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**AEE 512**

**AGRICULTURAL RESOURCE ECONOMICS**

**15/SCI07/002**

**QUESTION**

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

**DISCUSSION**

Agriculture plays a significant role in the transformation of the Nigerian economy with high potentials for employment generation, food security and poverty reduction. Going back to ‘past glory” agriculture in the 1960s provided the main source of employment, income and foreign exchange earnings for Nigeria. This was due to focused regional policies based on commodity comparative advantage (Azih, 2011). As at 1961, Nigeria was the leading exporter of groundnut with a world’s share of 42%. The country also had 27% of the world’s palm oil export, 18% of cocoa and 1.4% of cotton as the major West African cotton exporter. Up to the early 1970s, agriculture accounted for well over 80 percent of Nigeria’s Gross Domestic Product (GDP) and the major value of the country’s exports (Oluigbo, 2012). Consequently, Nigeria is currently one of the largest importers of food in the world, spending over $10 billion annually importing wheat, rice, sugar and fish (Fertilizer Suppliers Association of Nigeria (FESPAN), nd).

Moving further, the major problem of agriculture in Nigeria has been linked to unstable government policies/agendas/strategies starting from the advent of the: exploitative strategy (1950’s) to Agricultural project strategy (1960’s) to Direct government production strategy (1970’s) to Integrated rural development strategy also known as SAP (Structural adjustment program) ( 1980’s – late 1990’s) to The new Nigerian agricultural policy (1999 – 2009) (Daniel and Ihechituru, 2011). To The agricultural transformation agenda (ATA) from 2010 up till date. Nigeria’s perception of the place and role of agriculture in national development changed considerably over time. The affected policies, strategies and schemes used to address issues of the scheme equally changed. Different strategies adopted by the country shows dynamism and changing strategies that overlaps and cannot be appropriately segregated into time phases. Often it was a combination of two or more strategies to implement agricultural policies designed at different time periods. According to Olayemi (1998). The effects of these policy changes and programs were reflected in the deficits recorded due to rising population and import restrictions on cereals and grains, supply shortages due to significant increase in land area under cultivation, and instability in input and output markets, among others. Annual deforestation rate remained at the rate of 76% per year due to higher demand for agricultural land, fuel wood and rapidly growing population (UNEP, 2006). Evidence from Olayemi (1995), Olomola (1998), Garba (1998) have indicated minimal positive impact of these reforms/policies. The evidence stems from the decaying rural infrastructure, declining value of total credit to agriculture, and declining domestic and foreign investment in agriculture. The increasing withdrawal of manufacturing companies from their backward integrated agricultural ventures has reduced investments in the sector considerably. Input supply and distribution have been hap-hazard and inefficient and most agricultural institutions were ineffective prompting its scrapping in year 2000 of some of the institutions established for agricultural promotion. A critical examination of the reforms/policies and their implementation over the years show that policy instability, policy inconsistency, lack of policy transparency, poor coordination of policies as well as poor implementation and mismanagement of policy instruments constitute major obstacles to the implementation and achievement of the goals and objectives of these policies. Policy instability and lack of policy transparency are not unconnected with political instability and bad governance. Several policy measures were initiated and changed without sufficiently waiting for policy effects or results. At one time or the other, agricultural production passed through periods of protection and unbridled opening up for competition. Also, it passed through era of “no government” and “less These could all be attributed to poor coordination and faulty implementation of policies as well as mismanagement of policy instruments. Agriculture contributed 42% of Nigeria’s gross domestic product (GDP) in 2008 (National Bureau of Statistics). However, despite having grown at an annual rate of 6.8% from 2002 to 2006, 2.8% higher than the sectors annual growth between 1997 and 2001, food security remains a major concern due to the subsistence nature of the country’s agriculture (Nwafor, 2008). Many of the strategies used to improve agricultural growth in the past have failed because the programs and policies were not sufficiently based on in-depth studies and realistic trial surveys (Adebayo et al., 2009). This could be attributed to lack of public participation in the design, formulation, implementation and evaluation of policies as well as limited implementation capacity within the sectoral ministries and a poor understanding of the details and specifics of polices by implementers (Adebayo et al., 2009). The main factors that influenced the effectiveness of policies on agriculture include high demand for agricultural produce, availability of improved technology, efficient dissemination of information by the ADPs (Agricultural development programs) and value added leading to improved income. On the other hand, the common factors responsible for the ineffectiveness of policies and regulations, especially on the downstream segment of agriculture, include instability of the political climate, insecurity of investment, non-standardized product quality, non-competitive nature of agricultural products from the country in the export market due to high cost of production and lack of adequate processing facilities (The New Nigerian Agriculture Policy, 2001).

Furthermore, ATA (Agricultural transformation Agenda) the policy currently implemented is the brain of the Federal Ministry of Agriculture and Rural Development aimed at tackling unemployment, creating wealth through the creation of at least 3.5 million agricultural jobs and ultimately achieving food security in Nigeria. The initiative is aimed at an overall development of the agricultural sector with focus on value chain development as a blueprint towards reviving agriculture to its former glory. Also has it shortcomings seen as seen in private and public sector particpation. Agricultural production is predominantly subsistence, small scale and largely rain-fed. Low capacity in terms of finance, knowledge, skills and technology to exploit available resources intensively and efficiently impedes smallholder’s transformation into commercial farming as well as undermines private sector investment and incentives for entrepreneurship (Willoughby, 2004). The small-scale farmers in Nigeria bore the burden of agricultural development efforts (Egwu and Akubuilo, 2007). As for food crops sub-sector the analysis of production performance reveals that production of most of food crops is far below potential level. Main factors contributing to low production and productivity are: recurrent droughts, which have recently increased both in frequency and severity; low input use including lack of improved planting material e.g. seeds and inadequate use of fertilizers and pesticides; limited knowledge on improved production technology, weak support services (research, extension and credit); degradation of natural resources; low productivity of labour; high post harvest losses; limited small holder’s adaptation of improved farming practices; and inadequate capital investments for farm improvements. Given the seasonality in crop production and persistent climate change, investment in expansion of land under irrigated agriculture and water harvesting techniques would be the most reasonable option for stable and higher agricultural productivity. The potential exists to increase both smallholder and large-scale irrigation (Willoughby, 2004). Although the livestock sector performance is encouraging, recent livestock production growth rates have showed overall positive trend but productivity per head has remained very low. This is attributed among others by; (a) inadequate provision of animal health and management services such as availability of quality and affordable animal feeds; (b) an outdated and weak regulatory framework; (c) poor genetic potential of livestock breeds (d) weak linkages between producers and markets; and (e) inadequate number of qualified technical personnel, equipment and lack of research facilities (Adeniyi, 2012). Despite these constraints, Nigeria has significant potential for market-led commercialization of the livestock sub-sector, driven by domestic urban demand and the increasing tourist investments. In addition there is limited value addition for primary export commodities as well as for other potential export crops such as fruits, spices and perishable commodities (vegetables, livestock products and fish). Seasonality of production and lack of storage facilities render these commodities more vulnerable to large scale losses. The sub sector is also constrained by inadequate infrastructure, poor management, lack of experience in value addition and branding, inadequate creativity and weak entrepreneurial skills. Poor post- harvest and handling technology leads to poor quality of local agricultural products that make it difficult for smallholder producers to capitalize on the opportunities provided by the growing local and export markets. The demand for high-value primary and processed products is rapidly increasing, driven by rising incomes, faster urbanization and market segmentation, liberalized trade, foreign investment, and tourism. These developments are expanding both internal and external market opportunities, which are important for fostering agricultural and non-farm growth and for greater employment and rural incomes. According to Ajani (2012), non-farm occupations played a major role in generating high income for the rural women and efforts should be geared towards improving the activities of rural women in non-farm occupations through provision of rural industries, effective poverty reduction programs and establishment of vocational skill acquisition centers in order to increase their incomes. The increase in budgetary allocation has not been directed to facilitate the core functions of the sectors such as research and development, human resource development, agricultural related infrastructure resulting in poor provision of agricultural support services, weak policy implementation and inadequate enforcement of regulations (Adeniyi, 2012). The agricultural related infrastructure is constrained by inadequate and poor state of crop, fisheries, and livestock related infrastructure, namely: small to medium scale irrigation schemes, rural feeder roads, agricultural rural market centers and storage facilities, fish landing sites, slaughter houses and abattoirs. These constraints contribute to low production and productivity performance of the sector (Escribano, Guasch and Pena, 2008). As for agricultural support services such as agricultural mechanization, input supply, extension, research, advisory services and financial services, the government has been a sole provider of these services in the last four decades. The private sector, on the other hand, has not been able to adequately participate in the provision of agricultural support services albeit the government policy as enshrined in the agriculture sector (Willoughby, 2004). According to World Bank (2008), the ineffectiveness of private sector is partly attributed to limited financial and operational capacity, limited knowledge on demand and profitability of the sector, and unclear incentive package or investment into the sector. The other constraint that limit private sector participation in the provision of agriculture support services is the continued government generous provision of services at subsidized price, a situation that limit private sector operations at market costs. With regards to weak policy implementation, government’s capacity to implement policies and strategies is constrained by limited availability of skilled manpower, brain–drain and weak public, private and farmer’s institutions. Failure of government to provide attractive incentives for most trained and qualified staff to perform efficiently has negatively impacted on research and technology transfer as well as effective implementation of existing policy and strategies. As a result, agriculture sector institutions have remained understaffed both in terms of quality and quantity, therefore their effective fulfillment of core functions remains unsatisfactory.

**CONCLUSION**

Regrettably, the discovery of crude oil in the late 1960s and the huge financial gains benefitted from it made the government to shift its priority from agriculture to crude oil and relied on food importation as a means of feeding her citizens. Thus, leading to the declining contributions of agriculture to the gross domestic product (GDP) for the past three decades. This could be associated with the gross neglect of the agricultural sector and over dependence on the oil sector. Therefore, there is an overwhelming need for the restructuring of Nigerian agricultural sector if its ever hopes to contribute to the GDP (Gross domestic profit) used for economic development.

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