Potential effects of modifications in credit program for small farmers, foya, Liberia

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The development of small firm agriculture has become an increasingly important issue for the economic development of the le&s developed countries (LDCs). Economists and agricultural economists (in particular) have been trying to understand the complex environment of the small farmer. This understanding is of critical importance as it must precede any economic development policy in which the small farmer will play an important role. The development of small farm agriculture is of special concern to Liberia for two main reasons: (1) Liberia`s economy is largely agriculture and (2) nearly all farms are small farms. Numerous factors constrain the development of these small farms. Some of those factors include; inadequate technology and markets, unavailability of purchased farm inputs, and under-developed physical infrastructure. This thesis assumes that all other constraints on the development of the small farms are removed in order to focus sharply on one of them, namely, the financial environment of the snail farm Constrained capital has been shown to limit farmers[1] use of purchased inputs, and thereby limit output and income. 0X> reduce the effects of this capital constraint on farmers * production, the government intervenes in the supply of off-farm inputs at low prices in spite of the very high returns the farmers enjoy# The loans are disbursed in kind to assure their use for a specific purpose - increase in the agricultural output in rice, coffee and cocoa.