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## The Impact of COVID-19 on Agribusiness in Nigeria

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### Abstract

*Agribusiness has continued to be major sources of livelihood to millions of Nigerians as it contributes significantly to job creation and poverty reduction in the country. Unfortunately, the agricultural sector in Nigeria has been bedeviled by several factors including ignorance, illiteracy, faulty policy initiatives, low income, among several others. The outbreak of COVID-19 pandemic in Nigeria has tremendously impacted every sector of the economy including agricultural sector. Hence, this study investigates the impact of the COVID-19 pandemic on agribusiness in Nigeria. The paper identified a combination of food insecurity, rising food prices, inaccessibility to farms, inability to procure farm implements due to intra and interstate restriction on movement, low market supply, as well as decrease in export earnings as a result of inability of countries to import goods from Nigeria, as major impacts of the pandemic on agribusiness. The paper recommended adequate measures such as: increased budgetary allocation to agribusiness, affordable loan facilities to agribusiness practitioners, provision of infrastructure, and sound government policies to encourage agribusiness in Nigeria.*

**Keywords:** *Agribusiness, COVID-19, Economy, Inflation, Market supply*

### Introduction

Agriculture was the mainstay of Nigerian economy before the development of oil industry. During the pre-oil era, there was food security in Nigeria, and surplus food supplies were exported for foreign earnings. For instance, in Northern Nigeria, grains, root crops and a variety of vegetables were produced while part of the processed cotton and peanuts were exported. Among the people of the then Eastern region, subsistence (farming characterizes) method of agriculture was the dominant practice. The main agricultural products include yams, cassava, and taro while palm products were the main cash crops which (were also principal) they equally exported. In the same token, the people of the then Western region grew cocoa and yams as cash crops (Okafor, in Jegede et al 2012:183).

Nigeria, according to Obiadi (1978), produces a variety of agricultural products. During the colonial period, government, as posited by Ukwu (1983, cited in Ihimodu 2012) was interested mainly in the development of export crops for the British economy, which allowed indigenous agriculture to develop only under the stimulus of market forces. In order to promote European interests, they provided access routes by water, rail and road, and a modest provision of

research and extension services for export production. This development did not serve the interest of the Nigerian people as food production was relegated to the background.

Agriculture was neglected with the discovery and the development of crude oil with its far-reaching consequences for the economy. Agribusiness is the business of agricultural production. If these products are meant for commercial purpose, the idea of agribusiness comes into play.

The nexus between agribusiness and sustainable rural development is established in integrated rural development, which according to Ake (1981), was elaborated in a United Nations publication, It was also elaborated in great detail at the African Regional Conference on the Integrated Approach to Rural Development held at Moshi in Tanzania in October 1969. The focus on rural life is justified by the fact that about 75% of Africa's population live in the rural areas, and also by the fact that agriculture is the mainstay of Africa's economy. Rural development is the process of improving the quality of life and economic well-being of people living in relatively isolated and sparsely populated areas.

The need to transform rural society in Nigeria through agriculture was conceived and experimented with the initiative of the World Bank, the Agricultural Development Programme (ADP) Strategy, which is jointly financed by the Federal Government, the State Government and the World Bank. In 1970, as observed by Alanana (2006:73):

The World Bank gave support by financing three pilot projects in Funtua, Gombe and Gusau. Government's initial contribution to these pilot projects was N40 million in the second national development plan. Government also extended the programmes to Lafia and Anyigba, and established others in Kwara, Oyo etc. government also planned to make the programme nationwide. By January 1982, the World Bank had committed N277 million into eleven (11) ADP projects in Nigeria.

The aim of ADP is to improve the standard of the low income earner resident in the rural areas, by providing them farm inputs such as fertilizer, pesticide, fungicide, high yield variety seeds, land clearing services, extension services, and feeder roads. The need to raise the living

standard of a significant proportion of the country's labour force, about 70%, who reside in rural areas and engage in agriculture and allied industries cannot be overstressed.

As an agrarian society, Nigeria can hardly attain economic development without agricultural development. In the past, when agriculture was emphasized, Nigeria hardly had the kind of economic crises we face today. The sector is all-embracing as it plays the roles of food provider, income generator, employment generator, raw material generator and business driver. For the nation, it is foreign exchange earnings generator; for individuals, it is a source of livelihood. Lack of interest for agriculture has made our economy a pauper, which can neither ensure food security nor provide raw materials for our local industries. The resultant effect is evidenced in the importation of food for the populace and raw materials for our industries. This is well captured by Ihimodu (2012:26).

Thus, initially, agricultural production in Nigeria was at subsistence level. Currently, government efforts are geared towards ensuring self-sufficiency in food production and food security. But the population factor is there to contend with. Nigeria has her population increasing at a faster rate than the rate of food production. Food production has an estimated annual growth rate of about 3 percent. The demand for food is believed to be increasing at an annual rate of 4 to 5 percent.

The lack of concentration on agricultural activities as a result of too much emphasis on crude oil has caused different economic-related problems such as lack of rural development, rural-urban migration, unemployment, hunger, inflation, and crime, among others. The inability of our agricultural sector to perform its traditional functions as mentioned earlier due to the monocultural nature of the economy with bias on oil, account for the country's economic backwardness. Despite government efforts at initiating different development policies and programmes at different points, which include the Agricultural Development programme (ADP) Strategy, the Green Revolution Strategy (GRA), the River Basin and Rural Development Strategy, Import Substitution Industrialisation Strategy for Agriculture (ISI), Nigeria's agricultural sector is yet to meet the food, raw material, income, employment and foreign exchange earning needs of the country.

Many studies have been conducted in rural development policies and programmes, perspectives on agriculture and rural development in Nigeria, integrated rural development, agricultural resources in Nigeria, rural women performance in agriculture, rural agriculture and

sustainable employment generation in Nigeria (for example, Ihimodu, 2012; Alanana, 2006; Obiadi, 1984; and Ake, 1981); but little or not much had been done on the nexus between agribusiness and COVID-19 pandemic. This is the gap the present study is determined to fill in addition to the existing body of knowledge in agribusiness and other related issues in Nigeria.

## **Methodology**

The paper, as a desk study, made use of secondary source of data collection. Relevant data were extracted from reports, textbooks, academic journals, magazines, and from other secondary sources such as the internet and library. The data collected were content analyzed.

## **The Importance of Agribusiness in Nigeria**

The term, ‘agribusiness’, is an aspect of agriculture comprising of production, manufacturing and distribution of farm inputs, equipment and supplies at one hand and the processing, storage and distribution of farm commodities on the other hand.

The role of agribusiness in the development of an economy cannot be over-emphasized. This is in tandem with the study conducted by Igbukwue, et al (2015), which found that agribusiness plays a crucial role in jump-economic transformation through development and growth of agro-based industries, successful agribusiness investment stimulates agricultural growth by providing new markets and developing a vibrant input supply system to all sectors.

The survey further revealed that agribusiness as an aspect of agriculture serves as raw material providers to industries, food provider to citizens as well as employment generators to individuals. Itoandon’s study (2011) revealed that agribusiness facilitates commercial opportunities, improves efficiency of market operation, formation of marketing cooperative, training and capacity building.

## **Agribusiness and Employment Generation**

It is no longer news to state that agribusiness has been one of the sources of livelihood in Nigeria. For instance, data for Nigeria from 1991 to 2019 indicated that the average value for Nigeria during that period was 44.15 percent with a minimum of 35.1 percent in 2019 and maximum of 50.25 percent in 1991. The latest value from 2019 is 35.1 percent (World Bank, 2020). Similarly, International Labour Organisation, ILO (2010) has asserted that in Sub-Saharan Africa, growth in agricultural employment accounted for half of all employment

growth between 1999 and 2009. In South Asia, nearly 33 percent of all employment growth since 1999 was agriculture. In another submission, the World Bank (2017) has described agricultural sector as a life-line-65% of poor working adults relied on agriculture for their livelihoods in 2016. It also represents an opportunity for job creation and shared prosperity.

### **Agribusiness and Poverty Reduction**

Agribusiness as self-employment opportunities can make participants meet their basic necessities of life, thereby reducing poverty in society. For instance, the United Nations Industrial Development Organisation (nd) has described agriculture as the backbone of economic activity, employment and livelihood in developing countries which is capable of reducing poverty in a sustainable manner. Accordingly, Messiah (2018) in his analysis of annual data over the period of 1981 to 2014 sourced from World Bank Development Indicators and Central Bank of Nigeria (CBN) Statistical Bulletin shows that a shock on crop production, livestock, forestry and fishing has significant and lasting impact on poverty reduction long into the future.

### **Challenges Facing Agribusiness in Nigeria**

Small agribusinesses have the potential of growing into large enterprises if some measures are put in place to tackle the challenges affecting its growth. It is no longer news to posit that agribusinesses are vulnerable to shocks emanating from government policies, market fluctuations and climate change. According to Iloani (2017), a survey conducted on quality of life in Nigeria by Philips Consulting Limited published in April 2015 indicated that 55% of Nigerians are still dissatisfied with the level of food security in Nigeria, due to the shocks confronting small agribusinesses in Nigeria.

56% of Nigerians who participated in the survey showed that low income contributed to food insecurity while 50% blamed poor use of technological advancements to boost crop production for the menace.

Other issues identified as confronting agribusiness in Nigeria include but not limited to the following:

Wrong policies coupled with policy somersault, post-harvest losses, as well as lack of willingness to give loan to small agribusiness operators or participants.

Orji (2013) found poverty, ignorance, illiteracy, the use of manual farm tools/methods, lack of infrastructure, lack of food storage or processing facilities, lack of modern farms machine/techniques, lack of scientific and technological know-how, disorganization and unaccountability and lack of leadership and neo-colonialism as factors affecting the growth of agribusinesses in Nigeria.

### **Myths Associated with Agribusiness in Nigeria**

Agribusiness in Nigeria is the current upward trend in the economy of our great country. The positive movement in this sector has cemented the importance of agribusiness in Nigeria. Olorunni (2016) in his study found the following as the myths associated with agribusiness in Nigeria which has impacted negatively on the prospects of agribusiness in the country. These include: seeing farming as our forefathers saw it; most agribusiness participants see themselves as mere farmers; and lack of investment in market research, producing without having buyers and get-rich quick syndrome.

Other factors include seeing agribusiness as a poor man activity, seeing farming as a dirty man job and seeing agriculture as a feature of rural dwellers. A combination of poverty, ignorance, the belief that agribusiness is for illiterates, over-reliance on the government to provide job opportunities for the people, the use of old technology, lack of government support and laziness, among others, are some of the factors bedeviling the growth of agribusiness in Nigeria. The aforementioned have slowed down the growth of agribusiness in Nigeria, which has equally contributed to food insecurity in the country.

### **The Impact of COVID-19 on Agribusiness in Nigeria**

The impact of COVID-19 on life generally is not hidden; it is a global pandemic that has left no continent untouched. It is enormous to the extent that the world system, at a point, was completely locked down. The devastating nature of this global health challenge, has led to a blame game. While the United States of America pointed an accusing finger at China, China on the other hand, blamed the United States of not doing the right thing at the right time. The World Health Organisation has expressed concerns about the rapid evolution of the COVID-19 pandemic in Africa and notes that it is one of the biggest health challenges Africa has faced in a generation (Platform for African European Partnership in Agricultural Research for Development, 2020).



Specifically, the impact of COVID-19 on agribusiness in Nigeria is tremendous. It ranges from rising food prices, inability to attain food security, farmers' inability to access their farms in other state locations or procuring inputs and farm implements due to intra and interstate movement restrictions. Other impacts include: food distribution and decreasing export earnings due to lockdown (PricewaterhouseCoopers Nigeria, 2020).

Holistically, with COVID-19, the challenges hampering the attainment of food security has deepened in form of rising food prices. As at April 2020, food inflation rose to 15% to compared to 14.7% in December 2019 (PwC, 2020). Similarly, the Economic Community of West Africa (ECOWAS) estimates that COVID-19 pandemic risks food insecurity and nutrition of of 50 million people between June and August 2020. (Relief Web, 2020). This is in tandem with the views of Agboola (2020), who opined that the global health crisis triggered by COVID-19 is a serious threat to our food systems.

In another submission, A World Bank report projected a 2.1 percent decline in GDP growth for sub-Saharan Africa and a loss between US\$37 billion and US\$79 billion due to the pandemic. More alarming, according to the report, is that COVID-19 has the potential to create a severe food security crisis in the region, with agricultural production contracting between 2.6 percent and 7 percent in the scenario with trade blockages (Business Day, 2020).

## **Conclusion**

The paper has succeeded in examining the impact of COVID-19 on agribusiness in Nigeria. Like every other aspect of life, the pandemic has affected food security, food prices, distribution of food, inability of farmers to access their farm locations in other state and procure farm implements, as well as reduced market supply. Ease of lock-down, sound government policies, accessible loan facilities, provision of farm implements at subsidized rate, as well as public enlightenment on the importance of agribusiness to the economic growth and development of Nigeria, could be a possible way forward.

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