ECOWAS COMMISSION

Department for Agriculture,
Environment and Water Resources
Regional Agricultural Policy
(ECOWAP)

FEDERAL REPUBLIC OF NIGERIA

Unity and Faith, Peace and Progress

AFRICAN UNION

NEPAD
Comprehensive Africa Agriculture
Development Program
(CAADP)

NIGERIA

AGRICULTURAL GROWTH, POVERTY REDUCTION AND FOOD SECURITY: PAST PERFORMANCE AND PROSPECTIVE OUTCOMES

2

AGRICULTURAL GROWTH, POVERTY REDUCTION AND FOOD SECURITY: PAST PERFORMANCE AND PROSPECTIVE OUTCOMES

The Comprehensive Africa Agriculture Development Programme (CAADP) aims to add value to the efforts of individual countries, where necessary, to ensure that their growth and poverty reduction objectives are achieved. Doing so requires reviewing past, current and emerging efforts against these objectives. This includes:

- Examining the recent growth performance of the agricultural sector, as well as future growth and poverty outcomes based on observed trends.
- Determining how such outcomes compare with the targets established for the sector under the CAADP agenda and how they compare with the Millennium Development Goal to halve the proportion of people living on less than a dollar a day (MDG1).
- Assessing the prospects of meeting these targets and analyzing the implications for future sector growth and poverty-reduction targets.

IS NIGERIA

ON TRACK TO MEET CAADP'S GROWTH AND POVERTY REDUCTION TARGETS?

The following analysis describes three scenarios for agricultural development: (i) a continuation of Nigeria's current agricultural growth path, referred to as the current trends scenario; (ii) meeting the government's target growth rates specified in the National food security program (NFSP) and other key documents. This will be referred to as the Government strategy, GS, scenario; and (iii) increasing overall GDP and agriculture sector growth in order to assess how much growth is needed to achieve MDG1. This is referred to as the MDG1 scenario. Although MDG1 is based on the poverty line of US$1 per day, this analysis uses the country's national poverty line as stated by the National Bureau of Statistics.

Recent Performance and Current Trends Compared to CAADP targets

Macroeconomic performance in Nigeria has been strong in the recent past, as exemplified by GDP growth rates of 6 percent in 2006 and 6.4 percent in 2007 and 2008. The agriculture sector has also shown good growth rates in the recent past, with a growth of 7.4, 7.2 and 6.5 percent in 2006, 2007 and 2008 respectively. During this period, population growth rate was an average of 3 percent. Per capita income grew by 2.9 percent in 2006 and 3.3 percent in 2007 and 2008.

Future overall growth and poverty trends for the sector under the status quo are projected to 2017 based on historical trends and recent developments particularly the problems in the world oil market and the global financial crisis. In 2003 - 2007, GDP grew at approximately 7 percent p.a. While this would encourage higher expected growth, recent developments require more cautious growth expectation. The economy is expected to grow at 6.5 percent while the agriculture sector and non agriculture sector are expected to grow at 5.7 percent and 7.8 percent respectively, in the 2007-2017 period. Per capita income is projected to grow at 3.3 percent per annum. As indicated by recent growth rates, the country has exceeded the 6 percent agriculture growth target. Due to this development and the fact that the current trends scenario is very close to the 6% agriculture growth target ,no separate CAADP scenario was analysed. In spite of having achieved the 6% target, projected future growth trends will not allow the country achieve MDG1 by 2015. Figure 2a indicates that the 1996 poverty level (66 percent) was higher than that of 1990 (44 percent) by 50 percent. The 2004 poverty level (54 percent) was also higher than that of 1990 but by a lower rate of 24 percent as the poverty level declined between 1996 and 2004. By 2017 the 1990 rate would have been reduced by about 10 percent only (Figure 2a) from the estimated 1990 level of 44 percent to 40 percent in 2017. Achieving MDG1 would require halving the poverty level from 44 percent in 1990 to 22 percent by 2015. As shown in figure 3, the current growth rates would lead to the number of poor people in the country increasing by about 10 million by 2017 from 67.1 million in 1996 to 77 million in 2017.

CAN EMERGING

GOVERNMENT STRATEGIES ACHIEVE CAADP'S GROWTH AND POVERTY TARGETS?

Overview of the Government's Strategic Objectives for the Agriculture Sector

The Government of Nigeria's agricultural sector targets are outlined in 3 key strategic documents: the 7 point agenda of the Federal government, the 5 point agenda of the Federal Ministry of agriculture and water resources (FMAWR), and the National Food Security Program

Figure 1 Annual growth rates under different scenarios 2007-2017 (%)

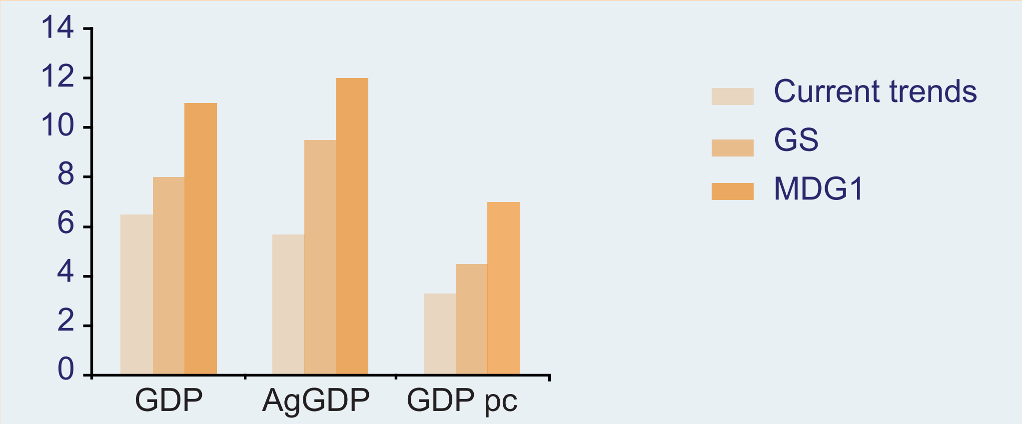
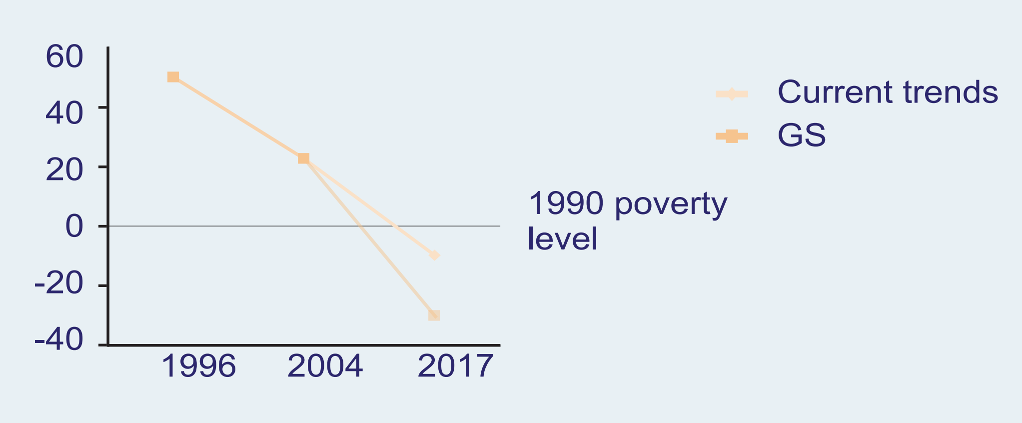


Figure 2a percentage change in national poverty compared to 1990 level under different scenarios



(NFSP). Other documents also indicate the government's targets for the medium term. These include the presidential initiatives, the National Economic Empowerment and Development Strategy II (NEEDS II) and the Medium Term Sector Strategy of the FMAWR. The vision of the 7 point agenda is to develop a united and secure society underpinned by strong democratic principles and a modern and industrialized economy, which is fair, just and especially socially inclusive, environmentally responsible and a key player in the regional and global economy. As articulated in the seven point agenda, the overall agricultural sector goal is to attain national food security by ensuring sustainable access, availability and affordability of quality food to all Nigerians and position Nigeria as a net food exporter. The 5 point agenda of the ministry is designed to achieve the agriculture targets described in the 7 point agenda and is distilled from the National Food Security Program. The National Food Security Program specifies detailed targets to be achieved in different agriculture sub-sectors. It identifies selected strategic agriculture products which are to be used as vehicles to achieve the overall agriculture objectives of the government. It also places emphasis on improving all aspects of the value-chain and implementing policies through greater private sector participation. The NFSP, the 7 point agenda and other documents above state targets for the agriculture sector in terms of crop, fisheries and livestock production, yield and area cultivated. Most of the above targets are to be achieved by 2011 which is 4 years from the 2008 baseline. However the growth rates required to achieve these agriculture targets in terms of yield growth

Figure 2b - Projected changes in poverty rates under different scenarios 1996 - 2017 (%)

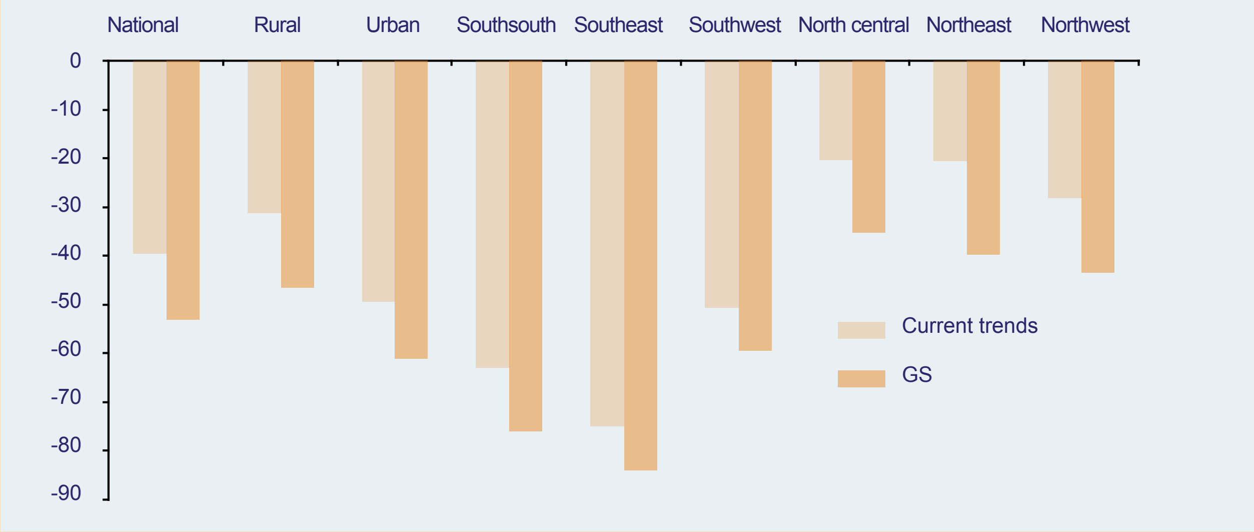
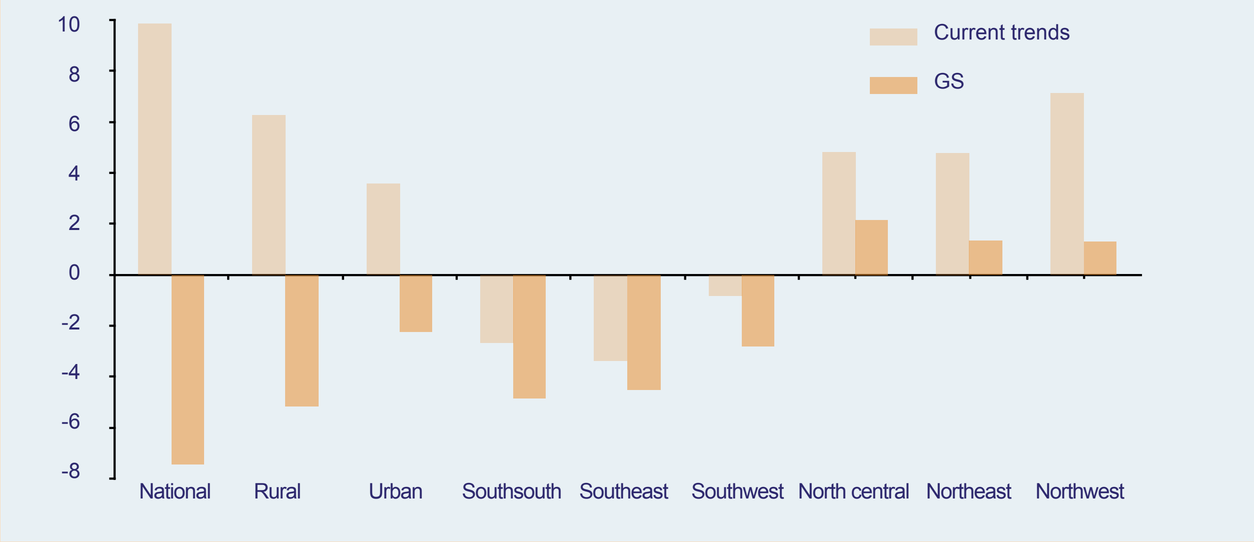


Figure 3 Projected change in absolute number of poor people (millions) under different scenarios 1996-2017



in particular are not feasible. The implied products' growth rates would require the agriculture sector to grow between 10 percent and 15 percent in the 2008-2011 period. A more feasible scenario (GS) which requires lesser increases in crop yields was considered. In this scenario the agriculture targets are achieved in 10 years (2008-2017) rather than 4. Based on historical trends (2000-2006), annual crop yield growth rates ranged from -1 percent p.a. for rubber to 5.3 percent p.a. for cocoa with the growth rates of other crop yields being between the two. In the GS scenario we allowed for higher growth rates ranging from .4 percent for rubber to 6.5 percent for cocoa. If the government's targets were to be achieved by 2017, for many crops this would mean doubling the historical yield growth rates by 2017. Achieving them by 2011 would mean increasing the historical yield growth rate by two to four times for many crops by 2011. This was considered infeasible given the resource requirements and the changes required from farmers in such a short period. Achieving the government's targets by 2017 would result in average agriculture sector and GDP growth rates of 9.5 percent and 8 percent, respectively, during the 2007-2017 period (Figure 1). At these growth rates, per capita income would grow by 4.5 percent p.a.

Projected Growth and Poverty Outcomes Under Government Strategies

The projection results in Figure 2a indicate that achieving the targets outlined in current government strategies would not allow the country to meet the MDG1 goal of halving the 1990 poverty level (44 percent) by 2015. As shown in Figure 2a, successfully achieving the government's agriculture targets (GS) would reduce the 1990 poverty level by 30 percent in 2017. This means that MDG1 would not be achieved by 2015. As the 1996 poverty level (66 percent) was higher than that of 1990 it was considered a more feasible target for reduction. Achieving the government's agriculture targets (GS) would allow the country to halve the 1996 poverty level by 2017 (Figure 2b). However, the reduction in poverty would not be uniform across regions: the urban areas achieve a higher reduction of 61 percent while the rural areas achieve 47 percent reduction. In terms of geo political zones, the southern areas would achieve much higher rates of reduction (figure 2b). If the government successfully achieves its targets (GS), the number of poor people would be 59.7 million by 2017. Thus, successfully achieving its targets means that 17.3 million people would be able to escape poverty by 2017 compared to the projected number of poor people if current trends continue.

ACHIEVING THE MDG POVERTY OBJECTIVE REQUIRES GROWTH BEYOND CURRENT GOVERNMENT AND CAADP TARGETS

Achieving the MDG1 objective of reducing poverty by 50 percent in 2015 would require cutting the national poverty rate to about 22 percent from the 1990 rate of 44 percent. The projections above indicate that neither the current trends nor government strategy growth rates would lead to the achievement of MDG1. At the latter's growth rates which are higher than the former, the 1990 level of poverty would only have been reduced by 30 percent by 2017 (figure 2a). It is necessary that the economy achieves higher growth rates and at the same time increases the pro poorness of growth if MDG1 is to be achieved by 2015. Available projections from the MDG1 scenario (figure 1) indicate that an average GDP growth rate of 11 percent in 2007-2017 would almost cut the 1990 poverty rate by half from 44 percent to 23 percent in 2017. To achieve this, agriculture growth rate would be 12 percent. These growth rates underscore the challenges the country will face in halving the 1990 level of poverty. The results presented here indicate that: (i) a continuation of current growth trends will not allow the country achieve the MDG1 goal of halving the 1990 poverty rates by 2015; (ii) emerging government strategies under the NFSP and related programs would not allow Nigeria to reach the MDG1 objective in 2015; (iii) Achieving MDG1 in 2015 would require higher GDP growth rates and improved pro poorness of growth. Cutting the 1990 poverty level by half by 2017 would require GDP growth rates of about 11 percent. This indicates that achieving MDG1 by 2015 would require a GDP growth rate of more than 11 percent (iv) meeting the government's targets by 2017 would allow the country to cut the 1996 poverty by half in 2017. Achieving this would mean that the country would reduce the 1990 poverty rate only by 30 percent by 2017. This would require 8 percent and 9.5 percent GDP and agriculture sector growth rates, respectively, which are higher than current growth rates; (v) such accelerated growth, however, will not allow for equal reduction of the poverty rate in all regions.

FEDERAL REPUBLIC OF NIGERIA

Federal Ministry of Agriculture and Water Resources
Federal Capital Development Authority
Garki, Area 11
PMB 135
Abuja
Tel: +23493141931
Email: agricminister@rosecom.net

NEPAD Nigeria
No 18 Ganges Street
Maitama,
Abuja
Tel:+23494133898

This brochure was produced with financial and technical assistance from the Economic Community of West African States (ECOWAS), the United States Agency for International Development (USAID), the British Department for International Development (DFID), the Swedish International Development Cooperation Agency (SIDA), the International Food Policy Research Institute (IFPRI), the Regional Strategic Analysis and Knowledge Support System West Africa (ReSAKSS-WA) and the International Institute of Tropical Agriculture (IITA).