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RURAL INDUSTRIALIZATION: A STRATEGY FOR RURAL DEVELOPMENT IN NIGERIA

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ABSTRACT

Rural industrialization is a gate way to rural development most nations particularly an agrarian economy like Nigeria. This paper assessed the genesis, the need, prospects and constraints of industrialization as a veritable tool for development. Some general and necessary information on rural industrialization were highlighted which if properly utilized will serve as a way forward for achieving sustainable rural transformation and national development. The study reveals that past government policies on rural industrialization as good as they were, has not yielded the desired result expected, hence the need for re-approach. Identified constraints include: inadequate infrastructure, poor utilization of available manpower and absent e of a sound technology base, low level of private sector (foreign and domestic) investment, government policy an macro economics, political environment and institutional set-up. Alternative measure proposed in this study will foster rural industrialization on a sustainable bases includes: review of government policies on investment options of agriculture (foreign and domestic) vigorous development of agro-industries with focus on availability of unlimited raw material resources, development of agricultural sector driven by appropriate technology, development of post-harvest systems and agro-industry and creation of agriculture information network centers located in all local government areas headquarters for easy access by farmers and local investors.

Keywords: Rural, Industrialization, Strategy and Development

INTRODUCTION

The exploitation of the African colonies by the colonialist who regard the colonies as a source of raw materials for their industries and consumers of their manufactured good has really affected rural industrialization in Africa generally and particularly Nigeria.

In many developing countries a high percentage of the economically active population is engaged in agriculture and the percentage working in manufacturing is small, because very little was done to promote the development of manufacturing industries. The industrialized nations of Western Europe and the North American continents exerted the same monopoly control over production as they did over the international markets, so that it was virtually impossible for low and middle-income countries like Nigeria to become industrialized. However, the post world war II era brought a new approach to the total economic development of these nations that subsequently led to the establishment of a multitude of small, medium and even heavy industries.

The post World War II era witnessed the colonialist scramble for raw materials in the developing countries for their growing industries abroad and the aftermath sales of their manufacturing products to these countries. This was the initial tactics by the colonialist

toward deindustrialization of many African countries particularly Nigeria. The raw materials sourced by them should have been used in feeding rural agro-industries for production finished product which they can export abroad and in-turn sell to the countries source of the raw materials and industries. Many of the manufactured goods needed by the people of these developing countries still have to be imported (Poostchi, 1987).

Many African countries have suffered "deindustrialization" and the most serious loss of manufacturing capacity any where in the developing world. According to the World Bank report (1996) on African development, industrial performance has been poor in much of Africa.

Government of many developing countries in recent years did embarked upon industrialization programmes both in rural areas due to the bitter experience of unfair deal they encountered with their colonial past bearing in mind the following cardinal objectives.

1. To improve the economy of the country and the diversity of its industrial development so that a better standard of living for its populace can be achieved.

2. To create considerably more job opportunities

3. To improve the country's balance of trade and further processing of locally produced raw materials before they are exported.

4. Many governments of developing countries consider industrialization to be synonymous with prosperity, political stability and social development.

5. To reduce dependence of the population on agricultural production; industrialization creates mobility and also creates job for rural people.

6. It is easier and quicker to increase productivity in manufacturing and industry than in agriculture.

The objectives were lofty and commendable, but is attainment is most crucial in the present day global setup especially in the Nigeria context. Moreso, trade and industrials policies have long been characterized by high level of protection and intervention in domestic resource allocative, a dominat role of public enterprises and a general distrust of the private sector. Small fragmented local markets have led to the setting up of small scale plants that could not compete internationally. While these enterprises have multiplied in recent years, this has often been a survival strategy in the face of the adverse economic climate, but it has not lead to the widespread "graduation" of small scale enterprises to large scale modern production or to export activity geared to world's market. Yet, this is the way that industry in many Asian countries grew and prospered (of which Nigeria must take a cue from) in the past three to four decades, by directly entering export market with:

i. Value-added activities
ii. Attracting foreign investors and
iii. Setting-up large, modern facilities that could deepen both the industrial structure and local technology capabilities (World Bank, 1996).

Background

Throughout most of the post-independence era, Nigeria pursued an industrialization strategy based on import substitution. As the economy benefited from increased foreign exchange earnings from petroleum export in the early to mid 1970s, ambitious and often costly industrial project were embarked upon by government.

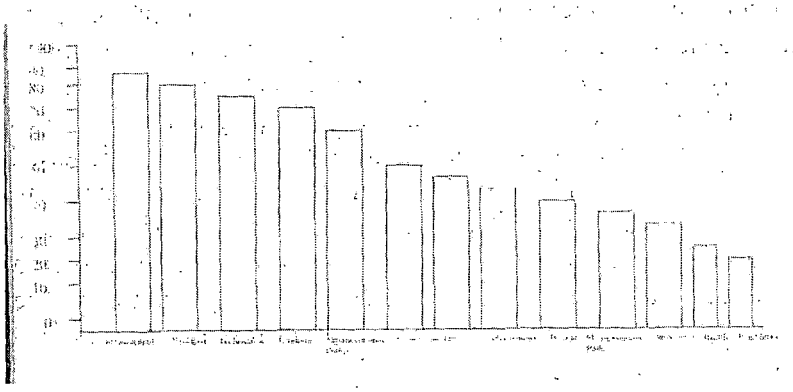
Private sector investment in manufacturing grew too, taking advantage of an array of government incentives such as the pioneer status and approved user's scheme by the late 1970s, a clear picture of the structure of the manufacturing sector had emerged. It was characterized by high geographical concentration; high production costs; serious underutilization of capacity, high import content of industrial output and low level of foreign investment manufacturing.

Most of the problems of the manufacturing sector have often been attributed to inadequate infrastructure, lack of executive capacity, poor utilization of valuable manpower and absence of a sound technological base. By this time, too, government had invested heavily in a diversified portfolio of industrial projects such as in salt, iron and steel, cement, sugar, pulp and paper and fertilizers. The poor returns on these projects, however could not justify the enormous public founds that had been committed to their execution (industrial policy of Nigeria, 1990).

Against the background of problems encountered at the initial industrialization process government embarked on a Structural Adjustment Programme (SAP) in July 1986. its major's features include import liberalization and easier access to foreign exchange market (FEM).

The objective of government industrial policy shall be then to achieve an accelerated pace of industrial development. In pursuance of the objective government took pome notable steps amongst which were: encourage increased private sector participation in the industrial sector, and privatizing and commercializing holdings in certain existing industrial enterprise. A good objective one would say, but very unhealthy for development of an agrarian economy nation like Nigeria. There are constraints affecting private sector participation in agro-industrial sector such as: infrastructure, financial, technical, economic and macroeconomic policy/socio-cultural. Other identified constraints were socio-cultural, environmental, political and institutional, also in labour, health and land tenure. Figure 1 below shows types of constraints and their percentages that militates against foreign and domestic investment in Nigerian agriculture (Manyong *et al.*, 2004).

Figure 1: Relative frequency distribution of constraints to foreign and domestic investment in Nigerian agriculture (percentage responses)



Source: IITA, 2004

The constraints identified that militated against private (foreign and domestic) sector participation in agro industrialization should have been taken as a necessary measure towards privatization and commercialization of such holdings. Agro-industries suffered a great set back with the policy as most of these industries were privatized. They include, Savannah Sugar Company Limited, Madara Company, Ore-irale oil palm, National Fertilizer Company of Nigeria just to mention a few.

The implications of privatizing and commercializing agro-industries of such magnitude in Nigeria are first and foremost, lack of job or unemployment to the populace, low productivity of the industrial sector, low standard of living to the people, death of small industries)feeder), overdependence of population on agricultural production etc.

Methodology

In its broad perspective, the issue in this paper lies in sustainable agriculture production for agro industrialization and ultimate development of the nation. An overview of rural industrialization pre-post colonial era down to the present day state of the art were assessed.

Government policies on industrialization, private and public sectors performance on the subject matter were critically viewed. Privatization and commercialization programme by the federal government of 1999 and its effect on agro-industries in Nigeria was briefly highlighted so as to capture variables in the interplay of rural industrialization in particular and industrial development of the nation at large.

Discussion on the way forward to achieving the set goals on industrialization process through important factors such as agricultural policies review, assessment of investment in Nigeria agriculture, investment options of agriculture in Nigeria and the development of agro-industry and post-harvest system for sustainable agriculture development was viewed. Recommendations were drawn from the discussions made.

Discussion

Past agricultural policies in Nigeria could be put into three distinct periods. Pre 1970 pre-structural adjustment, and during structural adjustment. Pre-1970 was characterized by none-minimum government direct intervention. Private sector and particularly, millions of small traditional farmers were the forerunners of agricultural development. Government efforts were merely supportive of the activities of these farmers in the form of agricultural research, extension, export crop marketing and pricing activities (Manyong *et al.,* 2004). Pre-structural adjustment period (1970 – 1985) witnessed agricultural development from one of minimum intervention to that of maximum intervention in which a deluge of agricultural policies, programmes, projects and institutions were put in place by the federal government. Structural adjustment period conceived agriculture as essentially a private sector business in which government role was facilitating and supportive of private sector initiatives; market forces were allowed to play a leading role in directing the economy.

Post-agricultural policies programmes/schemes succeeded momentarily in increasing food production only. This could not translate to development in the agricultural sector because there were a lot of component working at par with each other. For example post-harvest system and agro-industry. Agro-industry and post-harvest system can raise the income of the rural poor through the development of value added activities, institutions and agro-food based rural industrialization. Value added activities increase income which will ultimately play a significant role in poverty reduction, sustainable growth and food security in the country.

The new agricultural policy of 2001 proposal had most of the features of the old policies but with a more focused direction and better articulation. The new proposed agricultural policy objectives were:

i. The achievement of food self sufficiency and food security
ii. Increased production of raw materials for industries.
iii. National utilization of agricultural resources.
iv. Increased production and processing of export crops
v. Generation of gainful employment
vi. Promotion of increased application of agricultural technology.
vii. Improvement in the quality of rural life

The new proposal spelled out definitive roles and responsibilities for federal, state and local governments as well as the private sector to eliminate duplication of functions. This is not enough for sustainable agricultural productivity, because in the eight objectives of the new policy proposal, there is no indication of active participation of the primary stakeholders (Farmer) in either the policy formulation or as apart of the policy statement. Associations of investment in Nigeria agriculture from available literature for both foreign and domestic level are very scanty. The levels of total real domestic public investment by the three tiers of government indicate an increase. The federal government of Nigeria accounted for a very high share of about 80% in 1996, 1997 and 1999, 70% in 1988, and 53% in 2000. local government contributed the least (Manyong *et al.,* 2004), according to Manyong *et al.* (2004), as far as the attraction of foreign investment is concerned, agriculture's performance was worse than that of the whole economy during the review period. In general, the pattern of all types of

investment in Nigeria was unstable and particularly bad for investment in agriculture. With such a scenario of instability of a nation economy, investors are not crazy, apart form which they have first hand information of any economy of interest, their investment in any economy will depend upon the stability of such an economy. Most public sector investment was in large-scale commercial enterprises that were mismanaged and failed. Both the domestic and foreign flows of private investment into the Nigerian economy as a whole suffered declining and fluctuating trends (Manyong, 2004).

Going by extensive literature search, it revealed that investment flow into the economy was determined by a number of factor, within the economy was determined by a number of factors, such as size of public capital investment growth of the economy, inflation rate, real exchange rate, economic instability, debt service, etc. lack of enough authentic data cannot allow for a disaggregated analysis that could lead to the identification of key determinants of investment in agriuclture. This will be a good research topic to ponder on with aim of solving it. Summarily, agro-industrialization in Nigeria will subsequent development and industrialization of the rural and urban areas of the country has not yet get a footing. The initial de industrialization process by the colonialist, the vigorous and ambitious industrialization process undertaken by government that has a faulty beginning; faulty and unfocused first agricultural policy followed by focused but not farmer's oriented second agricultural policy, privatization and commercialization of pubic enterprises adverse effect on agro-industries are instances too many that militated against rural industrialization in Nigeria. The re-alignment of these instances appropriately and robustly will probably be the beginning of proper industrialization process in Nigeria.

Recommendations

1. State of emergency on agricultural sector should be declare for an immediate reflection, reviewing and refocusing on agriculture production and agro-industrialization by all stakeholders with full participation of the subsistence farmer and local investors.
2. Re-formulation of a new agricultural policy with full participation of stakeholders.
3. Agro-industries establishment should be based on raw materials resources abundance and should be driven.
4. Agriculture sectors should be driven by appropriate technology for sustainability and growth.
5. Input-output effect should be the guiding principle of all production, right from seed planting to the end production of manufacture in the industry.
6. Agriculture information network centre to be cited in all local government area headquarters for easy access by farmers and local investors on state of the art of agricultural development locally and international.
7. Development of post harvest systems and agro-industry should be strategically carried out for successful agro- industrialization process.

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