

SWOT Analysis of the Nigerian Agricultural Sector

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Abstract: *The unstable crude oil market, and associated dwindling revenue derived from Nigeria's crude oil sale, has made it imperative to look towards other sources of foreign exchange earnings. The agricultural sector was a major contributor to the National Gross Domestic Product (GDP) in the pre-oil boom era. However, the contribution of agriculture has dropped from about 64% in the 1960s to less than 40% in 2012. In order to chart a course for the redevelopment of the agricultural sector, and a higher contribution to the National GDP in Nigeria, a SWOT (strengths, weaknesses, opportunities, threats) analysis will be helpful. This analysis will help in developing a strategic plan to make the agricultural sector remain competitive. This paper examines the strengths, weaknesses, opportunities, threats of the Nigerian agricultural sector.*

I. Introduction

Nigeria with a total geographical area of 923,768 square kilometers and an estimated population of about 126 million (CIA, 2008). Nigeria with her diversified agro ecological condition, provides the platform for the production of a wide range of agricultural products. This made agriculture to be one of the most important sectors of the economy. According to Manyong, et al (2005), the agricultural sector is of importance, especially as it relates to employment generation and contribution to National GDP and foreign exchange earnings.

Nigeria's economy was largely driven by Agriculture in the 50s, 60s and early 70s. The country's participation in international trade was majorly influenced by the level of activities in agriculture, and its economic contribution. In an FRN (1996) report, agricultural produce were the major export commodities, while manufactured items dominated imports. Adedipe (2004), stated that at independence in 1960, agriculture was the dominant sector in Nigerian economy, with a contribution of 70% to the Nation's GDP, employing about 70 percent of the working population, and responsible for about 90% of foreign exchange earnings and national revenue. The diversity of Nigeria's agro ecological zones gave support to various forms of agricultural activities, with every zone being a major producer of one agricultural commodity or the other. For instance, the south west region was known for the production of Cocoa, kolanut, palm oil, yam, etc.; the south east region was famous for the production of palm-oil, yam, cashew, divers fruits; the northern region was famous for its groundnut pyramid; livestock rearing and associated products. Agriculture used to be a major contributor to Nigeria's GDP, over the years however, it has witnessed a sharp decline. There was a drop in percentage contribution to the GDP from 65.6% in the 1960s to 36.41% in the first quarter of 2013. According to NBS (2014), the trend in the share of agriculture in the GDP shows a substantial variation and long-term decline from 60% in the early 1960s through 48.8% in the 1970s and 22.2% in the 1980s. The relative neglect of the sector and the negative impact of oil boom were also important factors responsible for the decline in its contributions (NBS, 2014).

This decline is a function of so many factors. The principal of which is the discovery, and over dependence on fossil fuel (oil). Other factors, relates to the subsistence nature of agricultural practices in Nigeria, which is not meeting up with increasing demographic changes; the largely small holder farmers; high rural-urban migration; unstable economic policies, obsolete tools; lack of support for the farming communities; etc. Nonetheless, it must be pointed out that Nigeria more than ever before Nigeria still possess the potentials to make agriculture her major contributor to the Gross Domestic Product (GDP).

From the foregoing one pathway in charting a course for the development of the agricultural sector in Nigeria, will be to do a SWOT analysis. This analysis will help in developing a strategic plan to make the sector remain competitive. Hence, this discourse will be directed at examining the strengths, weaknesses, opportunities, threats of the sector.

Discussion

Table 1 below show some of the identified elements used in SWOT analysis of the Nigerian agriculture sector

Table 1: SWOT Analysis of the Nigerian Agricultural Sector

STRENGTHS	WEAKNESSES
Favorable agro ecological zones Indigenous farming system Large domestic and international market (free trade) Low labor cost Large pool of farmers Large pool of trained manpower in agriculture Support of international organizations e.g. CIDA, FAO, World Bank, ADB	Focus on crude oil Obsolete equipment Unstable economic and agricultural policies Lack of incentives Largely small holders farmers , low skilled Poor infrastructure (storage, transport, etc.) Low value added products Poor marketing Lack of data/information
OPPORTUNITIES	THREATS
Large domestic and international market Large income from crude oil Large pool of trained manpower in agriculture Abundance of raw materials for farm inputs e.g. fertilizers from petro chemical industry Development and availability of improved planting materials Improved telecommunication systems	Inconsistencies in policies Frequent change of government Climate change Land degradation Pests and diseases Religious and ethnic conflicts

Strenghts

The strengths of the Nigerian agricultural systems lies in her diverse agro climatic regions which stretches from the Niger Delta region in the south with a lot of aquatic potentials to the dry areas in the north which allows for profitable livestock and C4 crop production. The wet season in Nigeria spans for over 6 months in most areas allows for the cultivation of variety of cash crops such as cocoa, rubber, coffee, cotton, groundnut and palm kernels in exportable quantities; while the cultivation of staple crops such as maize, cassava, rice, yam, fruit crops thrives well in most areas. The indigenous farming system which is simple and not capital intensive is supported by a large pool of the populace whose major pre-occupation is farming. The cost of farm labor in Nigeria is quite low since a day’s wage for a farm labor/ hand is about \$20. Over the years, Nigeria institutions of higher learning with Faculties/Departments of Agriculture have increased with increase also in the number of graduates trained in agriculture and related disciplines thus creating a pool of manpower for the agriculture industry. Nigeria as a nation has been fortunate in that it enjoys free trade relations with most countries of the world with high demand for her agricultural produce. The foregoing amongst others might be a reason for the interest shown over the years by a number of international development agencies organizations e.g. CIDA, FAO, World Bank, and ADB to help the sector.

Weaknesses

Despite the enormous strengths inherent in the Nigerian agricultural systems, its efficacy in contributing to national development is fraught with a number of factors. The discovery of crude oil in Nigeria has been cited by various people as being the major contributor to the laggardness of the Nation agricultural sector. Oil diverted the attention of the government and unfortunately the populace also from agriculture, because of the increased and quick returns with “surplus” funds from oil trade; there was high rural-urban migration, neglect of farmers. Pollution of agricultural lands and water bodies with consequences were some of the other results of oil exploration. The average farmer in Nigeria has had to depend on machete and hoe as his major tools on his small holding farm. This is a major drawback in today’s world which is technology driven, we now talk of precision farming.

The unstable nature of most government policies as it regards socio-economic and industrial development, are other major hindrance the agricultural sector have had to contend with. An example is the policy on cassava and rice production, which were abandoned mid-stream thus leaving many farmers with losses from unsold products. Not to be left out are the effects of poor infrastructural facilities e.g. bad road network, lack of transport, storage facilities; have all combined to worsen the agricultural landscape. Farmers have also not being encouraged on adding value to their farm produce by way of quality, processing, packaging and marketing; this has made their product not to be able to compete in the international market.

Opportunities

Opportunities abound for Nigeria to bounce back to a place of reckoning in the agricultural sector. These opportunities include but not limited to: ample income from crude oil exports, which can easily be plowed back into rejuvenating the agricultural sector; availability of large domestic and international market for most produce and their by- products like cocoa, palm oil, cashew, rubber, plantain/ banana, Shea butter oil, hides and skin, cotton, groundnut . The production of farm inputs like fertilizer can be enhanced with the

products from the petro-chemical industry, thus bringing down the cost of fertilizers and at such the overheads on farmers. Unlike what is obtained some three decades ago, there has been great improvement in the telecommunication facilities in Nigeria e.g. telephony, internet, TV and print media; such that an average farmer can easily get information about his farm enterprise. All these can be harnessed to make a positive difference in the agricultural sector.

Threats

The push towards revitalizing the agricultural sector in Nigeria might likely be threatened by the climate change being experienced globally. This is likely to be enhanced by the high incidence of pests and diseases and the lack of proper management techniques. The effects of the aforementioned might likely be made more pronounced as a result of land degradation activities such as pointed out by Nuga (1998), that decisions on land use are made indiscriminately based on economic and political considerations, with little or no consideration for the biophysical status of the soils. The activities of oil exploration and other mining activities cannot be left out of the threats especially in the South-south region where oil is being explored. The effects of the factors above are likely to be insignificant when placed side by side with the frequent change in government, administrators and policies, all which erodes confidence of potential investors in agri-business. Religious and ethnic conflicts such as been witnessed in the Northern part of the country and that is yet to be fully curtailed poses a threat to the development of agriculture in that region as well.

II. Conclusion

In concluding, that Nigeria as a country is endowed with natural, human and capital resources will be stating the obvious. Unfortunately, harnessing these great potentials for agricultural development has been weakened by factors such as loss of focus, misplaced priority, and lack of encouragement to key players among others. However, opportunities abound within the nation to revive and make agriculture a key sector of her economy, provided that efforts are geared also to guide against threatening issues like religious and ethnic conflict, land degradation, inconsistent policies and ability to protect investors.

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