ENHANCING AGRICULTURAL PRODUCTIVE CAPACITIES: A STRATEGY FOR POVERTY REDUCTION IN NIGERIA

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Abstract

Poverty reduction over the years has been of great concern and challenge barely to every nation, especially countries in sub-Saharan Africa and Nigeria in particular where economic and social indicators continue to deteriorate. Agricultural sector which remains critical to the development of the economy has continued to fail in its roles to the development of the economy. This paper examines the potential contributions of agriculture in poverty reduction in Nigeria such as raising the general level of welfare of the rural population, ensuring that the needs of the expanding urban labour force are met, transferring of surplus capital to industrial sector, helping the foreign exchange situation of the country as well as generating a growing demand for consumers and producers goods. The paper also identifies some lingering problems that have bedeviled the roles of agriculture in Nigeria such as extensive traditional farming methods, high rate of illiteracy, lack of preservation and storage facilities, lack of credit facilities to farmers, lack of government participation and inadequate farmlands. Therefore, the paper recommends among other the need for the government to adroitly encourage farmers to adopt the modern techniques of farming so as to increase their outputs.

Keywords: Agricultural Economics, Techniques of Farming

Introduction:

Over the years, poverty reduction has been of great concern and challenge to every nation, especially countries in sub-Saharan Africa and Nigeria in particular where economic and social problems remain intractable. Even though a consensus has emerged in the literature that poverty is multidimensional; along with income, health, education, gender equality and a sustainable environment are now seen as integral elements of human beings. Nowhere is this consensus better reflected than in the Millennium Development Goals (MDGs), an unprecedented agreement by the International Community about the goals of poverty reduction (Hindatu et al, 2012). Unfortunately, without concerted action, many countries especially those in low-income Africa and South Asia will not reach these goals by 2015 (Sahn and Stifel, 2002; World Bank, 2002; NPC, 2007; Devarajan & Reinikka, 2004).

In Nigeria different macro-economic policies and strategies have been introduced with the main objective of reducing poverty and achieve economic development. These policies and strategies include, Development Planning, Import Substitution Industrialization Strategy (ISI), Indigenization Policy, Export led Development Strategy, Public Sector led Development Strategy, Economic Stabilization Act of 1982, An IMF/World Bank imposed Structural Adjustment Programme (SAP) of the mid eighties and the Guided Deregulation of 1990s as well as various market-reforms of Obasanjo’s National Poverty Eradication programme (NAPEP), National Economic Empowerment and Development Strategy (NEEDS), Yar'adua 7-point Agenda and Vision 20:2020 under which various agricultural policies and programmes such as agricultural financing policies, agricultural research and training programmes, water resources development programmes, and agricultural pricing and marketing policy were introduced but all these proved ineffective in dealing with the fundamental problems confronting the economy. Agricultural production which remains critical to the development of the economy continues to decline. According to CBN (2006), about 96 percent of Nigeria’s foreign exports are crude oil. This means that the key roles agriculture plays in economic development have been
suppressed and as such distorted even though Nigeria is an agrarian society. It is against this background that this paper argues that enhancing productive capacities in agriculture stimulates industrial growth and development thereby reducing poverty in Nigeria.

Potential Roles of Agriculture in a Growing Economy

There are five potential roles to overall economic development that agriculture has made in the past and can and must make in the future. These contributions as carefully observed in Okpachu and Usman (2011) are:

The first is its direct contribution to economic welfare. Of the billion or so people who live in absolute poverty in the Less-Developed Countries (LDCs), perhaps 800 million are rural and their livelihood is based in agriculture (UNDP, 2006). Agriculture’s first potential contribution is therefore to raise the general level of welfare of the rural population. The poor participate in development actively and directly through increasing employment, i.e., through an increasing demand for their labour, which agriculture in large part must prove. That labour, of course, must be productively employed and, since capital is scarce, it must be used in activities that do not require a large capital investment per worker.

Secondly, agriculture must be increasingly productive to meet the needs of the expanding urban labour force, which spends more than half of its income, and half or more of its increases in income, on food. If food production lags, food prices rise, and this leads to demands for higher urban wages thereby reducing the growth of manufacturing. Agriculture must therefore supply the physical goods to support increased employment and incomes. As Mellor in Balогun and Otu (1991) notes, “It is thus the dominance of agricultural commodities as wage goods and the large supply of labour available for mobilization which combine to make creation of a modern, technologically dynamic agriculture so important to economic growth and to the participation of the poor in that growth”.

Third, agriculture can make a direct financial contribution to industrial development in the form of a transfer of surplus capital. This can happen through savings, taxation, or other means. However, agriculture cannot provide excess capital unless it also first receives adequate investment and is so structured as to become a dynamic sector.

Fourth, agriculture can make another financial contribution by helping the foreign exchange situation. This can be direct, through exports that earn foreign currency, which can be used in turn to import key items for development. Or the contribution can be indirect, by providing food that otherwise would need to be imported.

Finally, agriculture can make a structural contribution by generating a growing demand for consumer goods and producer goods – a demand that stimulates the development of indigenous industry in a labour-intensive and capital-saving way. The type and pattern of the demand are crucial in determining the structure of expanding industry. It is here that agriculture has the key role to play in creating an integrated and balanced developing economy.

Agricultural Policies and Poverty Reduction in Nigeria

Poverty reduction programmes in Nigeria is as old as the nation itself. Immediately after the independence, precisely in 1962, Nigeria introduced National Development Plan as development strategy which cut across all the sectors in the economy, although, highest priorities were accorded agriculture, industry and training of high and intermediate manpower. The strategy lasted till 1985 when the economy was faced with heavy shortage of funds to implement the plan objectives. Consequently, Structural Adjustment Programme (SAP) was introduced in the mid-eighites to revive the economy by opening the economy to foreign government or private organizations who may wish to invest in Nigeria. This section will summarize all the agricultural policies and the goals of poverty reduction in Nigeria as follows: The First National Development Plan period (1962-1968); the Second National Development Plan period (1970-1974); the Third National Development Plan period (1975-1980); the Fourth National Development Plan period (1980-1985) and the Post-SAP/Market Reform period (1986-Date).
(i) The First National Development Plan (1962-1968)

In 1962, the first National Development Plan (1962-1968) was introduced into the budgeting system of the Country instead of the Fiscal and Sectoral Plans which were previously used as strategy of poverty reduction. Highest priorities were accorded agriculture, industry and training of high and intermediate manpower. To this extent, the Federal Government restricted itself to research activities for improving cash crops production. It was the intention or policy of the government that low, medium and high income farmers should benefit so as to increase the volume of exportation of cash crops.


The Second National Development Plan period (1970-1974) was very unique because, following the emergence of many problems especially food shortages as a result of government efforts to improve only cash crop production, the government now decided to play a more dynamic role in the primary production beginning immediately after the launch of second National Development Plan in September, 1970. Consequently, the policy instruments adopted to reduce poverty through reviving agriculture were: provision of credit to farmers, intensification of agricultural research, input subsidies, price mechanization, land reform and international trade regulation (CBN, 2000). As Egwu (1998) noted many agricultural policies and programmes were adopted in Nigeria during the era of development planning. In the second National Development Plan, policies and programmes such as agricultural financing policies, agricultural research and training programmes, water resources development programmes as well as agricultural pricing and marketing policy were introduced. Specifically, the following are some of the policies and programmes introduced under the Second National Development Plan:

(a) Nigerian Agricultural and Cooperative Bank (NACB) now Nigerian Agricultural Cooperative and Rural Development Bank (NACRDB) was established in 1973. The idea behind its establishment was to make adequate credit available to the farmers at the right time so as to boost their production. The policy measure adopted to achieve this was the purveyance of credit to the agricultural sector at concessionary interest rate.

(b) Nigeria Agricultural Insurance Company (NAIC) established in 1973 to increase supply and access to credit through concessionary lending condition to the farmers.

(c) National Accelerated Food Production Programme (NAFPP) established in 1973 to encourage the use of fertilizer and improved seeds.

(iii) The Third National Development Plan (1975-80)

The third national development plan in Nigeria puts all the agricultural policies and programmes in the second national development plan into consideration. Meanwhile, new policies and programmes such as Agricultural Development Project (ADPs), Agricultural Credit Guarantee Scheme Fund (ACGSF), Operation Feed the Nation (OFN), Agricultural Pricing and Marketing Policies were introduced to achieve the objective of agricultural sector in Nigeria:

(a) Agricultural Development Projects (ADPs) established in 1975 as agricultural extension policy. The major objective of this was to disseminate proven agricultural technology to farmers, to increase output and raise their standard of living. According to Balogun and Otu (1991), the agricultural extension policy remains basically the same throughout the period of development planning till date. A good number of strategies were adopted to facilitate realization of the stated objective such as Demonstration Farms and Rural Processing Centers (DFRPC) established for crops, livestock, fisheries, and forestry to encourage farmers to adopt the innovation.

(b) Agricultural Credit Guarantee Scheme Fund (ACGSF) introduced in 1978 to assist banks to aggressively support agriculture.
(c) Rural banking programme promulgated in 1977 which required banks to establish specified number of rural branches and required them to lend at least 45% funds mobilized in those areas to rural dwellers for investment in various economic activities.

(d) Operation Feed the Nation (OFN), introduced in 1976 in order to facilitate the development of appropriate technology and high-yielding crop varieties to enhance output.

(e) Agricultural pricing and marketing policy to ensure stable remuneration income for the farmers through what was called marketing boards.


Under the Fourth National Development Plan, all the policies and programmes introduced in the first second and third plans were pursued. Although, the plan witnessed deficit due to lack of funds as a result of a sudden fall in prices of oil in the international market. However, Green Revolution Programme (GRP) in collaboration with the Federal Ministry of Water Resources, and River Basin Development Authorities (RBDAs) to develop underground water resources, control of floods and erosion, as well as construction and maintenance of dams dykes, polders, wells, boreholes, irrigation and drainage system.

(v) The Post-SAP/Market Reforms Period (1986-Date)

With the introduction of the Structural Adjustment programme (SAP) in 1986, financial market reform was given prominence. Interest rates were deregulated in 1987 and sectored credit allocation policies were phased out in October, 1996. The government still continues to finance agricultural development but disengages from funding direct production which has been left completely for the private sector. Financial institutions such as the community banks (now micro finance banks) were established to complement and marketing more credit available to the rural sector. Also, commodity board system was abolished and commodity pricing was liberalized.

In 1987, more branched of Agricultural and Cooperative Bank (NACB) were established. In the same vein, Agricultural Development Projects (ADPs) were increased in 1985 to ten and hence proliferated around the states in Nigeria including Abuja FCT in 1993. The rural development which has not really witnessed any transformation during the era of national development plans was considered and hence three major policies and programmes were introduced to improve the quality of life of the rural people with a view to stemming the tide of rapid rural-urban population drift (CBN 2000). These include:

(a) Directorate of Food Road and Rural Infrastructure (DFRRI) was initiated with the mandate to provide road, food, shelter, potable water and promote other programmes that would enhance economic activities in the rural areas. Ogwunike (2001), cited in Okpe and Abu (2009) reported that over 278,526km of road was completed by DFRRI, and over 5000 rural communities benefited from its rural electrification programmes.

(b) National Directorate of Employment (NDE) was introduced to design and create employment to combat mass unemployment and articulate policies aimed at developing work programmes with labour intensive potentials; and

(c) Better Life/Family Support Programme was introduced in September 1987 and later changed to Family Support Programme (FSP) in November, 1994 to encourage rural women to improve their standard of living via the proportion and formation of self-help rural development organizations through education, business management and recreation as well as creation of greater awareness among the populace especially women. Furthermore, the People’s Bank (or Community Bank) now Micro Finance Bank was introduced in order to provide credit facilities to the inhabitants especially the rural dwellers. Also, the Petroleum (Special) Trust Fund (PTF) was established in 1994 with the responsibility of utilizing the gains from increase in the prices of petroleum products to complete all government abandoned projects as well as rehabilitate decaying social infrastructure nation-wide. In the advent of the new millennium, Nigerian government has launched series of economic reforms and poverty alleviation programmes such as National Poverty Eradication Programme (NAPEP), National Economic
Empowerment and Development Strategy (NEEDS) and Vision 20:2020 to reduce poverty, create wealth, generate employment and pursue value orientation. These programmes are all anchored on achieving the targets of Millennium Development Goals (MDGs) and that of New Partnership for African Development (NEPAD), which is a continental poverty reduction programme.

Lingering Problems of Agriculture in Nigeria

Unlike developed countries where farmers may not own a land personally, but they are able to produce and feed their growing population, and still have surplus for exports. In Nigeria, over 85 – 90 percent of the working population is engaged in agricultural activities and yet, the nation is unable to produce enough food for domestic consumption (CBN/NISR 1992). According to Okpachu and Usman (2011) the distortions in agrarian society like Nigeria can affect industrial growth and development. These distortions are caused by the following lingering problems which include; inadequate irrigation practices, agricultural research institutes as well as poor funding of agricultural community-based-organizations (CBOs) as main constraints to agricultural outputs in Nigeria. Others identified by Agbede and Usman (2012) include: infrastructural deficiency institutional constraints, instability in government policies, technical constraints, capital/financial constraints and market constraints. However, some of the reasons attributed to this problem emphasized in this paper are as follows:-

(i) Traditional farming methods:- Peasant farming is the dominant agricultural practice in Nigeria, i.e. farm lands are small and scattered and hence the farming implements are still hoes, rakes, cutlass etc.

(ii) High rate of illiteracy: A large proportion of the peasant farmers are not educated. Many of them are quite conservative; they have strong aversion to innovations hence they are restrained from adopting the modern techniques of farming.

(iii) Lack of preservation and storage facilities: Almost farmers in Nigeria do not have adequate storage facilities for agricultural products like fresh fish, meat, fruits ingredients, vegetable etc. in the rural areas now in the burn centers.

(iv) Lack of credit facilities to farmers: Inability to obtain any form of credit facility discourages farmers from undertaking large-scale farming.

(v) Lack of government participation: Many governments in Nigeria have refused to take keen interest in agriculture. Almost all agricultural activities are left on the shoulders of individuals especially peasant farmers or rural dwellers. Many state governments are not making any meaningful efforts to encourage agriculture by providing incentives to the farmers.

(vi) Inadequate farmlands (land tenure system): The system of land ownership in some parts of Nigeria does not inspire large-scale farming and as such discourage people to properly involve in agriculture. Large parcels of land are owned by individuals or communities who are quite unwilling to dispose of them to enthusiastic agriculture workers or resourceful farmers who can adopt the modern methods of mechanized system of farming.

Measures to Improve Agricultural Productive Capacities in Nigeria

Based on the lingering problems identified above, the following measures are proposed to improve productive capacities in agriculture:

(i) The government and its managers in Nigeria should encourage farmers to adopt modern techniques of farming especially the use of agricultural machines like tractors, ploughs, ridgers, harvesters and farm inputs such as modern seeds, chemical fertilizers, and insecticides. This can be achieved if government acquires these and make them available to the farmers either through high purchase or sales at subsidized rates.

(ii) The land-use decree in Nigeria is a laudable ambition. However, it has not been able to eliminate the land-tenure system. Therefore,
government should revisit to make land easily and readily available to all anxious farmers especially those who are desirous of practicing large-scale farming in Nigeria.

(iii) The government should build simple dams in the arid zones to conserve rainfall and flood water which can be channeled through canals to irrigate dry farmlands and to make the keeping of livestock possible throughout the year.

(iv) The government should provide storage facilities like freezers in major urban markets and large villages in the rural areas to preserve vegetable and perishable foodstuffs like fresh fish, fruits, meats, ingredients etc. This will ensure regular supply to the market and stabilize their prices.

(v) The government at the federal level should encourage rich individuals, agro-based industries, local and state governments to develop large plantations or own state farms. This will result to having surplus for exports.

Conclusion

This paper examines the potential contributions of agriculture in poverty reduction in Nigeria. The paper argues that enhancing agricultural productive capacities will raise the general level of welfare of the rural population, ensuring that the needs of the expanding urban labour force are met, transferring of surplus capital to industrial sector, helping the foreign exchange situation of the country as well as generating a growing demand for consumers and producers goods. However, some lingering problems have bedeviled the roles of agriculture in Nigeria such as application of traditional farming methods, high rate of illiteracy, lack of preservation and storage facilities, lack of credit facilities to farmers, lack of government participation and inadequate farmlands. Therefore, adroit measures to improve agricultural productive capacities are identified such as the need for the government to encourage farmer to adopt modern techniques of farming, revisiting the land-use decree to ensure availability of land to large-scale farmers, improving on the irrigation practices and storage facilities as well as encouraging development of large plantation to stimulate surplus for exports.

References


