

Global Vision, Local Action

**FROM FRAGILITY TRAP TO
RESILIENT ECONOMIC
DEVELOPMENT**



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Review progress for two reasons:

1 2023 Mid-point for implementation of the SDGs.

2 Goals are not being met.



FRAGILITY TRAP



- a weak or fragile governance by the state
- weak governance in social services delivery
- a debile economy characterized by rising debts
- and a monocultural economy, rising insecurity, and failure to overcome a protracted insurgency.

AFRICA IS UNABLE TO FEED ITSELF

A photograph showing a line of children in a rural African setting. They are holding empty metal bowls, suggesting they are waiting for food. The background shows a thatched-roof hut and a dry, dusty ground.

- Food imports cost Africa **US\$55 billion a year**. This could **double to \$110 billion by 2030**.
- Many African cities will **double in size** by 2050, increasing demand.

Chad, Guinea and Mali and, most recently, Niger have experienced military overthrow of the elected civilian government in the last two years.

Two factors define these countries:

- **Violent extremism and**
- **Human insecurity.**



All (plus Nigeria) among top ten countries most affected by terrorism in the world.

FRAGILITY

A DISTINCT MARK OF A LOW-INCOME TRAP / FRAGILITY TRAP

Least Developed Countries (LDCs) suffer the most from external shocks because collectively they are the world's most vulnerable economies. These countries are characterized by low and weak levels of resilience, weak political and financial and institutions that could buffer such shocks (e.g. Russia-Ukraine war and subsisting climate change).

1.06 billion
people
living in the
47 LDCs

LDC
economies
<1.3% of
global GDP

Avg. LDC
GDP per
capita =
\$1,088
(global avg
\$11,371)



WHAT IS A STRUCTURAL TRANSFORMATION TRAP?

Households derive their livelihoods from subsistence farming

- 70% of African households on subsistence agriculture
- Agriculture sector is characterized by low-yield staple food crops on small plots with minimal use of inputs.



POVERTY TRAP OR DESTITUTION EQUILIBRIUM

A state in which opposing forces of income and expenditure are balanced.

It does not allow the poor people to escape it.

The transition from Low-income to Middle-income economy takes place when a traditional agricultural economy enters the **early stages of industrialization.**

ESCAPING FRAGILITY TRAP AND THE ACHIEVING THE SDGS:

- Profound changes in the economic landscape
 - Sequential policies and structural changes to push towards modernization.
 - Economic transformation from rural-based to urban and from agriculture-based to industry and services.
- 
- **25 million Nigerians Experiencing Food Insecurity - January 2023**
 - Nigerians spend 56% of income on food.
 - Highest Worldwide.
 - USA: 6.4% of income on food.
 - UK = 8.2%.
 - Nigeria's situation denotes absolute state of emergency

AGRICULTURAL DEVELOPMENT

IS ONE OF THE MOST POWERFUL
TOOLS TO:

- END EXTREME POVERTY
- BOOST SHARED PROSPERITY
- AND FEED THE CITIZENS

Fostering modern agriculture is crucial to
economic growth

One third of food
produced globally is
either lost or wasted.

- Addressing food loss and waste is critical to improving food and nutrition security, also for meeting climate goals and reducing stress on the environment.
- Risks associated with poor diets are also the leading cause of death worldwide. This causes health crises.

SUSTAINABILITY

A woman wearing a yellow hard hat and a blue work shirt is operating industrial machinery. She is turning a large green wheel. In the foreground, there is a large circular pressure gauge with a white face and black markings. The background shows a cloudy sky.

Policies that strengthen linkages between rural and urban
Induce shift out of agriculture

Strategic actions:

- Rural infrastructure
- IT communication
- Roads and transport
- high-quality rural education
- Technical skills: commercial farms and industry

Balance of Payment and foreign exchange crises: WHY?



**WE CONSUME HIGH-
VALUE PRODUCTS THAT
WE DO NOT PRODUCE**





NIGERIA'S TOP IMPORTS



Refined Petroleum
\$77.5B



Cars
\$3.03B



Wheat
\$2.15B



Special
Purpose ships
\$4B



Telephones
\$771M



Packaged
Medicaments
\$1.38B

By contrast, Nigeria's main exports are:

Coconuts, cashews, cocoa beans, rough wood, petroleum gas, and crude petroleum that accounts for 70.8% of all its exports.

THE NIGERIAN OIL AND GAS SECTOR: WASTING REFINERY CAPACITY





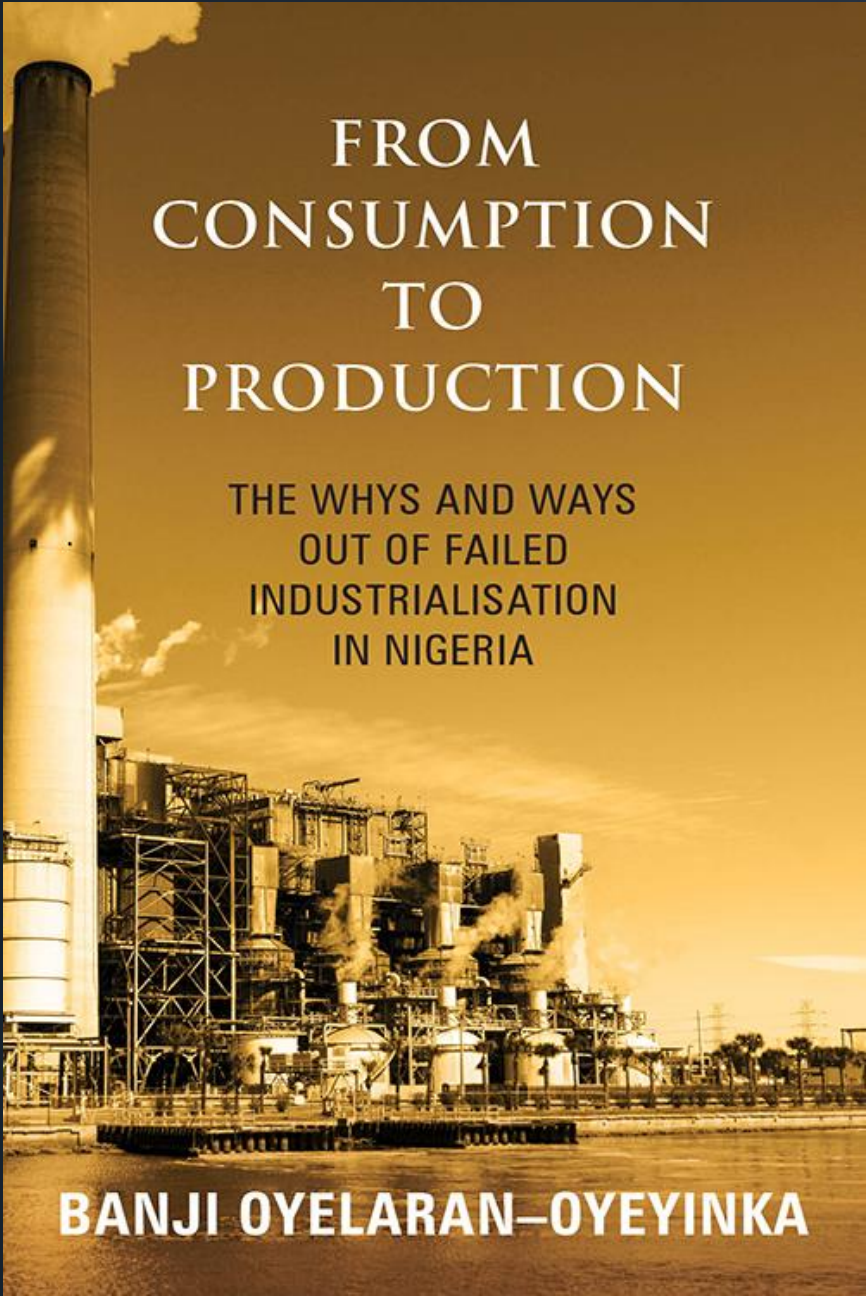
**COLTAN:
USED TO MAKE
LAPTOPS etc.**

DRC HAS 80% YET POOR



**WE MUST PROMOTE THE SUSTAINED
EXPANSION OF FOREIGN EXCHANGE
EARNINGS THROUGH EXPORTS OF
MANUFACTURES**

**Export of processed and
manufactured products**



FROM CONSUMPTION TO PRODUCTION

THE WHYS AND WAYS
OUT OF FAILED
INDUSTRIALISATION
IN NIGERIA

BANJI OYELARAN-OYEYINKA

A woman wearing a blue hairnet and a green shirt is working on a pineapple processing line in a factory. She is wearing yellow gloves and is using a knife to cut a pineapple. In the background, another worker in a white uniform and hat is visible. The factory has stainless steel equipment and conveyor belts.

AGRIBUSINESS

thrives within an industrial system

Food systems represent over 12% of global GDP

40% of all jobs are connected to the food system

African agriculture is not industrialized and agraria.

1

**NIGERIA'S AGRICULTURAL
CONTRIBUTION TO GDP IS 22-25%
AND HAS REMAINED CONSTANT FOR 45 YEARS**

Compared to:

Tunisia - 10%



Malaysia – 9.6%



Thailand - 8.5%



Netherlands - 1.6%



UK - 0.6%



2

IN NIGERIA, AGRICULTURE EMPLOYS 35% OF THE POPULATION

compare to:

S. Korea - 5%



Ethiopia – 65%



Malaysia – 9.6%



Thailand - 8.5%



Netherlands – 2.3%



UK - 0.7%



NO middle-or high-income countries in the world have more than 10% of their population, directly engaged in agriculture.

3

**NIGERIA'S MANUFACTURING
CONTRIBUTION TO GDP HAS
REMAINED UNDER 10%
FOR THE PAST 45 YEARS**

compare to:

S. Korea -25%



Malaysia – 24%



South Africa – 12%



4

NIGERIA'S **INCOME PER CAPITA** HAS **REMAINED \$2,450** FOR THE PAST 45 YEARS

This can be compared to:

S. Korea - \$32,420

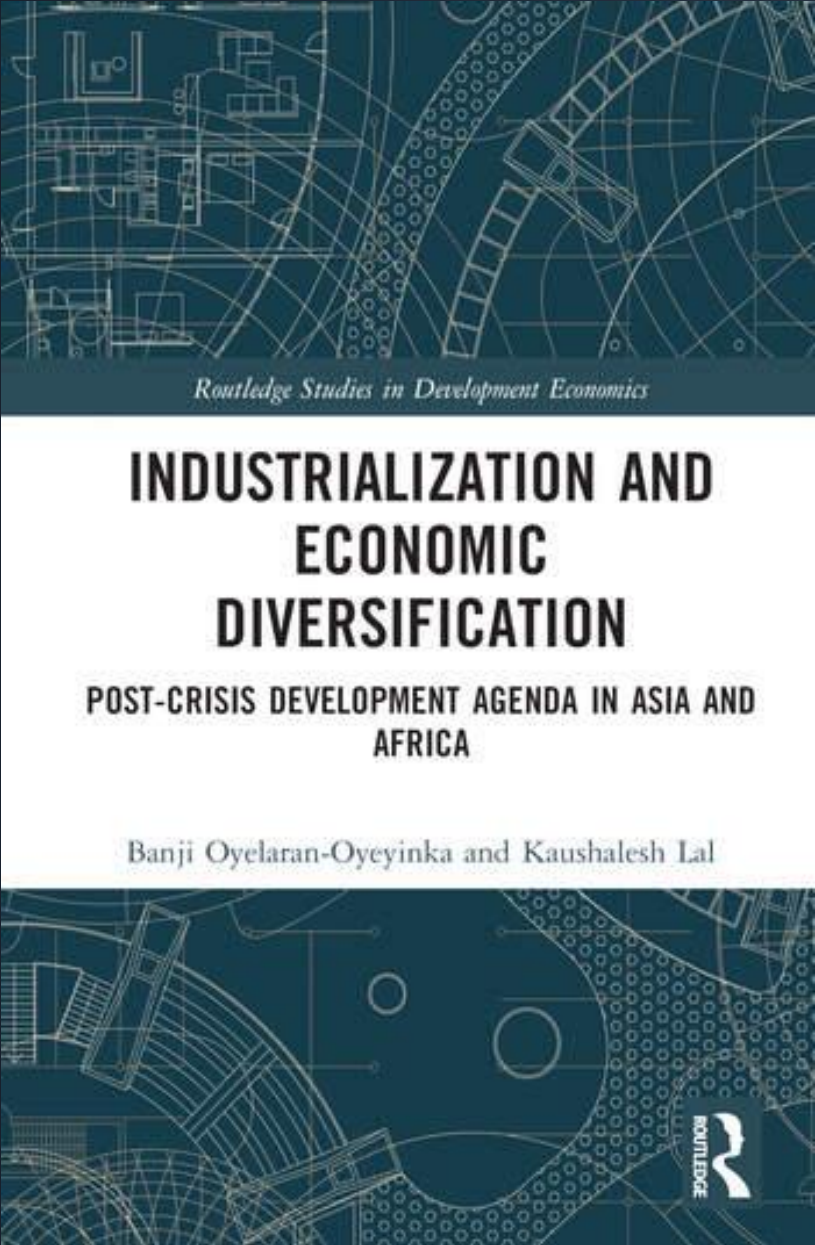


Malaysia – \$12000



South Africa – \$6,776.5



The background of the book cover is a dark teal color with a white technical drawing or architectural plan. The drawing features various geometric shapes, lines, and patterns, including a large circular structure on the right side and several rectangular buildings or structures on the left. The overall style is reminiscent of a blueprint or a technical sketch.

Routledge Studies in Development Economics

INDUSTRIALIZATION AND ECONOMIC DIVERSIFICATION

**POST-CRISIS DEVELOPMENT AGENDA IN ASIA AND
AFRICA**

Banji Oyelaran-Oyeyinka and Kaushalesh Lal

ROUTLEDGE

The Routledge logo, which consists of a stylized white 'R' inside a dark square.



**TO MAKE PROGRESS WE
MUST TARGET GROWTH IN
AGRICULTURE** *(at least by 6% per
year)*, foster creation of non-farm rural
employment and rural industry,
the transformation of domestic *(and access
to)*, international markets.

WE MUST:

- Address the landlocked Sahelian countries and LICs. where government revenues minus aids are between \$200 and \$450 per year per capita
-
- Transform Low-level agri-food industry: the Sahel's largest economic sector, accounting for a third of its GDP and 75 percent of its employment into modern commercial enterprises

SUB-SAHARAN AFRICA

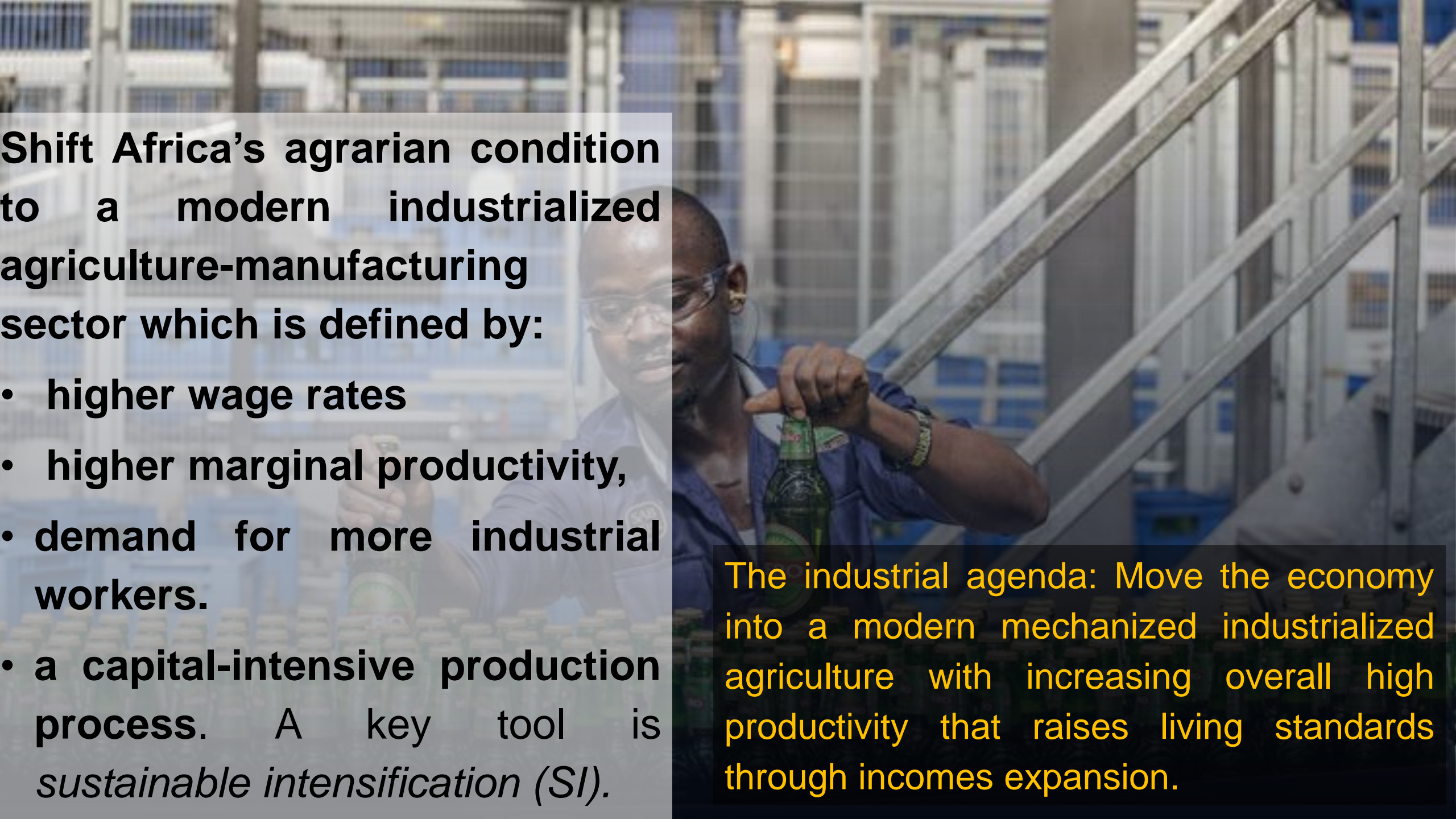
Population
growth
1981 to 2022
2.40%

Per capita
income
1981 to 2022
2.90%

GDP per
capita
Growth
has been
fluctuating
over the years
-5.22% to 3.72%

From 2017 to 2050, the **populations of 26 African countries will double**, while the rural population of Sub-Saharan Africa is expected to **rise by 53%**

Rapid population growth fueling demand for food a lack of growth sustainability

A man in a blue shirt and safety glasses is working in a factory. He is holding a green bottle and appears to be inspecting or working on it. The background shows industrial equipment and a staircase.

Shift Africa's agrarian condition to a modern industrialized agriculture-manufacturing sector which is defined by:

- higher wage rates
- higher marginal productivity,
- demand for more industrial workers.
- a capital-intensive production process. A key tool is *sustainable intensification (SI)*.

The industrial agenda: Move the economy into a modern mechanized industrialized agriculture with increasing overall high productivity that raises living standards through incomes expansion.

SAPZ

Special Agro-industrial Processing Zones





SAPZ TURN ZONES OF POVERTY INTO ZONES OF PROSPERITY

- 1. To increase agricultural productivity and output.**
- 2. To promote agricultural value-added through agro-processing.**
- 3. To enhance income generation and job creation in rural areas.**
- 4. To enhance sustainable agricultural practices and new farming techniques.**
- 5. To stem unsustainable rural-urban migration by making rural areas oases of agricultural prosperity.**
- 6. To reduce reliance on imports and stabilize the economies by making agriculture the engine of industrialization.**

THE AGENDA IS URGENT

An aerial photograph of a city, likely Lagos, Nigeria, showing a harbor with ships, a bridge, and various buildings. A large, vibrant green fingerprint graphic is superimposed on the left side of the image, with its center positioned over a helipad in the foreground. The background is a dark, semi-transparent overlay containing text.

- **Industrialized agriculture:** main source of technology-driven productivity growth and innovation.
- This agenda is urgent in the face of rapid urbanization, technological and scientific advances and applications in agriculture, and the challenges of climate change.
- **Africa can produce sufficient food if it applies available technologies to increase yield.** We can raise wheat yield from 2 to 6 or 7 tonnes per hectare. We can raise maize yield from 1.5 to 10 or 14 tonnes per hectare.
- **We should generate productive value chains from our raw materials.**



LOST GLORY: NIGERIA'S TEXTILE AND GARMENT INDUSTRY

- The textile and ready-made garments industry in Nigeria story of lost glory. A once **vibrant and dynamic sector in Nigeria**, the sector exported to countries in the African region. **It achieved an annual growth rate of about 70%** and constituted **25% of the manufacturing sector's labor force** of over one million workers between 1960 and the late 1980s.
- There were around **115 factories** across the Cotton, Textile and Garments (CTG) value chain, which engaged in several stages e.g. spinning, weaving, and garment production in 1980. The Nigerian textile manufacturing capacity was valued at **N420 billion and investment worth of \$3 billion in 1999**.
- In 1972, the World Bank approx. the GDP of Bangladesh at \$6.29 billion. It grew to US\$368 billion by 2021, with US\$46 billion of that generated by exports, **82% of which was ready-made garments**.



**LET US MOVE
FROM
FRAGILITY TRAP
TO
SUSTAINABILITY**

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MAKING A DIFFERENCE



AFRICAN DEVELOPMENT BANK GROUP
GROUPE DE LA BANQUE AFRICAINE
DE DEVELOPPEMENT