

Nigerian Economy: Investing in Resilience Focused on Agriculture

Lucas Nwachukwu

National Institute for Nigerian Languages, Nigeria



Abstract

Economic shocks do not only threaten people's lives but also their future livelihoods. To move ahead and address these shocks involve understanding how different sectors of the economy can be improved upon sustainably to achieve economic prosperity. Investment in agriculture provides a roadmap for creating a resilient Nigerian economy. A proper understanding of the uncertainties faced by the Agricultural sector and effective strategies to manage these uncertainties is vital to creating a diversified and resilient Nigerian economy for sustained growth and economic transformation. According to Jamais Cascio, "the goal of resilience is to thrive" (Instarinvest, 2021) Agriculture is part of the solution to thrive and an optimistic path to Nigeria's resilience drive. This paper provides a careful analysis of the challenges faced by Nigeria's Agricultural sector and prioritizes investment solution to manage these challenges and position the economy to be resilient. The paper provides policy recommendations covering extensive public-private financing, climate-responsive agriculture, early warning system, improved seeds technology and check on government expenditures and debt profile, which will serve as tools and mechanisms to assess, reduce, and manage economic shocks and the uncertainties in the Agricultural sector. Investing in resilience focused on agriculture is an absolute prerequisite for a robust sector.

Introduction

The confluence of economic meltdown and food security has placed enormous emphasis on resilience across the globe. Nigeria like many countries is facing the double burden of economic recession and food insecurity, and the critical role of the Agricultural sector in the Nigerian economy cannot be overemphasized. There are millions of Nigerians whose livelihoods depend on agriculture, and adaptation of the sector to its growing challenges is critical to building economic resilience. If the sector is neglected, the result could be catastrophically crippling for the economy.

Disruptions like the COVID-19 pandemic and dwindling economy are focal points that reveal where investment is needed. Understanding the key drivers of Nigeria's vulnerability such as inadequate investment in agriculture and identifying high risk areas such as food security are necessary to know the significance of investment prioritization in the sector. The sustainability of Nigeria's economy lies not only in her crude oil but also in her ability to address agricultural challenges in a fast evolving world, adapting to and mitigating the impact of various shocks in the sector while ensuring food security and a robust economy.

The Challenges

Nigeria is still characterized by high poverty rate, heavy reliance on food imports, malnutrition is widespread and rural areas are especially vulnerable to chronic food shortages, erratic food supply, poor quality foods, high food costs, and even total lack of food (Akinyele, 2009). A report by the United Nations Food and Agricultural Organisation (FAO) in collaboration with the Federal Ministry of Agriculture and Rural Development (FMARD) reveals that about 19.4 million Nigerians will face food insecurity across the country between June and August 2022 (Udegbonam, 2022). According to the 2021 Global Hunger Index, Nigeria ranked 103rd out of the 116 countries. With a score of 28.3, Nigeria had a level of hunger that is severe (Global Hunger Index, 2021). Furthermore, the FAO and FMARD report identified insecurity especially insurgency in the North-east states, armed banditry in some North-west states as key drivers to the upcoming food crisis. Climate change and pandemic-related shocks also affect food production and push food prices

up. These reports are evidences of sub-optimal Agricultural sector. This study links below par Agricultural sector in Nigeria with insurgency, climate change, high inflation and poor resilience approach in the sector.

According to data from the National Bureau of Statistics trade report, food products worth N2.1trillion were imported into Nigeria from January through September in 2021, indicating a 75 percent rise when compared to N1.2 trillion in the corresponding period of 2020 (Okojie, 2022). This implies that Nigeria cannot grow enough food to meet the high demand of her fast-rising population who must be fed; therefore, the country is left with no option but to import food from other food-sufficient countries. This is further exacerbated by climate change which has continued to take a heavy toll on agricultural activities in all regions of the country. Also, the report by the National Bureau of Statistics (NBS) revealed Nigeria's headline inflation rate increased to 19.64 percent on a year-on-year basis in July 2022. (National Bureau of Statistics, 2022) Nigeria's high inflation is evident in soaring food commodity prices, which could be associated with the dwindling economy, which contribute to the food and hunger crisis (ReliefWeb, 2022).

The Nigerian agricultural sector just like many other global south countries is facing numerous challenges such as inadequate and unaffordable financing, poor investment in seed technology, price volatilities, poor warning system to detect threats to food security; insecurity, and climate change has had its toll on the sector through droughts, floods, and desert encroachment. It is no news that climate change is slowing the progress towards food security in Nigeria, lack or poor climate-responsive agriculture leaves the sector vulnerable and by extension the economy. These challenges have different impacts in terms of the severity and frequency. The poor or lack of resilience response to the current disruptions that the country's economy and agriculture sector is experiencing can easily magnify the damage that has already been done.

The negative impacts of the above mentioned factors are visible. Agricultural productivity is declining and more can be said of its devastating effect on Nigeria's economy such as overreliance on imports and an alarming inflation rate. Agricultural investment addresses the very economic and social impact of Nigeria's current landscape: dwindling revenue, inflation, unemployment, hunger, etc. Ultimately, investing in resilience focused on agriculture is necessary for Nigeria to thrive, grow and prosper. The need to amplify domestic and foreign investment in agriculture has numerous benefits which could create and strengthen resilience efforts by the government, create jobs, boost the economy and ensure food security. Neither the government nor private sector alone can carry the burden of investment in the sector.

Importance of Investing in Resilience Focused Agriculture

Brende and Sternfels (2022) stated that the resilience muscle is strengthened through three key actions: prepare, perceive, and propel. For Nigeria to propel the economy to a global position, there must be early and adequate preparation which will form a robust response mechanism. Investing extensively and early in agriculture ahead of any economic shake-up (disruption) is a pivot to accelerate out of it and build flexibility to adapt. Anecdotal evidence reveals that Nigeria usually reacts and addresses economic challenges from a defensive standpoint. Previous and even current solutions are focused on hastily setting up costly buffers that are short-term and do not support sustainable growth. Hurriedly packaged solutions that serve short-term purposes can be problematic if resilience and sustainability is to be sufficiently achieved.

The approach to economic resilience goes beyond this fire brigade defensive stance toward sustainable economic growth. Investment in agriculture is an enhanced response that focuses on creating a flexible system that orients and adapts more quickly to economic uncertainties. Extensive investment in agriculture by the public and the private sector is an active strategy that will allow Nigeria's economy the flexibility to adapt to any economic uncertainties both domestically and globally. In this context, buffers become a residual tool to protect against economic uncertainties that resist hasty answers. While investment in agriculture is desirable, the government have the responsibility to create an investment attractive environment. This would show that the government is committed to resilience interventions and sustainability of the economy (Okafor, 2021)

Policy Recommendation

There is an urgent need for the federal government to retool its economic policy to overcome present economic challenges. Bold and urgent policy measures are needed to protect the economy and promote sustainability. These recommendations will contribute to the architecture of Nigeria's resilience framework across all sectors. Other specific action points include:

1. Provision of adequate and affordable public-private financing for the sector. Due to shifting uncertain landscape in the Agricultural sector, it will require extensive public and private financing that build resilience capacities over the long term. This will enable farmers go beyond the subsistence level of production, enable them increase preparedness, and reduce shock of disruptions, to reduce risk and provide adequate and timely post-shock support to strengthen economic resilience. Adequate, accessible and affordable financing that will empower farmers to become resilient to uncertainties in the sector is one of the vital strategies that should be at the heart of the federal government resilience drive.
2. As the climate changes, Nigeria must adapt. The government should explore sustainable paths and strategies such as climate-adaptable farming, conservation agriculture, greenhouse farming (utilizing renewable energy, like drip irrigation and solar pumps) Climate change has impacted agriculture causing the loss of crops and livestock to excessive rainfall or draught, reducing productivity, as well as related issues affecting the broader environment such as water quality and greenhouse gas emissions have culminated into long-term challenges. Therefore, the government should encourage climate-responsive agriculture through continuous training and technical support to increase preparedness to climate change shocks.
3. The use of quality seeds, well-adapted crops and varieties is a critical part resilience-focused agriculture. The needed progress in the Agricultural sector depends on the production of high quality seeds in grains, root and tuber crops, with best yields through technology. This is where the National Agricultural Seeds Council (NASC), that is saddled with the overall development and regulation of the national Seed industry, must invest and strengthen. It is fundamental that improving seeds to be part of the discussion on agriculture and food security by the government. The Central Bank of Nigeria (CBN) admitted that importation of some agricultural products; especially grains were parts of the reasons why the country's foreign exchange challenges were escalating. Improved seeds technology will reduce Nigeria's dependence food imports, and stem food insecurity.

4. Food security remains one of Nigeria's challenging national issues. It is important to strengthen early warning system to detect threats to food security. Countries do not just plunge into food security problem over the night. There should be proper reporting and dissemination of information by regulatory agencies like the Federal Ministry of Agriculture and Rural Development (FMARD), National Agricultural Seed Council (NASC), National Environmental Standards and Regulations Enforcement Agency (NESREA) and Nigerian Metrological Agency (NiMet) about new developments and the weather, helping farmers determine priorities.

5. Arguably, high debt burden, to a very large extent, leads to poor investment in agriculture and by extension affects the resilience efforts. With Nigeria's dwindling revenue, the debt profile is alarmingly increasing, and the cost of servicing debts remains outrageously high. According to the former Chairman of Nigerian Economic Summit Group (NESG), Asue Ighodalo, "Nigeria must return to the path of debt sustainability in the face of dwindling revenues not to create a debt burden for future governments and, indeed, future generations". Failure to invest in the Agricultural sector and other public goods shifts the burden onto the affected sector, in this case, it will hinder the resilience efforts. Nigeria must effectively manage her debt profile in order not to undermine the Agricultural sector and distort sustainability.

These economic recommendations would no doubt provide a guide to the government in its effort to strengthen and position the economy, and better the lives of Nigerian citizens.

Conclusion

As Nigeria continues to address her economic challenges, the important issues of resilience of the Agricultural sector must be taken seriously. The government should continue to strengthen the Agricultural sector through investments focused on resilience. The resilience stance of Nigeria must be forward-looking, anticipating disruptions rather than simply reacting. Nigeria must shift from purely reactive strategies in response to the wave of economic disruptions towards activating resilience that equips every sector of the economy to be flexible and prepared to withstand changes emanating from the local and global environments. This can be achieved through continuously learning and amending based on past experiences. Beyond the short-term response by the Federal Government of Nigeria in the sector, the aftermath of the COVID-19 and dwindling Nigerian economy should be the impetus to develop and accelerate implementation of long-term measures in the Agricultural sector to set Nigeria on a more sustainable path and make her economy more resilient to present and future economic uncertainties.

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