An overview of agricultural policy for pro-poor growth and its interaction with environmental resources in Nigeria

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Abstract

The Nigerian agricultural sector has improved in the recent years. But this improvement needs to be sustained to achieve the development target set for the sector. The growth pattern must be pro-poor, gender sensitive and environmentally friendly. The agricultural sector also needs to diversify its activities to high value production. This will not come automatically. Policies and strategies are needed to improve farmer’s access to technologies, credit, markets, and information and to encourage private sector investment in processing and marketing business. Improve governance, equitable and well functioning markets, supplies of essential inputs such as seeds and fertilizer, access to sustainable technologies and absence of conflict are likely to make Nigerian agriculture flourish. Agricultural policies must be carefully designed to prevent overlapping organizational roles and responsibilities. The need to have an agricultural system that is pro-poor and having all the ingredients for environmental sustainability calls for this overview.

Keywords: Agriculture, Pro-poor, Environment, Sustainability

INTRODUCTION

Agriculture, despite facing a steady decline, is the single largest contributor to the well being of the rural poor, sustaining about 86 percent of rural households in Nigeria. According to the Central Bank of Nigeria (2006), the sector accounted for 41.8 percent of the overall economy in 2006 followed by the non oil industry 26.1 percent, while crude oil only accounted for 21.9 percent. But until very recently the sector had not performed as well as of neglect. From 1970 to 2000, it grew at 1.7 percent per annum, very low when compared with its population growth of 2.7 percent; this is a key reason why the country still has one of the highest poverty rates in the world. Agricultural growth began to accelerate after 2000, and since 2003, the annual growth rate has been above 6 percent, a target set under the National Empowerment Development Strategy (NEEDS) poverty reduction programme. However, this growth is largely derived from the expansion of cultivated land and is not sustainable in the long run. In addition, this growth has not been able to trickle down to the poorest of the poor, and has not helped tackle the problem of the unemployment and under-development of rural youth. Another feature of the Nigeria Agricultural sector is its high level of differentiation regarding the gender division of labour in production, marketing and use of income. About 80 percent of the rural female population is engaged in agriculture and forestry as family labour. Most of these women have poor access to agricultural services and are living in poverty. More than 1.3 billion people depend on fisheries, forests, and agriculture for...
employment—close to half of all jobs worldwide (FAO, 2004). Natural resources play a special role in the life of the poor. More than 1.3 billion people depend on fisheries, forests, and agriculture for employment—close to half of all jobs worldwide. According to the World Bank, in 2002, 90 percent of the world’s 1.1 billion poor—those living on less than $1 per day—depended on forests for at least some part of their income. In 2002, international development agencies estimated that more than 90 percent of the 15 million people working on the world’s waters were small-scale fishers, most of them poor, not including the tens of millions of poor who fish inland rivers, lakes, and even rice paddies for protein. While all human societies are linked to ecological processes and healthy ecosystems that produce the requirements for life, rural poor people depend significantly more on natural capital than do other parts of the population. In Africa, more than seven in ten poor people live in rural regions, with most engaged in resource-dependent activities such as small-scale farming, livestock production, fishing, hunting, artisanal mining, and logging. Poor people rely on related harvests as a primary source of income and fall back on natural resources when other sources of income fail. In general, the poor have limited access to physical and financial capital. In addition, rich and poor people use natural resources in different ways. The rich often derive more environmental income, in absolute terms, from natural resources than the poor, but the poor derive a higher percentage of their income from natural resources. Several studies, USAID (2006), show that small-scale activities in the forest, fishing, agriculture, livestock, and mining sectors can contribute 15 to 70 percent of rural household cash incomes and even greater values for subsistence. Because they have greater political power, the rich are able to exercise stronger control over access to resources. Without wage incomes and lacking cash, the rural poor often have no other choice than to depend on “common pool resources” for food, firewood, and medicines. With lower vulnerability to risk, the rich can selectively concentrate on one or two activities, such as grazing and agriculture, to optimize their investments, while the poor often diversify their livelihood strategies to include a wider range of activities, such as collecting wild foods, wood carving, and collecting firewood and construction materials partly as a risk mitigation strategy.

Poverty and natural resources interactions

There are several views of the interaction between poverty and natural resources management. Some view growing populations as adversely affecting finite natural resources, with technology mitigating the type and degree of impact. In this context, poverty is sometimes seen as a source or “driver” of biodiversity loss and environmental degradation. Conservationists and government officials often see the poor as part of the natural resources problem and as the cause of deforestation, degraded landscapes, and dwindling wildlife populations. A poor person’s inability to accumulate wealth from these resources may lead to overexploitation and environmental degradation. This “downward spiral thesis” relates population growth and economic marginalization to worsening environmental quality and declining resources, resulting in long-term declines in food consumption, human health, and food security. This view assumes that poverty leads to cycles of further environmental degradation and ever-increasing poverty.

Others view population growth as a source of economic expansion and innovation that leads to greater wealth and better resources management. Research findings describe a great deal of variability in the causes of environmental degradation, ranging from adverse or catastrophic natural events to corrupt local institutions. Evidence from the field also reports a wide range of environmental and social outcomes where the poor exercise management control. Variability in poverty-environment interactions contributed to the development of the asset-based approach to poverty reduction. This approach defines poverty as a multidimensional phenomenon in time and space and proposes strategies to reduce the risks and vulnerability facing poor households, and to enhance their ability to participate in and benefit from new economic opportunities by focusing on their assets.

Forestry and livelihoods

Forests contribute to people’s livelihoods in a variety of ways, including:

- Capital assets: Flexible, multi-output assets that can be converted into financial, physical, human, and more valuable natural capital.
- Subsistence safety nets: Forest foods to meet dietary shortfalls; fodder for livestock; and construction materials, household goods, fuel, and medicine.
- Sources of employment: Forestry, wood industries, furniture, and pulp and paper; small-scale forest products processing.
- Cash income: Non-timber for—est products; timber and small-diameter wood products; and ecosystem services. The poor, like others, strategically manage their complex asset portfolios, balancing the feasibility, relative costs, trade-offs, and expected returns in considering each option. Powerful complements exist across various assets: investing in education when future returns in wage labour appear significant; seeking out secure savings mechanisms and investing in social capital as hedges against future risks; and using homes to generate revenue by renting out rooms or running micro and small
Causes and drivers of poverty

Poverty results from multiple factors that work together to create and maintain conditions of poverty. These factors interact over various scales of time and space, but they include issues related to governance, economics, and cultural and human rights as elaborated below:

Governance, social dimensions, and natural resources management (NRM)

The link between natural resources management and poverty reduction depends on the systems of governance. Pro-poor growth and sustainable resource management will require a fundamental change in governance. In general, the wisest and most equitable decisions about natural resource use are made openly and transparently. Those who are most affected by these decisions should have access to information, be able to participate in decision-making processes, and have access to resources. Effective institutions have long been recognized as integral to poverty reduction. The “rules of the game” that institutions define can influence a country’s rate of economic growth, how that growth is distributed, and how quickly and effectively poverty can be reduced. Bad economic policy can not only slow growth and poverty reduction, but also reduce the value of household assets through inflation and shift household livelihood strategies from wealth creation to wealth protection. In the asset-based approach, the emphasis is placed on the role of institutions in influencing the access of poor households to assets, the benefits derived from their assets, and incentives for developing assets. To meet poverty reduction goals, governance systems must build effective institutions, reduce corruption, and empower local communities to manage their own resources. Local people are more likely to conserve resources if they understand how their choices will increase their resilience to threats and improve their well-being.

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Ecosystem and poverty links

Some contemporary policies attempt to link ecosystems to poverty reduction. Unfortunately, contemporary poverty assessments and poverty reduction strategies often underestimate rural incomes from natural resources management and undervalue ecosystem services as an asset for the poor. In the past, development often emphasized high-input, export-driven use of natural resources and government-sponsored industrialization. These efforts unfortunately were not particularly pro-poor. In the case of forestry, large-scale concessions and plantations followed a strategy that deprived the poor of access to essential resources and ultimately has not contributed to national development goals. Recent reviews of the World Bank, International Monetary Fund (IMF), and United Nations reveal an ambivalent endorsement of the value of healthy ecosystems as an asset for the poor. Consider recent reviews of the UN Millennium Development Goals and the Poverty Reduction Strategy required by the World Bank and IMF in exchange for debt relief and assistance.

Millennium development goals

The UN 2000 Millennium Declaration is a global agenda of eight development goals including MDG1: Cut world poverty in half by 2015. The innovative approach to achieving this infuses accountability by establishing quantified, time-bound targets and measurable indicators to track progress. MDG7, ensuring environmental sustainability, has three targets and eight indicators to link poverty and environment. Some observers criticize the targets as too vague and missing the cross-cutting nature of the environment’s relevance to the other eight goals, such as eradicating hunger, disease, and child mortality, and promoting gender equality and sustainable development. These critics suggest stronger recognition of the ecosystem-based and NRM approach as the foundation for poverty reduction; moreover, they suggest more specific targets to measure ecosystem integrity and capacity to provide ecosystem services. In this context, indicators should reflect the importance of communal areas and expand the extent and condition of common pool resources. Other indicators should be expanded to monitor land tenure, resource access, and access to information.

Poverty reduction strategy (PRS)

Countries seeking debt relief and concessional loans from the World Bank and IMF must prepare a PRS—a
document detailing the nation’s strategic approach and plan to reduce poverty. They have emerged as important policy mechanisms to help developing countries implement MDGs. Begun in 1999, PRSs introduced a participatory, results-oriented approach that allowed countries to decide for themselves how to shape policies, develop plans, and set budget priorities for poverty reduction. Early PRSs emphasized the social sectors, and then increasingly focused on economic growth and other aspects of poverty. By 2005, about 70 countries were expected to have prepared PRSs, with 39 full PRSs and 14 preliminary versions prepared to date.

Some progress has been made under the PRS process. It has led to better analysis and understanding of poverty at a national level, increased government transparency, helped create better institutions to serve the poor, and provided greater opportunities for civil society input and citizen participation. Critics of the PRS process identify problems related to vague commitments and ambiguous outcomes that do not specifically target poor populations or establish provisions to monitor and evaluate results.

An important criticism of PRSs has been their failure to adequately “mainstream” environmental and natural resources management issues into the lives of the poor and to realize the potential contribution of environmental income to sustainable livelihoods. Although PRSs emphasize technical issues related to poverty-environment issues, they often fail to address more controversial issues related to access, ownership, control, and the rights of poor people related to natural resources. An opportunity to use natural capital as an important pro-poor growth area has often been missed.

The World Resources Institute (WRI) suggests seven steps to more strongly integrate environmental assets into poverty reduction efforts:

Ecosystem orientation and environmental income

Emphasize the ecosystem approach and value ecosystem services as a source of income for the poor.

Sustainability of income over time

Take a long-term approach and consider the consequence of developing agriculture, fishery, and forestry sectors.

Tenure and access to resources

Recognize the central importance of land tenure to reducing rural poverty.

Decentralization and community-based NRM (CBNRM)

Devolve power over resource management to competent local authorities and community groups.

Participation, procedural rights and gender equality

Ground the strategies in broad-based participation by civil society. Emphasize free, prior, and informed consent by local communities in economic development projects.

Environmental monitoring

Include plans to monitor environmental conditions to track impacts of economic growth on environmental income.

Targets, indicators and assessments.

Specify poverty and environmental indicators to evaluate performance and allow for adaptive management.

The new nigerian agricultural policy (2001)

Objectives of the policy

- The achievement of self-sufficiency in basic food supply and the attainment of food security
- Increased production of agricultural raw materials for industries
- Increased production and processing of export crops, using improved production and processing technologies
- Generating gainful employment
- Rational utilization of agricultural land resources from drought, desert encroachment, soil erosion and flood and the general preservation of environment for the sustainability of agricultural production and improvement quality of rural dwell

Key features of the policy

- Evolution of strategies that will ensure self sufficiency and improvement in the level of technical and economic efficiency in food production, this is to be achieved through
  i. The introduction and adoption of improved seeds and seed stock.
  ii. Adoption of improved husbandry and appropriate machinery and equipment.
Focus on demand and market opportunities: for large parts of Africa the domestic food markets is the largest and mostly rapidly giving source of demand for agriculture. Where there is self sufficiency switch to higher value agricultural crops which have greater market potential.

Give priority to agricultural development to overcome the most significant obstacles to increased productivity and employment.

Encouragement of ecological specialization and development.

Reduction of risk and uncertainties in agriculture, to be achieved through the introduction of a more comprehensive agricultural insurance scheme to reduce the natural hazard factor militating against agricultural production and security investment.

A nationwide, Unified and all inclusive extension delivery system under the agricultural development programs (ADPs).

Active promotion of agro-allied industry to strengthen the linkage effect of agriculture on the economy.

Provision of such facilities and incentives as rural infrastructure, rural banking, primary health care, cottage industries etc, to encourage agricultural and rural development and attract youths (including school leavers) to go back to land.

Guiding principle for agricultural development strategies (Agriculture for pro-poor growth)

If poverty is to be alleviated, agricultural development strategies should aim to realise the links between increasing agricultural productivity and growth in underdeveloped economy. This requires a collaborative public and private investment decision guided by six principles which are:

- Increase agricultural development is most critical in the poorest countries in the earliest stages of development.
- Reflecting the stage of country’s development.
- Give priority to agricultural development in places where significant productivity gains are possible and the potential links to the wider economy are strongest.
- Give priority to agricultural development to overcome the most significant obstacles to increased productivity and employment.
- Focus on demand and market opportunities: for large parts of Africa the domestic food markets is the largest and mostly rapidly giving source of demand for agriculture. Where there is self sufficiency switch to higher value agricultural crops which have greater market potential.
- Social protection should be made complimentary to agricultural growth. Social protection programmes (such as cash benefits and welfare) are vital for ensuring minimum level of well-being and social security for the chronically poor and vulnerable.

How to move Nigeria towards a pro-poor agricultural growth

Improving development assistance to agriculture will require concerted and coordinated efforts from development agencies such as Department for International Development (DFID), Developing country’s Governments, regional initiatives, civil societies and private sector. Countries will frame their own strategies in accordance with the principles mentioned to reduce poverty and increased growth. Action to improve agriculture must be part of a broader development approach to manage the different impact the policy change and economic transition will have on different groups in society. Nigeria as a matter of urgency should do the followings:

- Design and implement pro poor economic policies: sound macroeconomic policies are important to achieve national development targets. Exchange rates, trade policies and the concomitant inflate rate have implication for the competitiveness of agricultural commodities in the international markets.
- “Dutch disease” an economic occurrence that can negatively affect other sectors of the economy due to exportation of natural resources has been particularly severe in affecting the Nigeria agricultural sector since the oil boom of the 1970s. The World Economic Forum 2006 rated Nigeria as the least competitive globally, even in Africa, IFPRI, (2008). Nigeria was rated 88 out of 117 countries on its global competition indicators, far behind Ghana, South Africa and Brazil. More must be done to ensure a favourable macroeconomic environment for pro-poor investments and growth.
- There must be efficient, effective and timely supply and distribution of inputs to farmers.
- Output diversification and value chains: It is important to diversify the productive base of Nigeria’s economy away from oil and promote market oriented, private sector-driven economic development through the direct promotion of agriculture.
- There is need to increase investment in agriculture, particularly agric research and development (R &D) as current investment is very low. The average Federal Public Expenditure on agriculture was 1.8 per cent from 2001-2006.
- Tackle market Failure: Poorly functioning markets are a serious discouraging factors that hinder agricultural development in many poor countries. Government may need to play a more direct role in encouraging private sector participation by using targeted and time bound guarantees or subsidies.
- Agricultural finance: Financial service providers are often reluctant to meet small farmers credit needs
and new approaches are needed to meet this demand particularly short term seasonal credit.

- Technological benefits: New innovations in Agriculture should be extended to the farmers, knowledge and skills acquisition should be encouraged by both public and private participation.
- Land accessibility and property rights: Land ownership and accessibility in many poor countries remains inequitable, reducing agriculture’s contribution to poverty reduction. Legal and administrative procedure should be simplified and strengthened the financial position of the poor so that they can buy land. Large land owners should be encouraged to sell some of their lands.
- Reduction of distortions in international agricultural markets: Continued efforts are needed to reduce tariffs; subsidies and non-tariff barriers in line with world trade organization (WTO) commitments and assist those countries facing short-term problems adjusting to international trade reform.

Some shortcomings of the national policy on agriculture in Nigeria.

- There were no concrete operational targets for measuring performance towards realization of the objectives and even the strategies were not tied to concrete action.
- A viable agricultural policy is expected to provide the enabling environment, incentives and institution for economic agents in the agricultural sector to operate as producers, or consumers, to achieve their economic objectives. The policy makes no concrete provisions on the institutional environment and structure for operating the policy.
- Beyond establishment of research institute, there is no specific statement on the expected technological growth of the sector or how it will be achieved. It is therefore not surprising the small farmers with crude tools continue to be at the centre of the nation's agricultural policy and programming.
- The existence of role duplication and overlapping of functions among the various tiers of government- federal, state and local.
- No define roles in national policy document were assigned to the local government in spite of the fact that the local government are closest to the farmers and other agro-allied activities.
- There is no lead sub-sector to spearhead government’s intervention and programming in the sector. This has lead to a situation where all sub-sectors command equal attention and priority status in budgeting and programming.
- There were no specific provisions to address the regional aspect of Nigeria’s agriculture. The increasing trend towards regional integration and the creation of regional common markets require that national agricultural policies should make provisions for leveraging the regional integration framework for development.
- There is no clear indication relating to management of environment on which agriculture depends on.
- The policy fails to assign clear roles to farmers the ultimate beneficiaries of the policy in the entire process of policy management.
- The policy was not followed with strategic plan that details in clear terms the concrete strategies and quantitative targets for obtaining policy objective in the short and medium term.

Observation drawn from the Nigerian agricultural policy

- The Nigerian Agricultural Policy (NAP) outlined the role and function of each tier of government but no guidance was given on the sequencing and devolution of responsibilities between the state and local governments.
- The private sector was also recognized as a prime mover of the economy and macroeconomic policy environments needed to accelerate private sector development are being pursued. But the successes of these policies have been limited and need to be evaluated.
- The NAP and NEEDS strategies also lack implicit and explicit monitoring and evaluation impact mechanism that will ensure that lesson learn from successes and failures of the past development strategies are incorporated into future strategies.
- Integration of Agricultural activities with Environmental sustainability were not given due considerations.

CONCLUSION

The Nigerian agricultural sector has improved in the recent years. But this improvement needs to be sustained to achieve the development target set for the sector. The growth pattern must be pro-poor, gender sensitive and environmentally friendly.

The agricultural sector also needs to diversify its activities to high value production. This will not come automatically. Policies and strategies are needed to improve farmer’s access to technologies, credit, markets, and information and to encourage private sector investment in processing and marketing business.

Improve governance, equitable and well functioning markets, supplies of essential inputs such as seeds and fertilizer, access to sustainable technologies and absence of conflict are likely to make Nigerian agriculture flourish. Agricultural policies must be carefully designed to
prevent overlapping organizational roles and responsibilities.

It is my view that NAP has not fully addressed the issue of agriculture for pro-poor growth, more pro-active, implementable, achievable and sustainable action have to be done to address the shortcomings enumerated as contained in the policy.

All Agricultural activities must integrate in them relevant measures to sustain environmental resources; an Agricultural Policy targeting the reduction of poverty must incorporate the resources that enhance productivity and sustainability.

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