

Rural Development: A Panacea To Achieving Sustainable Development Goal In Nigeria

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Abstract: Various development plans by the Nigerian government as a tool to achieve sustainable poverty reduction and rural transformation have not given much significant result. Hence the investigate if rural development is a panacea to achieving sustainable development goal in Nigeria. The study reviewed the Rostow stages of growth and the summarization of the economy, society, political power and values in each stages. Empirical findings on social and institutional infrastructure and sustainable development were made. Correlation analysis and Granger Causality Test were used in analysing the data collected. The study therefore found that Agricultural Credit Guarantee Scheme Fund and Human Development Index hardly have any form of positive relationship. But there is positive relationship between sustainable development and rural development. It was also found that there is bi-causal relationship between the variables. The study recommends that there should be commitment from all stakeholders with the use of strategic policies which will create more jobs hence improve the standard of living to as to achieve sustainable development.

Keywords: Rural development, sustainable development, human development index

I. INTRODUCTION

The Sustainable Development Goals (SDGs), officially known as transforming our world: the 2030 Agenda for Sustainable Development is a set of 17 'Global Goals' with 169 targets between them. It was spearheaded by the United Nations through a deliberative process involving its 193 Member States, as well as global civil society. Sustainable development can also be referred to as the use of natural resources and national infrastructure in a way that seeks to avoid the exhaustion of those resources. Some of the goals of sustainable development include: No Poverty, Zero Hunger, Good Health and Well-being, Quality Education, Gender Equality, Clean Water and Sanitation, Affordable and Clean Energy, Decent Work and Economic Growth, Reduced Inequalities, Life on Land among others.

One of the main measures of sustainable development is the use of human development index. According to Human Development Report (2016), Nigeria as a nation is classified

as a low human development nations. The Human Development Index (HDI) is a composite statistic of life expectancy, education, and per capita income indicators, which are used to rank countries into four tiers of human development. A country scores higher HDI when the lifespan is higher, the education level is higher, and the GDP per capita is higher. The HDI was developed by the Pakistani economist Mahbub ul Haq, often framed in terms of whether people are able to "be" and "do" desirable things in their life, and was published by the United Nations Development Programme.

Rural refers to areas with low population density, small size, relatively isolation, where the major economic activity is found in agricultural occupations and where the people are relatively homogenous in their values, attitudes and behaviour. Rural development is the far – reaching transformation of the social and economic structures, institutions, relationships and processes in any rural area. Rural development is a strategy designed to improve the economic and social life of a specific group of people the rural area. It involves extending the

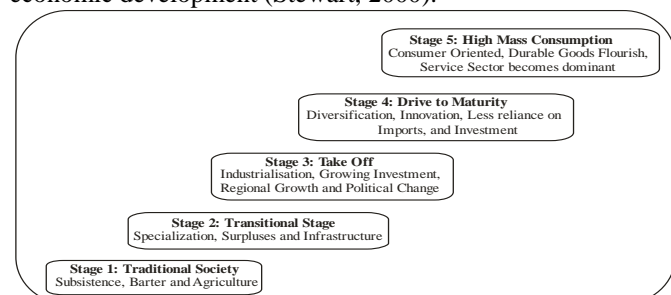
benefits of development to the poorest among those who seek a livelihood in the rural areas. Although the menace of ravaging poverty and poor condition of rural development is not peculiar to Nigeria and indeed, the developing nations, the incidences have however, been more profound in this part of the world compared to other regions.

It is in view of this, that this study investigates if rural development is a panacea to achieving sustainable development goal in Nigeria. Specifically, investigate the relationship between agricultural credit guarantee scheme and sustainable development. In addition, causal relationship will be tested

II. LITERATURE REVIEW

ROSTOW STAGES OF GROWTH: Out of the somewhat sterile intellectual environment, fueled by the cold war politics of the 1950s and 1960s and the resulting competition for the allegiance of newly independent nations, came “the stages of growth model”. The two prominent theories of stages of growth are Rostow’s stages of growth and Harrod-Domar’s growth model (Investopedia.com). The growth stages theory most influential and outspoken advocates was the American economic historian, Walt W. Rostow. According to him, the transition from underdevelopment to development can be described in terms of a series of steps or stages through which all countries must proceed (Adeniyi, 2009).

According to Rostow (1960) in his historical approach to the process of economic growth distinguishes five stages of economic growth, these are: Traditional society, Pre-conditions for take-off, Take-off stage, Drive to maturity and Age of high mass-consumption. Rostow also went further to analyze that ‘the take-off stage’ is ‘Great watershed’ in the life of a society when growth becomes its normal condition. Forces of modernization contend against the habits and institutions. The value and interest of the traditional society make a decisive breakthrough and a compound interest gets built into the society structure. From his historical approach it is said that agriculture plays an important role in the first three stages. (Traditional society, pre-conditions for take-off and take-off stages). The agricultural sector has the potential to be the industrial and economic springboard from which a country’s development can take off. Indeed, more often than not, agricultural activities are usually concentrated in the less-developed rural areas where there is a critical need for rural transformation, redistribution, poverty alleviation and socio-economic development (Stewart, 2000).



Sources: Adeniyi (2009); Todaro, M.P. and S.C. Smith (2009)

Figure 1: Rostow’s Stages of Growth

- ✓ **TRADITIONAL SOCIETIES:** Traditional societies are marked by their pre-newtonian understanding and use of technology. These are societies which have pre-scientific understandings of gadgets and believe that gods or spirits facilitate the procurement of goods, rather than man and his own ingenuity. The traditional society will be custom-bound and tradition-oriented and there will be economic backwardness. The poor Countries of today are good examples of traditional society. In short, the factors which are essential for economic growth will be missing from such a society.
- ✓ **PRECONDITIONS FOR TAKE-OFF (TRANSITIONAL STAGE):** In the transitional society, the conditions for take-off stage will be established. During the stage, the force of customs and traditions will become less; there will be economic motivation, and there will be improvements in physical and social infrastructure. According to Rostow, the preconditions to take-off are: to enable a degree of capital mobilization, especially through the establishment of banks and currency, that an entrepreneurial class be formed, and that the secular concept of manufacturing develops, with only a few sectors developing at this point. This leads to a take-off in ten to fifty years. When the economy attains the take-off stage, there will be self-sustaining growth.
- ✓ **THE TAKE-OFF:** This is the stage that occurs when sector led growth becomes common and society is driven more by economic processes than traditions. At this point, the norms of economic growth are well established and there is transition from traditional to modern economy. The take-off stage refers to a situation where an economy transforms itself from a predominantly agricultural to a predominantly industrial society. For an economy to attain the take-off stage, it must make an annual investment equal to 20-25 percent of GDP mobilized from its own savings. The take-off stage was made possible in some Countries by leading sectors like railways and defence.
- ✓ **THE DRIVE TO MATURITY:** When the economy attains self sustaining growth, after the take-off stage, it enters the mature stage. The drive to maturity refers to the need for the economy itself to diversify. The sectors of the economy which led growth initially begin to level off while other sectors begin to take-off. This diversity leads to greatly reduced rates of poverty and rising standards of living, as the society no longer needs to sacrifice its comfort in order to strengthen certain sectors. During this stage, the government has to make some basic decisions. As there will be abundant resources and goods, it has to divide whether it has to use them for strengthening the Nation into a strong and powerful state militarily or to use the resources for improving the welfare of the people.
- ✓ **AGE OF HIGH MASS CONSUMPTION:** The age of high mass consumption refers to the period of contemporary comfort afforded many western Nations, where in consumers concentrate on durable goods and hardly remember the subsistence concerns of previous stages. In the age of high mass consumption, a society is able to choose between concentrating on military and security

issues, on equality and welfare issues or on developing great luxuries for its upper class.

Characteristics	Stage One: The Traditional Society	Stage Two: Preconditions for Take-off	Stage Three: Take-off	Stage Four: Drive in Maturity	Stage Five: Age of Mass Consumption
Economy	Largely agricultural (>75%), Limited Production.	Surplus of agric and capital, expansion of trade and manufacturing.	Rapid Expansion of industry, surge of technology, commercial agric.	Technology extends to all sectors, labour saving devices are made.	More use and production of durable goods, service sector dominates (>50%).
Society	Hierarchical social structure	Beginning of a commercial class with some urbanization	Increasingly dominant entrepreneurial class	Urbanisation: Increase in skilled and professional workers	New middle class, shift to the suburbs, population growth stabilizes.
Political Power	Regionally based in the hands of the landowners	Centralized national government	Powerful factions encourage modernization	Industrial leaders are highly influential.	Social welfare, more resources for military and security.
Values	Resist change, focus on old traditions	Rising spirit of progress and openness	Increased investment of capital for profit.	Emphasis on technology and expectation of progress.	Increased acquisition of consumer goods.

Sources: Adeniyi (2009) and Todaro, M.P. and S.C. Smith (2009)

Table 1: The nature of the economy, society, political power and values in each stage is summarized below

The advanced Countries, it was argued, had all passed the stage of “take-off into self-sustaining growth”, and the underdeveloped countries that were still in either the traditional society or the “preconditions” stage had only to follow a certain set of rules of development to take off in their turn into self-sustaining economic growth (Adeniyi, 2009).

III. EMPIRICAL FINDINGS

Olowu (1986) argued that infrastructure is regarded as the basic underlying structures upon which other super-structures are built, that is, economic and institutional infrastructures and are basically in the rural context to perform both economic and social functions. Infrastructure according to Olaseni and Alade (2012) is an umbrella term for many activities usually referred to as ‘social overhead capital’ by development economists. Rural infrastructure is associated with the rural environments and is grouped into three categories-economic, social and institutional infrastructures. Economic infrastructure constitutes ‘the preconditions for industrialization’ such as roads, markets, rural agro-based industries; farm input supplies, electricity, telecommunications, water supply, sanitation and sewage, solid waste collection and disposal. Others include postal services, dams and canal works for irrigation and drainage etc (Yusuf, 2007). Social infrastructure constitutes the basic social services such as basic health, education, water supplies, etc. Institutional infrastructure are governmental institutions that provide credits, farm input supplies, extension services etc. at the local or community level. In summary, combination of both the qualitative and quantitative improvement in the conditions of living of rural population stands out the best description of rural development (Moise, 1970). It is observed

that no meaningful rural socio-economic transformation can take place without a significant modernization and acceleration of agricultural production. Effective agricultural production is inevitable and must be provided in addition to other factors mentioned above (Ayo, 1986) to accelerate and sustain development growth in the country generally.

According to UNDP (1997), the greatest challenge confronting growth within the context of human development is the problem of mobilizing resources and this has to do with difficulty of priorities restructuring and steady mainstreaming of the priorities into new programs of pro-poor growth. This is exactly the situation in Nigeria and is a precarious one. The rural transport need required to accelerate the socio-economic growth of the rural areas in Nigeria is one of such challenges (Olanrewaju, 1986) and the situation despite the low cost, cheap and environment compliant sufficiency required in the modes of transportation at this level (Adenipekun, 1999), mobility in the rural areas of Nigeria is still very poor. Rural infrastructure has over time suffered neglect in quality and quantity and its distribution is heavily skewed in favor of the growing urban areas (Olowu, 1986). Government with a view to alleviating the imbalance took certain policy measures that rather further accentuate the skewed and imbalanced situation. Since from the mid-1960s the country’s public finance and expenditure is centralized. Allocation and distribution of basic infrastructure is reserved in the Federal Government policies. Local governments were revitalized nationally in 1976 with the intention to use them as institutions to provide and maintain rural infrastructure but the political scenario provided a very different result. Establishment of a rural development agency, Directorate of Food, Roads and Rural Infrastructure (DFFRI) at the Federal level in 1986 further launched a discriminatory provision of basic infrastructural facilities in selected areas of the country. DFFRI charged with the responsibility of implementing rural development activities toward amelioration of the imbalance in social and economic infrastructures between the urban and rural areas of Nigeria inadvertently further deepen the dichotomy between the two areas than it was before it. The present political policy measures have not in any way improved the situation.

Adenipekun (2013) review sustainable rural infrastructural development in Nigeria within the context of Vision 20:2020. The Second National Development Plan period 1970-74 marked the beginning of national and academic agitation for rural infrastructural development for accelerated national economic development growth. Realizing the gap between rural-urban sectors, successive governments in the country began to put various programs in place to meet both the national and international goals of human and capital developments. Toward this goal, a study was recently carried out to x-ray the position of the rural infrastructure in South-West, Nigeria with a view to proffering sustainable strategies for rural development in the country. A survey method was used to articulate and affirm the inadequacy of basic infrastructure in Atakunmosa West Local Government Area (AWLGA) of Osun State. Responses from settlements although show similar patterns yet it exhibits the true condition of the rural setting in the study area. Not all houses where applicable in some settlements accommodates civil servants. Respondents also find it difficult to give distance of

nearest GSM service provider closest to their settlement but rather were able to provide names of service providers. The present state of the rural development in AWLGA of Osun State, Nigeria testify to the fact that all denial of choices and opportunities for living a tolerable life within the context of Millenium Development Goals (MDGs) cannot be met in Nigeria by the year 2015.

Iwala (2014) investigate the achieving sustainable poverty reduction and rural development in Nigeria through local economic development strategies. Embracing local economic development strategies which focus on the local issues through interaction among the spectrum of local communities, local businesses, government, labour, NGOs and the poor, Nigeria and indeed other developing countries can achieve more coordinated and efficient economic growth and development that could significantly and sustainably reduce poverty and fast-track rural development. That is, local economic development strategies, a participating process in which local people from all sectors work together to help create decent jobs and improve the quality of life for everyone, including the poor and marginalized as the most potent tool for achieving sustainable poverty reduction and rural transformation in Nigeria.

IV. METHODOLOGY

CORRELATION ANALYSIS: The correlation is the measure of the strength or degree of linear association between two variables. The type of correlation used in the study is partial in nature because the variables in the model are more than two.

GRANGER CAUSALITY TEST: Granger Causality Test suggested by Granger (1969 and 1980) will be used to determine the direction of causality between the variable in the model. To determine the causal relationship between the variables, pairwise granger causality test developed by Enger and Granger (1987) will be used.

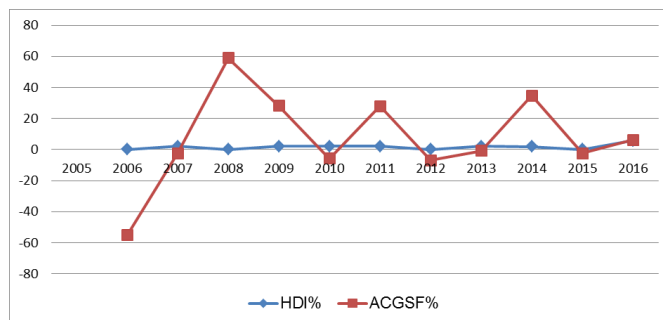
Variabl es	Description	Proxy using (according to the source)	Measur ement	Source
HDI	Sustainable Development	Human Development Index	Percentage (%)	HDR, 2016
ACGSF	Agricultural Credit Guarantee Scheme Fund	Value of Loans Guaranteed under the ACGSF Operations	N' Thousand	CBN, 2016

HDR: Human Development Reports and CBN: Central Bank of Nigeria Statistical Bulletin

Table 2: Definition, measures and source of data

V. RESULT

Figure 2 present the trend analytical result ranging 2005 to 2016. The graphical analysis shows that agricultural credit guarantee scheme fund grow positively from 2006 to 2008 while the human development index follow the suite but drop the following year between 2007 to 2008. Within the time frame chosen, ACGSF and HDI hardly have any form of positive relationship except between 2012/2013 and 2015/2016. This could be as a result of



Source: Authors' computation from Microsoft Excel 2010

Figure 2: Graphical Analysis Result

Table 3 present the outcome of the correlation analysis. It shows that HDI and ACGSF as a measure of rural development are positively correlated. That is, there is positive relationship between sustainable development and rural development.

	HDI	ACGSF
HDI	1.000000	0.130808
ACGSF	0.130808	1.000000

Source: Authors' computation from Eviews-8

Table 3: Correlation Analysis Result

Since correlation only shows the nature of association and magnitude of the association or relationship between the variables but does not show the causal relationship that exist between the variables. We will stress further in investigating the nature of causal relationship that exist between the variables. The result of the pair-wise granger causality test using eviews-8 is presented in table 4. The result shows that there is bi-causal relationship between the variables. That is, there is one-way relationship between the variables. Specifically, the direction of the causal relationship is from human development index to agricultural credit guarantee scheme fund. This implies that sustainable development will lead to rural development.

Null Hypothesis:	Obs	F-Statistic	Prob.
ACGSF_ does not Granger Cause HDI_	8	0.43991	0.7713
HDI_ does not Granger Cause ACGSF_	107.084	0.0709	

Source: Authors' computation from Eviews-8

Table 4: Granger Causality Test Result

VI. SUMMARY

This research work investigates if rural development is a panacea to achieving sustainable development goal in Nigeria. In order to achieve the main objective, an in-depth investigation on the relationship between agricultural credit guarantee scheme and sustainable development; and causal relationship between the variables were not left out of the investigation. The theory of Rostow stages of growth by Walt W. Rostow were explicitly discuss in the course of the study.

Human Development Index was used as a perfect proxy for sustainable development. The value of HDI growth rate was employed with data source from human development report (2016) while the value of loans guaranteed under the

ACGSF operations was employed as a proxy for rural development. According to Ogundele (2008), Adenipekun (2013) and Iwala (2014), rural development can be measure using agricultural finance or output. The growth rate of ACGSF was measured and source from Central Bank of Nigeria statistical bulletin (2016).

Various methods were employed in order to achieve the set objectives. The methods include the graphical analysis, correlation analysis and pairwise granger causal test. The graphical analysis shows that agricultural credit guarantee scheme fund grow positively from 2006 to 2008 while the human development index follow the suite but drop the following year between 2007 to 2008. Within the time frame chosen, ACGSF and HDI hardly have any form of positive relationship except between 2012/2013 and 2015/2016. The correlation analysis test shows that HDI and ACGSF as a measure of rural development are positively correlated. That is, there is positive relationship between sustainable development and rural development. While the pair-wise granger causality test. The result shows that there is bi-causal relationship between the variables. That is, there is one-way relationship between the variables. Specifically, the direction of the causal relationship is from human development index to agricultural credit guarantee scheme fund. This implies that sustainable development will lead to rural development.

VII. RECOMMENDATION

The study therefore recommends that there should be full commitment from all stakeholders using strategic policies. The government need to invest in infrastructural facilities so that value can be added to locally produced goods. The small business enterprises must be encouraged to achieve sustainable. This will create more jobs, hence improve quality of life to achieve sustainable development.

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