

# MOVING NIGERIA BEYOND OIL: ROADMAP FOR ECONOMIC DIVERSIFICATION FOR SUSTAINABLE DEVELOPMENT

IZEBE EVBOGAME

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The headline of a national daily read, “Crude oil price drops to an all-time low”. It was a global phenomenon, the price of crude oil was dropping faster than a pack of cards. Some countries might have taken this information with a pinch of salt, but there was a burst of adrenaline rush in Nigeria's system! The “evil day” had finally arrived in its full pomp.

‘Black Gold’, as crude oil is commonly called, was first discovered in commercial

“DEVELOPMENT OF SMALL AND MEDIUM SCALE ENTERPRISES (SME) SHOULD BE A TOP PRIORITY OF THE GOVERNMENT”

quantity in 1956, at Oloibiri in today's Rivers state after several years of exploration which dates back to 1903, when the British mineral survey company began mineralogical studies of the country. In 1958, Nigeria joined the ranks of oil producers, producing an initial amount of 5,100 barrels per day. In 1970, there was a great rise in the world oil price, which brought instant riches to the Nation's coffers! The country had attained a production level of over 2 million barrels per day; there was an overflow of stupendous wealth!

Prior to this oil boom, Nigeria's economy mainstay was agriculture and solid minerals, the earnings from them were used to develop roads, education, hospitals and in fact develop the petroleum industry. The advent of “petrodollars” pushed agriculture to the periphery and sent solid minerals to extinction. Nigeria became a full blown mono-economy, with crude oil contributing as high as 90% of government revenue, which has made Nigeria very vulnerable to international oil politics and crude oil mood swings! Dependence is only as good as the benevolence of the donor.

At this juncture, I will like to borrow from 15<sup>th</sup> century writer, Niccolo Machiavelli, who stated that “we should never waste the opportunity offered by a good crisis”. Diversification has remained a grail in Nigeria, but the prevailing economic situation doesn't offer us the luxury to stand with arms akimbo doing nothing, but should prompt us to brainstorm and proffer roadmaps for diversification.

To begin with is the development of the agricultural sector. Nigeria was famous for her agrarian economy; her groundnut pyramids, cocoa house! Nigeria was a major exporter of cash crops like palm produce, cocoa, rubber, groundnuts e.t.c. Although, this sector has suffered from many years of neglect and mismanagement,

its resuscitation should be of uttermost priority to the government due to the bright prospects it has and its easy achievability. Research shows Nigeria has over 80 million hectares of arable land, coupled with the high population and the ever ready market both domestically and internationally, it would be a grave injustice on the government side if this sector is not harnessed.

The necessary key for successful reform is to turn agriculture into a business that makes money! And this must be done by deliberate actions of the government. Agriculture should be made more attractive; policies should be put in place to favour subsidy for agriculture. The implication is that government should incentivize farmers and subsidize their produce. A functional bank of agriculture or microfinance banks should be established to provide loans for the farmers. The use of crude and un-mechanized methods which favours low productivity should be eradicated by the government selling subsidized mechanized implements or giving them out on hire at cheap rates. Storage facilities should also be provided, so as to prevent wastage, loss for the farmers and all-year-round supply of seasonal crops. At the local level, town-hall enlightenment programs on increasing productivity, irrigation and dealing with pests and diseases should be organized. Media houses should also play a big role in this enlightenment.

At the educational level, agricultural science should be made an obligatory subject in both primary and secondary schools, and it should be incorporated into tertiary institutions General Studies for 100L, with much emphasis on practicals. Scholarships and grants should be given to those interested in studying agriculture to enhance human capital. The many desolate agricultural research institutes and schools of agriculture should be revived and be properly funded. Prospects for

this sector is very bright, it just needs to be harnessed.

Another issue is the development of the solid minerals sector. Nigeria is blessed with a huge endowment of solid minerals widely distributed across the country. There are about 44 solid minerals found in commercial quantities and has been estimated to worth hundreds of trillions of dollars, but only a paltry \$89 million is earned per annum and contributes only 12% of the GDP, because the minerals still lie buried in the soil, unexploited!

The primary step for the rejuvenation of this sector is by encouraging private sector participation! Given the failure of this sector under government involvement, there is a need for the government's role to be a facilitator\regulator and allowing private sector run the industry. First, a database on investment opportunities in this sector should be made very accessible to both domestic and international investors, especially through the internet. The government should then direct their efforts at drawing international awareness to the business prospects in the sector, because most of the investors that can finance huge scale solid minerals exploration are foreign investors. The process of granting licenses should be transparent and free from bureaucratic bottlenecks.

Incentives should also be put in place to create a favourable environment! This includes; deferred royalty payment, exemption from customs and import duties for mining machinery and equipments, tax holidays and capital allowances especially for local investors. The government should also ensure that the best practices and environment-friendly production techniques are used and the welfare of host communities is a top priority of the companies, so as to avoid situations like the crisis that almost engulfed the oil producing areas. Globally, the solid minerals sector is a close

rival to the petroleum industry! It can also happen in Nigeria!

Development of Small and Medium scale Enterprises(SME) should be a top priority of the government. SME's constitute essential ingredients in the lubrication and development of any economy. It ensures self-dependence, employment creation, import substitution and contribution to the economic development. The catalyst for development of SME's is a favourable and enabling environment! Source of capital is the biggest hindrance to SME's development, this can be solved by the government setting up microfinance banks or encouraging existing financial institutions to provide loans to entrepreneurs! Interest, which deters people with genuine business ideas, should be reduced to a bearable level and administrative bottlenecks which makes the process very tedious should be mitigated, so as to make borrowing cheaper and easier. The Central Bank of Nigeria and other financial institutions should embark on extensive sensitization and enlightenment of entrepreneurs on operations of the banks. The bank of industry should carry out regular market surveys so as to provide information and advice to prospective entrepreneurs. Vocational institutes should be set up to instill citizens with different skills and upon completion of the program, tools at subsidized rates should be sold to them.

Another sector which should receive more government attention is the tourism and entertainment industry! Given the definition of tourism by the World Tourism Organization(WTO) as "an activity involving the travel of persons to places outside their usual environment for not more than once for leisure", it is indicative of how such activities may benefit the host community and economy. It has become a major source of economic diversification for many countries; South Africa generates about \$11 billion from tourism and

it forms 7.9% of their GDP, it is Kenya's second largest source of foreign exchange at \$1.8 billion, while Nigeria generates only \$601 million from a sector valued at about \$4 billion! The government should embark on wide-scale development of infrastructures to a standard that encourages internal and international tourism, especially the airports. Rural areas where most heritage sites are located should be given a new facelift, hotels and basic amenities should be provided. There should be an effective campaign in the media and internet on tourist centers in the country. Statistics gathering on tourists should be improved to ascertain growth and for better publicity.

The entertainment industry is also a potential goldmine waiting to be exploited to the fullest! This industry contributes about \$504 billion to United State of America's GDP, more than Nigeria's GDP! Nollywood, which is the term dubbed for the Nigeria movie industry is the second largest in the world based on output! It generates an impressive \$590 million annually and employs over a million people even with little or no government intervention. Due to the fact that film production is very capital intensive, the government can support this industry by providing loans to prospective producers, so as to enable them produce films of high quality that would be able to compete with its foreign counterparts. Cinemas are major sources through which producers can recoup money spent in production, America and India movie industries have developed this aspect to great success. The government should provide capital or loans to those with well-developed plans for setting up cinemas. Most importantly, the issue of piracy should be eradicated by the government making and enforcing policies that would punish defaulters.

Interestingly, all sectors mentioned above have agencies that implement and regulate policies of the government. Thus, institutional

factors in the issue of diversification should be seriously considered. The question is: what are the capacities of the various agencies and are they funded properly towards actualizing their core mandate? Government should ensure the days of 'jobless agencies' are over! They should be funded properly and government should place strict measures to ensure professionalism of the employees. The best brains around the country should be employed to head the agencies, instead of it been a political gift to party members. Targets should be set for agencies to meet, if not met, the head must be held responsible! Hard times requires hard measures!

Finally, all the above points won't come to fruition if the government does not provide a conducive and favourable environment. This entails the provision of basic amenities like; improved transport system – good road network and a functional, modern railway, improved health care services and clean water distribution. It also entails good security! Insurgent groups should be tackled with immediate alacrity! The forces should be funded properly and given modern equipment, so as to reduce crime rate.

Most important is steady power supply! Nigeria has a history of epileptic power supply even after billions have been invested. The need of power in a country can never be overemphasized. Nigeria generates about 5000 Megawatt and this is barely enough! Solar energy remains the most underutilized resource in Nigeria, collaborative agreement should be signed with countries that have extensive solar infrastructures to bring their expertise and help in developing ours. Nuclear energy is being utilized in many countries, both their expertise and support should be solicited for. Combining solar and nuclear power to the already available thermal, hydro and coal power would significantly increase the country's megawatt capacity.

I would reiterate the wise words of Niccolo Machiavelli, "never waste the opportunity offered by a good crisis". The government must answer this clarion call for diversification in order to prevent this "evil day" from consuming our dear Nigeria.

Izebe Evbogame.

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