



The Challenges of
SUSTAINABLE
GROWTH
and
POVERTY
REDUCTION
IN NIGERIA

Edited by:
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The Challenges of Sustainable Growth and Poverty Reduction in Nigeria

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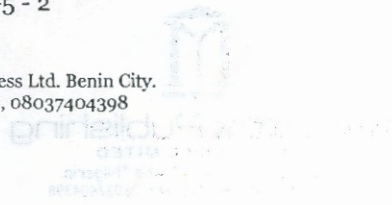
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Introduction

Economic growth and poverty reduction, undoubtedly, are two of the most challenging development issues in the Third World today. They are also two of the most stubborn development problems in post-independence Nigeria. Sustained economic under-performance and rising poverty became dominant features of the nation's development profile, particularly between 1960 and 2000. This unenviable trend has resulted in an economic crisis characterized by low per capita real income, low economic growth; high inflation and unemployment; and for many years acute balance-of-payment difficulties and an unsustainable debt burden. Nigeria's extreme reliance on the petroleum industry, to the detriment of other sectors and the mismanagement of oil revenues lie at the heart of the nation's perennial economic under-performance. The oil industry accounts for more than 80 percent of annual government revenue and 92 percent of the nation's annual foreign exchange earnings. It also accounts for one-half of the nation's annual Gross Domestic Product (GDP). However, the nation's oil industry is an enclave economy, with little linkages to other sectors. Consequently, the manufacturing and agricultural sectors have been unable to make significant contributions to the nation's GDP, undermining the structural integrity of the economy. The marginalization of the non-oil sector holds grave economic and social consequences for the nation's policy makers. Nigeria's economic profile, which features natural resource abundance and widespread poverty, has been described as a paradox. The unwholesome trend has triggered political, social and economic instability and threatens to reverse the nation's meager development gains since political independence in 1960.

At the turn of the Millennium, the international community identified poverty reduction as the over-arching goal of policy makers, with the articulation of the Millennium Development Goals (MDGs), which aim at reducing global poverty by one-half by 2015. Nigeria has subscribed to the

aims of the MDGs and has implemented policy measures to combat endemic poverty at the local and national levels. However, the majority of the population remains impoverished, with serious consequences for the economy. A combination of sustained economic under-performance and rising poverty levels have informed the convocation of this conference with the theme “The Challenges of Sustainable Growth and Poverty Reduction”.

The conference provided a platform for researchers, academics, policy makers and development experts to articulate issues pertinent to Nigeria’s economic growth and poverty reduction strategies. The conference also provided the impetus for economic growth and charted a new roadmap towards sustainable poverty reduction in the years ahead.

This book of readings is structured into three sections:

- Economic growth and development
- Poverty reduction strategies
- The challenges of the Niger Delta

All papers compiled in the book have been subjected to a blind peer review mechanism. Therefore, the book volume is recommended as an appropriate resource material for teaching, researchers, Development Partners and public and private sector policymakers in Nigeria.

The editors, on behalf of the Department of Economics and Development Studies, Igbinedion University, Okada wish to express their profound gratitude to all conference participants and authors who have responded to the call for papers. The quality of the papers is yet another step towards the realization of the nation’s economic policy objectives aimed at sustainable growth and development and poverty reduction.

Milton Iyoha Ph.D

S. A. Igbatayo Ph.D

November 2008

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Enhancing Agricultural Output In An Era Of Liberalization

By

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Abstract

Every industrialized country today passed through the agrarian era. In fact, the industrial sector takes its roots from the agricultural sector. In a market economy, government's role is limited to the provision of enabling environment necessary for the private sector to thrive. In view of this, the study examines various factors that could promote agricultural output in Nigeria. Five key variables were examined – education, inflation, finance, infrastructure, and rainfall. In all, only inflation was found to have a significant effect on agricultural output. The Cobb-Douglas growth model specified, suits the data analyzed perfectly. Inflation was found to have a positive effect on agricultural output which is contrary to previous studies. However, this was expected since the nation is in its early stage of transition from regulation to a market economy. It is believed that this will change as the economy becomes more industrialized. The speed of change, no doubt depends on the nature of institutions and infrastructure available in the economy.

Introduction

The current vision (20 - 2020) of Nigeria requires not only a high economic growth rate (of at least 12.4 % on the average in the next twelve