DIVERSIFICATION OF NIGERIA'S ECONOMY: OPTION FOR SUSTAINABLE GROWTH

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Abstract

This paper addressed the inherent aberration in Nigeria's mono-product economy which, over the years, has been glossed over by deliberate inadvertence. It traced the root of this aberration to the overarching posture of oil as the country's primary revenue earner since its discovery in 1956. The near-total neglect of the other sectors of the economy as a result of the heavy dependence on oil earnings saw the country drift into recession. As revenue took a nosedive, naira value also took a dip on the foreign exchange market. The paper addressed the need for the country's economy to be diversified. This would entail the productive development of the other sectors of the economy aside from oil. Using the descriptive statistical method, data collected from secondary sources were analyzed to establish that there is a positive correlation between diversification into other sectors of the economy and sustainable economic growth. Attendant issues were discussed, and challenges identified which, if frontally addressed in the drive towards economic diversification and, anchored on concrete, focused action as outlined here offers assured prospects for Nigeria's economic growth and sustainable development beyond oil.

Keywords: Diversification, Governance, Real Gross Domestic Product (GDP), Self-Reliance and Sustainable development

Introduction

Prior to the discovery of crude oil in 1956, the mainstay of Nigeria's economy was agriculture. The country was a primary producer of cash crops such as cocoa, timber, palm-oil, groundnut, rubber etc. which it also exported. This made the country a major exporter of these crops. In the 1960s and immediately before the oil boom of the 1970s, agriculture contributed 60% to Nigeria's Gross Domestic Product (GDP), 70% to export, and 95% to food needs (Chidiadi, 2009). Although the country witnessed revenue windfall from the years of oil boom, the immediate aftermath of this development was the palpable neglect of agriculture. Consequently, as noted by Uzonwanne (2015), Nigeria was no longer a significant producer of groundnuts (peanuts), rubber, and palm oil.

As a result of its abandonment, agriculture has suffered long years of neglect, mismanagement, inconsistent and poorly conceived government policies, lack of necessary infrastructure and meaningful government incentive to farmers, and bureaucratic bottlenecks among government agencies in executing agricultural policies and programmes. Following the relegation of agriculture to the backstage in the wake of the oil windfall, the country metamorphosed into a mono-product economy with heavy dependence on revenue from oil. Admittedly though, viewed from the perspective of increased revenue earnings for the country, oil has contributed immensely to the growth of Nigeria's economy. This, however, has not translated into concrete, quantifiable economic growth in real terms. Among other factors as shall be discovered shortly in this discourse, this is attributable mainly to the vagaries of the international market which make oil prices very volatile. In 2014, the country experienced an unrelieved dwindling of its revenue earnings as a result of the fall in the price of oil from $115 per barrel to less than $70 per barrel.

Statement of the Problem

As a primary resource, the only contribution of oil in Nigeria is revenue generation, and revenue in itself does not suffice as an index of GDP where there are no productive activities to generate measurable economic output. According to Sarumi and Anyanwu (n.d.), "The contribution of mining in the 2013 GDP report is recorded at 14.3% out of which oil and gas formed a whopping 93.4% while coal and metal ore accounted for the remaining 5.65%. Agriculture, on the other hand, accounted for 21.7%, a 19.3% decline from its 48.27% contribution in 1971. This shows an underutilization of its (the country's) over 40 mineral endowment and 80 million hectares of arable land. The table below further drives home the grave import of the country's precarious state.

Table 1: Oil Sector Contribution to Real GDP of Selected Oil Producing Countries

Country	Percentage Contribution
Angola	45%
Kuwait	60%
Libya	60%
Qatar	55%
Saudi Arabia	48%
United Arab Emirate	40%
Venezuela	25%

Source: Nigeria's Oil Sector Contribution to GDP Lowest in OPEC – Blueprint, 2014

Contrasted with the countries in the table above, in the third quarter of the year under consideration, Nigeria's oil sector contribution to real GDP was less than 11%, precisely 10.45%.

A logical inference that can be readily drawn from here is that in *real terms*, the country's much-vaunted oil sector is not *productive*. Since production is the hub of economic activities, the alarming implication is not only that the contribution from the oil sector to the GDP is not much but also that its linkage within the productive sector of Nigeria's economy is not deep enough. The consequence is that Nigeria is denied the development benefits of a multifaceted and interdependent *productive* enterprise economy. Given the prospects of economic diversification as a strategy to attain sustainable economic growth, there is, therefore, a need to explore the viability of this option.

Objectives of the Study

1. The paper sets itself to identify a perceived aberration in Nigeria's economy.
2. Besides, it establishes that, in real terms, increased oil revenue alone does not translate into concretely quantifiable economic growth.
3. It seeks to prove that the true index of growth rate is productive activities as reflected in real GDP

Method of Data Collection

Data used for compiling the paper were obtained from secondary sources. Time series data and graphical illustrations also provided additional supporting facts.

Method of Data Analysis

The technique adopted in analyzing the data collected is the descriptive method of analysis. The descriptive statistical method was also used to explain facts and analyze information obtained from statistics. Applying deductive reasoning, judgment was formed about a fact or situation. Then, based on the available information, inferences were drawn regarding particular observations.

Review of Related Literature and Conceptual Issues

Diversification

Diversification is "creating new avenues for economic growth. It involves using the right strategy to boost revenue generated from other sectors of the economy. That is, facilitating growth of other sectors of the economy" (Eluogu, 2017). In more specific terms, it is "the process of expanding the range of economic activities both in the production and distribution of goods and services . . . the widening of the economy to create opportunities for diverse economic activities . . . to create a broad-based economy" (Anyaehie and Areji, 2015).Diversification is a multi-sector economic growth strategy that can be likened to "investing in a variety of assets" (Samuelson, in Ojefia, 2016).In the view of Uzonwanne (2015), it "demands active participation in a wide range of sectors . . . firmly integrated into different regions . . ."

Underlying economic diversification is the "idea of having multiple streams of income" by creating multiple revenue centers (Ojefia, 2016). This will, in turn, encourage the creation of different ways to increase cash flow as opposed to building a single income stream. As businesses and investments venture into various, non-correlated sources of residual income, the incidence of heavy dependence on only one source is reduced. During recession, diversification serves as a *mechanism for checks and balances*. The positive performance of some sectors (or subsectors) neutralizes, balances, or cancels out the negative performance of others, thereby minimizing risks.

Governance

Since it gained currency in international development literature, contemporary perspective on the concept of governance now transcends how institutions, groups or bodies of persons are formally organized, managed and administered. In its Policy Paper, the United Nations Development Programme (UNDP, 1997) defines governance as "the exercise of economic, political, and administrative authority to manage a country's affairs at all levels. It comprises the mechanisms, processes, and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences."

The pillars of governance can be identified as follows: first, it "occurs at all tiers or levels of society - religious bodies, political associations, corporate organizations, schools, local, state and national governments and even the family" (Egboka, 2013:8). Second, it is not only about processes, but it also includes ends achieved – primarily, to improve the lot of the citizenry. Third, it involves decision-making, decision-taking and implementation either by the citizens themselves, or on their behalf, or for them. As a concept that focuses on how public institutions conduct public affairs and manage public, human and material resources (Egboka, 2013), other characteristics of governance include popular participation by the citizenry; openness and transparency; rule of law; inclusiveness and responsiveness to the needs of the people; accountability; enhancement of traditional institutions; consensus generation through intensive grassroots orientation; economic empowerment; equitable distribution of resources; access to information on resource inflow and use; effectiveness and efficiency; strategic vision etc. *Governance is people-centered and incorporates traditional practices and resources in driving* socio-economic and political progress (emphasis mine). It involves probity and transparency erected on a foundation of honest relationship (King, 2006 cited in Njoku, 2013).

According to UNDP Human Development Report (2004), at the core of human development is allowing people to live the kind of life they choose and providing them with the tools and opportunities to make those choices. A critical development end, therefore, is allowing people full productive expression. Hence, an important factor in development as it bothers on economic diversification is the human resource. Just as with development, economic diversification cannot be actualized by substituting more traditional priorities and practices but rather by complementing and strengthening them. All these rise, stand or fall on leadership, hence, governance.

Governance, as a leadership vehicle, mediates the development process, ensures proper and balanced growth, fosters equitable access to resources, defines the boundaries of responsibilities for tasks, and engenders mutually beneficial and reinforcing relationships among key actors, players and stakeholders in the economic diversification drive.

Real Gross Domestic Product (GDP)

A country's Gross Domestic Product (GDP) measures the total monetary value of all the finished goods and services produced within her borders in a specified time (www.investopedia.com). Apart from determining overall economic output and value added through economic processes, the GDP gauges a country's productivity, standard of living, and economic growth. It also measures the value added through economic processes and determines recession. Whereas nominal GDP is a raw measurement that includes price increases, real GDP compares the economic output from one year to another, taking the inflationary trend into account. On the other hand, the economic growth rate is measured by percentage increase in GDP from quarter to quarter in order to determine precisely how fast a country's economy is growing.

From the standpoint of the country's real GDP, the aberration in Nigeria's mono-product economy is captured pointedly by a former President of the International Association of Energy Economics, Professor Wumilledare, thus: "In Nigeria, the contribution of oil is mostly revenue, and revenue does not translate into GDP if there are no productive activities in the economy, which come from oil. . ." (Iledare, n.d.). Quarter 4/2016 Report of the country's GDP by the National Bureau of Statistics (NBS, n.d.) corroborates this view: "As a share of the economy, the oil sector represented 7.15% of total real GDP, compared to 8.06% in Q4/2015 and 8.19% in Q3/2016."

Considering that "today, petroleum accounts for over 90% of Nigeria's export revenue and over 80% of the government's budget" (Jekwe, n.d.), and that "production generates economic activities" (Ojefia, 2016), it means that at 7.15% of real GDP, "there are no productive activities in the economy, which come from oil . . . ", an indication that "the linkage is not deep enough within the productive sector of the economy"(Iledare, n.d.).

Self- Reliance

Self-reliance is the core object of development. It is a situation where people can independently determine and implement policies without undue influence or interference from outside sources. Self-reliance has to do with recourse to one's capability, judgment, resources and skills in the bid to enhance self-dependence.

As a strategy that underlies the development process, self-reliance can only be achievable if the fulcrum of support in productive activities is one's resources, nay local content, the proportion of inputs to a product supplied from within a country (Black, 2002). Unregulated dependence on the incorporation of massive quantities of foreign inputs, whether internally or externally generated, into the factors of local production, will not only result in disruptive, radical changes in the ecological balance but will also make the management process difficult for users. This cannot but jeopardize national survival, and herein lies the object lesson in sustainable development as it impinges on economic diversification. The process of diversifying the economy cannot be externalized. Nowhere have human resources from outside sufficed for the development needs of a people. The economic diversification plan must, therefore, be participatory and inclusive.

Sustainable Development

First, a cursory examination of the term, development, in the context of this write-up is pertinent in order to afford one *a focused perspective.* The view of development held here as it concerns economic diversification is "creating the necessary conditions for the realization of the potential of the human personality" (Seers, 1972). The UNDP Human Development Report (1990) describes it as the process of enlarging people's choices. These choices, as observed in the report, can be infinite – extending *ad infinitum*to continually emerging prospects and opportunities, and dynamic – changing overtime in the light of unfolding realities. The critical choices involved, hinge, to a large extent, on the need for people to acquire knowledge and the need to have access to resources required to enjoy a decent standard of living. This would presuppose effective command over needed resources such as land, credit, income etc. The implication is that the absence or non-availability of these essential resources makes a lot of other opportunities to be inaccessible. In essence, the choices focus primarily on what people should have and what they should do to be able to ensure their livelihood. By implication, the process of widening people's choices in development entails the formation of human capabilities such as knowledge and skills, and the use people make of their acquired capabilities such as for productive purposes. Thus, considering that people are the real wealth of a nation, the primary objective of development is to create an enabling *local* environment for people to realize their full potentials and live creative and productive lives. Hence, people are active agents, instruments and participants in the development process. The key emphasis here is that people and their *environment* are critical considerations in development.

Sustainable development is thus "development that meets the need of the present without compromising the ability of future generation to meet their own needs . . . In essence . . . a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development, and institutional changes are all in harmony and enhance both current and future potential to meet human needs and aspirations" (Brundtland Commission Report, 1983). It focuses on three primary considerations, namely, the physical environment, the socio-political, and the economic. These translate into three interdependent and mutually reinforcing pillars of sustainable development, as follows: Environmental Protection, Social Development, and Economic Development. Thus, for an instance, concerning a non-renewable resource like fossil fuel, sustainable development advocates a balance between the rate of depletion and economy of use. Other areas that engage attention similarly are social cohesion and stability; cultural diversity and self-identity; individual and group uniqueness; economic and social wellbeing; pursuit of aspirations and fulfillment of purpose; freedom of self-expression and limits of liberty; social justice and equity; security and peace; health, shelter, clothing, food and felt-needs; job, employability and productivity etc.

Theoretical Framework

This work was anchored on the theory of diversification.

The Theory of Diversification

The theory of diversification was postulated by one of its proponents, Nick
Lioudis (2019). The theory is a technique that reduces risk by allocating investments among financial instruments, industries, and other categories. It aims to maximize returns by investing in different areas that would each react differently to the same event.

According to Ugulini (2019), there are two main theories of diversification. The first is Concentric Diversification, in which companies diversify through product diversification or market diversification. For example, a businessman who operates a filling station and deals on petroleum products such as fuel, diesel and kerosene, and lubricants such as oil, may decide to broaden his scope of business by incorporating cooking gas and its accessories such as burner, hose etc. The second theory of diversification is Conglomerate Diversification. In this, the businessman mentioned above may decide to diversify by opening a subsidiary that offers products that have nothing to do with his usual business. The businessman may go into agricultural business, such as rice production, sited in different locations.

There are three key benefits or advantages of diversification, namely, minimizing risks or losses, preserving capital, and generating returns. However, there are problems associated with diversification. First, it may not be easy to manage diverse portfolio, particularly if one has multiple holdings and investments. Second, it can cast a dent on one’s bottom-line. This is because the cost of investments differs from one business to another.

The significance of the theory of diversification in this study is that it underscored its justification for guaranteeing sustainable growth of the country’s economy. Although Nigeria is endowed with diverse natural resources such as zinc, coal, diamond, gold, cocoa etc. yet itsprimary revenue earner is oil. To minimize the risk of revenue shortfall occasioned by falling prices in the international oil market, it is absolutely imperative to diversify the economy by developing and harnessing the country’s other natural resources. This would reduce the impact of fluctuating oil prices which negatively affects expected revenue needed for development purposes.

Challenges and Need for Diversification

There are two major developments on the international scene, which, although seemingly ordinary and isolated, yet are interconnected in their medium and long-term implications for the growth and survival of Nigeria's oil-dependent economy. From the perspective of this discourse, the development that stands out more starkly and which should readily engage concerned attention is the discovery of Shale oil as alternative fuel source. Against the backdrop of global oil market volatility, the prospect of Shale oil as substitute energy resource holds out deathly economic grimness for the country. This is because "in the new global energy reality . . . non-conventional sources like Shale and Oil sands are redefining supply options" **(**Fabiyi, 2016). Onucheyo (2001) had earlier predicted that in the 21st century, nuclear, solar, geothermal and other energy sources will be sufficiently developed to meet most of the world's energy requirements. The other development like it is the *stealthy* entry (to the uninitiated) and yet steadily growing strong presence of electric car in the international automobile market – a revolution China is pursuing with the consuming passion of an *obsessive-compulsive* syndrome. In the course of time not long from now, this can only sound the death knell for Nigeria's fossil fuel. Juxtaposed with what Tella, Mustapha and Mbaya (in Ojefia, 2016) have observed as "growth without development" in Nigeria over the years, the worrisome seriousness of these developments can then be fully appreciated.

Given this portentous scenario, the challenge to diversify Nigeria's economy transcends sloganeering, or mere expression of intent, and reiteration of commitment. It is a challenge that should be confronted head-on with a *workable* blueprint detailing *implementable* action plan for achieving economic diversification within phased timelines. Gratifyingly, the urgency for Nigeria's economic diversification is pervading every segment of the country's body-politic. For Eluogu (2017), "With the recent crash in oil prices and consequent hardship engendered by . . . over-reliance on oil; it has become more compelling to Nigerian policy-makers and all stakeholders that diversifying the economy is not optional but mandatory. . ." Alluding similarly to the urgency for economic diversification, Nigeria's Vice President, Professor Osinbajo said, "There is no doubt in which direction we should go . . . we do realize the urgency of the moment and the importance of getting things done quickly" (Ojefia, 2016). Buhari (2016) underscored this urgency in his address to the 44th Annual General Meeting (AGM) of the Manufacturers Association of Nigeria (MAN):"This event is timely and the theme 'Diversifying the Nigerian Economy: The Role of Government in Manufacturing' is quite apt as it is coming at a time when the nation is faced with the urgent need to diversify the economy in the light of dwindling price of crude oil in the global market . . . the dramatic fall in crude oil and other commodity prices has had a serious negative impact on world economies, especially countries like Nigeria which depend on one commodity for its export earnings." On the main plank of his administration's economic diversification agenda, the President told the Meeting: ". . . The key to our quest for economic diversification . . . lies in Agriculture and the Manufacturing sector . . ." The props in the strategic plan which will serve as road map are the Nigeria Industrial Revolution Plan (NIRP) and the National Enterprises Development Programme (NEDEP) (Buhari, 2016)**.**

Findings and Discussion

Nigeria ranks among nations of the world with rich endowments in human, natural and mineral resources. These include both renewable and non-renewable resources such as solar energy which is grossly underutilized and huge reserves of natural gas yet to be fully tapped. Apart from oil and gas, Nigeria is said to have an estimated 40 million tons of talc deposit in Niger, Osun, Kogi, Ogun and Kaduna States; 1 billion tons of gypsum deposit spread over many States; 3 billion metric tonnes of iron ore deposit in Kogi, Enugu, and Niger States; and 15 million tons of lead and zinc deposit spread over eight states. Her arable land is estimated at 84 million hectares with 230 billion cubic metres of water (www.gti.com.ng). The table below illustrates her potentials in agriculture.

Table 2: Nigeria's Agricultural Potentials

Agricultural Product	Production Output (million metric tons)	World Ranking	Remarks
Cassava	54	Largest	
Dry Cowpea	2.5	Largest	
Kola nut	0.138	Largest	
Melon seed	0.5125	Largest	
Sorghum	6.90	Largest	
Cocoyam	3.45	Largest	
Yam	38	Largest	
Cashew Nut	0.8365	2nd Largest	Behind Vietnam
Millet 52nd Largest			
Sweet Potatoes	3.4	2ndLargest	
Palm Kernel	1.2	3rdLargest	Behind Indonesia and Malaysia
Cocoa	0.383	4th Largest	
Ginger	0.156	4th Largest	
Groundnut	3.07	4th Largest	
Fresh Vegetable	6.2	4th Largest	
Palm Oil	0.94	5th Largest	Behind Indonesia, Malaysia, Thailand and Colombia
Pawpaw	0.775	5th Largest	

Source: Adapted from www.gti.com.ng (2012)

As with other sectors and sub-sectors, such huge potentials in both the mining and agricultural sectors have regrettably not recorded commensurate impact on real GDP. The Q1/2016 Quarterly Establishment Surveys (QES) report of the National Bureau of Statistics (NBS) attests to this.

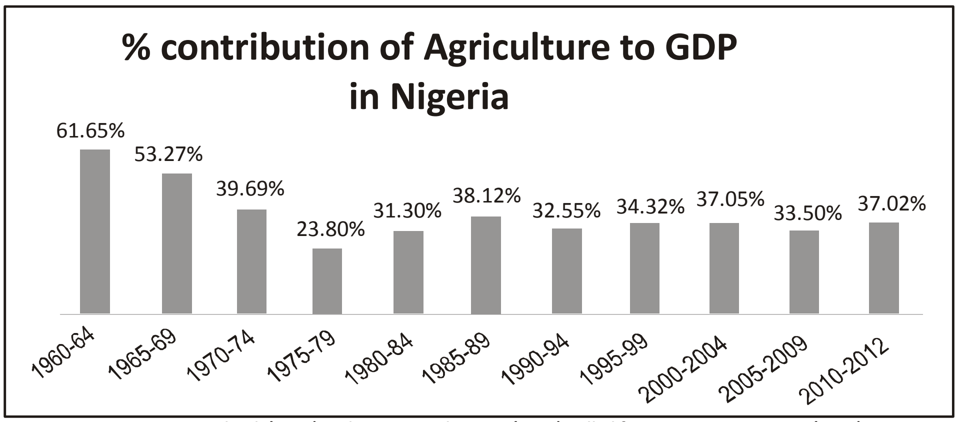
Table 3: Q1/2016 Quarterly Establishment Surveys (QES) of Sectoral Contribution to Nominal and Real GDP

Sector	**% Contribution**	
	Nominal GDP	**Real GDP**
Mining/Quarrying (Crude Petroleum, Natural Gas Coal Mining, Metal Ore etc) -	4.14	10.34
Agriculture (Crop Production, Livestock, Forestry Fishing etc)	19.17	20.48
Manufacturing	9.33	9.82
Electricity, Gas, Steam, & Air-conditioning Supply	0.37	0.20
Construction	3.99	4.13
Trade	21.55	18.19
Accommodation/Food	1.21	1.15
Information & Communication	12.25	
11.98		
Transport & Storage	1.55	1.19
Arts, Entertainment & Recreation	0.30	0.26
Finance & Insurance	3.71	3.13
Real Estate Services	7.41	6.61

Sources: NBS (www.nigerianstat.gov.ng and www.nationalplanning.gov.ng/index.php/news-media)

In the quarter under review, the contribution of agriculture to real GDP was 20.48% while mining and quarrying which includes crude petroleum and natural gas was 10.34%. A ready deduction from the real GDP outlook in the table is that the economy is, generally speaking, not productive. Besides, in spite of being the country's major earner, the huge revenue from crude petroleum and natural gas does not translate into tangible economic output. The paltry contributions of the other subsectors are strong indications that the economy does not generate productive activities. As the Director-General, Debt Management Office (DMO), Dr. Abraham Nwankwo (2016) in Obinna (2016) has observed, "Nigeria is near 100 per cent idle capacity . . ." It is no wonder therefore that the country's ". . . total non-oil exports are a paltry $3 billion dollars in an economy with a GDP of over $500 billion – less than 1%" (Fabiyi, 2016). A noticeable aberration inherent here is the near-total absence of linkages within and between sectors. Productive economic activities that generate output have a direct correlation with linkages.

Furthermore, compared with the contribution of agriculture before the oil boom of the 1970s, it can be inferred that the sector has witnessed a steep decline in its contribution. Ojefia (2016) pointed out that from "the oil boom in 1970, the decline in the agricultural sector commenced." This is observable from the graph below.



Sources: CIA Fact book (2013) and NPC Annual Report (2012) Culled from Maria Uzonwanne (2015)

Adebayo (1999) attributed the decline in the GDP contribution of the agricultural sector to "the neglect of agriculture and the rural economy, and the concentration of economic activity in the oil sector" resulting in the scarcity of locally-sourced raw materials and consequently, heavy imports of raw materials and foodstuff.

For a country like Nigeria seeking to reinvent and broaden their economic profile in order to reduce dependency on traditional sectors and take advantage of new opportunities in a globalized world, diversification offers multifarious benefits. This paper holds that the contradiction in the oil sector can only be resolved frontally by creating appropriate linkages within and between identified sectoral growth drivers through diversification. Huge prospects and opportunities exist in this regard for optimizing resources and raw materials by developing a base of interlinked enterprises. The crux of this economic diversification drive should be the *Nigerian people* and *local content.* The core focus is on *functional programmes* and *practical projects* that are target-oriented with predetermined time-frame.The results of such programmes and projects should be determinable, achievable and capable of being qualified in terms of quantifiable indices, variables or criteria. Whether within or between sectors/subsectors, the prospects and opportunities for creating value addition or value chain using local content are enormous and wide-ranging.

Forward linkages occur in industries which produce goods that become inputs into other industries. For instance, cassava, which is a multi-purpose crop, is used in diverse ways as a domestic and industrial raw material for "sweeteners, high fructose syrup (HFS), glucose and sorbitol. It is also used for the manufacture of adhesives, paper, pharmaceuticals, bread and as a thickening agent. It has many attributes: high paste viscosity, paste clarity and high freeze-thaw stability, making it the delight of many industries. Production of fuel ethanol is another potential in cassava which remains underutilized in Nigeria" (Supplement on Cassava, 2013).

Backward and forward linkages set up pressures that lead to the creation of new industries which in turn create additional pressures such as new opportunities for entrepreneurs. A large percentage of fruit juice produced in the country is prepared using imported artificial flavours. The use of local fruits in fruit juice production will stimulate increased activity in the relevant fruit sub-sector.

Limitless opportunities abound in many areas in which local content could be productively employed to achieve the goals and objectives of economic diversification. In the primary agricultural sub-sector for instance,

a. Local weeds, plant waste and decomposed organic matter can be mixed to form compost for fertilizing the soil. This is green fertilizer.
b. The high ammonia content in urine can be exploited to aid decomposition of organic waste and its conversion into organic fertilizer.
c. Fresh plantain and banana leaves and stems could serve as feed for pigs.
d. Earthworm and flies can be commercially bred for fish production.
e. The fresh leaves of *opete* plant (so called in Owerri, Igbo dialect) and fluted pumpkin (*ugu*in Owerri, Igbo dialect) are veritable feed resources for poultry.
f. Organic crops can be grown for food and health improvement. Organic nutrition gardening, organic spice farming and organic herb production are examples. Lemon grass, for instance, has strong roots that help combat soil erosion on sloping land. Besides, the oil extract from its lemon-scented leaves is used in perfumes, cosmetics and medicines.
g. Consideration could be given to the emerging concept of contract farming in order to leverage the economies of scale from big organizations, minimize risk level for small farmers and guarantee their jobs. Under this arrangement, the small farmers till their own farms and also work for the manufacturing firms. These companies engage farmers to produce food and cash crops for them over a period of time. The contract is usually for between two and three years subject to renewal. The companies provide land, seedlings and tools for the farmers; pay the farmers for their labour, and use agricultural produce such as mango, cashew, pineapple, sorghum, tobacco, cocoa, among others for production purposes (Feature Report, 2012)**.** This ensures full and year-round employment for the small farmers.

Diversification of Nigeria's Economy: The Way Forward

So much more can be said of other sectors and sub-sectors. However, it suffices here to conclude by stating that the benefits of economic diversification transcend merely cushioning the country against the hiccups in the international oil market. It creates private sector jobs, stimulates business development, strengthens the economy's adaptive capacity and safeguards its long-term prospects against depletion of basic natural resources. In the face of pressure from competition in globalization, economic diversification provides a strong buffer against the vagaries of economic fluctuation. It meets the basic needs of the poor in terms of shelter, food, job, clothing, health etc., and opens diverse avenues for economic activity to accommodate a broad spectrum of people. By improving local technology and promoting private sector development of pre-existing economic activities like agriculture and small-scale businesses, it propels the expansion of environmental capacity to meet the people's needs. As a veritable instrument of sustainable development, it secures equity within and between generations, reduces, checks, and averts unidirectional exploitation or over-exploitation of natural resources onto extinction or environmental degradation. Thus, it improves environmental condition, reduces poverty, and creates and strengthens wider latitude for opportunities in comparative advantage. It is a means of coping with population growth. Linking economic diversification to a policy of "optimizing resources and raw materials by developing a base of interlinked enterprises" (Osalor, 2017) offers Nigeria an assured economic hope beyond oil.

If this historic imperative of development through economic diversification must not slip through Nigeria's fingers, it is the considered view of this paper that the process must first address certain questions agitating the issues. For a people or an economy as Nigeria's, diversification throws up challenging questions to which if appropriate solutions are proffered will afford an insightful appreciation of the reality of the country's present economic situation as well as provide anchors for direction in exploring prospects and exploiting opportunities. It will also provide the foundational sub-structure on which recommendations for the country's economic diversification will stand.

To begin with, has the country developed a blueprint for her economic diversification? If yes, what growth or development perspective informed the plan? In other words, how exactly does the country define her economic diversification? The answer to this question should present the citizenry with an articulated national vision of the country's *economic diversification programme.* Also, as an inevitable corollary of the foregoing, what is the intended purpose of her economic diversification programme? Is it only a reactive policy drawn up just as a response to the current world economic crisis and specifically, the fall in oil price? Is it merely to reduce dependence on one commodity, or earn foreign exchange, or acquire the economic status symbol of becoming part of the international export market? Have critical areas of diversification been identified? What sectors, or sub-sectors, have been so identified? What particular products or services have been listed in such identified sectors or sub-sectors? What immediate, short-term, or long-term results are expected? What tangible economic benefits are derivable from such sectors or sub-sectors in the short, medium or long term? Will the economic diversification programme adopt an area-specific, resource-specific, or product-specific approach in targeting factors localized in particular regions? Will it be group-specific, for instance, focusing mainly on the *organized* private sector? What place will be accorded the informal sector in order to harness their contribution to the economic diversification effort? More specifically, what platform will be provided for individuals who may not belong to any formal or organized group but possess demonstrable entrepreneurial capacity? Given their weak financial base, will there be protected areas for the informal or loosely organized sector in the economic diversification plan? In this regard, how will the role of foreign investors be defined in the plan without appearing restrictive, or presenting scary prospects that make investment unattractive to them? What considerations will guide the economic diversification plan so that the country's economic survival is not mortgaged or tied to the apron strings of suffocating foreign interests? In fact, who can participate in the economic diversification programme? At what level will the programme be pursued – primary, secondary, or tertiary level? What is the fulcrum of support – micro, small, or medium enterprises? Has need analysis been undertaken for any identified sectors or sub-sectors? What are the exact challenges in these sectors or subsectors – lack of or obsolete machinery, equipment and tools; poor, dilapidated, inadequate or non-existent infrastructure; skills gap, training, or transfer of technical expertise; ill-equipped functional capacity; low productivity; lack of access or restricted access to credit; difficulty in sourcing raw material and other inputs, etc? How much investible funds will be available to execute the plan? How much can be sourced or accessed, and from what sources? What actions are required from the government in this regard? What is the operational timeline for gestation, break-even etc? Within what time-frame is the impact expected to begin to be felt in the economy? What feed-back measures or reporting mechanisms will be put in place to address emerging problems and avert programme failure? Similarly, what steps will be considered to make the economic diversification plan an ongoing national policy that will transcend partisan political leanings and outlast the government that initiated it?

Action steps are advocated here in order to rid the economic diversification plan of the drag of bureaucratic red-tape. The purpose is intended to separate the programme from arm-chair bureaucrats, and disentangle it from the reward and patronage system. Planning and execution should therefore be action-focused and target-oriented:

1. In the context of her national experience, the country nay the government should define in categorical terms what exactly she means by economic diversification, namely, her view and vision of economic diversification as a cardinal growth and development option for the country.
2. That vision should be accorded a policy status, and appropriate legislation enacted to back it up.
3. As a practical step towards its execution, set up an Economic Diversification Implementation Body/Agency to provide institutional, legal and administrative props to drive the process.

4. Set up Field Offices domiciled in the locality of identified factors/resources/raw materials through which the body/agency will operate.
5. Appoint Field Officers to man the Field Offices of the body/agency, and report directly to Field Coordinators who will be in charge of particular regions. Each region will comprise a functionally manageable number of localities of similar, identical or related factors/resources/raw materials which share proximity.
6. In conjunction with the Raw Materials Research and Development Council, the Economic Diversification Implementation Body/Agency undertakes the mapping of factors/resources/raw materials for particular sectors/sub-sectors; identify the localities of the factors/resources/raw materials; and detail prospects and opportunities for products and services through backward and forward linkages. Whether in the primary sector (agriculture and natural resource extraction), secondary sector (processing and manufacturing), and the tertiary sector (trade and services), the value chain extends almost *ad infinitum*.
7. The identified sectors/subsectors e.g. manufacturing industries, mining/exploitation of solid minerals, agriculture, service industries, etc. will constitute the units/departments of the body/agency.
8. Each of the units/departments will have an Operational Field Office with a Field Officer.
9. Prospects and opportunities for each factor/resource/raw material cum products and services are evaluated and those identified with immediate or short term opportunity cost advantage are selected as pioneer or pilot products and services for initial investment.
10. (a) Individuals, native or alien residents, organized or informal groups already engaged in production/service activities in the selected factors/resources/raw materials cum sectors/sub-sectors areidentified.

    (b) Platform and forum for engagement are instituted.

    (d)Meetings and interactive sessions are held.

    (e) Present capacities and capabilities are assessed; constraints and challenges are identified; prospects and opportunities explored; needs analysis undertaken, gaps and intervention determined.

    (f) Effective monitoring and reporting systems are put in place with appropriate follow-up machinery to address emerging challenges.

    (g) Against the backdrop of the foregoing and depending on its outcome,

    - determine whether it will be better to organize them into formal groups e.g. clusters, cooperatives, indigenous trade guilds, community organizations (to integrate vulnerable groups) etc
    - whether pooling resources and capacities will enhance their productive capacity
    - whether setting up common/shared facility centres will be helpful

- whether they should be assisted or subsidized to collectively procure needed equipment/machinery for processing/value-addition
- determine the area in which the common facility mentioned above will be needed – production/processing; quality control; power; storage; packaging; transportation/distribution; marketing support (local, national, international/export), etc
- determine whether attaching those in similar lines of business to large corporate organizations will offer any lifeline
- determine how spin-off and spill-over advantages can be harnessed through backward and forward linkages within and between sectors/subsectors, factors/resources/raw materials, and products/services

Concluding Remarks

The emphasis here is on proactive involvement with the players and stakeholders in the different sectors/sub-sectors through direct monitoring, supervision and follow-up. This will involve engaging the citizens through government-wide coordination and agency-deep commitment. To make it feasible and give practical effect to it, the Economic Diversification Implementation Body/Agency and her Field Offices will actively engage the sectors/sub-sectors by *working with* them to ensure that the vision and purpose of the diversification programmes are realized.

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