Economics of Agricultural Sector Development and Employment Generation in Nigeria

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Abstract

he paper discusses the economics of agricultural development on employment generation in the Nigerian economy. The synergy between agriculture and employment generation cannot be overemphasized not only in catapulting the growth of the economy permanently out of the cycle of recession, but also fast racking the achievement of the nation's macroeconomic objectives of sustained economic growth and full employment. The objectives of the paper amongst others include; examining the nexus between agricultural development and employment generation, identify the key strategies the nation has put in place in its agricultural practices. The paper adopted the political economy approach in its analysis. The paper identifies stepchild attention, incoherent and lackadaisical attitude of the public, private sectors, foreign investors and most especially insincerity of purpose on the part of government in developing the sector to achieving stated agricultural objectives. We recommended that the public sector, the private sector, foreign investors and indeed individuals in Nigeria should as a matter of priority adequately and sustainably address issues that will promote agriculture to drive employment generation and food security. These issues specifically should include adequate provision of agricultural policies, adequate provision of credits and farm inputs at affordable prices, pesticides, fertilizers, herbicides, animal feeds, improved seeds, and importantly, advisory services to small holder farmers, rehabilitate the quality of lives in the rural areas, such as industrialization and sustained power supply, portable water, roads, banking and health care facilities to curb rural urban migration, land reform is also critical in stimulating agricultural development in Nigeria, tackle insecurity, especially, the Herdsmen/Farmers crises, thereby creating conducive environment for increased foreign direct investment(FDI) inflows, amongst others.

Keyword: Agriculture, Development, Employment, Nigeria

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Background to the Study

The agricultural sector has always been the main stay and driver of development process in most nations of the world. The development of the agricultural sector for economic development cannot be overemphasized as it had provided most economies with the needed incentives for self sufficiency in food security and industrialization. The sector had sustained the Nigerian economy before and just after the independence until the discovery of crude oil in commercial quantity in 1958 through 1970s. The agricultural sector contributed immensely to the growth of the Nigerian economy. The Nigeria's agricultural sector was indeed rendered less competitive overtime through the over-valued currency, inappropriate pricing policies and dearth of farm labour caused by the migration of the youths to the urban centers in pursuit of wage employment in the non-agricultural sectors (Ojo, M.O. (1994).

According to FAO estimates, some 1.3 billion people work in agriculture around the world, 97 per cent of the 1.3 billion people are in the developing countries. Governments at all levels are desirous of increased agricultural output in order to achieve adequate supply of output. Consequently, measures have been adopted to increase supply of locally produced primary food products to curb import of basic primary products which farmers in Nigeria considered as priorities for reducing hunger in the United Nations Millennium Development Project in 2005 (UN-MDP, 2005). In Nigeria, the need to summersault agricultural output in a bid to achieve the Sustainable Development Goals (SDGs) cannot be overemphasized due to the fact that this sector had been the chief source of livelihood.

Olayemi (1976) posits that the agricultural sector provides employment for about 67 per cent of the active population. In the agricultural production function, the relevant determinants for agricultural production are land, labour, capital, fertilizers, pesticides, viable seeds and policies (Tombofa, 2006).

According to Angaye (2016), Agriculture covers crop production, livestock, fishery, forestry and wildlife. Despite the growing importance of petroleum, Nigeria is essentially an agrarian economy with agriculture recording a significant share of GDP as well as providing employment for the bulk of the labour force. With very little assistance from government, Nigerian agriculture was able to provide adequate food for an increasing population, raw materials for a budding industrial sector, increasing public revenue and foreign exchange for government and employment opportunities for an expanding labour force before the 1960s. In 1960, agriculture accounted for about 70 per cent of employed labour force.

Abayomi 1997 opined that, "Agriculture comprising of crop production, livestock, forestry and fishing is a prominent active sector in the Nigerian economy. Nevertheless, stepchild attention has been given to the agricultural sector since the early 1970s as a result of the emergence of the oil sector as a major player in revenue profile of the federal government and as a leading source of Nigeria's foreign exchange earnings. Yet the agricultural sector, among others, feeds the teeming population and provides some of the necessary raw materials for the industrial sector".

Some African Countries especially, those within the Southern part of the Continent such as Kenya, Botswana, and Zimbabwe have made appreciable achievements in the agricultural sector in spite of the harsh climatic conditions such as drought, but in Nigeria and most West Africa Countries much is yet to be recorded in terms of successes in the agricultural sector. Specifically, Nigeria has not been able to established enduring standards in cattle and other farm animal rearing, leading to incessant clashes between herdsmen and farmers. Agriculture is still practiced traditionally leading to subsistence agriculture where the yield is almost not even enough to take care of the immediate needs of the farmer, the resultant effects been food insecurity. The question that is mind bugling is whether Nigeria as a nation has not appreciated the critical role played by agriculture not only on employment generation but to its industrialization. Documental facts on these issues are lacking as to why agriculture in Nigeria cannot serve as a veritable means for employment generation.

The agriculture sector had played and still plays strategic role in economic growth and development in developed and developing nations. The role of agriculture to development is evident on the industrial revolution in Britain, United States of America, Germany, Japan and Russia. Industrialization cannot be possible without the development of the agricultural sector in any nation, especially Nigeria. Clearly, increased agricultural output tends to contribute significantly to economic growth and development. Hence, the need to develop the agricultural sector to achieve unemployment reduction in Nigeria. It is against this backdrop that this paper examines the critical role agriculture plays in the Nigerian economy especially because of value chain agricultural sector development can provide for other sectors of the economy and the security of the nation.

Literature Review

The employment impetus for regional economic development is enormous, especially to nations where agricultural production goes beyond subsistence and supplies the food market or enterprises that process primary products. Employment in sectors associated with farming such as retails trade, services (transport, finance) and food processing is directly linked to agriculture. There is no gainsaying the fact that the Nigerian economy witnessed economic recession and slowly emerging from recession as evidenced in the 1st and 2nd quarters of 2016, by a growth rate of -0.91 per cent and -1.49 per cent respectively (NBS 2016) to a growth rate of 0.55 % in Q2 of 2017, attributed to the performance of the oil sector, agriculture, manufacturing and trade. This therefore requires purposeful and enduring policies that will not only quicken the recovery, but will be a trajectory to sustained economic growth and development. Agriculture sector development and employment generation are major twin macroeconomic measures that will catalyze the economy. This is stem from the roles played by agriculture and job creation in any nation. Agriculture as indicated above plays important role as harnessing the gains from agriculture shall stimulate the economy as it will encourage the manufacturing sector for the production of local commodity intended to be consumed locally and for export thereby increasing the nation's Gross Domestic Product and the nation's external reserve.

It is a common knowledge that the level of unemployment is steadily on the rise which has made it imperative of governments to formulate and implement result oriented policies geared towards agriculture development for job creation in Nigeria. There is a link between government policy (fiscal) and agriculture development for employment generation. Fiscal policy is concerned with actions of the government to spend money, or to collect taxes, with the purpose of influencing the conditions of the national economy (Tom-Ekine, 2014).

Thus, expansionary fiscal policy is needed to combat the ills of unemployment and hence create employment for the populace (Onwuka, 2010, and Obayori, 2016). The importance of agriculture to developing nations, behoves on government to utilize fiscal policy instruments, particularly, government expenditure and taxation to create employment in Nigeria in order to drive the economy towards sustainable growth (Gbosi, 2015 as cited in Udeorah, Obayori and Krokeyi, 2017). Olayemi (1976) posits that the agricultural sector provides employment for about 67 per cent of the active population).

Therefore, if Africa is to achieve a rapid and high growth rate of about 10 per cent or more, and be able to significantly address its pressing development challenges and priorities of ensuring food security, increasing gainful employment, reducing poverty, increasing trade, improving living standards among others, then it must urgently expand, diversify and transform its productive base beyond its largely traditional primary sector. This, according to the standard economic growth and development process, can only be attained if the continent pays greater attention to and places emphasis on development of agriculture development and employment as an engine of economic growth and development.

There is a link between agricultural sector development and employment generation in developing countries, especially Nigeria. An improvement in the agricultural sector, no doubt, shall reduce the level of poverty as it shall provide employment for the teaming jobless youths. Nigeria is endowed with abundant natural resources such as, which have served as a blessing. The sector covers crop production, livestock, fishery, forestry and wildlife. Despite growing importance of petroleum, Nigeria is essentially an agrarian economy with agriculture accounting for a significant share of GDP as well as providing employment for the bulk of the labour force. With very little assistance from government, Nigerian agriculture was able to provide adequate food for an increasing population, raw materials for a budding industrial sector, increasing public revenue and foreign exchange for government and employment opportunities for an expanding labour force before the decade of the 1960s. In 1960, agriculture accounted for about 70 per cent of employed labour force. However, in 1992, the percentage contribution of agriculture to total gainful employment and GDP had declined to about 60 per cent and 38.5 per cent respectively, while its share of total exports was only 1.5 per cent due to the neglect of agriculture (Angaye, 2016).

Based on the above, agricultural sector development will create employment in Nigeria, especially now that the economy is crawling out of recession. Despite the fact that the sector provides food and raw materials to non-agricultural sectors, it also create demand for goods produced in non-agricultural sectors, it create massive employment to a vast army of educated and uneducated – skilled and unskilled labour force. Hence, for an economy to progress, development of the agricultural sector is important.

The popular Keynesian theory of employment or income posit that increase in government expenditure and the reduction in tax rate would in the long run bring about reduction in the level of unemployment and create substantial employment opportunities an economy. The Keynesian theory of employment indicates the functional relationship as Q = f(K) (2.1), where; Q represents the rate of employment, K represents the government expenditure. From the above functional equation, government can reduce unemployment through its expenditure. The role of government economic growth, full employment etc, which is what the economy needs to move out of recession, is critical.

The International Fund for Agricultural D (IFAD) indicates that each additional U.S dollar earned in the agricultural sector generates another 30 to 80 cents outside the sector. In regions with a prospering and export-oriented agriculture, the World Bank has determined that as farmers' incomes increase, more and better paid jobs emerge within and outside the agricultural sector as well. This is evidenced by a study conducted by the Seminar for Urban Development (Seminar fur land-liche Entwicklung (SLE) on the impacts of irrigation projects running for 30 years under German Development Cooperation with Bolivia has revealed that income and employment effects from these projects are impacting very positively on other sectors. The study reports an increase in the demand for micro-loans, a near doubling of public suburban transport (more minibuses) and growth in the transport sector, agricultural trade and the local food service industry.

Ogbalubi, L. N and Wokocha, C.C (2013), examined Agricultural development and employment generation with particular reference to Nigeria. The study acknowledged the important role agriculture plays in developing countries such as Nigeria not only in employment generation but also for overall economic growth. It recommends that there should be adequate provision of credit facilities to farmers, extension services, price stabilization and making agriculture a priority etc to ensure that the sector takes rightful place in our economy. The paper is hinged on the Keynesian theory of output and employment where governments expend or invest on agricultural sector to achieve employment in Nigeria.

Theoretical Framework

Keynesian theory and Employment Generation

Keynesian macroeconomists believe that left alone, especially during economic recession, the economy would rarely operate at full employment and that to achieve and maintain full employment, active and deliberate fiscal and monetary policies application is needed.

Therefore, they call for application of fiscal and monetary policies to actively offset changes in aggregate demand; stimulating aggregate demand in a recession, full employment can be restored. Hence, developing the agricultural sector to employment in Nigeria is key. Nigeria had launched several programmes to improve agricultural and food production. These included the National Accelerated Food Production Programme (NAFPP) in 1973; River Basin Development Authorities in 1973; the Operation Feed the Nation (OFN) in 1976; the Green Revolution in 1980; and the National Agricultural Land Development Authority (NALDA) in 1991. The federal government also embarked on three pilot integrated agricultural and rural development projects in Funtua, Gusau and Gombe in 1975 as recommended by the World Bank, (Angaye, 2016). Other programmes such as Better Life Programme For Rural Women later changed to Better Life for Rural Dwellers and better known as Better Life Programmes (BLP) which took placed in September 1987 to encourage rural women to improve their standards of living, and to inculcate in rural women the spirit of selfdevelopment through education, business. The Family Support Programme (FSP) replaced the Better Life Program (BLP) in 1994. The programmes discussed above were geared towards employment generation in Nigeria.

Methodology

The study adopted the political economy approach, which is descriptive in nature. Descriptive research is chiefly concerned with finding, describing and interpreting "what is". Descriptive research as the name implies, seek to quantitatively and qualitatively describe the nature of a particular problem or topic. Descriptive research as a major research approach, enhance qualitative policy decision making since it creates a clear picture of a particular situation or population which promotes its understanding. It also serves as a pre-requisite to inferences and generalizations (Robinson 2007). Therefore, the paper uses tables to show the strengths, weaknesses, opportunities and threats of Nigeria in the 21^{st} century and experiences of some recently industrialized economies.

Agriculture Development and Employment Generation a Nexus

Agriculture is somewhat a precursor to economic development due to its influence on economic activities; thereby creating job opportunities for the unemployed that would eventually bring about economic development in the long-run. That is why the role of agriculture to economic development cannot be neglected in its ramification. Development economists assign agriculture sector a central place in the development process. Development economists had emphasized industrialization, however, relied on the agricultural sector to provide necessary food and raw materials for industries. Much later thinking moved agriculture more to the forefront of the development process; the hopes for technical change in agriculture and "green revolution" suggested that agriculture could be the dynamo for growth (Wilber and Jameson, 1992).

According to Kemgbara and Tombofa (2007), industrialization plays a key role in economic development such as; diversification of the economy – making more goods and services available to households, firms and government; training and development of

skilled personnel; increased modern sector employment; technological development; aids expansion in infrastructures – roads, electricity, etc.; boost to agriculture – industrial uses agricultural products as its raw materials; self-sufficiency and raising the standard of living. The institutional dynamics of the development of agriculture in Nigeria as it relates to program and policy formulation cannot be over stressed. The chronicle of national agricultural programs and projects is robust. As far back as 1959, the nation has put in place programs that the farm settlement scheme which was expected to be the trajectory to not only job creation and massive food output but to also provide the bedrock for the provision of raw materials to service other agro industries. Other programs which would have inculcated into the national agricultural development included the Operation Feed the Nation (OFN) National Accelerated Food Production Program, Agricultural Development Program(ADP), River Basin Authorities (RBDA), Niger Delta Development Basin Authority(NDDBA), Agricultural Credit Scheme Green Revolution, Directorate of Foods Roads and Rural Infrastructure and other of such programs which have the potentials to generate employment opportunities.

Challenges to Agriculture Value-Chain Development in Nigeria

Developing Nigeria's Agriculture for employment generation is not without some challenges as Kemgbara and Tombofa (2007: opp. cit.) identified some obstacles to the establishment of industries, which include; inadequate infrastructural facilities–electricity, roads, communications, etc; inadequate technology due to illiteracy and ignorance; inadequate capital; limited entrepreneurial/managerial ability; lack of cooperative spirit among entrepreneurs; market limitation due to – low incomes; external competition; inadequate government support; poor infrastructural facilities like electricity, good roads, communications, multiplicity of taxes and levies, insecurity discourage investment; inadequate raw materials. If the above holds through, then, the need for government formulate and implement appropriate policy measures towards developing the Agricultural Sector for job creation in Nigeria.

Conclusion and Recommendations

The rising importation and prices, the yearning for more agricultural output and the speedy decline in resources, and climate change, increasing population size in developing countries, especially in Nigeria makes it more critical to the development of the agricultural sector for employment generation in Nigeria. There is a need to develop Nigeria's agricultural sector especially as the economy is exiting recession, which shall create employment opportunities. However, development of agricultural sector for employment generation is a progressive steps through implementation of macroeconomic policies to acquire and deepen manufacturing capabilities. The imperatives of agriculture for job creation in Nigeria cannot be overemphasized. Unemployment in Nigeria has become a hydra headed monster that is affecting the economy and its society. If Nigeria must speedily move out of the current state of high unemployment and avert its effects (criminality such as; kidnapping, bunkering, cultism, street thieves, thuggery, and militancy), agriculture development for job creation is the key. Agriculture sector plays a key role in economic development such as; diversification

of the economy – making more goods and services available to households, firms and government; training and development of skilled personnel; increased modern sector employment; technological development; aids expansion in infrastructures – roads, electricity, etc.; boost to agriculture – industrial uses agricultural products as its raw materials; self-sufficiency and raising the standard of living. Thus, the need to adopt a well-articulated policy is require in stemming the problem of low employment. From the analysis of agricultural sector development and employment generation in Nigeria, we have come to the conclusion that adopting the Keynes assumptions of increase in government expenditure would be a stimulant to agriculture sector development and employment generation in Nigeria.

The paper therefore recommend as follows;

- 1. Government should as a matter of priority institute a sustainable framework for the implementation of agricultural sector development policies that consider the sector development as national priority.
- 2. Adequate provision of credit and farm inputs at reasonable prices and cost such as pesticides, fertilizer, herbicides, animal feeds, improved seeds, and importantly, advisory services to small holder farmers.
- 3. Rehabilitate the quality of lives in the rural areas, such as industrialization and sustained power supply, storage facilities, potable water, roads, banking and healthy facilities to curb rural urban migration.
- 4. Land reform is also critical in stimulating agriculture sector development in Nigeria.
- 5. Agricultural policy should be designed to respond to the specific developmental challenges Nigeria is experiencing, especially in the area of tax reduction which will stimulate investment in agriculture to bring about the desired employment generation in Nigeria.
- 6. Tackle insecurity, especially, the herdsmen/ farmers crisis, thereby creating conducive conditions and environment for increased FDI inflows, removing anti-investment biases and encourage FDI flows to the sector.
- 7. Stimulate competitiveness and improving the business climate by adopting sound infrastructure investment frameworks, and reduce the cost of doing business.
- 8. States owned enterprises should be encouraged to improve on the quality of economic institutions and maintain effective spending on the agriculture sector.

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