

[...]

ECO 146: Nigerian Economy in Perspective 1 is a three-credit and one-semester undergraduate course.

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Course Aims a) to provide a background to the student on the concepts of structure of an economy b) to equip the students with an understanding of the overall profile of the Nigerian economy c) to familiarize the students with the activities of agricultural and industrial sectors and subsector of the Nigerian economy d) to appraise some government plans, policies and programmes as it affects the overall structure and different sectors of the economy

To achieve the aims of this course, there are overall objectives which the course is out to achieve, though, there are set out objectives for each unit. This is to assist the students in accomplishing the tasks entailed in this course. The objectives serves as study guides, such that student could know if he is able to grab the knowledge of each unit through the sets of objectives in each one.

ECO 146

Recommended books and eBooks for this course can be downloaded online as specified for References and further readings.

An assignment file and marking scheme will be made available to you. This file presents you with details of the work you must submit to your tutor for marking. The marks you obtain from these assignments shall form part of your final mark for this course. Additional information on assignments will be found in the assignment file and later in this Course Guide in the section on assessment.

Marks Assignments

Final Examination The date of submission of all assignments and date for completing the study units as well as the final examination dates shall be communicated to you online.

[...]

17 Weeks The study units in distance learning are replacements of the university classroom lectures. A major advantage of distance learning is that you can read and work at the same time through specially designed study materials. It assists you to study at your own pace, your own time and places that go well with you.

These objectives should be your study guide such that at the end of completing each

unit, you should reflect and check whether you have achieved the set objectives. Cultivating this habit will considerably increase your probability of passing the course. The main body of a unit guides you through the required reading from other sources. This will guide you through reading from other sources such as your text book or course guides.

Turn to each unit and read carefully the introduction and the objectives for

Information about what you need for a unit is given in the “Overview” at the beginning of a unit. The contents of a unit is presented in such a way that it provides you with a sequential order to follow, so work through the course units. As you work through each unit, use it to guide your readings. You may be required to read sections from one or more references other than the Course Material.

It is suitable if you can review the objectives for each unit for you to know if you have achieved them or not. In case you feel uncertain after reviewing the objectives, review the study material or consult your tutor.

But when you feel convinced that you have achieved unit objectives, you can then move to the next unit. Progress unit by unit through the course and space your study plan such that you ensure you’re on to-do list.

Summary

This Course guide provides you with an overview of what you should expect in the course of study.

[...]

The general aim of this module is to introduce you to the basic concept of economic structures and systems which is essential to the understanding of the workings of any economy. Key elements include the definition of economic structure and systems. In addition, you will be introduced to the broad profile and structure of Nigerian economy as a follow up to the theoretical framework aforementioned.

Through What Unit is Economy Analysed?

You must have read the Course Guide. I also assume that you have familiarised yourself with the introductory comments in Module 1. This unit is the first among the four constituents units of this module. The main thrust of this unit is to introduce you to 'economic structure' as a concept and expound its significance, highlight the importance of the study of economic structure, identify 'economic system' as a major determinant of economic structure as well as 'sector' as a basic unit of economic structural analysis. This unit is fundamental to the understanding of subsequent units and modules. This is simply because other units and modules will be discussed on the basis of the fundamental concepts explained here, hence, requires your maximum attention and understanding.

Generally, our focus in this course is to analyse the structure of the Nigerian economy in the light of relevant features and performance indices before and after independence. To start with, I consider it important for us to examine what 'economic structure' is all about. I believe this will provide a convenient platform for us to have a full grasp of the entire course content.

Let us begin our understanding of the concept of economic structure by first defining the word 'economy'.

According to Lipsey an economy refers to any specified collection of interrelated set of marketed and non-marketed productive activities. In essence, 'Nigerian Economy' refer to all such economic activities taking place in the geographical domain of Nigeria or all such economic activities of Nigerian residents wherever in the world they perform such activities .

Over time various scholars have developed numerous definitions of economic structure but all seems to have a common feature that assists you in forming an opinion of what 'economic structure' is all about. However, a review of some of these definitions will broaden your knowledge on the concept and more importantly arm you with facts to enable you construct a definition of your own.

What is the Key Determinant of Economic Structure?

The structure of any economy is largely determined by its ideology and invariably its economic systems. The economic system, a product of the economic ideology of a country exercises a substantial influence on its structure.

Unit of Analysis of Economic Structure

Having refreshed your memory on the concept and importance of economic structure as well as underscoring the importance of economic system in determining economic structure, it is pertinent to introduce you to the unit of analysis of economic structure.

The Primary Sector

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resources. Their outputs are basic input into the secondary sector. Activities under this sector include farming- crop agriculture, Livestock, forestry, Fishing, Lumbering and mining – oil and gas extraction, solid minerals mining, quarrying etc.

Services and

Others.

Production is made up of: a. Agriculture b. Manufacturing c. Mining and Quarrying d. Real Construction

General Commerce is composed of: a. Bills Discounted b. Domestic Trade c. External Trade

Service consists of: a. Public utilities b. Transport c. Communication

Other Sectors are: a. Credit and Financial institution b. Producer of Government service c.

Miscellaneous

Attempt a classification of 10 working members of your family into primary, secondary or tertiary sector workers.

Submit a one page essay on the

Central bank of Nigeria . The Changing Structure of the Nigerian Economy.

[...]

You will recall that we established in unit 1 that the structure of an economy is largely determined by the economic system which is a function of the economic ideology of the nation. This unit is the second unit in this module.

'Economic Systems

This ideology postulates the idea that freedom is central to the realisation of human personality. The idea of freedom won a hold on popular imagination in the seventeenth century and from then on, was one of the moving forces of history. This ideology basically seeks to free man from oppressive authorities. When related to the Nigerian experience, this was the ideology in vogue during the fight for independence in the 1950's.

A variant of liberalism is the laissez-faire ideology. Here the bourgeoisie in their quest for power appropriated liberalism as its ideology and gave it a narrow interpretation.

Its central notion was the natural right to private property and economic freedom that is based on it. The bourgeoisie were of the opinion that complete economic freedom for its members would lead to an ever increasing expansion of wealth for the society.

The bourgeoisie claimed political predominance because they believed that the social function of wealth creation was in their hands. They then challenged the existing dynastic state and the fundamental basis of its existence in the guise of democracy- a government by them.

In what way is imperialism different from communism economic ideology?

could not equilibrate the economy again. The economy began to fluctuate in a turbulent manner. The advent of Keynes' 'general theory of employment, Interest and Money further cleared the air on the need for some measure of government intervention in the economy. In his opinion the great depression could have been avoided if Governments consciously adopted fiscal policies to stimulate aggregate demand.

The Pure Market or Capitalist Economic System

In a pure market or capitalist economic system the emphasis is on private ownership and control of resources, production and distribution process. There is complete decentralisation of everything. Competition is the key element in a capitalist economy and this is presumed to reinforce efficiency. The productive assets are purely in the hands of private owners whose objective of operation is profit maximisation. The economy is based on 'Laissez faire' ideology in which market force determines the prices and distribution of goods that is produced.

In what way is the Developed Market Economic system different from the Pure Market Capitalist Economy?

In a centrally planned economic system, the ownership of resources is vested in and centrally controlled by the state. In other words, production and distribution of activities are purely those

of government.

The Mixed market Economic System

In the mixed market economic system, the private ownership of resources is complemented with a substantial public sector ownership and participation in the production of economic activities. In a mixed economy, the prices of public goods are not often market determined but statutorily fixed in some cases to allow for economic development. The degree of mix varies from one country to another; the capitalist ideology dominates in some instances while the socialist tendencies are more prominent in others.

Is Nigeria presently more of a capitalist economy than a socialist economy?

As stated by Ayodele and Falokun, structurally dualism can be defined as the stratification of the economy to two main components. This stratification could be in terms of modernization, growth, technology and so on.

Technological Dualism with base in Higgings theory; and Financial Dualism which Myint discovered.

How will the degree of physical and natural resource endowment influence structural diversity in an economy?

From our discussion so far we have examined the basic features of various economic ideologies like Liberalism, Laissez-faire, Capitalism, Socialism, Imperialism,

Communism and Mixed economy. Similarly, the operation modes of the economic systems developed on the basis of these ideologies were discussed. We stated that in a pure market or capitalist economic system, the emphasis is on private ownership and control of resources, production and distribution process. Arising from some degree of inefficiency in operation, the developed market economic system modifies this feature by bringing in some elements of government participation in economic activities. At the other extreme, the centrally planned socialist economic system vested the ownership of resources and control in the state.

Background to Socio-Political Profile The Resource profile of Nigeria Resource Endowment of Nigeria

In the first two units of this module, the fundamental concepts upon which an economy can be analysed has been discussed in details. This has no doubt provided a foundation for the understanding of this unit and the next unit in this module.

Trace the political history of Nigeria

Enumerate Nigeria's resource endowment The Geographical and Demographic Profile of Nigeria The geographical features of an economy relates to the location, size, area and the ecology within the global spectrum. In this regard, the urban income disparity model emphasizes the importance of the location, nature and climate, the soil composition and forms with its associated vegetational distribution in the course of a nation.

Emphasis could be laid on the physical size, the magnitude of the mineral deposits, soil fertility and soil types with the richness of the associated vegetation as well as the climatic conditions. All these combine to influence and or determine the magnitude of economic development potentials which a country has in its process of national development. In addition, rapid population growth and its associated density Vis-a Vis land availability and use play some dominant roles in the process of economic development. However, where land and population of a country are in surplus, while the methodology for production is crude, productivity of labour could be low and the per capita income in such nation would also be low and remain subsistent at best.

The grasslands and The semi-desert scrub lands in the northern parts

Its main rivers are the Niger and Benue which naturally partition the country into three unequal geographical parts- North, East and West. The other less important rivers include the rivers in Kaduna, Gongola, Crossriver, Imo and Anambra. There are a few notable mountains within the Eastern boundary and also on the northern plateau whose peaks are above 8,000 meters.

Background to Socio-political Profile

In general terms, the social, cultural, educational, political and institutional characteristics of a community to a large degree reveal such country's potentials for economic development. These features reflect the character, social norms and the social values bequeathed to it by the past history mainly through its experiences. In fact, while this is the true, situations in the United States of America where citizens have not merely built upon its colonial legacies but have also

improved upon the system which it inherited; there are few others who merely assimilated such legacies which induce development but stuck to the cultural values. However, the cases of the developing countries tend to follow traditional system in most cases with those of the colonial overlords, subsequently resulting in the emergence of structural dualism.

The institutional arrangements in the light of the dominance of the public-cum private sector in any economy usually determine the process of such country's economic development and transformation. It is generally observed that in developing countries economies are usually mixed type made up of large public sector and small private sector. However, with the recent privatisation paradigm shift, this pattern could be changing slightly. It is usually argued that where markets are less developed, large public bureaucracies and capital intensive state owned enterprises would be necessary for the provision of required public goods and services. This argument therefore explains why public sector predominates in the production of utility services in most

South-South

Within the period of political transition, there were series of military change overs in government. In some cases the pledge by the military to return to the country to civil rule failed. Thus the military rule was protracted. By 1979 the country returned to the civil rule of governance which only lasted for about four years before the military government returned to the political scene. Civilian activities started again in 1999 with the Rtd.

Aboyade noted that the availability of good fertile land should make it easier

for a country to solve agricultural problem. Nonetheless, modern scientific and technological advances are making it possible to overcome several deficiencies of nature.

Natural Resource Endowment of Nigeria

1970's, the Nigerian economy was predominantly agricultural, producing primary agricultural products- cocoa, groundnuts, hides and skins, palm produce and others for exports; various tubers and other crops for domestic consumption. However, with the discovery of crude oil at commercial scale in the early 1970s in Nigeria, economic activities changed significantly in favour of crude oil exploration, drilling-cum extraction, and mining due to their profitable outlook. The crude oil sector has been the main source and engine of growth of the Nigerian economy, nonetheless, agriculture continues to remain the broad economic base of the country as well as the most dominant sector.

It is important to recognize that farmers' specialization in a type of product is usually dictated by some factors which include among others the variation in climatic conditions, the natural vegetation form and the soil topography.

List out 10 natural resources and state where they are located in Nigeria

In this unit, we learnt in terms of geographic and demographic feature that Nigeria is essentially a tropical region which constitutes the largest population in Africa with five main distinct vegetations. The country is blessed with rivers, mountains and two main seasons; dry and wet season of varying temperature and rainfall. Politically, Nigeria has operated under protracted period of military rule and currently stabilising her civilian rule and perfecting its acclaimed federalism system of government.

Which of the three sets of profile discussed in this chapter do you consider most

Publications.

Agricultural Policy for Nigeria, Federal Ministry of Women Affairs .

Background to overview of the Nigerian economy The Colonial period The Post-Independence economy

In the last unit you were treated to a discussion on the geographical, political and resource profile of Nigeria which is important in determining the structure of an economy. Hence, this unit gives a broad view of the structure of the Nigerian economy in holistic term as determined by the aforementioned factors.

Fifth decade

In general, we are going to channel our analysis mainly towards the bivocation of preindependence and post-independence period throughout this course. Now, let us discuss the economic activities in terms of sectoral contribution and or structure of national income during different era as mentioned above.

Categorise the Nigerian economic analysis using the following criteria i. Independence ii. Structural Adjustment programme iii.

Fixed

Invest.

Consumption

Expen.

G.

Amount % Increase

1023.9 329.7

[...]

1960. The annual increment for Government Expenditure, Gross Fixed investment and Consumption Expenditure were 22.1, 22.6 and 4.28 percent.

The Post-Independence Economy

In the early post-independence era, the economy was still under the influence of Britain as Nigeria import and export trade was skewed in their favour. The first and second national development plans culminated into substantial overall economic growth as indicated in the rise

in Gross domestic product. The period 1970's witnessed a structural change in the economy due to the emergence of crude oil as a major contributor to Gross National Product and the growing dominance of building and construction as an item of capital formation. Manufacturing fell below expectation due to infrastructural constraints and scarcity of willing and competent partners. The agricultural sector witnessed a negative total average growth of -0.4% and become stagnated during the third development plan.

[...]

N329. 2 billion. This has recently surged to N775. 5 billion in the year 2010. Out of this total, agriculture accounted for more than 40 percent in most of the period of analysis, constituting agriculture to be the largest contributor to Nigeria's output of goods and services. Although in relative terms the contribution has fluctuated over time and its contribution in recent time was not as much as its contribution at independence.

[...]

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Okuneye and Ayinde stated that the Civil War and the emergence of petroleum in the early 1970s scuttled the production foundation of agriculture through lack of visionary planning for sustainable development. The sector is yet to regain its central role in the economy. The misfortune is that, based on the voluminous human, material and financial resources expended on agriculture in the last 40 years, the country ought to have done much better to address the fight against the mysteries of poverty, hunger, malnutrition and ill-health. The oil boom of the early 1970s relaxed the financial constraints to development. The GDP at 1977/78 factor cost grew at an average rate of only 5.0% per annum between 1975 and 1980. One major characteristic of this growth was its very unstable nature. The growth rates ranged from -1.3% in 1975/76 to 9.5% in 1979/80. Generally, government services recorded the highest growth of 17.7% in constant terms during this period. Manufacturing grew at 13.3%, while agriculture recorded a growth rate of -2.3%. The performance of the economy suggests that there was more to underdevelopment than financial constraints.

The oil boom of the 1970s led Nigeria to neglect its strong agricultural and light manufacturing bases in favor of an unhealthy dependence on crude oil. In 2000, oil and gas exports accounted for more than 98% of export earnings and about 83% of Federal Government revenue. In recent time, mining constitutes the country's major source of wealth accounting for slightly less than 20 percent of the GDP above

90 percent of Nigeria's foreign exchange earnings and about 80 percent of the country's revenue. The crude oil industry is capital intensive. This explains why there is not much prospect in this industry in terms of providing employment opportunities for its labour force due to its relatively low labour absorptive-capacity. Currently, this industry provides employment for about two percent of the country's labour force.

New oil wealth, the concurrent decline of other economic sectors, and a lurch towards a statist economic model fueled massive migration to the cities and led to increasingly widespread poverty, especially in rural areas. A collapse of basic infrastructure and social services since the early 1980s accompanied this trend. By 2000, Nigeria's per capita income had plunged to about one-quarter of its mid-1970s high, below the level at independence.

Compare and contrast the Nigerian Economy before and after independence

Ayodele, A.S. and G.O. Falokun . The Nigerian Economy; Structure and
Balogun E.D . Structure of the Nigerian Economy, A paper delivered at a Management Seminar
Organised by CBN Training Centre, Lagos, May 31, Central Bank of Nigeria . Statistical Buletin,
Golden Jubilee Edition, 2008
Central bank of Nigeria . The Changing Structure of the Nigerian Economy, Olaloku F.A .
Structure of the Nigerian Economy, Macmillan Press Limited, THE NIGERIAN AGRICULTURAL
SECTOR

AGRICULTURAL SECTOR IN NIGERIA

Role of Agriculture in Economic Development Features of Nigerian Agricultural System I
assumed you have familiarised yourself with the basic concepts of economic structure in
module 1, you have equally been exposed to an overview of the Nigerian economic profile as a
whole. I also believe you have read and comprehend the introductory comments of this module,
with these you are set for a detailed discussion on specific sectors of the Nigerian economy.
You will recall that we are taking off this broad discussion with the agricultural sector. In this first
unit, a background of the Nigerian agricultural sector is provided through a discussion on the
nature and scope of the agricultural industry as well as its contribution to the economy.

The Role of Agriculture in Economic Development The customary approach to the role of
agriculture in economic development is

“functions” it can perform during the process of economic development.

Ayodele captures the goal of agricultural sector in Nigeria as follows

The promotion of self-sufficiency in food for the teeming and fast expanding population and also
for the supply of inputs into the industries, especially the manufacturing firms.

The generation of employment opportunities for the country’s labour force The diversification of
the sources of foreign exchange-earnings through increased agricultural exports arising from
the adoption of appropriate technologies in production and distribution.

Improvement of the socio-economic welfare of people engaged in agriculture, particularly, the
rural people enroute the generation of regular income.

Generally, the role of agriculture in transforming both the social and economic framework of an
economy cannot be over emphasized. It is a source of food for the teeming population. It is also
essential for expansion of employment opportunity, for reduction of poverty and improvement of
income distribution, for speeding up industrialisation and easing the pressure on balance of
payments.

Agriculture and Employment

More than 70% of the rural population of Nigeria is engaged in one type of agriculture activity or
the other. This roughly indicates the extent to which the agricultural sector absorbs the labour
force in the country. However, a World Bank Report puts it that the agricultural sector employed
71% of the total labour force in Nigeria in 1960 and by 1977 this was 68% in 1980, falling to

55% in 1985, 53% in 1986, 55% in 1987, 55% in 1988 and 57% annually from 1989 to 1992. Recent reports equally show that agriculture still employs over 60 percent of the Nigerian population. One of the most firmly accepted dogmas of economic development is that there is a secular decline of agricultural population and labour force of agriculture's share in the GDP in the course of development.

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in agriculture is thus theoretically plausible and has been due to the structural changes in the economy where other sectors assuming different dimensions and engaging more labour than they previously did. However, while in the course of economic development, a decreasing proportion of the national labour force which is employed in agriculture over time is inevitable, it is important that agricultural labour productivity increases in order to compensate for the outflow of labour, at a rate not less than that of labour migration less natural increase; and also to have expanding non-agricultural employment opportunities to absorb the out-migration of labour from the agricultural sector.

Agriculture and Balance of payments

One must add that increased agricultural output of industrial raw materials reduces dependence on imported inputs and goes to improve our balance of payments position.

The invigoration of agriculture is essential not only for expansion of employment opportunity, reduction of poverty, improvement of income distribution and speeding up industrialisation but also for easing the balance of payments. Agriculture in Nigeria performed this enviable role in the 1960s and before the advent of oil. The combined effects of the shortfall led to balance of payments deficits from 1981 to 1994. While net surpluses of N1.8 million and N2.4 billion were recorded in 1976 and 1980, 1981 witnessed a deficit of N2.9 billion. In 1982 and 1983 deficits stood at

N1, 398.3 million and N244.8 billion respectively while in 1994 it stood at N7, 194.9 million, having falling from N13, 615.9 million in 1993, by 2008-2009, the deficit has risen to an average of N5,437,042.9 billion. This therefore confirms a greater need for renewed attention to our agricultural sector to improve the country's balance of payment position.

In summary, the role of agriculture in transforming both the social and economic framework of an economy cannot be over emphasised. It is a source of food and raw materials for the industrial sector. It is also essential for expansion of employment opportunity, for reduction of poverty and improvement of income distribution, for speeding up industrialisation and easing the pressure on balance of payments. In effect, it has been the main source of gainful employment, from which the nation can feed its teeming population, a regenerative, providing the nation's industries with local raw materials and as a reliable source of government revenue or foreign Nigeria is blessed with a high level of oil and agricultural resources. However, despite the large revenue derived from the oil sector, agriculture remains the main stay of the Nigerian economy. Historically, there is virtually no country that has made economic progress without prior gains in her agricultural sector.

Discuss in details the Significance of the Nigerian agricultural sector in foreign

Akande, S.O . An Overview of the Nigerian Rice Economy. NISER, Ibadan

Available at <http://www.unep.ch/etu/etp/events/Agriculture/nigeria.pdf>, accessed, January 8, 2009

Year ended 31st December, 2006. CBN, Abuja, Nigeria.

General Performance of the Nigerian Agricultural Sector After

In the first unit, you have been introduced to the nature, scope and importance of the Nigerian

agricultural sector. As was earlier mentioned in the first module, the economy could be analysed from the point of view of the happenings before independence and after independence.

Compare and contrast the performance of the Nigerian Agricultural sector before and after independence

Before the colonial era, rural Nigeria had fairly complex organization. The social organisations were predominantly peasant communities, producing a variety of commodities mostly to satisfy their needs with little surpluses for exchange with other communities. Trading among the various communities was broadly based on barter terms and agriculture involved the production of crops for subsistence.

The coming of the colonialists introduced a money economy among the peasant communities. This provided an incentive for the peasant farmers to produce more cash crops for sale and eventual export to Western Europe. The various Nigerian communities produced a diversity of crops and this was a reflection of their diverse physical environment. Food crops include yam, cocoyam, cassava, while cash crops included oil palm, cocoa, cotton and groundnuts.

What major effect did colonialism had on the Nigerian Agricultural sector?

General Performance of the Nigerian Agricultural Sector after Agricultural production till date remains the mainstay of the Nigerian economy. It is the main source of food for most of the population. It provides the means of livelihood for over 70 percent of the population, a major source of raw materials for the agro-allied industries and a potent source of the much needed foreign exchange. At independence, agriculture sustained the Nigeria economy and held the promise of a vibrant agrarian economy.

The agricultural sector in periods immediately after independence performed creditably the roles highlighted above, to such an extent that the regional development witnessed during these period were linked directly to the sector. However, over the years, the sector has witnessed a tremendous decline in its contribution to national development. Development economists have in fact, attributed the present economic marasmic situation in Nigeria to the poor performance of the agricultural sector. The near eclipse of the sector in the era of oil boom, inconsistent and unfocussed government policies have been described as the fatal perturbations that rocked the boat of food security, food self-sufficiency and industrial growth in Nigeria with its attendant poverty level on the rise. It must be stated that

even though the country has witnessed substantial increase in food output volumes in the last three decades through remarkable improvement in poultry, arable staple foods and fisheries production; however, these growths have not matched the rising food demand situation, sequel to the high population growth rate in the country.

deficiencies, related diseases, rising food import bill and a general reduction in labour productivity .

Nigeria's growth experience shows a gradual and steady performance in the immediate post-independence period, with a healthy balance of payments position through exports of cash crops. Marketing boards were used to extract surpluses from the agricultural sector, which were used to provide basic infrastructure. The development of the economy since 1960 has witnessed a declining share of agriculture in the gross domestic product .

Fishery

Source: Central Bank of Nigeria, Statistical Bulletin Total Agric.

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Figure 2.2.1 also shows the agricultural share in the total GDP and rate of growth of agriculture between 1960 and 2008. It was shown that the growth rate was not significantly different from zero within the period of 1960- 1972.

Asses the performance and growth trend of subsectors of the Nigerian Agricultural sector from 1960 to 2010

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operators but fell during the 1971-1985 period when surprisingly there were substantial public sector interventions, with the Federal Government directly involved in production, processing and storage activities. The latter two phases saw a reduced direct intervention by the Federal Government thereby allowing markets to function and the subsequent return to growth in the sector.

The Pre-1970 phase was characterised by a declining share of agriculture value added to GDP, from greater than 60 percent in 1960 to about 45 percent in 1970.

1971 and 1985

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From our discussion so far, we can infer that the pre-independent economy in Nigeria was marked by the dominance of the agricultural sector. Trading in agricultural commodities was the order of the day. The colonial rule up to 1930 involves the export of varieties of cash crops. The year 1929 to 1945 was a difficult one for the agricultural sector due to fluctuating world price resulting from world war. In contrast, this soon paved way for a period of export boom between 1945-1954 which was followed by another period of price instability which necessitated the establishment of agencies like the marketing board. Nevertheless, agricultural sector remained a dominant sector before independence. On the other hand, in the post-independence period, the contribution of the agricultural sector ranges from 65 percent in 1960/61 to 42 percent in 1999/2010 with the crop subsector maintaining the lead. Nigeria's growth experience shows a gradual and steady performance in the immediate postindependence period, with a healthy balance of payments position through exports of cash crops.

0 Introduction

You have been taking through a discussion on the performance of the Nigerian Agricultural sector before and after independence in the preceding unit. This has given you the opportunity to compare and contrast the sector before and after independence.

[...]

Inadequate and untimely funding of agriculture by the public sector coupled with inefficient and/or ineffective application of such funds constitute bottlenecks to agricultural development. Budget allocation to agriculture has been historically low. About 4% of total federal expenditure of N2.87 trillion in

2009 was allocated to agriculture and water resources. Of the N796.7 billion allocated for capital expenditure, 11.52% was for agriculture and water resources. This spending falls well below the 10% goal set by African leaders in the Maputo agreement and falls short of agriculture expenditure requirements according to international standards. The Prices of inputs- fertilizer, herbicides, and pesticides have risen astronomically. These have limited their adoption and subsequent impact on yield and production levels. Also, lack of credit to farmers has limited farm size commensurate with what they can afford.

Poor agricultural production system

Majority of farmers in Nigeria's agricultural sector have small holdings varying between zero and less than 5 hectares. They employ rudimentary farm equipment and poor cropping techniques .

Low productivity

There is an inverse relationship between growth in the area of land cultivated and yields for virtually all crops. Nigeria's yield is lower than those of her competitors, both in the areas of cash crops and food crops and animal husbandry. The low productivity in the sector can be attributed to weak research and extension services, low use of improved genetics and purchased inputs, low levels of mechanization and irrigation, poor access to production credit especially in accessing micro credit facilities, decline in soil fertility, ageing farm population,

rural-urban migration by the youths, high drudgery , unattractiveness and natural factors.
Non-competitiveness The sector cannot compete in the international markets.

Food Processing challenge

It is estimated that about 20-40% of the yearly harvest is lost during processing.

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SELF - ASSESSMENT EXERCISE 1

The Nigerian government has over the years formulated good agricultural policies meant to encourage production but the intended results, however have not been achieved. The situation can be remedied only if political decision makers show enough will to do what is right.

The following are recommended by various scholars to ensure that agricultural policies succeed in Nigeria

Increased government expenditure on agriculture: adequate budgetary provision and releases should be made to fund policy initiatives. There is thus an urgent need to increase budgetary allocation to agriculture and ensure it is fully and properly executed with strong emphasis, for a start, on rural development as most of Nigeria's farmers reside in the rural areas and gain their livelihood from the farm and other rural-based economic activities.

Clarified roles for the three tiers of government in agriculture service delivery: With a federal system of government, Nigeria faces the challenges of defining roles and responsibilities of each tier of government with respect to public services and investment. However, these roles should be clarified to reduce overlaps and gaps in agricultural interventions to improve efficiency and effectiveness. More importantly, it should be ensured that sub-national governments are given access to and control over resources in accordance with expenditure assignments, with the level of accountability being very unambiguous. While the sub-national governments have discretionary power over their budgets, they must be held accountable for their performance, thus ensuring the provision of better quality service. This way, the efforts of governments would not be undermined by corruption.

Increased efforts on encouraging processed agricultural exports: Government should continue to encourage the export of agricultural produce but with emphasis shifting from raw agricultural produce to processed agricultural products that will add more value to the workers and the economy.

agricultural exports, if not to export, at least to reduce the importation of products like vegetable oil and rice. This the government can do through increased collaborate with the private sector. Therefore, the various tiers of government should act in concert with the economic reform agenda to promote a greater role for the private sector in agricultural production, processing and marketing of farm commodities.
Review of subsisting schemes.

Suggest ways in moving the Nigerian agricultural sector forward

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policies, programmes and institutions set up by successive governments of the day to revamp the Nigerian agricultural sector were enumerated and appraised. These include marketing boards and agricultural corporation from pre-independence era; The Nigerian enterprise promotion act and land use decree of the pre-SAP era, the establishment of NDE, NALDA, and NAIC among others in the SAP era to support fiscal and monetary policy of the government and economic reforms of special programme on food security, root and tubers expansion programme, presidential initiatives on selected crops and Fadama series of post-SAP period in addition to international supported programmes.

Agriculture Development

Sanni L. O. : Agricultural Development without Post Harvest System: Any

[...]

As discussed in the last unit, the agricultural sector is faced with numerous challenges and these suggestions to ameliorate these challenges have been provided overtime as rendered in the unit. Yet, there has been conscious effort to tackle the challenges of the agricultural industry through series of policy and programmes in Nigeria. This unit reviews the past and present efforts at revamping the sector. It also mention the success or otherwise the failure of these policies and

Evaluate the success or otherwise failure of the agricultural schemes, institutions and programmes.

The need to restructure the agricultural sector in an effort to enhance its role in the transformation of the Nigerian economy had long been recognized in Nigeria as evident from various plans, policies and programmes implemented over time.

Pre-Structural Adjustment Period Agricultural Extension and Technology Transfer Policy

To support the policy directions of the Government; two important legal enactments were undertaken, viz: the Nigerian Enterprises Promotion Decree of 1972 and 1977 and the Land Use Decree of 1978.

Fiscal Policies: A five year tax-free period for profits earned by companies engaged in agricultural production and agro-processing was provided.

Monetary Policies Trade Policies Agricultural Support Service Policies Water Resources and Irrigation: Re-organization of the River Basin Development Authorities in 1986 to concentrate only on water resources management and land development, including provision of irrigation facilities.

Post SAP Period

There were no significant policy pronouncements during this phase prior to 1999.

2000 - Integrated Rural Development Strategy

2001- Presidential Initiatives on special crops : The Presidential Initiative on Rice aimed for national self-sufficiency in rice production by 2005, food security, and the ability to export by 2007.

2003 - FADAMA II programme: This is in two phases. The first is funded by the World Bank and the second by the African Development Bank.

2004 - National Economic Empowerment Development Strategies

2004 - New Agricultural Policy. This is more detailed as it includes important areas of agriculture which were not emphasized in the 1988 document.

2006 – National Fertilizer Policy for Nigeria.

2007 –2011 - The 7-Point Agenda: This encompassed, power and energy, food security, wealth creation, transport sector, land reform, security, and education. With respect to food security, the reform is primarily agrarian based. The emphasis on the development of modern technology, research, financial injection into research, production and development of agricultural inputs to revolutionise the agricultural sector leading to an expected 5 – 10 fold increase in yield and production. This is

expected to result in a massive domestic and commercial outputs and technological knowledge transfer to farmers. The agriculture sub-component of the 7-Point Agenda is spelled out in the 5-Point Agenda of Federal Ministry of Agriculture and Water Resources . The key programmes of the 5-Point Agenda are: Developing Agricultural Policy and Regulatory Systems , Food Systems Network, Rural Sector Enhancement Programme , Developing Agriculture Inputs Markets in Nigeria , and Maximising Agricultural Revenue in Key Enterprises .

[...]

Supervised Agricultural Loans Board. Most state governments set up these boards to dispense finance in form of credit to farmers.

What led to the failure of the agricultural programmes enumerated above?

Nigerian Agricultural, Cooperative and Rural Development Bank , 1972 to date. Formerly Nigerian Agricultural and Cooperative Bank, NACB, it was jointly established by the Federal Government of Nigeria and the Central Bank of Nigeria to dispense credit to cooperatives , agribusiness , and individual small holder farmers at a subsidized interest rate.

[...]

This agency adopted an integrated approach to rural development. The philosophy recognized that increased food production was tied to development of rural economic infrastructure. Budget allocation to DFRRI was N433 million in 1986, N500 million in 1987 and N1 billion in 1988 respectively.

National Agricultural Land Development Authority – 199

During the 8 years of NALDA intervention, significant successes were recorded.

[...]

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.

Community banking programme, 1991 to 200

2002 when this function was transferred to the CBN.

Root and Tuber Expansion programme -200

National FADAMA Development Programme 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.

FADAMA is a Hausa word for low lying flood plains usually with easily accessible shallow

groundwater.

Family Economic Advancement Programme , 1997 to 2000

National Poverty Eradication Programme , 1999 to date. Like FEAP, NAPEP was established by the federal government. The mode of operation is tailored towards directed credit to farmers. The programme consists of four schemes namely, Youth empowerment 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 empowerment and provision of social services, provision of agricultural input and credit delivery to rural farmers. ;

Which of these initiatives above do you consider most effective in Nigeria?

Against the background of numerous challenges confronting the agricultural sector defying many proffered solution, this unit enumerate and discusses various policies, programmes and institutions set up by successive governments of the day to revamp the Nigerian agricultural sector. These include marketing boards and agricultural corporation from pre-independence era; The Nigerian enterprise promotion act and land use decree of the pre-SAP era, the establishment of NDE, NALDA, and NAIC among others in the SAP era to support fiscal and monetary policy of the government and economic reforms of special programme on food security, root and tubers expansion programme, presidential initiatives on selected crops and Fadama series of post-SAP period in addition to international supported programmes.

International Food Policy Research Institute c/o International Centre for Soil Fertility and Agriculture Development THE NIGERIAN INDUSTRIAL SECTOR

In module 2, you have been taken through specific but extensive discussion on the Nigerian agricultural sector. I am sure you have found it interesting enough. It is high time we move into another important sector within the Nigerian economy, I mean the Industrial sector.

[...]

This is the first of the three units in this module. It comprises essentially of brief definitions and meanings of concepts; industries, industrialisation. In addition, the importance and necessities industrialisation in the Nigeria's economy shall be discussed.

Concept of Industry/ Industrialisation

An industry refers to a number of firms producing broadly similar commodities. Thus, industrialisation is the process of building up a nation's capacity to convert raw materials and other inputs to finished goods and to manufacture goods for other production or for final consumption. There are four main types of industry: Processing Manufacturing, Craft and Mining industries.

Which of the three subsectors identified do you considered most developed and income earning for Nigeria?

Necessity and Significance of Industrialisation The Primary focus of economic planning and management through whichever approach , particularly, in developing countries such as exist in Africa is economic transformation for economic development. Effective economic transformation/development is expected to reflect in the improvement of the quality and the standard of living of the populace. The specific impact of such and improvement in the quality of life would involve: raising people's living level so much so that their incomes and consumption level of food, medical services, education, utilities and social services expand through relevant economic growth processes: and ii. creation of conditions conducive to the growth of people" self-esteem through the establishment of social, political and economic system and institution which promote human dignity and respect".

However, to expedite action and subsequently reinforce the pace of the processes of attaining these goals, Boeninger , proposes the need for the government of the country to make provision for the prevalence of some socio-economic transformation conditions which involve increasing people's freedom to choose by enlarging the range of their choice variables, for example, increasing the varieties of consumer and capital goods and services at reasonable costs.

Industrial Sector Contribution to Nigeria's GDP

As computed in Table 3.1.1, the industrial sector as a whole contributed N145.6 billion the countrys GDP in 1960.

0 percent in the year 2000, 2

Table 3.1.1: Industrial Sector Contribution to Real GDP 1960-2010

*Note that the GDP was compiled from 1960-1973 using 1962/1963 constant basic What was responsible for the declining contribution of the industrial sector to GDP after 1980?

Having defined Industry and Industrialisation in this unit, we have highlighted the four main types of industries viz: Processing, Manufacturing, Craft and Mining. We further define the scope of Nigerian industrial sector as: the crude oil and natural gas, the solid minerals and the manufacturing subsectors.

REFERENCE/FURTHER READINGS

Adejugbe, M.O. A. . Macroeconomic Policies and the Industrial Sector. In Iwayemi, A. Macroeconomic Policy Issues in an Open Developing Economy A Case Study of Nigeria.

[...]

the status of the manufacturing industry in Nigeria before and after independence. The

discussion in the pre-independence period will be very brief simply because not much is known about manufacturing in Nigeria before independence unlike the agricultural sector which is culturally and traditionally part of Nigerian prominent vocation and has since contributed immensely to the economy even before independence.

[...]

Concept and Importance of Manufacturing Manufacturing is a sub-set of the industrial sector. Manufacturing involves the conversion of raw materials into finished consumer goods or intermediate or producer goods. Manufacturing, like other industrial activities, creates avenues for employment, help to boost agriculture, help to diversify the economy, while helping the nation to increase its foreign exchange earnings in addition to enabling local labour to acquire skill.

The Manufacturing Sector after Independence The manufacturing sector in Nigeria after independence shall be discussed under the following subheadings

Immediate Post-Colonial era : the post-colonial era of the 1960s signifies the second phase of Manufacturing in Nigeria. This era is characterised by more vigorous import substitution and the beginning of decline for the oriented processing of raw materials.

In spite of the incentives created, the little investible funds that came in within the

1960/70 period were not focused on manufacturing but diverted to commerce to make quick money. Besides, it did not reduce Nigeria's dependence on the external sector as envisaged. Such a policy of import substitution meant initially to reduce overdependence on foreign trade and save foreign exchange turned out to be a mere assemblage of those items rather than manufacturing. This negated the original aim, since almost every item needed by the so-called manufacturing industries was imported. At the same time, foreign ownership of manufacturing facilities reached its peak.

The advent of Oil : this was remarkable because the advent of oil and the enormous resource it provided for direct government investment in manufacturing. In this period of the global commodity and crude oil booms, Nigeria experienced some windfall gains which expectedly heralded considerable revenue inflow. Such an inflow constituted a financial relief in Nigeria's process of industrial transformation.

In this regard, it was assumed that Nigeria would use the crude oil revenue for effective industrial transformation.

the Peugeot and Volkswagen Assembly plants; and the petro- chemical plant, among several others. This made the government to exercise almost a complete monopoly in the following sub-sectors: basic steel production, petroleum refining, petrolchemicals, liquefied natural gas, edible salt, flat steel plants, machine tools, pulp and paper , yeast and alcohol , and fertilizer and hence intense economic activity but poor results since government's attempts at diversification into non-traditional products such as steel, petrochemicals, fertilizers, and vehicle assembly yield little success.

The import substitution industrialisation therefore later, yielded place to export promotion industrialisation, particularly after the 1972/73 windfall gain from the crude oil price explosion at the global crude oil market.

1970 or thereabout, crude oil sold for less than \$2 per barrel with Nigeria producing less than 0.5 million barrels per day .

Declining growth

From 1990, the manufacturing industry persistently witnessed a declining growth. The growth declined to 6.8% in 1995; 6.5% in 1996; 6.3% in 1997 and 6.2% in 1998.

Of what significance is the discovery of oil to the manufacturing industry?

As computed in Table 3.2.1, the manufacturing subsector contributed 4.6 percent in 1960, 7.0 percent in 1965 and 7.7 percent in 1970 and 1975. The contribution from the Table 3.2.1: Manufacturing Sector Contribution to Real GDP 1960-2010

ii. Cement ii. Cement

*Note that the GDP was compiled from 1960-1973 using 1962/1963 constant basic subsector rose to 11.1 percent in 1980 due to the oil wealth that was invested in the sector and subsequently decline to 6.0 percent in 1985. This downward trend had continued since then despite all efforts to revitalise the sector. By 1990 the contribution has gone down to 5.5 percent and 4.2 percent in the year 2000. Worse still, it continued to diminish in contribution to GDP as it recorded a share of 3.8 percent and 2.1 percent respectively in 2005 and 2010.

It is of important to note that the manufacturing subsector of the industrial sector respectively contributed 78.3 and 59.3 percent of the total contribution of the industrial sector to GDP in 1960 and 1965 respectively. The share of the manufacturing subsector in the total GDP contribution of the industrial sector begin to decline from 38.8 percent in 1970 to 15.9 percent in 1975.

How can Nigeria reverse the declining trend in the growth of the manufacturing

Adejugbe, M.O. A. . Macroeconomic Policies and the Industrial Sector, In A Case Study of Nigeria. NCEMA, Ibadan pp465-498.
Central Bank of Nigeria .

[...]

This unit is the last of the four units in this module. The main thrust of the unit is to review some of the challenges of industrialisation in Nigeria.

Inadequate funding

Inadequate and untimely funding of manufacturing industries by the public and private sector coupled with inefficient and/or ineffective application of such funds constitute hindrance to Industrial development. Budget allocation to the development of the industrial development has been found inadequate quite often. The setting up, production and maintenance of industry are highly capital-intensive, yet little or no credit is made available for industries. When credit is available, the interest rate is high, thus increasing their cost of production. In Nigeria, infrastructural facilities are grossly inadequate.

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