

IN A PROCESS OF DIVERSIFIED ECONOMY: THE PATHWAY TO AGRICULTURAL SUSTAINABILITY IN NIGERIA

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Abstract: *Nigeria is largest oil exporting country in Africa and has a rapidly growing economy. Regrettably, the oil resources are being mismanaged and a substantial part of it has gone on rent seeking and red-tapism common in Nigerian bureaucracy. The purpose of this paper was to lay emphasis on the need to diversify the economy through agriculture, to address the economic growth of Nigeria. Diversification is a growth strategy that capitalizes on market opportunities by allocating investment risk over different asset classes. The following are some means of the diversification: boosting agricultural sector through adequate funding; expanding range of agricultural products and exports; among others. This would help in finding a pertinent remedy to unemployment and poverty in Nigeria and would enhance economic growth and sustainability, invariably with this, Gross Domestic Product (GDP) of Nigeria would increase and would help to boost the nation's economy. As a matter of priority, Nigeria government must encourage the diversification of her economy because It seems to be only viable way to survive the current environment of global economic uncertainty with the shortfall in oil price.*

Keywords: Diversification, economy, agriculture, growth, sustainability and Nigeria

INTRODUCTION

Nigeria is a middle income, mixed economy and emerging market, with expanding financial, service, communications, technology and entertainment sectors. It is ranked as the 27th largest economy in the world in terms of nominal GDP, It is the largest economy in Africa; its re-emergent, though currently underperforming, manufacturing sector is the third-largest on the continent, and produces a large proportion of goods and services for the West African sub-region. (Ogar & Atanda, 2019; World Bank, 2020). Previously hindered by years of mismanagement, economic reforms of the past decade have put Nigeria back on track towards achieving its full economic potential. Nigerian GDP at purchasing power parity (PPP) has almost tripled from \$170 billion in 2000 to \$451 billion in 2012, although estimates of the size of the informal sector (which is not included in official figures) put the actual numbers closer to \$630 billion

In 2020, Nigeria's economy is expected to experience its deepest recession since the 1980s due to the COVID-19-related disruptions, notably lower oil prices and remittances, enhanced risk aversion in global capital markets, and mobility restrictions. Nigeria's gross domestic product (GDP) is projected to contract by about 4 percent in 2020, growing modestly by 1.1 percent in 2021, and then recovering gradually towards the estimated population growth rate of 2.6 percent. With the rate of economic growth remaining below the population growth rate, per-capita incomes would continue declining and better full-time jobs will be much harder to find (World Bank 2021). Oil and gas is the mainstay of Nigeria's economy, contributing about 10% to the country's gross domestic product. Oil exports revenue represents around 86% of Nigeria's total exports revenue. Therefore, though the petroleum sector is important, it remains in fact a small part of the country's overall vibrant and diversified economy.

There is no doubt that petroleum (crude oil) has contributed substantially to Nigerian revenue since its discovery in 1956 and more especially, since 1970 when its price was on the upward trend. However, it is a known fact across the globe that for a country to attain growth and development, its economy has to be diversified. Diversification does not occur in a vacuum. Mono-economy needs to give way to the productive development of various sectors of the economy. Following the supply and demand limitation of major importers from the country, which brought about the fall in the price of oil from \$115 a barrel in June 2014 to the current \$74 a barrel in September, 2021 (Central Bank of Nigeria, 2021), it is a well-known fact that Nigeria's continuous large earnings or revenue from this sector will be impossible. As a matter of fact, there is an urgent need for the Nigerian government to look into diversification of various sectors of the economy. A study carried out by Onodugo, Benjamin, and Nwuba (2015) and Ejem, (2022), in Diversification of revenue base and growth synthesis: Macrofinametric evidence from Nigeria and Diversification of the economy: A panacea for Nigerian economic development showed that there exists a positive relationship between economic growth in Nigeria and diversification. They reiterated that when there were proper management of human resources, huge investment and concentration on agriculture, Nigerian economy was healthy and vibrant.

CONCEPT OF DIVERSIFICATION

Diversification implies movement into new fields and stimulation and expansion of existing traditional products. The United Nation has described economic diversification as the process of shifting an economy away from a single income source toward multiple sources from a growing range of sectors and markets (Iraoya and Isinika, 2022). Diversification does not discourage specialization, but rather entails channeling resources into the best alternative uses. In macroeconomic planning, diversification promotes growth and development through the mobilization of savings from surplus sectors for use in the development of deficit sectors of the economy. Diversification presents the most competitive and strategic option for Nigeria in light of her developmental challenges and given her background.

Diversification has a lot of benefits for Nigeria to maximally utilize her abundant

resource – base to rebuild the economy and enjoy the benefits of all the linkages, synergy, economies of scale, grow national technology and foreign investment profile, build human capital, exploit new opportunities, lessen averagely operational costs, increase national competitiveness and grow the standard of living and confidence of the citizens for national renaissance, (Ejem, 2022). Diversification does not occur in a vacuum. And, the need to have in place an enabling environment to make diversification possible remains necessary. A number of key drivers have already been identified. Agriculture was the main stay of the Nigeria economy before the discovery of crude oil in 1956. Adequate funding of agriculture will be an appropriate option in the diversification of the nation's economy.

NEED TO DIVERSIFY NIGERIA ECONOMY

Nigeria is largest oil exporting country in Africa and has a rapidly growing economy. The country follows a resource based growth strategy driven by the production and exporting of oil. With the volatility of global oil prices and often volatile growth of Nigeria's economy, the country has wasted more of the opportunities to break away from underdevelopment despite her massive natural and human resources endowments. The country has dwelled only on its huge crude oil resources as the major source of revenue, driving a monolithic economy for years inspite of the enormous developmental challenges it faces (Ogar and Atanda, 2019).

With regrets, the oil resources are being mismanaged and a substantial part of it has gone on rent seeking and red-tapism common in Nigerian bureaucracy. For more than a decade now, Nigeria has been enjoying high levels of economic growth, human development, and relative political stability. As it continues along the path of economic progress, it is imperative that the country finds ways to diversify its economy by boosting non-traditional sectors, expanding its range of products for exports and engaging new economic and trade partners. The economic nerve centre of Africa shifted northward in 2013 when Nigeria took South Africa's long-held position as the country with the continent's largest Gross Domestic Product (GDP). As a matter of priority, Nigeria government must encourage the diversification of

Nigeria's economy (Jonathan, 2013). It is the only viable way to survive the current environment of global economic uncertainty with the volatility of oil price. It is crucial for government to know that oil does not provide an endless source of revenue.

HISTORICAL IMPACT OF AGRICULTURE ON NIGERIA ECONOMY

The agricultural history of Nigeria is intertwined with its political history. This can be accessed from the pre-colonial, colonial and post-colonial periods. During the pre-independence struggles and shortly after independence, before petroleum was discovered in commercial quantities, faced with the task of nation building and economic development, agriculture again beckoned and became the mainstay of the nation's economy. The period of the colonial administration in Nigeria, 1861-1960, was punctuated by rather ad hoc attention to agricultural development. During the era, considerable emphasis was placed on research and extension services. Though selectively developed with preferences for cash crops against food crops, this was partly because the British colonial power abroad needed the raw materials there from to service the industries in Britain.

Nevertheless, agriculture played a pivotal role in laying the foundations for economic growth and social infrastructural development in Nigeria. This assertion according to Egbuomwan and Okoye, (2017) was achieved through massive investment in agriculture by both the federal and regional governments, leading to the establishment of research stations across the country. These include; Cocoa Research Institute of Nigeria (CRIN), Ibadan; National Institute for Horticultural Research and Training (NIHORT), Ibadan; Institute for Agricultural Research and Training (IAR&T), Moor Plantation, Ibadan; National Institute for Oil Palm Research (NIFOR), Benin; Rubber Research Institute of Nigeria (RRIN), Benin; National Cereal Research Institute (NCRI), Badoji; Forestry Research Institute of Nigeria (FRIN), Ibadan; National Veterinary Research Institute (NVRI) Vom, Jos; National Root Crops Research Institute (NRCRI), Umudike; National Institute for Fisheries and Fresh Water Research, Kainji; National Institute for Oceanography and Marine Research, Lagos; National Institute for Animal Production, Zaira;

International Institute for Tropical Agriculture (IITA), Ibadan; National Institute for Trypanosomiasis Research (NITR), Kaduna; and 3 Universities of Agriculture across the regions. All these were geared towards boosting agricultural yields, and were funded appropriately by the government. (Owonifari & Larinde, 2020).

It is on record that the State welfare programmes of Chief Obafemi Awolowo led Action Group (AG) in the old Western Region like free education; free health care delivery among others were funded by the Western Regional Government using proceeds from agriculture especially cocoa. The proceeds from the popular groundnut pyramid in the Northern Region funded national edifices like the Ahmadu Bello University, Zaira amongst others. Palm oil produce in the Eastern Region equally funded University of Nigeria, Nsukka to name a few! It is an incontrovertible fact that Malaysia and Indonesia, the world present leading producers of palm oil and rubber respectively, came to NIFOR and RRIN to learn how to cultivate these basic cash crops, and even went away with some seedlings. Ironically, Nigeria now imports these products from these countries. Nigeria blessed with both human and natural resources has never at any given time lacked the desired soil or favourable weather conditions needed for successful agricultural production.

What have been lacking are massive government investments due partly to the discovering of non-productive petroleum in commercial quantities, but mainly due to the implementation of neo-liberal/anti-poor, pro-rich policies of the government that ensured total neglect of this vital sector of the economy under the guise of government having no business doing business, and the resultant underdevelopment. This explains why the various research institutes, though staffed with seasoned and world acclaimed researchers remained largely unproductive, due to under-funding and attendant dearth of facilities, could barely sustain itself left alone carried out research works. This in turn accounts for the low agricultural production and the inevitability of food items importation.

Presently, according to Osabohien *et al* (2019) opined that virtually all food items imported to the country have their traditional abode in the states across Nigeria, where soil and weather conditions are particularly favourable for

the cultivation of such crops. For instance, rice which Nigeria is presently world leading importer can be cultivated successfully in states like Benue, Kano, Ebonyi, and Lagos; coffee, apple and strawberry are grown in Jos, Plateau state; cocoa abounds in Ekiti, Ondo and Edo; cotton is grown in Zamfara, Katsina and Oyo; palm tree and rubber plantations do well in Eastern and Niger Delta states. Root crops like cassava, yam and potatoes do well in various states across the country while Cereal crops including maize, millet, sorghum, etc are cultivated across Northern states, the same thing with leguminous crops. Livestock production is also very successful in both Northern and Southern states, fruits and vegetable are never lacking on Nigerian soil; the rivers and ocean are also rich in aquatic foods; and the country has very rich forest belt in the southern parts. The list is endless! Yet, the nation still go cap in hand to lesser countries like Thailand for rice and other basic food items.

DIVERSIFICATION OF NIGERIA ECONOMY INTO AGRICULTURE

As global oil prices continue to fall sharply over the past years, Nigerians, for an economy that is largely dependent on oil needs not be told that tough times beckons thus, the need to recognize the urgency and severity of the matter. As a matter of fact, Jonathan, (2013); Egbuemenwan and Okoye (2017) submitted that all efforts must be geared and directed towards the 'rejected stone,' which must now become the chief corner stone as a means to set the nation's economy on a path of rebirth and recovery. Setting the nation's economy on the path of rebirth and recovery requires a complete shift of attention back to the Agricultural sector as the only way out of this conundrum.

Fortunately, the former Minister of Agriculture and Rural Development, Chief Audu Ogbeh, well understood the precarious situation and the need to fix things in an accelerated manner. He rightly acknowledged the devastating blow the dwindling oil revenue has dealt on the economy and the shift of focus to the Agricultural sector as the only bail out for the economy. In his words: "Oil and gas served Nigerians well. We did not manage the resources well. We can't blame oil and gas. Now the pressure is on agriculture. How we are going to make it work to ensure yield and harvest is a burden all of us will carry together. We are going to face serious

challenges. We have to earn foreign exchange to replace oil. The demand out there is very high, if we produce the right quantity and quality."

Agricultural development can promote the economic development of the underdeveloped countries in four distinct ways by: increasing the supply of food for domestic consumption and releasing the labor force needed for industrial employment; enlarging the size of the domestic market for the manufacturing sector; increasing the supply of domestic savings; and providing the foreign exchange earned by agricultural imports. Agreeing with the above views, Ordezer, Mohammed-Usman and Umar (2020), believed that the appraisal of agriculture's role in the national economy can be made using four criteria, namely: the proportion of the population engaged in agriculture; the share of agriculture in the Gross Domestic Product (GDP); the proportion of the nation's resources (other than labour) devoted to or employed in agricultural production; and the contribution of the agricultural sector to foreign trade.

Nigeria has a large expanse of agricultural land. This constitutes 77.7 per cent of Nigeria's total land area which is 910.8 thousand square kilometres. Of this total, 37.3 per cent is arable land, 7.4 per cent is under permanent crop and 9.0 percent is under forest (World Bank, 2020). Therefore, substantial land is still available for agricultural activities. Most importantly, Nigeria's agriculture is diverse, presenting various opportunities. It includes four sub-sectors, namely; crop, livestock, fishery and forestry. The crop sub-sector accounts for about 90.0 per cent of agricultural production in Nigeria, followed by the livestock sub-sector which contributes about 7.0 per cent. Fishing activities contribute about 2.0 percent and forestry activities account for about 1.0 per cent. The Nigerian agricultural sector remains the mainstay of the economy contributing about one quarter of the country's gross domestic product (GDP) and providing means of livelihood for the bulk of the population.

BENEFITS OF DIVERSIFICATION THROUGH AGRICULTURE

According to Olure-Bank (2015); Mansur, Dohairu and Suleiman (2018) revealed that if the necessary attention is paid to agriculture and the

needed investment made to develop the sector, and its potentials fully harnessed, it will provide employment opportunities for the teeming unemployed youths currently loitering main streets of various cities. It will equally guarantee amongst other things: alternative source of foreign exchange; poverty alleviation; food security; rural empowerment; eradication of youth restiveness and militancy; and place the economy on the part of recovering for growth and sustainability

- Ø Stabilizing the macro-economic environment
- Ø Restoration of growth
- Ø Job creation and youth empowerment
- Ø Improved foreign exchange inflows
- Ø Social support and inclusivity
- Ø Environmental protection
- Ø Anti-corruption
- Ø Public safety and security
- Ø Coordination with states and local government

CONCLUSION

Economic diversification plays a crucial role in a nation's development. It expands the Gross Domestic Product (GDP) of that nation and protects it from spiraling into socio-economic crisis due to dwindling financial resources as a result of inadequate revenue sources. Countries that are endowed with abundant resources possess the potential to carry out economic diversification easily. Nigeria is highly endowed with abundant human and natural resources. In its current economic state, one of the viable options is to examine the possibility of reducing the dependency on oil and gas to the development of other sectors specifically, agriculture, to generate more revenue to boost the GDP. This is because the recent downgrade in oil prices, the high level of unemployment and the unproductive crude oil that has eaten deep into our cells, left us with no option than to reverse to a productive area of the economy that can be achieved in nooks and crannies of the country. We have to reverse to cave dwelling and seek light, we all have to bring back the real Nigeria of the old. WE JUST HAVE TO GO BACK TO THE FARM.

It's clear from the foregoing analysis, that if the agricultural sector must be made productive and sustainable, Government at all levels must be prepared to take the lead and play central roles by investing massively in the development of the agricultural industry. Contrary to the believe in

government quarters that the sector should be private driven, it should be noted that government cannot renege on its duties, and could therefore not cede its constitutional responsibilities of ensuring food security for it teeming population to private profiteers. Also, the government will have to concentrate its funds into making policies that will make agriculture profitable to all and sundry.

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