

Leveraging Agriculture Policies for Economic Diversification in Nigeria: Prospects and Challenges

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Abstract

After 64 years of political independence, Nigeria remained an incredible irony in the context of its failure to make a significant headway in economic and social development despite the vast endowment in human and natural resources. The country has been mono-cultural with over dependence on oil to the detriment of agriculture and other critical sectors of the economy. Hence, the country continued to linger in the doldrums as a country of the future due to non-diversification of its economy and the consequent reliance on a single commodity, which is crude oil. The gross neglect of agriculture and other critical sectors that would have fostered the diversification of the economy for a meaningful development underscored the lack of appreciable performance of the economy over the years. The focus of the paper is on the critical role of agriculture in the diversification of the Nigerian economy in order to achieve sustainable development of the country. The study relied on secondary sources of data and adopted the Theory of Political Development as its analytical framework. The study found that the agricultural sector in Nigeria has the potentials to be the industrial and economic springboard from which the country's development could take-off. The study accordingly, recommended that the Nigerian political leaders must muster the political will to face the challenges of agriculture through appropriate agricultural development policies to accelerate the development of the country.

Keywords: Agriculture, Diversification, Leveraging, Mono-cultural, Political-will
JEL Classification: Q18, O13, O25, Q01, P28, N57

1. Introduction

After 64 years of political independence, Nigeria had remained one of the most striking ironical contradictions in the context of the monumental failures to make a significant headway in its economic and social development. The country's vast endowments in human and natural resources have often been used to predict a smooth road-map for a rapid socio-economic and political development within a very short period of time after political independence in 1960 (Abdullahi, 2006). However, many decades down independence, it became obvious that things, rather than getting better are increasingly on the decline so much so that despite size and wealth, Nigeria continued to linger on the doldrums perpetually regarded as a country of the future.

Nigerians in trying to find explanations to this incredible irony of being richly endowed but yet living in extreme poverty and hunger have adopted a "blame game" theory. Some have insisted that the country's colonial experience is still to blame for its unsatisfactory progress.

As Abdullahi (2006) and others argued, it was about time we stopped blaming Nigeria's colonial past and looked for the explanations to the continued underdevelopment of the country in our post-independence history. Also, the absence of appreciable development is blamed on the protracted military rule, which lasted for about 33 years in the country. There is yet another school of thought which maintained that it was time for each and every Nigerian citizen to admit that in their various ways and roles, they have failed themselves (Odo, 2014). The later school of thought further added that Nigerians should resolve to work together to overcome the country's past failures so that the present slide could be halted and reversed. The unity of the country will no doubt foster the rapid development of the Nigerian nation. In the foreseeable future, the Nigerian economy and development will revolve around the sub-sectors of agriculture, manufacturing, oil, gas and solid minerals. These are critical sectors for the diversification of the Nigerian economy. However, for the purpose of this paper, we have confined our discussions to the agriculture sector.

Agriculture used to be the mainstay of the Nigerian economy, providing more than 70% of the country's foreign exchange earnings and abundant food for the people (Ajaero, 2010). At independence in 1960, the post-independence leaders of the country realized that even with the discovery of oil at the present day Bayelsa State in 1956, the agricultural sector had the potential to be the industrial and economic hub of the country. Thus, during the first decade after independence, the Nigerian elites who took over the mantle of leadership from the colonial masters continued to develop the agricultural sector. From the standpoint of contributions to the nation's Gross Domestic Product (GDP), agriculture had remained the leading sector. During this period, Nigeria was the world's second largest producer of cocoa, largest exporter of palm kernel and largest producer and exporter of palm oil (Ajaero, 2010). Nigeria was also a leading exporter of other major commodities such as cotton, groundnut, rubber, hides and skin. The agricultural sector contributed more than 60% of the country's GDP in the 1960s and despite the reliance of the Nigerian farmers on traditional tools and indigenous farm methods, these farmers produced 70% of Nigeria's exports and 95% of its food needs (Ajaero, 2010). It is therefore, sad and unfortunate that after 64 years of political independence, Nigeria's agricultural potentials remained huge on paper and have hardly been intensively exploited. The oil boom era of the 1970s has thus, turned out to be less of a blessing to Nigeria because it led to the neglect of agriculture and other critical sectors of the economy. The situation was made worse because the oil boom created immense opportunities for corruption and self-enrichment, which took over the Nigerian economy and polity. With the stupendous amount of unexpected wealth, the country went on a spending spree without devoting a substantial part of the money towards boosting the agricultural sector instead the leaders were paying only lip-service to agricultural development. This marked the beginning of the dwindling fortunes of Nigeria in the agricultural sector.

2. Literature Review

Conceptual Framework

Agriculture is the production of food, feed, fiber and other goods by the systematic growing and harvesting of plants and animals (Akinboyo, 2008). It is the science of making use of the land to raise plants and animals. Agriculture is the simplification of nature's food web and the re-channeling of energy for human planting and animal consumption. Until the exploitation of oil began in the 1970s, the Nigerian economy was largely dependent on agriculture. Although

a tiny proportion of the population benefited from the oil boom, investments in agriculture had been allowed to decline to the extent that its productivity lagged behind even some of the poorest countries in the region (Akinboyo, 2008). Nigeria's wide range of climate variations allows the country to produce a variety of food and cash crops. The staple food crops include cassava, yams, corn, coco-yam, cow-pea, beans, sweet potatoes, Irish-potatoes, millet, plantain, banana, rice, sorghum; and a variety of fruits and vegetables. The leading cash crops are cocoa, citrus, cotton, groundnut, peanuts, palm oil, palm kernel, beniseed, and rubber. They were also the major exports of the country in the 1960s and early 1970s until petroleum surpassed them in the 1970s. The major export destinations of Nigerian's agricultural exports in those years were Britain, USA, Canada, France, and Germany.

The agricultural sub-sector of the Nigerian economy has been performing well below expectations when considered against its enormous potentials for growth. To this extent, the sub-sector has been unable to adequately cope with the country's needs for food, raw materials for industries, and surplus for export. The poor performance of the agricultural sector explained to a large extent, the present high level of poverty and hunger in Nigeria, given the fact that most of the country's labor force is employed in agriculture. Although agriculture is responsible for over 70% of Nigeria's labor force, its current impact on the overall economy is unsatisfactory from several standpoints. Its expected multi-dimensional and multiplier effects on the economy are not being fully realized largely because of the unjustifiable neglect of the sub-sector by successive governments in the country. Nonetheless, agriculture remains the most strategic sub-sector of the Nigerian economy. The sub-sector provides the bulk of the food needs of the country and is expected to continue to do so for the foreseeable future. The performance of agriculture determines whether Nigeria will ever become food secure. It is the major source of employment for over 70% of the Nigerian population and remains the largest non-oil foreign exchange earner for the country. And as noted earlier, prior to the era of the oil boom in the 1970s, agriculture was the main stay of the Nigerian economy, contributing virtually all the GDP and earned up to 95% of the foreign exchange of the country. The strategic importance of agriculture in the Nigerian economy could further be seen in the area of foreign exchange saving through import substitution with an ample potential of saving the country billions of Naira spent every year on imports of agricultural products.

Theoretical Framework

The Theory of Political Development was propounded by political scientists in the United States of America during the cold war period. The concept of political development was linked up with the normative view prevalent in the USA at the time, which suggests that communism would lose its appeal in the third world once the people there were able to achieve the minimum of economic development (Verma, 1975). However, the processes of economic growth and modernization did not seem to move in the expected direction. Along with economic development, there came widening gaps between the rich and the poor. Industrialization and urbanization mostly brought about with economic aid from the Western Europe and America, led to the devastation in the rural areas and enlargement of urban slums in the cities. More importantly, one can clearly see the ethnocentric notion behind the works of the western scholars. They seem to believe that the political values, institutions and processes which were good for the United States or other parts of the Western world are good for the rest of the world and that if the United States has a strong government today after

having successfully gone through certain processes of history, it is in the interest of the developing countries too, irrespective of lack of political participation, to have strong governments.

However, these writers seemed to forget that the United States has built up the present impressive super-structure of power on the basis of liberty whereas in many of the developing countries where political order is sometimes fragile, values of liberty and freedom just do not exist. The theory of political development is premised on the assumption that the nature and role of elites play a crucial factor in the entire process of development (Varma, 1975). Societies which have functional elites are able to achieve a great deal of progress while other societies not so fortunate found it difficult to move far in the direction of development. Elites can therefore, be thought of in terms of their being functional or dysfunctional to the entire process of development. The thesis that leaders make their societies is well-grounded on the facts of history. The overall progress in any society depends largely on the quality of leadership that is exercised at the different levels of leadership with each leader fulfilling their leadership roles effectively. However, Nigeria is bereft of leaders that can reinvent government to solve the everyday problems that confront the average citizen. In sum, Nigeria is a country of failed political leadership. The functional elites as envisaged by the theory of political development are lacking in the country. Hence, the cynical performance of the Nigerian dysfunctional elites has kept the country in poverty, hunger and underdeveloped despite its vast endowments in human and natural resources. All these problems are as a result of the inability of the leadership to plan successfully for development.

3. Nigeria's Agricultural Policies

It is not an overstatement to assert that the growth and development of the Nigerian nation depend to a large extent, on the development of its agriculture (Akinboyo, 2008). This is so because even industrial enterprise relies on agricultural undertakings to produce the raw materials that are transformed using human resources into capital goods. Agriculture would generally drive economic growth and facilitates the achievement of structural transformation and diversification of the Nigerian economy. Agriculture could therefore, empower Nigeria to fully utilize its resource endowments and reduces over dependence on the oil for sustenance. If the agricultural sector is well developed, the economy would gain as the standard of living of its people would improve. Over the years the successive governments in Nigeria have enunciated and implemented a myriad of agricultural policies and programs in an attempt to stimulate the sustainable growth and development of the agricultural sector. During the colonial and immediate post- independence Nigeria, agriculture was the leading sector of the economy and satisfactorily performed its traditional developmental roles of employment generation, income generation, foreign exchange earnings, food and raw materials production, among others. Agricultural policy in Nigeria has been through a history of changes beginning from the colonial era to the current period. The history of agricultural policy can be divided into sub-periods according to the major characteristics of policy obtaining.

These policies and programs are subsumed under the National Development Plans, which were introduced successively in 1962-1968; 1970-1974; 1975-1980; and 1981-1985 (Grandvol, nd). The government priority then was to boost food production, particularly of cash crops. This pushed Nigeria to the position of the world's top producer of rubber, groundnut and palm oil; and the world's second-largest cocoa producer. The 1970-1986

periods, which coincided with intensive petroleum exploitation was marked by policies' lack of interest in supporting agriculture. The decline in domestic agricultural production reduced the country's growing dependency on imported foodstuffs. In the wake of the major food crisis in Nigeria in 1976, programs such as Operation Feed the Nation (OFN) (1976-1979) and "Green Revolution" (1979-1983) were set-up. These programs focused on strengthening agricultural production, providing subsidized inputs, community development and access to credit. However, these agricultural development programs were implemented without a transparent framework to structure action, and successive governments did not ensure continuity. Support for agricultural inputs has been a central element of Nigeria's agricultural policy. This support consists primarily of attributing public subsidies so that farmers can more easily acquire inputs such as fertilizer, improved seeds, etc. The technical and socio-economic forces in operation determine each period's policy. Beginning from the colonial period when food was apparently abundant with respect to need, emphasis of agricultural policy was to produce cash crops for export and foreign exchange. However, beginning from the Nigerian civil war period, food importation became worrisome by the late 1970s (Nwagbo, 2000). Petroleum had by then assumed a dominant position as a major revenue earner and it was financing the importation of food.

However, the drastic fall in oil prices at the global market from the early 1980s brought about a decline in oil revenue and foreign exchange earnings in Nigeria. The payment for the high import bills hence became a source of concern to the policy-makers. Their response was a complex of austerity measures which culminated in a Structural Adjustment Program (SAP) in 1986 (Nwagbo, 2000). The major policy initiatives during the period included the establishment of the River Basin Development Authorities (RBDAs); Agricultural Development Projects (ADP); National Accelerated Food Production Programs (NAFPP); Operation Feed the Nation (OFN); the Green Revolution (GR); the Directorate of Food, Roads and Rural Infrastructure (DFRRI) among others. The emergence of petroleum oil as the dominant revenue source of the Nigerian economy caused the neglect or complete relegation of agriculture to the background. The view is also held that the high price of petroleum products in the international market caused a high appreciation of the Nigerian currency to the extent that it became cheaper to import food items than to produce them locally (Nwagbo, 2000). And there were no effective incentives to encourage farmers' production locally.

4. Appraisal of Major Agricultural Programs in Nigeria

One of the major agricultural programs in Nigeria in the post-independence period was the introduction of Operation Feed the Nation (OFN) in 1976 by the military under the former President Olusegun Obasanjo as the then Military Head of State. This was intended to be some kind of agricultural revolution. Under the program, the Obasanjo administration made conscious efforts to increase the number of farmers and raise people's awareness of the key role agriculture could play in the national economy. Part of the package of the policy was massive distribution of fertilizer and other farming inputs at subsidized rates. Although the scheme succeeded in making Nigerians realized that there was food shortage in the land, it did not go deep in addressing the problem.

Following the regime change from the military to the civil democratic rule in 1979, the government of President Shahu Shagari terminated OFN and introduced his own program called the "Green Revolution". The program failed to make the desired impact because the agricultural grant from the National Agricultural Credit Guarantee Scheme were hijacked by

the politicians for non-existent farms while the actual farmers were left out (Ajaero, 2010). Another regime change brought Ibrahim Babangida who toppled Muhammad Buhari's administration. He launched his own agricultural program known as "Directorate of Food, Roads and Rural Infrastructure (DFRRI)". It was supposed to be a comprehensive integrated program for massive food production and rural transformation. By the time Babangida stepped aside in August 1993, DFRRI had gulped 1.9 billion naira without achieving the desired result (Ajaero, 2010). During Obasanjo's second coming to power (now as civilian President) between 1999 and 2007, he promised that agriculture would be given the greatest priority both for poverty reduction in the rural areas and for the improvement of the economy generally. To this end, new technology, improved seedlings, better storage facilities, fertilizers, pesticides, etc. were to be readily made available. The government was also to embark on massive expansion of agricultural extension services and ensure better and easier delivery of credits to farmers. However, after eight years of Obasanjo administration, there were indications that his agricultural policy failed to achieve its stated objectives. According to a study, the Obasanjo administration did not live up to expectations in terms of government's macro-economic policies such as aggregate expenditure on agriculture, loan advancement from commercial banks to the agricultural sector and the performance of the agricultural credit guarantee scheme (Ajaero, 2020).

When the late President Umaru Musa Yar'adua took over the mantle of leadership from Obasanjo on May 29, 2007, he listed food security and agriculture as part of his seven-point agenda. He was confident that his administration would adequately address the key sectors of the economy to jump-start the economy and make the country one of the world's top 20 developed economies in 2020. However, a critical assessment of the performance of Yar'adua administration before his death showed that he failed to achieve the desired result in terms of food security and agriculture. Former President Goodluck Jonathan who succeeded Yar'adua did not devise the right policy that would enable the country to harness its potentials in agriculture.

5. Constraints of Agricultural Policy in Nigeria

Agricultural experts believe that one of the major reasons Nigeria is yet to harness its potentials in agriculture is the failure of leadership. The agricultural policies initiated by successive administrations in the country failed due to poor leadership and poor articulation of such policies and programs. The policies failed because of the greed and interests of the elites that were not geared towards agricultural development. All the agricultural programs were abandoned because the benefits flowed to non-intended beneficiaries with unintended consequences. The policies failed because they did not have any basis for sustainability and therefore, the political support was lost as soon as regimes changed. Under the OFN, for instance, everybody was expected to be a farmer but this was not possible. Even in the leading agricultural countries of the world, there is division of labor such that some are farmers while others take to different professions. Because of this wrong conceptualization, OFN was not something that could really last for too long. Indeed, no nation achieved food self-sufficiency by turning everybody into farmers. Another factor that accounted for the failure of agricultural policies of successive governments in Nigeria was lack of continuity and shift in approach. The problem of storage facilities for perishable farm products is another factor that has affected agriculture. For example, Nigeria, which is one of the largest producers of yam in the world would have been sufficient in the crop but for the huge losses which occur at post-storage stage, which has continued to haunt farmers.

Corruption among the Nigerian Political leaders has not helped agriculture. Agricultural programs and projects have been dripping with corruption. Consequently, fertilizer procurement and distribution in Nigeria is a business reserved for political party loyalists and associates and the commodity hardly ever gets to the actual farmers at the right time and at affordable prices. The neglect of Agriculture by the Nigerian political leaders has led to the situation whereby the country's economy has become excessively mono-cultural in nature depending on only one commodity i.e. crude oil. This structural distortion of Nigeria's economy requires speedy and comprehensive agricultural development. Other challenges of agriculture in Nigeria include policy somersaults, one step forward, but two or three steps backwards. There is also the perception of the major actors on the Nigerian political space of playing a zero-sum game where the gain to the nation makes no significant progress but the leaders' benefits. It has therefore, become imperative that in order to restore the lost agricultural glory of the country, a new generation of leaders must emerge to clear the cobwebs of decadence and take Nigeria to its manifest destiny.

The agricultural sub-sector of the Nigerian economy also suffers from lack of sufficient, adequate and well managed investment policies by both public and private sectors. This situation according to Abdullahi (2006) is attributable to a number of factors including inadequacy in policy formulation and implementation, macro-economic policies of government, which are compounded by bad governance and corruption. These factors have generally failed to create the enabling environment for the private sector of the economy to fully participate in agriculture. It is also deplorable that agricultural policies and programs in Nigeria are elaborated from the top-down approach with little participation by stakeholders.

6. Conclusion

Agriculture is the natural base for true industrialization of the Nigerian economy because it will be a reliable source of raw materials. However, despite the enormous potentials of agriculture in the diversification of the Nigerian economy, the advent of oil has resulted in the gross neglect of the sub-sector. From the leading export earner before and after independence up to the 1970s, agriculture currently contributes less than 05% of Nigeria's export earnings compared with over 95% of total export earnings in the pre-oil period (Abdullahi, 2006). The contribution of agriculture to GDP today has seriously declined because apart from the government's neglect of the sub-sector, the farm population is rapidly aging as most rural youths have migrated to the towns and cities in search of non-existent jobs. The rapid population explosion means that the rural farming household is expected to feed more urban mouths. This challenge has become more daunting in the face of dwindling productivity and farm yields caused by government's wanton neglect, climate change and the application of low productivity farm inputs. The imperative of diversifying the Nigerian economy for the purpose of achieving the sustainable development of the country must be anchored on agriculture; giving its identified potentials discussed in the paper.

7. Recommendations

In the light of the foregoing expositions, the following recommendations are proffered:

1. Nigeria should make agricultural development the center-piece of its economic development strategy through greater political commitment, sincerity of purpose and effective allocation and timely release of at least 15% of total budget at all levels of government i.e. federal, state and local government. This requires that all linkage between

agriculture and all other sectors of the national economy should be worked out and other sector policies and programs adjusted accordingly.

2. Policy instability and discontinuity through frequent policy reviews and policy reversals often caused by changes in policy-makers and implementers and minimal socio-political consensus on policy should be avoided. Also, agricultural reforms should emphasize a clear and consistent definition and assignment of agricultural roles for local, state and federal governments. Indeed, government should be concerned with providing an enabling environment as well as the regulatory framework for a private sector-led and market driven agricultural economy.
3. Federal, state and local governments should partner with the private sector to provide massive network of rural roads, rural water supplies, irrigation schemes, rural markets and land development support, rural credit through innovative refinancing schemes with the federal government playing a facilitating role.
4. In the light of the current global warming due to climate change, the federal Government should provide adequate irrigation facilities so as to reduce over dependence on rain-fed agriculture to reduce undesirable fluctuations in production and supplies as well as reduce agricultural price instability.
5. Government should also ensure favorable foreign exchange rate policies that minimize excessive exchange rate volatility, monetary policies that control inflation and non-inflationary budgetary deficits. Government should as well promote quality education in agriculture, food and food production in vocational centers, schools, colleges and universities.
6. Government should mainstream the strategic roles of agriculture in the Nigerian economy into national economic policies, programs and projects to build national minimum consensus on the fundamental goals, philosophy and favorable policies including preparation of a national perspective plan for agriculture for the next 20-25 years.

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