What is Economic Structure?

Literarily, economic structure can be defined in terms of institutional arrangements aimed at the decision on what, how and for whom goods and services in an economy are to be produced and consumed. In a more technical sense, some definitions of economic structure are enumerated below: Todaro (1982) define the concept of economic structure as the organisational, institutional and social framework of any economic system including the nature of resource ownership.

Anyanwu et al (1997) referred to economic structure as a complex organisational framework, interlaced network, configuration or outline of logical connectives through which activities of an economy are coordinated or aligned.

According to CBN (2000), the structure of an economy reflects the norms, conduct of production activities or established production distribution patterns within the adopted economic system. In another definition, Schalkwyk (2008) describes the structure of an economy as a function of the sum of all the different economic activities in the geo-political boundaries of that area.

More recently, CBN (2010) defines the structure of an economy as the organisational and institutional framework which determines the forms of resource ownership, production and distribution of goods and services. In a more explicit term, Riley (2011) defines economic structure as a term that describes the changing balance of output, trade, incomes and employment drawn from different economic sectors–ranging from primary (farming, fishing, mining etc.) to secondary (manufacturing and construction industries) to tertiary and quaternary sectors (tourism, banking, software industries). The structure of an economy therefore includes the structure of production (such as agriculture and industrial production, the financial system, factoral composition and value added, the availability at a given time of labour, enterprise, capital and natural resources, functional distribution of income, composition of sources and uses of resources (for consumption and investment)) . It also includes the institutional base of the economy- including political system, the legal framework and the agencies for its enforcement. Furthermore the established pattern of social organisation and control (including the existence of freedoms of special-interest organizations like trade unions) the agencies of public administration, and the physical infrastructure, providing transport and communications- and demographic variables including age and dependency characteristics of the population and the degree of urbanisation are integral part of economic structure. Unlike many other concepts, the definition of economic structure, even though numerous are not so dispersed. The definition seems to be close and in total conformity with one another except for scope of definition. It follows from the above definitions that the structure of an economy could be perceived as the basic organs and processes of reaching decisions in the production and allocation of resources in the economy. Thus, a change in the structure of an economy in the desired direction will ensure the attainment of the overall objective of economic development and vice versa. The basic elements and the characteristics of structural diversity among countries are in variations of the geographic patterns, historical evolution, production methodologies and the size of the public and private sectors. Also included in these factors are the sociological features, political settings and external dependence. Changes in economic structure are a natural feature of economic life but they bring challenges in terms of reallocating factors of production. For example, a shift in production and jobs in one sector can lead to problems of structural unemployment.

An economy can be analysed as a whole thus representing the broad aggregates or sum total of all activities in the economy. In this sense, the resultant effect of activities is cumulated in certain indicators; hence the contribution of component parts is not clearly defined. On the other hand, an economy can be analysed in terms of its component parts often referred to as ‘Sectors’. This involves breaking down of economic activities into various units and the contribution of each unit analysed. A change in an economy is often discussed in terms of sectors. These economic sectors are numerous and often classified as ‘primary’, ‘secondary’ and ‘Tertiary’ sectors.

1. The Primary Sector This sector includes activities directly related to natural resources exploration. The sector is engaged in the extraction of renewable and non-renewable natural 22 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.

2. The secondary Sector The secondary sector covers all other goods production in the economy, including the processing of materials produced by the primary sector and itself. Manufacturing is the main element in this sector. It also includes construction and public utility industries of gas, water and electricity.

3. The Tertiary Sector All private sector service activities such as transportation, distribution, insurance, banking and finance, communication, hotel and restaurant, real estate, housing and all public sectors activities such as defence and health fall under this sector.

From another point of view, Anyanwu et al (1997) stated that the Nigerian economy can be structurally classified broadly into four namely:

1. Production

2. General Commerce

3. Services and

4. Others.

1. Production is made up of: a. Agriculture (cropping, livestock, forestry and fishing) b. Manufacturing c. Mining and Quarrying d. Real Construction

2. General Commerce is composed of: a. Bills Discounted b. Domestic Trade c. External Trade (import and export)

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

4. Other Sectors are: a. Credit and Financial institution b. Producer of Government service c. Miscellaneous (personal, professional, Community)

PROFILE OF THE NIGERIAN ECONOMY

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. But when modern techniques of production prevail, the reverse of the above points holds. In terms of demographic futures, theoretically, the population size of a country is actually indicative of the degree of nation’s potentials in human resources. Besides, it is a pointer to the evolution of a large market capable of stimulating demand that will induce economic growth. It is commonly assumed that the greater the population size, the likelihood of increased labour force and consequently larger productive system. If this assumption is true, then, the more relevant is human resource capacity building effort in any country’s developmental needs. This will in turn raise the right work ethics and subsequently the level of productivity. Against this background, the location, size, area, vegetation, population size and the level of manpower development would necessarily impact on the country’s divergence in economic structure.

Geographic and Demographic Features of Nigeria Nigeria is derived from the word ‘Niger’ which is the name of the river that constitutes the most remarkable geographical feature of the country. The country is geographically located within the global spectrum in the West African sub-regional zone; bounded in the west by Republic of Benin, in the east by the Chad Republic, in the North by Niger republic, and in the south by the Atlantic Ocean. Nigeria is a subSaharan Africa (SSA) nation with an approximate area of 923,769 square kilometers (made up of 909, 890 square kilometers of land area and 13, 879 square kilometers of water). Nigeria is situated between 30 and 140 East Longitude and 40 and 140 North Latitude lying east in the tropical region. The longest distance from east to west is about 767 kilometers, and from North to South, 1,805 kilometers (FMWA, 2004; NBS, 2010). The country harbors above 50 percent of the population of the West African sub region. Its population which was about 55.6 million in 1963 census, estimated at about 79 million in 1979 reached about 140 million in 2006 census and a projected annual growth rate of 2.83 percent. With this population, Nigeria constitutes the largest country in Africa and also one of the most populous countries in the world. In terms of vegetation, the coast of Nigeria is a belt of mangrove swamps traversed by a network of creeks and rivers and the great Niger Delta. Beyond these are successive belts of tropical rain forests (that break into a more open woodland with hilly ranges) and the undulating plateau (with hills of granite and sandstone), rising from 809.6 meters on the average to 1,828.8 meters eastwards. Midway north of the country the vegetation is grassland interspersed with trees and shrubs, which terminate in the Sahel Savannah region of the semi-arid north north-east. The country can easily be categorized into five main vegetation belts.

1. The swamp forest around the southern coastline;
2. ii. The equatorial forests;
3. iii. Deciduous forest;
4. iv. The grasslands and
5. v. 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. Nigeria is also blessed with favourable and varied climatic conditions. The climate is equatorial and semi-equitorial in nature, characterised by high humidity and substantial rainfall. Although the climate is generally tropical, however in specific terms, it is wide ranged in its conditions as the country is broadly defined as generally hot and humid. In this regard, two main seasons emerge from these climatic conditions viz:

1. The wet/ raining season between April and October with prevailing wind blowing from the southwest; and
2. ii. The dry season between November and March with its harmattan wind blowing from the northern part of the country.

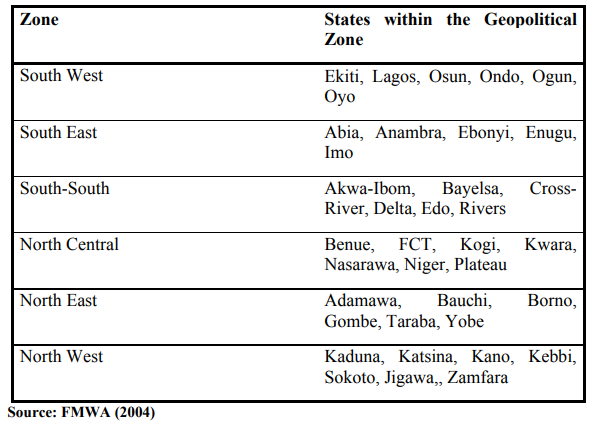
In most cases, the average temperature is within the range of 240 C and 270 C. In specific terms, the average annual temperature is about 210 C with the Eastern Highlands and also on the Jos plateau. It is about 300 C in Lagos and could be as low as 230 C. Except for the plateau area, the northern part is usually hot and dry for most parts of the year. However, in the extreme north, the average high and average low could be about 430 C and 100 C respectively. The annual rainfall is about 51cm in most parts of the north while it is above 380cm in some parts of the south (NBS, 2009).

**Socio-cultural, Political and Institutional Features of Nigeria**

The socio-economic setting of Nigeria is clearly dichotomised into rural and urban households, the rural population majors in agriculture as their economic mainstay, cultivating such food crops as maize, cassava, yam, sorghum, rice, millet, fruits, vegetable, pulses, cocoa, timber and rubber among many other crops and livestock activities while the urban sector majors in trading and public service with few elements of manufacturing. Historically, Nigeria is an agglomerate of various tribes and linguistic groups, brought together under one political umbrella by colonial fiat in the 1914 amalgamation. It therefore joined the bandwagon of federations through the pragmatic experimentation of the British colonial authorities. Given the various tribes and linguistic groups in the country, its choice of federalism as a governance mechanism could be defined as mainly fruititous and pragmatic. In recognition of this situation, the Nigerian federalism has usually been described as ‘unity in diversity’, which requires and involves cooperation, bargaining and conflict. Perhaps against the background of the foregoing, the federal socio-economic situation in Nigeria has usually resulted in a perpetual balancing of tension in the attempt to create unity without union among ethnic tribes in the country. Under federalism, the Nigerian economy has usually been economically planned with the objective of effective development since independence. It is logically easier to promote unity out of diversity through a unitary system, Nigeria, under military governments remained a federation on paper but in practical terms, most of the socio-economic development policies were pursued as if the country was under unitary principles. Politically, Nigeria was a British colony between 1868 and October 1, 1960. Given its diverse ethnicity, it became an independent federation in 1960 within the Commonwealth of Nations. On October 1, 1963, it gained a republican status but is still remained in the Commonwealth. Up till 1960, some parts of the Cameroons were part of Nigeria. However, in a plebiscite of February 1961, while the northern portion of the trust territory of the Cameroons decided to join Nigeria, the Southern proportion opted out of it. The country imbibed the Western parliamentary system of governance which it inherited from the British colonial overlords. The parliamentary system of government under its first prime minister, the late Alhaji Tafawa Balewa existed till January 15, 1966 before it was overthrown in a military coup d’etat consequent upon series of political crises which started in the former Western region.

There was a counter coup about July 1966 which culminated in the orchestrated secession of the Eastern Region under the name Republic of BIAFRA led by late Lt. Col. Odumegwu Ojukwu. The end of this secession was the outbreak of a civil war which lasted till December, 1970, having started in July 1967. Up till 1966 Nigeria was composed of four regions. – The East, Mid-West, North and the West respectively. By May 1967, particularly before the civil war broke out the country became divided into twelve states with a military decree. The state structure kept on expanding until it reaches the present structure of 36 states and the Federal Capital Territory stratified into six geopolitical zones.

**Nigeria Geopolitical Zones**



The Resource profile of Nigeria

The natural endowments of a nation embrace the varieties of mineral resources. The magnitude of the deposits of such resources is expected to have significant impact on the pattern, character and nature of a nation’s process of economic development. For example, in some countries where resources are purely that of agricultural lands and mineral resources, the basic economic structure will be agrarian and subsequently primary. Where a resource is in abundance, most of such economy would be monocultural. That is, the tendency is for such economy to depend mainly on such a resource that is in abundance. Added to this fact, the nature of production in such a country would also tend to impact on the evolution of citizens’ occupational pattern.

Aboyade (1983) 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. We may wish to note that some nations such as Japan, Israel and even United States of America who are with poor natural endowments have demonstrated globally, how resourceful technology, creative economic policies and determined national spirit can combine to turn resource handicap to economic development success stories. Admittedly, however, there is little doubt that for many countries (e.g African countries), the beneficence of nature still exercises a crucial influence on the pace of and pattern of economic development.

In Nigeria where there is the recognition of the importance of geographical fortunes, the issue of Adam Smith’s analysis of the relationship between division of labour and the extent of the market economy is well appreciated. Nonetheless, up till the early 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-cumextraction, 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. For example, in the south where there is plenty of rainfall, the specialization is in the production of staple tree and root crops- cassava yam, plantain, banana, timber and others. In the northern part with less rainfall farmers are usually confined or restricted to the production of grains such as maize, millet, sorghum and rearing of livestock. This pattern therefore constitutes regional specialization of food production which has virtually provided a base for the growth of the country’s inter-regional trade. The production of export crops does not seem to deviate from the dictates of climatic conditions. Export tree crops such as cocoa, rubber, wood, and palm produce are usually restricted to the wet zones of the southern part while others requiring less rain such as groundnuts and cotton are the peculiarity of the north with less rainfall. In between the northern arid zone and the southern humid zone is the area defined as the ‘middle belt’ which employs an intermediate type of climate. This type of climatic condition makes this area suitable for the growth and production of food crops of both the root and grain varieties. Additionally, this area further specialises in the production of vegetable oilsbeniseed, Shea and soybean.

Certainly exploration of mineral resources, particularly, crude oil has been for long. This discovery at the commercial stage is within the later 1950s. Mining is currently gaining a recognisable position in the economy. Tin Ore, Columbite, Zinc and lead which are metallic minerals are found in sizable proportions on the Jos plateau. However, coal mining is concentrated within the Enugu area. Besides, zinc and lead mining are centred in Abakaliki and Owerri. Also, major deposits of lead and zinc are found in Lokoja as well as around Enugu. The main source of the country’s wealth in recent times, crude oil, is largely deposited in Delta, Rivers, Anambra, Imo, Bayelsa and Cross River states. Some quantum is available in the coastline of the south-west states.

**THE NIGERIAN AGRICULTURAL SECTOR**

Meaning and Scope of Agriculture Agriculture involves the cultivation of land, raising or rearing of animals for the purpose of production of food for man, feed for animals and raw materials for industries. The agricultural sector in the Nigerian context embraces all the sub-sector of the ‘primary industry’. Essentially, it involves cropping, livestock, forestry, fisheries and aquaculture, including sub activities under these sectors such as pasturing, food and cash crop cultivation under cropping; poultry, piggery, cattle rearing under livestock; Lumbering under forestry; as well as processing and marketing of these agricultural products.

The Role of Agriculture in Economic Development The customary approach to the role of agriculture in economic development is formulated in terms of the “contributions” the agricultural sector can make or the “functions” it can perform during the process of economic development.

To Reynolds (1975), therefore agricultural development can promote the economic development of the underdeveloped countries in four distinct ways;

1. By increasing the supply of food available for domestic consumption and releasing the labour needed for industrial employment;
2. ii. By enlarging the size of the domestic market for the manufacturing sector;
3. iii. By increasing the supply of domestic savings; and
4. iv. By providing the foreign exchange earned by agricultural exports.

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. 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. In their own contribution, Omowale and Rodrigues (1979) opined that for most developing countries agriculture has been assigned an important role in national development. Agriculture has been seen as a means of reducing dependence on certain importations, containing food price increases, earning foreign exchange, absorbing many new entrants to the labour market and increasing farm incomes at times of severe unemployment and rural poverty.

Agreeing with the above views, Johnston (1970) opines that the appraisal of agriculture’s contribution or role in the national economy can be made using for primary criteria, namely;

1. The proportion of the population engaged in agriculture
2. (ii) The share of agriculture in the Gross Domestic Product
3. (iii) The proportion of the nation’s resources (other than labour) devoted to or employed in agricultural production, and finally,
4. (iv) The contribution of the agricultural sector to foreign trade.

Thus, in attempting to assess the importance of the agricultural sector in the Nigerian economy we shall look at its contribution to food supply, employment, Gross Domestic Product, export earnings and balance payments.

Agriculture and Food Supply

Agriculture remains the major source of food for the Nigerian populace. The crop subsector parades a large array of staple crops, made possible by the diversity of agroecological production systems. The major food crops are: cereals such as sorghum, maize, millet, rice, wheat; tubers such as yam, cassava; legumes like groundnut, cowpeas and others such as vegetables (Akande, 2007). These are the commodities that are of considerable importance for food security and incomes of households. The livestock, fisheries and forestry subsector equally provide food of various forms for the citizenry. Nigerian agriculture has in recent years not been able to meet the food needs of the country. Rather, food production per capita has been declining. Im order to supplement the low domestically produced food supply; there has been a substantial rise in food imports. These have taken substantial portions of the much needed foreign exchange thus, hindering development. 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 (1979) 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. The fall in the proportion of labour force engaged 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. It is necessary to point out that given the importance of labour in agriculture of most African nations including Nigeria, and the poor labour absorptive capacity of their industrial sectors, rapid outflow of labour from the agricultural sector has generated not only social but economic problems as well. A partial consequence of a high labour outflow from agriculture has been a decline of agricultural production in Nigeria in recent years. Enhancement of agricultural labour productivity should therefore be a goal for the country. Agriculture and Gross Domestic Product Agriculture, specifically in Nigeria is a major contributor to the country’s Gross Domestic Product. In the early 60’s, agriculture was contributing over 60 percent to the GDP, this dropped to about 20 percent in the 70’s. While this trend is theoretically plausible in the cause of economic progress, there are other reasons which explain the rapid decline in the share of agriculture in GDP in Nigeria such as overdependence on oil. The share of agriculture in the GDP from the year 2000 till now has been revolving around 40 percent. However, despite the relative decline in the share of the agricultural sector, it still remains an important sector. And with the exhaustion of oil in the future, the economy will continue to depend critically on the agricultural sector.

Agriculture and export earnings

The contribution of agriculture to economic development can also be measured in terms of its contribution to export earnings. Nigeria has a highly diversified agroecological condition, which makes possible the production of a wide range of agricultural commodities. Nigeria’s wide range of climatic variations allows it to produce a wide variety of food and cash crops. These cash crops were Nigeria’s major exports in the decades right up to the 1960s until the surge of world oil prices in the early 1970s (Philip et. al, 2009).The contribution of agriculture increased in absolute terms over the years from N282.4 million in 1960 to N13852.7 million in 1995. Its relative share however declined from 83.2% in 1960 to only 1.8% in 1995. This declining share is being witnessed till 2010.

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 exchange earnings. 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. The Nigerian agricultural sector is one of the most important sectors in terms of Gross Domestic Product (GDP) and employment generation potential. It contributes significantly to national food self-sufficiency by accounting for over 90 percent of total food supply in the country. It is a major and sustainable portal for foreign exchange earning being the main contributor in the non-oil sector. With a very large proportion of the estimated 75% of the national population residing in the rural areas and working in agriculture, growth in the sector is expected to have a significant impact on poverty reduction and job creation. Not only will such growth lead to extra employment opportunities, but also the additional supply will help stabilize and reduce food prices, which will benefit the poor who because of their large propensity to consume, spend more than half of their income on food. Most importantly, an improvement in agriculture has been known in other countries, to help in the facilitation of growth in other sectors of the economy through its multiplier effect. Furthermore, agriculture is expected to provide substitutes to the highly expensive imports of food and live animals which totalled N174.23 billion in 2006 (CBN, 2007).

**The Agricultural Sector during Post-Independence Period**

**General Performance of the Nigerian Agricultural Sector after Independence**

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 (Okumadewa, 1997; World Bank, 1998). At independence, agriculture sustained the Nigeria economy and held the promise of a vibrant agrarian economy (Akande 1998). 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 (1972-1975), 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 (Okuneye, 2003). 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. As a result of this, there exist high incidences of protein/energy malnutrition, nutrients’ deficiencies, related diseases, rising food import bill and a general reduction in labour productivity (FAO, 2007). 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 (GDP). Part of this decline is traceable to the relatively higher growth rate of manufacturing and mining, which is consistent with the development pattern characteristics of developing countries. Agricultural export was the engine of growth prior to 1973, providing much of the revenue that the government used in developing a basic infrastructural system. Agricultural export also financed the import substitution industrialisation programme. According to Vasanth (2011), Nigeria ranks twenty fifth worldwide and first in Africa in farm output. Agriculture has suffered from years of mismanagement, inconsistent and poorly conceived government policies, and the lack of basic infrastructure. Still, the sector accounts for about 40% of GDP and two-thirds of employment. Nigeria is no longer a major exporter of cocoa, groundnuts (peanuts), rubber, and palm oil. Cocoa production, mostly from obsolete varieties and over aged trees, is stagnant at around 180,000 tons annually; 25 years ago it was 300,000 tons. An even more dramatic decline in groundnut and palm oil production has also taken place. Once the biggest poultry producer in Africa, corporate poultry output has been slashed from 40 million birds annually to about 18 million. Import constraints limit the availability of many agricultural and food processing inputs for poultry and other sectors. In the same regard, fisheries are poorly managed. Most critical for the country's future, Nigeria's land tenure system does not encourage long-term investment in technology or modern production methods and does not inspire the availability of rural credit. Agricultural products include cassava (tapioca), corn, cocoa, millet, palm oil, peanuts, rice, rubber, sorghum, and yams. In 2003, livestock production, in order of metric tonnage, featured eggs, milk, beef and veal, poultry, and pork, respectively. In the same year, the total fishing catch was 505.8 metric tons. A good illustration of inadequate agricultural performance is the fisheries subsector, which saw output drop from averages of about 650,000 tonnes annually in the 1970s to 120,000 of fish per year by 1990. To conceptualise properly- The CBN’s 2008 annual report celebrated a 7% rise in output between 2007 and 2008, but this ‘impressive’ growth was to reattain a level of 670,000 tonnes p.a. In other words, a tenuous return to 1970s levels which belies the fact that Nigeria’s population more than doubled in that period from over 60million to over 140 million. Ironically, the fall in fisheries can be partly attributed to environmental degradation and pollution in the Niger Delta region by the oil companies (BGL Agriculture Report, 2009).

GDP Share and Growth of the Nigerian Agricultural Sector and subsectors As shown in Table 2.2.1, the contribution of agriculture to real GDP shows that in absolute terms, agriculture contributed about N1.6 billion to the country’s GDP. This represents about 64.3 percent of the total GDP. Although, the absolute value of the contribution of agricultural sector to the GDP continue to increase, the relative share of the sector has continued to decline from 55.4 percent in 1955 to about 48 percent in 1975. The adverse effect of the dominance of the oil sector in the 70s culminated into a low share value of 20.6 percent by 1980. The percentage share of the agricultural sector ranges between 30 and 37 percent within the period of 1985 and 1995. Due to some further corrective measures the agricultural sector share in the total GDP has since improved to a little above 40 percent from the year 2000 till 2010. The contribution of different subsectors of agriculture to GDP shows substantive fluctuations in trends (Table 2.2.1 and Table 2.2.2). The crop sub-sector contributes the most to GDP, with contribution ranging between 30 and 40 percent of agric GDP. This is followed by the livestock sub-sector. According to Olomola et al (2008), the subsistence nature of Nigerian agriculture also makes the crop sub-sector quite relevant, most important and most focused sub-sector of agriculture. From the table, agricultural performance has improved in recent years (2000-2010).

**POLICY INTERVENTION IN THE NIGERIAN AGRICULTURAL SECTOR**

The Pre-1970 Period

The prevailing philosophy for agricultural development during this period was characterised by minimum direct government intervention. As such, the private sector and the small-scale resource-poor farmers determined the direction of agricultural development efforts in the country. The three Regional Governments (Eastern, Northern and Western, and later the Mid-Western), were merely supportive of the activities of these farmers and government efforts largely took the form of agricultural research, extension and export crop marketing, and price stabilisation activities. Some of the governments in the 1950s and 1960s, created public-owned Agricultural Development Corporations, Commodity Boards and launched a number of Farm Settlement Schemes, but these actions found their justification more in social considerations and in promoting community participation in agricultural activities than direct intervention on their part. However, it must be stated that some of them got rooted in styles or approaches of some countries in the developed countries and some under transition which had a compulsion to do so such as Israel. In the particular case of the western regional government, the Farm Settlement Scheme sensitized the young ones to go into agriculture and created an opportunity for the products of the free education programme to be employed immediately after their graduation. 2. Pre-Structural Adjustment Period (1970-1985) This period was characterized by oil revenue boom and high levels of public expenditures by the Federal Government. The poor performance of the agriculture sector engendered the drive for increasing government intervention that resulted in a wide range of agricultural policies, programs and projects, some of which had the direct involvement of government in agricultural production. Sector-specific agricultural policies were largely designed to facilitate agricultural marketing, reduce agricultural production cost and enhance agricultural product prices as incentives for increased agricultural production. Major policy instruments during this period included the following:

a) Agricultural Commodity Marketing and Pricing Policy

b) Input Supply and Distribution Policy

c) Agricultural Input Subsidy Policy

d) Agricultural Mechanization Policy

e) Water Resources and Irrigation Policy

f) 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.

The Structural Adjustment Programme (SAP) Period (1986- 1994)

The main policies put in place during this phase included:

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

(b) Monetary Policies

(c) Trade Policies

(d) 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. In 1993 also, FADAMA I, a programme on dry-season farming initiative was launched.

• Employment: Establishment of National Directorate of Employment (NDE) in 1986 to promote employment programmes with a special school leaver and agricultural graduates programme both for keeping rural youth’s interest in agriculture and for assisting agricultural graduate in establishing farms of their choice.

• Agricultural Insurance: Establishment of National Agricultural Insurance Company (NAIC) in 1987 to operate and administer the Nigerian Agricultural Insurance Scheme.

• Agricultural Land Development: Establishment of a National Agricultural Land Development Authority (NALDA) in 1991 to execute a national agricultural development programme for small scale farmers organized on group basis.

• Agricultural Training and Manpower Development: Training is one of the strategies of the Nigerian government for agricultural development. This has resulted in the establishment of Faculties of Agriculture in all the conventional Universities, Colleges and Institutes of Agriculture, followed in 1988 to 1992 by the establishment of three Universities of Agriculture.

(e) Rural Development Policy: This was the first time a policy attention was given to rural development. In 1986, the Directorate for Food, Road and Rural Infrastructure (DFRRI) was established. This directorate was involved in the construction of rural feeder roads, rural water supply schemes, and rural electrification projects.

(f) The 1988 Agricultural Policy Document: In 1988, a more holistic and articulated agricultural policy document of Nigeria was launched.

(g) 1991: National Land Development Authority established NALDA Farms in nearly all the States with 4 ha demarcated for each farmer involved in the community based programme.

4. Post SAP Period (1995-2012)

There were no significant policy pronouncements during this phase prior to 1999. Instead the period was characterized by substantial importation of agricultural products while programmes to support agriculture witnessed policy uncertainties. Expenditures on agricultural programs declined with concomitant effect on capital projects. The post 1999 period, however, witnessed the initiation of several economic reforms with the agricultural sector being central to most of such efforts. 1999 - Special Programme on Food Security 1999 - Root and Tuber Expansion Programme (RTEP): this programme was designed to improve on the level of production of roots and tubers in the country. 2000 - Integrated Rural Development Strategy 2001- Presidential Initiatives on special crops (rice, vegetable oil and cassava): The Presidential Initiative on Rice (PIOR) 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. Twelve States are covered by the World Bank funded phase while six States are funded by the African Development Bank. Subsequently, FADAMA III programme has recently (2009) taken off in some selected States. The aim of the FADAMA programmes is to use the banks of rivers and water logged areas for agricultural purposes, particularly so given the low proportion of irrigated areas in Nigeria put at only 7% of total cultivated arable land.

2003 - Cocoa Rebirth Programme: This programme covers the fourteen (14) States that are cocoa producing. A Deputy Governor in one of the States is the Chairman of the Committee and the Committee is anchored in the Federal Ministry of Agriculture, Abuja.

2004 - National Economic Empowerment Development Strategies (NEEDS) Programme 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 (FMAWR). The key programmes of the 5-Point Agenda are: Developing Agricultural Policy and Regulatory Systems (DAPRS), Food Systems Network (FOODSNet), Rural Sector Enhancement Programme (RUSEP), Developing Agriculture Inputs Markets in Nigeria (DAIMINA), and Maximising Agricultural Revenue in Key Enterprises (MARKETS).

**THE NIGERIAN INDUSTRIAL SECTOR**