

Jay Chevuru
Valley High School
West Des Moines, IA
Nigeria, Trade and Commerce

Nigeria: Improving Food Security Through Economic Diversification Policy

Located off the coast of Western Africa, Nigeria is home to 185 million inhabitants and is the most populous nation in Africa. Home to many natural reserves, the nation's landscape ranges from tropical shrubland to dry savanna. Nigeria is bounded by the Gulf of Guinea to the south, the Sahara regions of Niger and Chad to the north, Benin to the west and Cameroon to the east. Since independence in 1960, Nigeria has been a country full of economic promise and is commonly called the "Giant of Africa." In addition, Nigeria is one of the world's largest crude oil exporters and as of 2015 had a GDP of over 580 billion dollars (AJG Simoes). Although Nigeria's geographic location provides a lucrative center for commerce, the nation struggles to provide basic necessities to its people due to political corruption, economic mismanagement and threats to national security by terrorists groups like Boko Haram. Therefore, political and economic solutions are necessary to address the problems that have intensified many of the issues Nigeria has been enduring.

A major issue that can be addressed by economic solutions is the shortage of food. The average diet of Nigerians varies between regions. The mostly Muslim population of the northern and central regions have diets based on beans, sorghum and rice. The people of the eastern regions, mostly of the Igbo ethnic group, eat pumpkin, brown rice and gari(cassava) based dishes. Rice, millet and yams are also important staples to all regions of the country. Only after transcontinental and transregional trade did crops like cocoa, groundnuts and maize emerge. The variety in crops and diets does not represent the supply of food in Nigeria and sub-Saharan Africa. Food insecurity has grown at an unimaginable rate. In September of 2016 UN Assistant Secretary-General Toby Lanzer stated that the state of hunger in Nigeria is "a famine unlike any we have ever seen anywhere." This famine is characterized by over 30% of children acutely malnourished and over 8.5 million people needing humanitarian funding (Harrison). If this rate of food insecurity continues, the United Nations Children's Agency predicts 240 children will die each day, or 90,000 in twelve months (Bulman). The weak of distribution of goods and shortages represent the need for a better system to improve food supply.

The problem of malnutrition coincides with the issue of poverty. Poverty has grown at an alarming rate, with over 100 million people living below a dollar a day, despite economic growth. According to the National Bureau of Statistics through the past 15 years the number of Nigerians living in 'absolute poverty' has risen from 54.7% to 60.9%. Low income has also contributed to lower life expectancy, which has decreased from 47 in 1990 to 44 in 2005 (Nigerians Living in Poverty). The country has had to rely on initiatives from countries like America and the United Kingdom in order to provide funding for shortages. Only through the means of economic stability can the situation of poverty and food security be improved.

Another challenge Nigeria faces is the lack of education. The average literacy rate is only 59%, disproportionate to its large economy and status as a developing country. About 10.5 million children are not in schools and only 8% of a 12 trillion dollar budget was spent on education in 2016 (Sohngen). Education activist Malala Yousafzai said in a meeting with the president in July of 2018, "Nigeria is the richest country in Africa but has more girls out of school than any country in the world." By

implementing a system in which wealth and information can be distributed to provide monetary support for education, the country's alarmingly low education rates can improve--providing economic and agricultural stability.

Nigeria's surging population has also meant more struggle. According to UNICEF, the country has experienced extreme growth with one of the highest fertility rates of any country, around 5.6 births per woman. By 2050, Nigeria will be one of the world's largest contributors to the global population. Despite this massive growth, trends show that increase in birth rate correlates directly to increase in poverty rates. Population density has undergone explosive growth, rising from 51 people per square kilometer in the 1960's to about 216 people per square km. in 2016 (Odusina). Population growth has put the economy and strain and calls administrative reform.

The state of Nigeria's education, food availability and population growth is dependent on the economy. Over 90% of Nigeria's exports are petroleum products, with cocoa and other manufactured goods like aluminium and rough wood comprising only about 8% of total exports. Top export destinations include India, Spain, South Africa and Brazil while major import origins include China, India and the Netherlands (AJG Simoes). Oil obtained in the Niger Delta region has been very profitable, with the region boasting reserves of over 37 billion barrels of crude oil and 5.15 trillion cubic meters of natural gas. With heavy reliance on the oil industry, Nigeria faces shortages based on global prices, and security issues in the delta regions pose a large threat to the nation's economic future (GECF).

Despite being the 49th largest economy in terms of export, Nigeria ranks 107th in economic complexity and 124th in GDP per capita (AJG Simoes). According to the Center for Strategic and International studies, 70% of the nation is involved in the agricultural sector, but local production has been stifled by farmer displacement, amounting to over 13 billion dollars of crop imports that could be otherwise locally produced. This displacement is a result of herder violence and threats from militant groups, and the economic toll has been hard-hitting. In areas such as Benue state, over 3,600 herders have left (ICG). Only 2% of all bank lending went to the agricultural sector in 2014, and farmers have little access to tools and space at local markets. With the excessive extraction of crude oil, the nation does not have a set balance or safety net in their economic pursuits. In addition, the government wields influence in major supply companies, causing a federal monopoly on much of the nation's wealth. Without stabilizing the economy, the government will not be able to provide for the development of infrastructure to help address issues like famine and education.

A solution to the economic plight of the nation lies in the diversification of trade. By varying exports and removing supply barriers through policy change, the government does not need to rely on a single industry. By loosening government control of the petroleum industry and much of the wealth distribution, true competition between companies in different sectors can emerge--allowing a more complex export economy. The long term impact of instituting administrative change in the economy allows for more funding towards infrastructure, boosting Nigeria's growth prospects. Ultimately, Nigeria will be able to invest more into its issues of food insecurity and low poverty rates.

Economic diversification can be achieved through various steps. Firstly, an important process that strengthens economic zones by removing supply chain barriers is economic regional integration. Integration involves interconnection within the nation by developing infrastructure and encouraging cooperation between states. By eliminating delays in border administration and reducing port congestion,

the volume of international trade can grow. Commitment to enforcing integration has proved to be effective in other developing countries, which have focused on expanding their economic complexity from a single market to more integrated trade system (Enabling Trade). In Central America, under the Central American Integration System, several nations agreed to increase cooperation between states to ensure trade flow of goods. According to the agreement, production of coffee and cocoa exports has increased almost tenfold (SICA). By implementing reforms at the national level as well as the regional level, Nigeria can mobilize its economy in order to foster large-scale trade.

After the implementing integration policies, competition among companies is needed to promote growth and reduce poverty. Encouraging competition allows less dependence on large industries, promotes new technologies, and allows more productivity. The promotion of competition policies reduce increase in prices with the concentration of economic power only in the hands of a few national companies. At community level, farmers and other small business workers can buy and sell at fair prices, and also allow more employment with proper government funding and budget distribution (Godfrey). The Caribbean Community (CARICOM), an organization of 15 nations with the objective of promoting economic cooperation, established the CARICOM Competition Commission in order to ensure consumers are allowed access to low prices as well restrict the government's power to distort competition. The organization has managed to bolster many of the small economies. In period between 2013-2017, the Barbados decreased unemployment by 2%, Jamaica by 2.9 percent, and The Bahamas by 2.7%. In around the same time frame all three countries increased in GDP growth by 1.7%, 2% and 1% (Global Finance). By working with the national government of Nigeria, multinational organizations in Africa as well as organizations like the United Nations can work to implement competition policy to help allow development of small business--enabling easier participation for lower class workers in the market.

Once integration and competition measures have been taken, the nation can turn towards increasing complexity by representing various economic sectors, in the process providing employment for the Nigeria's surging population. Given the nation's massive export economy, the government can invest in areas like telecommunication, raw material production and crop growth to expand its international outreach. Once a certain industry, like tin production is funded, fields like the production of tin parts can emerge. Funding for this growth of complexity can arise from reallocation of the federal budget, which should not have to overexploit oil reserves because of competition, integration and diversification (Bhorat). Nigeria's agricultural sector, specifically the cacao industry, can also serve as an area for development. Processing companies face poor infrastructure due to government policies. Shortages have also occurred in neighboring West African countries, with prices skyrocketing to almost \$4000 per metric ton (Proshare). By investing in newer farming technologies and manufacturing equipment companies, the cacao industry can flourish and establish itself as key export business. By enforcing policy that allows a varied economy, Nigeria can provide better economic stability as well as more opportunities in the market.

There are several plans impacting the economy on a local level, as a result of national economic policy, that could also help to boost prosperity. Along with local small business owners encouraging competition, local companies should be provided with proper statistics (prices, exports, etc) and contacts. Broader integration could also include reducing tariffs on the border. With the implementation of these plans, consumers can devote less resources towards providing food. Currently poorer households spend up to 60% of earnings on food and the richest quarter still spends over 40% (Walkenhorst). If all consumers can start relying on the market (as poorer families are usually self-sufficient), families will not have to face the economic pressure mentioned previously. The reform of trade policy laws will give citizens an incentive to create new opportunities by buying into new products and lessening the disconnect between workers and the government (Shapiro).

The concept of economic diversification with its underlying plans does not address all the issues Nigeria faces. A large roadblock in the path of achieving more complexity concerns government cooperation. With massive corruption issues, regional integration and the establishment of competitive industries will require leaders to value economic safety over power in current profitable industries. In certain industries, competition may favor workers who have opportunities to training and educational facilities. The plan will require administrative cooperation at the state, national and international levels and may well need private funding to be kickstarted in certain areas. The proposed solution may take several years to accomplish, and cannot be achieved without the consensus of several parties.

On a national scale the government cannot remedy economic openness unless it acts now. The heavy use of primary exports causes a cycle of price collapses. Thus the export market should be orientated towards the benefits of a diverse economy. The nation is largely overdependent on a limited number of exports, evidenced by 79% of the foreign income resulting from crude oil (Nduka). Close of review of commercial banks, the extent of border trading and such factors will likely be needed as a function of a large-scale economic plan. Continued reach into various sectors (like service) will give the nation a more stable trade platform. The government may face challenges in the mire of rolling out layered policies, but the benefits outweigh the costs.

Although the process of economic diversification may take time, its long-term impact can be very useful in sustaining a stable economy and improving food security. The plan does not require massive changes in any social norms; rather, it simply requires the active shift in mindset towards sustaining Nigeria's growth. With the nation's growing population, economic complexity can be increased by more opportunities to expand the market. Once farmers and workers are provided with proper technology and machinery, more companies can sustain themselves and compete in the national market. Small business owners will be allowed more opportunities to employ workers. With better infrastructure, barriers to supply lines can be eliminated. At the administrative level cities and states can produce and transport a larger volume of goods, creating more wealth and options for development. By resolving internal problems Nigeria can boost international trade, providing funds to address issues like the lack of food supply and poverty. Economic diversification can help Nigeria thrive in its role as one of Africa's largest economic giants.

Works Cited

- AJG Simoes, CA Hidalgo. The Economic Complexity Observatory: An Analytical Tool for Understanding the Dynamics of Economic Development. Workshops at the Twenty-Fifth AAAI Conference on Artificial Intelligence. (2011)
- Bhorat, Haroon, and François Steenkamp. "Foresight Africa Viewpoint – Manufacturing Complexity in Africa." *Brookings*, Brookings, 5 Feb. 2018, www.brookings.edu/blog/africa-in-focus/2018/02/05/foresight-africa-viewpoint-manufacturing-complexity-in-africa/.
- Bulman, May. "90,000 Children Are Expected to Die in Nigeria over the next 12 Months, Unicef Warns." *The Independent*, Independent Digital News and Media, 25 Jan. 2017, www.independent.co.uk/news/world/africa/nigerian-children-starve-to-death-2017-nigeria-africa-help-unicef-international-community-aid-a7546176.html.
- "Central American Integration System (SICA) - EEAS - European External Action Service - European Commission." *EEAS - European External Action Service*, European Union External Action, 22 June 2016, eeas.europa.eu/headquarters/headquarters-homepage/18079/central-american-integration-system-sica_en.
- "Enabling Trade: Barriers to Imports/Exports in Nigeria." *Enabling Trade: Increasing the Potential of Trade Reforms*, World Economic Forum, reports.weforum.org/enabling-trade-increasing-the-potential-of-trade-reforms/enabling-trade-barriers-to-importsexports-in-nigeria/.
- GECF Nigeria Members. "Nigeria Member." *Nigeria*, Gas Exporting Countries Forum, www.gecf.org/countries/nigeria.
- Godfrey, Nick. "Why is Competition Important for Growth and Poverty Reduction." *OECD Global Forum*, March, 2008, <http://www.oecd.org/investment/globalforum/40315399.pdf>.

Global Fincance. "The Bahamas GDP and Economic Data." *Global Finance Magazine*, Global Finance, 26 Mar. 2018(update), www.gfmag.com/global-data/country-data/the-bahamas-gdp-country-report.

Harrison, Amy. "Nigeria's Food Crisis: by the Time Famine Is Declared, It's Too Late." *The Guardian*, Guardian News and Media, 12 June 2017, www.theguardian.com/global-development-professionals-network/2017/jun/12/nigeria-food-crisis-un-response.

ICG. "Stopping Nigeria's Spiralling Farmer-Herder Violence." *Crisis Group*, 26 July 2018, www.crisisgroup.org/africa/west-africa/nigeria/262-stopping-nigerias-spiralling-farmer-herder-violence.

Nduka, Eleanya Kalu. "Openness and economic growth in Nigeria." *Journal of Education and Practice* 4.1 (2013): 68-73.

"Nigerians Living in Poverty Rise to Nearly 61%." BBC News, BBC, 13 Feb. 2012, www.bbc.com/news/world-africa-17015873.

Odušina, Emmanuel Kowakole. "Implications of a Rapidly Growing Nigerian Population: A Review of Literature.", December 2011, Princeton UAPS, <http://uaps2011.princeton.edu/papers/110048>.

Proshare. *Reviving the Cocoa Industry in Nigeria*. Proshare Intelligent Investing, 15 Dec. 2017, www.proshareng.com/news/Agriculture/Reviving-the-Cocoa-Industry-in-Nigeria/37675.

Shapiro, Gary. "Six Ways to Create Economic Growth." *Forbes*, Forbes Magazine, 24 Jan. 2013, www.forbes.com/sites/garyshapiro/2013/01/23/six-ways-to-create-economic-growth/#565aba7b7e32.

Sohngen, Tess. "Nigeria Says It Has the Highest Number of Out-of-School Children in the World." *Global Citizen*, Global Citizen Organization, 26 July 2017, www.globalcitizen.org/en/content/nigeria-has-largest-number-of-children-out-of-scho/.

Walkenhorst, Peter. "Distortions to agricultural incentives in Nigeria." (2007).