholders and controlled enterprise

(Alladadi, 2011). "They appear to be the most standardized informal financial institutions with well organized savings mobilization strategy in the informal market" (Oloyede, 2008)

Cooperative societies, also known as credit cooperatives, credit unions, financial cooperatives, and savings and credit cooperatives could be government sponsored, members sponsored or programme sponsored (Ghosh and Maharjan, 2001; Simkhada, 2004). Those names of cooperatives are used interchangeably in this study to mean the same. The government sponsored cooperatives are cooperatives established, owned and funded by the government to accomplish its economic objectives. Cooperatives that are established and owned by the individual members of the cooperatives are regarded and owned by an existing organization which may be an NGO, bank, donor etc. with specific purpose of poverty eradication, target towards a particular group of people in a specified location.

Government of different nations defines and promotes cooperatives according to their own social, cultural and economic conditions. In America, a cooperative is a business owned and democratically controlled by the people who use its services and whose benefits are derived and distributed equitably on the basis of use (USDA, 1997). In New Zealand, Cooperative Companies Act (1996) defined cooperative as an organization in which those who transact with the organization also own and formally control the organization and derive significant benefits from those transactions over and above any financial returns they derive from their investment in the organization (Evans and Meade, 2006). In China however, the newly enacted farmers' cooperatives law defined cooperatives as a self-help organization which associated voluntarily and controlled by producers of the same agricultural products or service providers and users of the same agricultural business operations (Zhang, 1999).

The definition of cooperatives is built on four major words; first, they are formed by groups of people, who have a specified need or problem. Second, the organization is formed freely by members after contributing to its assets. Thirdly, the organization formed, is governed democratically in order to achieve desired objectives on equitable norms, and fourth, it is an independent enterprise promoted, owned and controlled by people to meet their needs (DFID: 2008). It is about people's organization to capture different opportunities in the economy where they can address their economic needs and aspirations. A cooperative can therefore provide a hub for organizing particular local economic interest and/or for protecting common pool resources (Simmons and Birchall, 2008a).

Agricultural cooperatives can therefore be defined as voluntary business association formed by people (mostly farmers) of limited means through contribution of share capital that forms the basis of sharing out the profits that accrue from the business (Wanyama, et al 2008). In developed countries, rural cooperatives have significantly contributed to the mobilization and distribution of financial capital, created employment, and constituted a forum for education and training, social welfare and poverty alleviation and other socio-economic problems (Tanzanian Federation of Cooperatives, 2006). Agricultural cooperatives offer new opportunities for farmers to expand and strengthen their own organization to reach their full economic and social potential. It is an organization created by people of common felt need and means to help their members both from a business point of view, as they enable private farmers to benefit from economies of scale and stimulate competition, and from a social point of view, since they encourage cohesion and cooperation at the community level.

There are three main types of cooperatives:

(i) Consumer Cooperatives that enable members to buy or obtain goods or services close to cost price.



(ii) Producer Cooperatives that enable members to achieve higher profits through reduced input costs and better marketing.

(iii) Worker or employee owned Cooperatives that provide members with opportunities for employment and skills improvement (UN, 2009). Irrespective of the type, the Cooperatives business model operates on the same values and principles that confer to their members the triple benefits of ownership, control and utility. Cooperatives are classified as business and social enterprises (UN, 2009). Many key international development agencies such as the UN, World Bank, ILO and FAO recognize the enormous current and potential contribution made by cooperatives as social and business enterprises in terms of economic development, development of social capital including social inclusion, social integration and cohesion, gender equity, democratization, equity (fairness and Justice), community development and environmental management (Birchall, 2008).

### 2.3 Agricultural Development

Agricultural development is an integral part of national development. It is that aspect of development that is related to agrarians. Considering the contribution of agriculture to the socio-economic development of many countries, several scholars have postulated theories linking agriculture with national development. Agricultural development is defined as the process that creates the conditions for the fulfillment of agricultural potential. Those conditions include the accumulation of knowledge and availability of technology as well as the allocation of inputs and output. Therefore, Agricultural development can be viewed as another area of development, which connotes improvement in the principles and practice of agriculture given both human and material resources that will result in maximum output from a combination of minimum input (Ashley and Maxwell, 2001).

Agricultural development in Nigeria faces several constraints; the most critical of these include lack of appropriate technology, land tenure system, inputs problems, under developed marketing system, lack of finance and lack of coherent national policy framework. While most of these problems have generated a lot of interest and debate among academics and policymakers in Nigeria. Much still needs to be done by the government in establishing tentative development projects and programmes for the achievement of national objectives. Again the most crucial, is provision of deliberate framework for policy consistency in the execution of such Agricultural development programmes (Nkang et al).

Today when population is increasing so fast, there is the need to think more seriously about the improvement of farming methods in order to get increasing yield of food and raw materials to the society and industries. After all, (Komolofe and Joy, 1990) had remarked that Agricultural development basically means getting more out of soil in the farm of crops and breeding more live stock in order to meet the world's increasing needs. The things that need to be developed include the soil growing crops breeding and raising farm animals, processing, packaging and storing.

However, Todaro (2009) viewed Agricultural development as the transformation of agricultural sectors through three stages of agricultural production. The first is the low productivity, mostly subsistence pattern of production characterized by peasant farmers still prevalent in Africa. The second stage is diversified or mixed family agriculture, where a small part of the produce is grown for domestic consumption and a significant part for sale to the commercial sector as food in parts of Asia. The third stage represents the modern farm, with high productivity engaging in specialized Agricultural development can be described in terms of global but sustained transition from subsistence to diversified and specialized production.

Again Agricultural development was recognized as agricultural modernization as you have in irrigation schemes employing innovative ideas, modern techniques that dramatically reduces hunger and poverty and diversified the economy (Bill and Melinda Gates Foundation, 2009). In the context of Nigeria, Agricultural development can be expressed as a gradual transformation from subsistence's farming culture to commercial farming, from the use of inefficient farming methods to the use of more efficient farming methods and techniques. The process will involve the gradual substitution of local species with improved ones. Agricultural development promotes the proper conditions for farming so that planting, harvesting and processing of crops can be done effectively, which ultimately can empower small holders and reduce poverty (World Bank, 2002). In Nigeria problems with roads and infrastructure interfere with farmer's ability to sell his or her goods. Communication is another component to agricultural practices. This is because in order for a farmer to know the type of crop they must yield to generate a profit, they need to know the market prices for the type of crops they are growing. Solving these problems is where agricultural development and government funding come into play. Example, until some developing nations adapt aggressive funding programmes to improve harvesting conditions, agricultural development is limited. There are endowments and foundations, however, which embark large sums of capital towards improving farming conditions in development nations.

The implementation of new technology may require new forms of social organization such as regrouping of peasant in peasant's associations to allow the distribution of inputs, and information on the application. These continue efforts may affect peasant values, and, subsequently, goes. If this plan is successful, peasants may change their cropping patterns in favour of crops which provide more profitable (Birchall, 2004). This has effects on other parts of the farm, and may for instance; cause a reduction of animal husbandry. If the proceeds of animal husbandry belong traditionally to the women, as in some societies, this affects the internal relation of the family.

A change in land tenure affects in turn the power structure and may change the goal-setters in the societies and, thus, the relevant goals (Serag, 1995). This example could be elaborated further. It all resolves in the recognition that the system approach reflects most closely in development process, and projects and programmes aiming at one isolated element of the system are dysfunctional. It is true that it often is very difficult to counteract the influence of individual elements. This, however, most not prevent understanding development as a system of interrelated changes which requires integrated instead of isolated measures. Development is one of the main goals that all communities try to achieve in order to improve the living standards of individuals in those communities (Muhamed, 2004). Agricultural cooperatives have played an important role in rural development through development of agriculture. The agriculture cooperatives are considered to be the most important organizations that pay attention and try to support rural development in general and the agriculture development in particular through the activities and services achieved for the sake of farmers (Mohamed 2004).

Levin (2002) remarked that although cooperatives are economic organizations in the first place, they also have social aims in addition to the economic ones they seek. They aim at developing the agricultural processes with its various fields as well as participating in achieving the rural development in villages. The role of the cooperative is not only confined to providing farm inputs such as fertilizers, seedling and chemical materials, but also engaged in symposiums for the farmers to acquire necessary knowledge and skills on new technology that aims at increasing agricultural production and promoting rural welfare. The cooperatives

also seek to urge members to participate in social activities (UN, 1990)

The Role of Agricultural Cooperatives in Agricultural Development.

A cooperative is a widespread and important governance structure within the agricultural sector. The cooperatives sector worldwide is comprised of approximately 800 million members in over 100 countries and it's estimated to account for more than 100 million jobs around the world (ICA, 2007). Agricultural cooperatives in particular, account for 80 to 90% of milk production in Norway, New Zealand and United States; 71% of fishery production in the republic of Korea; and 40% of agriculture in Brazil (ICA, 2007). Cooperatives are an important form of organizational structure in many agricultural markets. For example, in the EU, cooperatives firms account for over 60% of the harvest, handling and marketing of agricultural products, with a turnover of approximately 210, 000 Million Euros (Gertler, 2001). Furthermore, over 50% of global agricultural output is marketed through cooperatives (Bibby & Shaw, 2005). There are several benefits that farmers receive from being part

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