

**IMPROVING NIGERIA'S ECONOMY THROUGH  
ENTREPRENEURIAL AGRICULTURAL DIVERSIFICATION**

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## **Abstract**

*This paper has a major aim of unearthing the basic indicators of improved economy. The paper has reviewed works on the role of entrepreneurial agriculture and diversification on the Nigerian economy. Issues of poverty, hunger, food security and economic growth were raised. A deliberate attempt at diversifying the Nigerian economy was advanced. Problems of poor funding, sustainability, monocultural economic policy, poor infrastructure and entrepreneurial skills as truncating Nigeria's bid for economic development were raised. This paper concludes by making some recommendations that government should encourage agropreneurs to participate in the agricultural sector development, total ban on importation of agro products; youths must be targeted and encouraged to go into agriculture and total diversification of the economy above all.*

**Keywords:** *agropreneurs, diversification, economic development, agriculture, LDCs*

## **Introduction**

In the current face of dwindling global oil prices and domestic destruction of oil and gas facilities there is once again a great call to look more seriously into the agricultural sector for both the traditional products as well as the numerous chain of products derivable from agriculture. There is a clamour for the re-emergence of the groundnut pyramids of northern Nigeria, the rubber and palm oil plantations of the south. The call for a revival of the agricultural sector in Nigeria has been resounding but little efforts were added especially as oil was in its boom. With the decline in oil price it is the best and most reasonable path to take to revive, stabilize and sustain the Nigerian economy. Aside the food provision through agriculture, it is a sure provider of jobs and earner of foreign exchange.

In the 1990's, agriculture was assumed to be a way out for jobless illiterates following its crude methodology and poor yield seeds. Even though it engaged over 70% of Nigerians in various scale (in terms of land size) we could not provide enough food for ourselves. All this again due to the aforementioned reason of oil boom. Overtime, more people have abandoned agriculture because of its energy consumption and poor yield level for non-existent white-collar jobs in urban centres. This created a chain problem of joblessness, gangstarism, social vices/militancy/ prostitution/advanced fee fraud and so on. It is expected that if agriculture is given its proper practical (not just paper policy) place there will be a drastic reduction in social vices especially among youths who are usually too vulnerable because of seeming idleness.

Agriculture today is no longer for the illiterates. It has potential of employing second and third degree holders both directly in the fields and indirectly at the industries/manufacturing/research levels. The value chain of agriculture is broadly unimaginable – from seed research to production of high-yield varieties; from planting to harvesting; from processing to packaging to distribution. All these can provide millions of well paying jobs that can even attract foreign human capital.

Agriculture cannot be a government thing. Entrepreneurs have the bigger role to play in agribusiness. Government can provide research while the business aspect of production needs businessmen. An agro-industrial revolution is a must for the economic revival, growth and stability of the Nigerian nation and even other African countries.

Developing countries desire to attract as much foreign direct investment (FDI) as possible as it is seen to help the economic development of such countries. The economic development of every country is paramount to both its government and its people alike. Economic development is a process where a country transforms structurally from being a poor to a rich country. Economic development implies more output and changes in the technical and industrial arrangement by which the output is produced and distributed. The diversification of agriculture in Nigeria has a greater potential to elevate the rate of economic growth of the economy.

This paper intends to theoretically bring to bear on policy directors the fact that the Nigerian economy can be improved through agricultural diversification. The paper is organized into 4 more sections. Section 2 looks at literature review; section 3 challenges

of diversifying the agricultural sector and solutions to the challenges and ends with the conclusion.

## **Literature Review**

Food security and agriculture is one of Nigeria's seven points in her Vision 20-2020 program. The agricultural sector in Nigeria throughout the era of oil boom suffered a lot of neglect. However the current administration of the Buhari-led government is making agriculture a top priority especially as oil, the chicken that lays the golden egg is ill with no quick recovery in sight. Nigeria has 75% of her land suitable for agriculture but only 40% is actually cultivated, (Omorogiuwa *et al*, 2014) while the yield is visibly low following food shortages all over the country. There is clearly a big gap which must be used up to increase productivity, employment and achievement of the Vision 20 2020.

Wikipedia (2016) defined diversification as perceived in both the developing and developed world. The developing world, they see diversification as primarily involving substituting one crop or product for another or an increase in the number of enterprises/activities carried out by a particular farm. Diversification in agriculture is actually an expansion of the production possibilities in agriculture in this case. This agricultural diversification will trickle down in the economy resulting in employment generation, increased income from exports and highly reduced imports as well as improved welfare within Nigeria.

The British Department for Environment, Food and Rural Affairs in Wikipedia (2016) defines agricultural diversification as the entrepreneurial use of farm resources for a non-agricultural purpose for commercial gain. Farmers at various levels could begin to retain and process their crops increasing their gains and thereby expansion of their farm size and output. Agricultural diversification is a re-allocation of some of a farm's productive resources to other farmers and non-farming activities like farm restaurants and shops. Least Developed countries (LDCs) have limited their economic growth by being heavily dependent on a narrow range of traditional primary products. With diversification, it is expected that these products will be either completely processed to consumer goods or made into intermediate goods thereby improving foreign exchange inflow. Structural model of economic development advice that countries should diversify away from primary products to manufactured exports to achieve sustainable growth. (Hesse, 2008). These manufactured exports in agricultural diversification are manufactured agricultural exports as against unprocessed primary product exports. With 35% of Nigeria's land arable, there will not be a lack of raw materials in the form of agricultural products. As these raw unprocessed agricultural products are upgraded in form of value added through processing there is bound to be an upsurge in all the parameters that will lead up to improved welfare for the citizens of that country.

The focus of agricultural diversification is to bring in the entrepreneurial spirit into agribusiness. The entrepreneur usually seeks out a lacuna in existing businesses and seizes the opportunity to produce either a new product or upgrade an existing one.

Diversification has challenges in every country. Some of these are universal. Sachsische Landesanstalt fur Landwirtschaft (2007) in OECD (2009) identified some of income challenges in rural Germany amongst which are weak entrepreneurial skills, insufficient knowledge about the new activity and insufficient human and physical capital. The need for the development of entrepreneurial spirit in agriculture cannot be overemphasized. Agriculture is much more than planting and harvesting crops or breeding animals. An entrepreneur will look out for packaging, advertising and everything that helps to stimulate demand while increasing profits simultaneously.

With diversification in agriculture, the hitherto wrong notion that agriculture is purely rural will be replaced when educated entrepreneurs get into the agribusiness line. The Vision 20-2020 plan for agriculture had growth promotion as its first goal. Other goals were in improving livelihoods, sustainable development as well as policy and institutional reforms. There was also a plan to train the first 10,000 new agricultural workers. (Ayoola, 2009). A dearth of data makes it hard to measure all these. Nigeria has suffered policy reversals and neglect over the years. This has been in almost every sector of the economy, not peculiar to agriculture. As earlier noted, the oil glut is helping the government to look again at alternatives to oil. Diao *et al* (2009) in Omorogiuwa *et al* (2014) noted that agricultural growth is more effective at reducing poverty than industrial growth does in their study of six low income African countries. With high human resources in Nigeria, the workforce for agriculture is ready and will obviously reduce poverty levels in both the rural and urban areas. However, it is important to know

that adequate aggregate demand for agricultural products/derivatives is of utmost importance. Muhammed and Atte (2006) discovered that whenever food import in Nigeria increases, national agricultural production tends to decline. It can therefore be concluded that to increase agricultural production, food import must be reduced. This has been the stand of the current Buhari-led Federal government. The heavy reduction in foreign exchange availability makes this a huge necessity. It has been discovered that rice production by only Kebbi state in Nigeria is enough to meet the domestic rice requirement need of Nigerians. This was discovered when importation was lowered, corroborating Muhammed and Atte (2006),

The second goal of the Sustainable Development Goals (SDGs) desires to achieve zero hunger amongst others by promoting sustainable agriculture. This goal has its target years as 2030 but Fan and Polman (2014) describes the target year as not ambitious enough. They call for 2025 as target year using an analysis of the experiences of China, Vietnam, Brazil and Thailand. They identified 3 pathways to achieving this goal as agriculture-led, social protection and nutrition intervention-led or a combination of these. Agriculture is very relevant to achieving the SDG of zero hunger whether by 2030 or 2025. However, there exists certain present and foreseeable challenges to improving agribusiness. Some are identified in other lands and those relevant to Nigeria are presented hereafter.



## **Challenges of Agricultural Diversification**

- a. Land acquisition/land tenure system in Nigeria. Land is paperwise vested in the government but many accessible lands are owned by ruralists who cannot improve/enlarge production. These ruralists see selling land as a taboo. The large scale production for entrepreneurial agriculture requires large land space and this poses a big challenge.
- b. Lack of adequate aggregate market demand for made-in-Nigeria agricultural products.
- c. Poor pricing of agricultural products.
- d. inadequate sustenance of improvements in agricultural research due to overreliance on oil.
- e. continued insistence on oil earnings by the people inspite of current glut as many think it is a temporary glut which will go away quickly.
- f. inadequate internal industrial usage. This makes us produce primary products which we struggle to make exportable but are still cheap.
- g. insufficient capital. Banks over the years will not give loans to farmers because it was seen as not viable.
- h. Very few large existing farmers. Making it like an oligopoly.

- i. Yet unfavourable legal regulations on importation. If importation is low simply because forex is scarce, it is not enough guarantee for entrepreneurs to invest in agriculture. Forex can become abundant and then what happens to the entrepreneurs.
- j. poor infrastructure – roads and electricity – which if available can bring even tourists to large farms located in the outskirts of big towns.

### **Solution to these challenges**

1. Land tenure reforms which will help large scale farmer get lands, employ rural dwellers without permanent forfeiture on the part of the rural land owners. the lands are leased to the agropreneurs while the government regulates the contract between them and the landlords.
2. The agripreneur should be encouraged to produce first for local consumption and export in the long run. This will tackle poor pricing an also give them time to improve relatively before export.
3. The government has to use policy instruments to reduce importation of growable in Nigeria foods like rice, potatoes, tomatoes to mention a few. With such policy even when forex availability improves, the agripreneur has no fear of reduction in aggregate demand so he can expand his farm on credit facilities.
4. The solution in 3 above will make it easier for commercial banks to extend credit to farmers as they will see the viability of agribusiness.

5. With the right policy in place, the citizens will shift focus from oil to agriculture. Agriculture will then begin to have better human capital and pay better than oil companies.
6. Industrialists should be encouraged to extend into agrobased industries so they can process agricultural harvests into canned and packed products that can compete favourably with foreign products.
7. Proper infrastructure should be put in place especially in-roads to communities with high output of agricultural products. This will attract farmers/investors/industrialists to site farms and /or factories within such communities thereby reducing poverty through employment generation within the host community. In the long run this will improve the settlement's status to mini-towns, towns and mega towns.
8. With more people getting into agribusiness at various levels the existing oligopolistic structure will be broken freeing the old farmers to expand while accommodating new entrants.

## **Conclusion**

The sizeable contributions of agricultural entrepreneurs (agropreneurs) to improving the Nigerian economy cannot be overemphasized. Considering the current economic meltdown in Nigeria all hands must be on deck. The government must put appropriate policy in place while businessmen must seize opportunities so created. A country-wide agricultural revolution backed by right policy is very urgent at a time like

this. The youth population must be taught now to return to land. Nigeria must never return to importation of food even if cheap as this will cause demand to decline and output following suit causing wide-spread poverty, debt and higher inflation rate.

Once again Nigeria can be revived through agricultural diversification. We must look into finished products made completely from out home-grown farm produce. Wealth is in the land and must be harnessed to help improve the Nigeria economy through entrepreneurial agricultural diversification.

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