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ABSTRACT

This study examined the impact of fertilizer policy on crop production. The various trends in fertilizer policy reform were explored. Specifically, the fertilizer policy was studied under two policy regimes: the pre-liberalization and the liberalization periods. The first period is between 1986 and 1996, which otherwise constituted the pre-liberalization era while the years between 1997 and 2006 make up the second period, otherwise called the liberalization era. Secondary data on the distribution of fertilizer, usage-rate, fertilizer cost, yield of selected cereals, as well as the time series features of the variables, test for cointegration and the error correction mechanism were used in this research. The descriptive analysis, students' t-test and the regression model were used to analyze the data. It was discovered that there was an increase in the distribution of fertilizer in the second period. There was also an increase in the yield of the selected cereals. Among the selected crops, rice had the highest yield in the first era. The quantity of fertilizer distributed, the usage-rate of fertilizer, the price and the policy periods of the variables were found to have significant effect on agricultural production. The quantity of fertilizer distributed and the price of fertilizer were found to have positive effect on agricultural production. In order to increase agricultural production in Nigeria through an effective fertilizer policy: the distribution of fertilizer to farmers has to be timely. Farmers should be educated on the dangers of excessive use of fertilizer in order to prevent environmental pollution. Complementary use of inorganic and organic fertilizer should be encouraged so as to ensure eco-balance and food security.

CHAPTER ONE INTRODUCTION

BACKGROUND OF THE STUDY

Fertilizer is one of the major farm inputs for achieving the green revolution objective in the world. According to Dada (2006), during the Africa Fertilizer Summit, it is generally believed that not less than 50% of incremental crop output in the past five decades is attributable to fertilizer use.

Owing to fertilizer use, along with other inputs such as seeds and agro chemicals, many countries of the world with high population densities have been able to achieve, relatively, food self-sufficiency in the past decades (World Bank, 2004).

Unfortunately, the benefits of green revolution did not accrue significantly to sub-Saharan Africa to any perceptible extent due, among other reasons, to inadequate use of fertilizer (FGN, 2005).

The Food and Agriculture Organization (FAO) estimates of fertilizer need in Africa concomitant to yield and area expansions for meeting the Millennium Development Goals (MDGs) amount to an increase in total nutrients of 47% or 26% average annual growth rate (UN, 2000).

This is why members of New Partnership for African Development (NEPAD) of the African Union (AU) had formulated the Comprehensive Africa Agriculture Development Plan (CAADP) predicated on increased and efficient use of fertilizer. The components of CAADP are consistent with the global objectives set in the MDGs as well as the national objectives of Nigeria contained in the National Economic Empowerment and Development Strategy (NEEDS) document (NEEDS, 2004). The critical aspect of the MDGs in relation to the fertilizer sector is the goal to reduce poverty by half by 2015, taking cognizance of the role of agriculture in the economy wherein about 70% of the people are employed or engaged (Dada, 2006).

The role of fertilizer is well established all over the world; crop output of countries

correlate strongly and positively with fertilizer consumption: World average = 91kg/ha; North America = 93kg/ha; Western Europe = 186kg/ha; South Asia = 96kg/ha; East Asia = 201kg/ha; All Asia = 141kg/ha; Africa = 19kg/ha; Nigeria = 8kg/ha (IFDC, 2003; Idachaba, 2006). But the FAO recommended 200kg/ha; therefore, the need for Nigeria to redouble fertilizer use, improve agricultural production and productivity and raise rural income in the face of a rapidly growing population and worsening poverty incidence has become obvious (Idachaba, 2006).

Okolo (2004) described the fertilizer supply in Nigeria as still inadequate. This accounts to some extent for its low usage. One major impetus to fertilizer usage is an improvement of the fertilizer market. Olomola (2005) stated that there is need to improve the agribusiness market structure and performance.

Since the establishment of a ministry for agriculture at the Federal level in 1967 followed by the creation of the first professional department (Federal Department of Agriculture (FDA), in the ministry in 1970, the promotion of fertilizer and other green revolution technologies has become a deliberate government policy (Bello, 2006). The institutional policy on fertilizer involved the subsequent establishment of the erstwhile Fertilizer Procurement and Distribution Division (FPDD), which was established in the FDA in an effort to co-ordinate the activities of the states in the importation of fertilizer (Dada, 2006). For many years, the FPDD served as the central agency for fertilizer importation and its delivery to designated points in the country till the liberalization of the sub-sector began in 1995 following which the division was re-designated as Federal Fertilizer Department in 2001. During this period (1976-1995), the main statute in force was the National Fertilizer Board Act of 1977 which provided for the establishment of "a body corporate to be charged with the responsibility for purchasing and distributing fertilizer to state government at such subsidized prices as may be determined by the Federal Government" (FFD, 2006b).

Generally "Fertilizer" means any substance containing one or more recognized plant nutrient(s) that is used for its plant nutrient content and is designed for use or claimed to have value in promoting plant growth (FFD, 2006a)

Specifically, "mineral fertilizer" means fertilizer produced by mineral processes or mined and derived from an organic substance or synthetic organic substance; while "organic fertilizer" means fertilizer derived from non-synthetic organic material, including sewage sludge, animal manures and plant residues produced through the process of drying, cooking, composting, chopping, grinding, fermenting or other methods and makes a declaration of nutrient value on the label (FFD, 2006a).

Cereals are those members of the grass family, Poaceae grown for their characteristic fruit, the caryopsis, which have been the most important sources of world's food for the last 10,000 years (Onwueme and Sinha, 1991). Wheat and barley are the oldest cultivated cereals. Their cultivation started in the fertile crescent of Mesopotamia some 10,000 years ago, this region now include parts of Turkey, Syria, Iraq and Iran (Onwueme and Sinha, 1991).

The major cereal crops in Nigeria are rice, maize, sorghum, millet, wheat, pearl, sugar cane and fonio millet with rice ranking as the sixth major crop in terms of the land area while sorghum account for 50% of the total cereal production and occupies about 45% of the total land area devoted to cereal production in Nigeria (NEARLS, 1996).

The role of cereals to modern society is related to its importance as food crop throughout the world. In most parts of Asia and Africa, cereals products comprises 80% or more of the average diet, in the United State, between 20-25% (Onwueme and Sinha, 1991). Cereals are the major dietary energy suppliers and provide significant amount of protein, minerals (potassium and calcium) and vitamins (vitamin A and C) (Idem and Showemimo, 2004). Cereals are consumed in a variety of forms, including pastes, noodles, cakes, breads, drinks etc. depending on the ethnic or religious affiliation. The bran, husk, plant parts and other residues (after processing) are useful as animal feeds and in the culture of micro-organism. Wax syrup and gum are extracted from cereals for industrial purposes (

Ismaila, Gana, Tswana and Dogara, 2010).

Agriculture is the economic heart of most countries and most likely source of significant economic growth (DFID, 2003). It has been observed as the major and certain path to economic growth and sustainability. In spite of the dominant role of the petroleum sector as the major foreign exchange earner in Nigeria, agriculture remains the mainstay of the economy (NEEDS, 2004). Apart from contributing the largest share of gross domestic product (GDP), it is the largest non-oil export earner, the largest employer of labour and a key contributor to wealth and poverty alleviation, as a large percentage of the population derive their income from agriculture and related activities (Ayinde, Adewumi and Omotosho, 2009).

Moreover, in order to increase productivity, Nigeria's agriculture needs to embrace science-based technology and the use of fertilizer, improved seed and crop protection products. Since land expansion is limited, without science based agricultural inputs, agricultural production will decline and fall (Ayinde et al, 2009). Despite the laudable efforts of the nation to improve crop production, Nigeria's agricultural sector is still characterized by low yields attributable to the use of crude implements, a low level of input and limited area under cultivation among others.

Hence, Nigeria has to adopt policies that will encourage an agricultural sector that has a high investment rate. A key element of this strategy is an efficient and well functioning policy on agricultural inputs market, making use of the following complements, among which are: Fertilizer, improved seed variety and crop protection product. Thompson, Vander-Meer, Alex and Kane (2004) saw the need to invest in policy and regulatory reforms in the fertilizer sector as well as establishment of government and regulatory capacity.

IMPACT OF FERTILIZER POLICY ON CROP PRODUCTION IN NIGERIA

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