ECONOMIC DIVERSIFICATION AND AGRICULTURAL PROGRAMMES IN KEBBI STATE

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ABSTRACT
The paper investigates the role of local government and economic diversification on agricultural development. The data collection instrument used was a questionnaire which was administered to a total sample of 398 local settlement authorities of three Local Government Areas (Birnin Kebbi, Gwandu, and Jega) in Kebbi State of Nigeria. Sample selection was based on the purposive sampling technique. The demographic data was analyzed using mean, and standard deviation. The analysis involved statistical methods such as regression test between independent and dependent variables. The research findings supported the hypotheses that local government driving forces significantly impact on economic diversification. The study recommends that Local government administrators should adopt agricultural practices that will enhance transitioning away from dependence on one or a few commodities such as crude oil and mineral.
Key words: Economic, Diversification, Agriculture, Role and Local Government
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1. INTRODUCTION
For decades, economic diversification has been a policy priority for low- and middle-income economies. In the words of former managing director of the International Monetary Fund (IMF), Christine Lagarde, "We know that economic diversification is good for growth. Diversification is also tremendously important for resilience." Unfortunately, this goal continues to elude us in Nigeria. In fact, the continent is home to eight of the world's fifteen least economically diversified countries. This reality weakens the foundation of their economic transformation and slows their pace of progress. It also makes these countries particularly vulnerable to sudden external shocks, as the pandemic-induced disruption of tourism and oil-dependent economies has illustrated. Given the importance of diversifying economies, it is critical to recognize how various dimensions of diversification can have different implications for the menu of policy options. Closely associated with the process of structural transformation from lower to higher productivity sectors, economic diversification has three evident dimensions. Zingale (2020) posits that expansion of economic sectors that contribute to employment and production or gross domestic product (GDP) diversification, and the second is associated with international trade or exports diversification.

The concept of modifying existing academic literature to incorporate local government in economic diversification has not been pursued to any significant extent. Many local authorities hired local government administrators who can implement tasks such as mitigating the environmental footprint of food supply and broader supply chain functioning. All of this incites local government education to reframe the curriculum content of its programs Borin & Metcalf, (2010) highlighted the mismatch between local government needs and the agricultural knowledge gained at most higher education programs, which constrained graduates from finding an employment. Furthermore, the lack of theoretical clarification challenges conceptual clarification of how to define economic diversification in local government and consequently agriculture. Although there has been a significant progress in economic diversification research in local government, premier local government journals seem to not dedicate enough articles to this subject matter. According to meta-analysis of Purani et al., (2014), little importance is given to economic diversification and agriculture in the top local government journals. He argues that this pattern can be the depiction of a larger academic trend which signals the lack of interest among local government practitioners and academics. Purani et al (2014).

In view of the above problems peculiar to Nigeria economy as a result of its total neglects and failure to diversify the economy, this study therefore aimed at investigating the role of local government in economic diversification: implication on agriculture in Kebbi State. While the research emphasizes the role of local government in economic diversification, manufacturing sector will be incorporated as well to enable robust findings. The remaining section of the article includes literature review in section two, methodology in section three, analysis in section four, and section five in the conclusion.

2.1 Research Objectives

This study shall be build upon by the following objectives of the study;

1. To investigate the role of economic diversification on Nigeria economic growth over time.
2. To examine the role of Local Government sector on the economic growth hinging on agriculture.

2. LITERATURE REVIEW

3.1 Conceptual Framework

Diversification refers to a strategic direction that takes companies into other products or markets by means of either internal/external development Adeyemi, adeyemi and Olawale (2020). However, economic diversification refers as process whereby growing ranges of economic output are produced; it can also refer to the diversification of markets for exports or income sources.

Local economic diversification may be defined as increases in the "local economy's capacity to create wealth for local residents, such increases occurs if local resources, such as labor and land are used more productively. Economic development can occur through local job growth, which causes unemployed labor and land to be used. But economic diversification occurs by shifting employed labor and land to more productive uses, for example better jobs. Local economic diversification is arguably affected by all local government activities. However, local government policy is usually defined more narrowly as special activities, undertaken by public or private groups, to promote economic development. The activities labeled "economic diversification programs" fall into two categories:

1. Providing customized assistance targeted at individual businesses that are thought to provide greater economic development benefits; and

2. Strategic initiatives in which more general tax, spending, and regulatory policies of government are changed to promote agriculture. Even without these government efforts, agricultural development will often occur.

Local governments are essential actors in economic development in Africa. Ideally, they play a key role in the implementation of national economic development programmes, and they pursue local economic development policies to strengthen economic growth. However, local government often centres on service delivery rather than on economic diversification. Likewise, national governments do not always recognise the centrality of local governments in implementing national economic policy. local government serves as a catalyst for redevelopment by focusing the attention and resources of the relevant parties. The local government can identify which brownfield sites to target first for redevelopment, with a site ranked as a higher priority if it is easier to redevelop or its redevelopment offers greater spillover benefits. The local government can encourage state and federal agencies to provide financial support for cleanup and redevelopment, as well as assurances that if cleanup is done, some exemptions from future liability will be provided to the property's owners. The local government can negotiate with state and federal agencies to set appropriate cleanup standards that balance protection of public health against keeping costs reasonable. These cleanup standards and costs can be appropriately scaled back if the local government and landowner agree to "institutional controls," such as zoning and deed restrictions that ensure that future uses of the land can tolerate higher remaining contamination levels without threatening public health. Developing local government capacity and increasing decentralisation are both indispensable to accelerating and improving the quality of economic growth in Africa. Despite major decentralisation efforts in recent decades, African local governments still have low administrative and fiscal capacity. On average, only 14.1% of staff expenditure in the public sector in Africa is allocated to local governments. Likewise, local governments are responsible for only 11% of all public investment. Not only are these percentages less than half the global average, but they are also much lower than the average in low and lower-middle income countries outside Africa. Many local governments lack the trained staff and the budget to pursue effective economic development policies. This has a detrimental effect on investments, revenue mobilization, and productivity and on the city's attractiveness to foreign investors. The consequences are felt not only at the local but also at the national level. Africa's urban population has been growing by 4.7% annually since 2000. As a result of this rapid growth, cities are expanding into the jurisdictions of neighboring local governments and are becoming increasingly fragmented. The number of local government jurisdictions creates co-ordination gaps across local governments that make it difficult to establish coherent policies in urban areas. The negative consequences include sprawl, congestion caused by inefficient transport networks, and lower levels of productivity. Metropolitan governance arrangements are needed to co-ordinate policies across local governments within an urban area. Dedicated authorities at the metropolitan level, for instance, can be better placed to develop administrative capacity for specialised tasks such as the planning of complex infrastructure and the provision of public services and utilities. Five basic principles are useful to bear in mind in building local economic diversification.

3.1.1 Co-ordinated policy packages: This are more effective than isolated initiatives. Successful local government policies address multiple dimensions, and help to ensure that all the conditions necessary for developing economic activity are in place. Isolated policy initiatives often

fail, because they can rarely remove all the bottlenecks that hold back economic development. The 1999–2000 ICMA survey indicated that 74 percent of local governments offered infrastructure improvements as an incentive, but only 36 percent offered training support and 16 percent offered employee screening. (These training incentives tend to be state funded but delivered by local community colleges.) An increasing and expensive trend in some localities is the offering of free or reduced-price land (offered by 39 percent of all local communities), or even free or reduced-price buildings (10 percent of all communities). There are also at least three different types of coordinated approaches: a) cluster development programmes which mainly try to encourage business networks in the belief they will generate economies of scale (e.g. joint purchases) and scope (i.e. product specialisation); b) technology upgrading programmes, which support the shift of local producers from broad unspecified markets to market niches through higher-quality production; c) workforce development programmes, which chiefly seek to increase industrial productivity by upgrading worker skills.

Identifying and utilising a competitive advantage is a critical function of local economic diversification policy. It is particularly important for economically lagging cities. To attract economic activity, cities need to identify attributes that distinguish them from their competitors and to use these attributes in their economic development policies. In many cases, advantages can result from complementarities and synergies with neighboring cities. Philip (2020) posits that economic diversification model provides a new and comprehensive approach to reviving our nation's distressed local communities. However, agreeing on and implementing it will not be without its challenges. The private sector, government and the public at large all hold entrenched attitudes and prejudices about the inner city and its problems.

3.1.2 Specialisation: This enables cities to generate economies of scale and increase productivity. It is especially important for small and mid-sized cities that lack the economic mass for multiple industries of significant size. However, not all kinds of specialization facilitate economic diversification. Specialising in activities that generate value added for the local economy is particularly important for economic diversification.

3.1.3 Universities and other higher education institutions: These are key actors for local economic diversification, because they create a skilled workforce and are a source of innovation. Many successful local economic diversification strategies are designed to ensure that universities and other higher education institutions contribute effectively to local economic growth.

3.2 HOW IS ECONOMIC DIVERSIFICATION MEASURED

The Theil Index is now the most widely used economic diversification measure including as part of the IMF's Export Diversification Index (EDI) of the three employed by economists. It is preferred partly because, as Olivier Cadot et.al (2016) explains, it can be broken down between groups of export lines. Ahrend, R. et al. (2014). More concretely, diversification can be measured separately by the active export lines of a specific country (goods that the country has exported in the past) and inactive export lines (goods that the country has not exported). Cadot et.al (2016) refer to the former as the intensive margin, or the "within" component of the Theil Index, and the latter as the extensive margin, or its "between" component.

According to Clement (2020), "Diversification occurs mostly at the extensive margin, especially early in the development process. This is because in the early stages of the development process, new export sectors multiply and grow. This distinction between the intensive and extensive margins has crucial policy implications. "Understanding which margin if any seems to be a stronger growth driver is important not only for its own stake, but also for the design of export

promotion policies, as the market failures that must be addressed in either case are likely to be different." Rajan and Zingales (2020). While pursuing export diversification at the extensive margin may entail overcoming such international structural barriers as informational externalities or insufficient knowledge about the destination market, doing so at the intensive margin may require reorganizing the domestic economy through credit rationing.

3. ROLE OF AGRICUTURE IN ECONOMIC DIVERSIFICATION

A critical review of the state and performance of the sector since independence will assist an understanding of the impact of the myriads of agricultural policies and programmes enacted and implemented over the years. Nigeria has the potential of supporting a heavy population of livestock, has 78.5 million hectares of agricultural land, of which 36.5 million hectares is arable land and 0.29 million hectares is equipped for irrigation as at 2008 (FAOSTAT, 2010). She also has 267.7 billion m3 of surface water and 57.3 m3 of underground water. The country is also blessed with abundant rainfall of between 3000 mm to 4000 mm per annum, as well as extensive coastal region that is very rich in fish and other marine products (Corporate Nigeria, 2009). Despite Nigeria's rich agricultural resource endowment and well articulated agricultural policies and programmes by successive governments and international bodies, the sector has been growing at a relatively low rate. Less than 50 percent of the country's cultivable land is under irrigation and smallholder farmers, who use rudimentary production techniques, cultivate over 90 percent of this land (Corporate, 2009). Its current performance is poor relative to the pre-oil boom era. Prior to the 1970's and before the commercial exploration of petroleum, agriculture was a prime mover of the Nigerian economy. Agriculture's share of GDP was about 90 percent before 1960 and 56 percent between 1960 and 1969, supplying 70 percent of export, and 95 percent of food needs (CBN, 1992; Corporate Nigeria, 2009; Ojo and Ehinmowo, 2010). Currently its share of GDP is about 42 percent with the crop sector dominating the share. The growth rate of agriculture GDP has been increasing very 35 slowly though it witnessed a fall from 7.1 in 2007 to 6.5 in 2008 (table 2.1). Prior to the 1970's, Nigeria was among the world's leading producers of cocoa, palm oil, groundnut, cotton, rubber and hides and skin. However, from 1970 upwards, agriculture has been unable to spear-head the development of the Nigerian economy. Its share of total export stood at 0.58 percent as at 2008 while its share of total non-oil exports value dropped from 72.26 percent in 1992 (CBN, 2000) to 58.3 percent in 2008 (table 2.1). From an era of booming export trade in agricultural commodities, the Nigerian agricultural sector has degenerated to an import dependent one. Subsequently, it has failed to generate significant foreign exchange, feed agro-allied industries, improve the living standards of farming households and rural dwellers and provide effective demand for industrial use.

3.5 THEORETICAL FRAMEWORK

In literatures examining economic diversification and its role on economic growth, especially in developing countries that are largely dependent on agricultural earnings, Arthur Lewis dual model and the endogenous growth model is often employed in the empirical analysis. According to Noko, 2016) The Model appears to be the first model to give insight into the role of diversification on local government economic growth, the theory fail to present a comprehensive model to explain economic diversification over time from agriculture. Timms (2018) argued that Lewis dualistic model of economic development is based on the classical school foundation that contain two

sectors; the agriculture sector and the non-agriculture sectors with varying asymmetric behaviours. Lewis (2019) refined the classical
postulation and explained a better framework that describe the development process.
According to Lewis (2019) there exists unlimited supply of labour in the traditional sector (perfectly elastic supply of labour). Lewis model assume that the agricultural sector is not profit maximizing oriented unlike the industrial sector as such emigration of labour from the sector to the industrial sector leaves the output un-affected. According to James (2020) Lewis model implies that initial effort will be focused on industrialization for expanding local market and export, since it can expand without necessitating the expansion of domestic demand, largely due to the small size of the domestic market and initial low wage rate.
In conclusion, Lewis model implies that as agriculture sector continued to be modernised over time, wages in the sector will rise, industrialization would also rise due to competition in the demand for labour and will create further linkages between the various local governments over time (Witter, 2004).
Ahungwa, Haruna and Rakiya, (2014) in their paper, 'economic diversification in Nigeria: any role for solid mineral development?', using quantitative and qualitative methodology revealed that solid agriculture which has been neglected over the decades by the government of Nigeria has the ability to contributes significantly and strengthy the local government. They therefore advocate for government diversification of the economy through more investment in the solid mineral sector of the economy. They further assert that agriculture is capable of reducing poverty in the country and generating more employment opportunity in the country.

4. METHODOLOGY

A descriptive cross-sectional design is adopted in this study. The design is appropriate because the study involved collecting data from employees and chairmen of local government with a view to determine whether or not the economic diversification has impact on local government agricultural policies. This study examines the role of local government in economic diversification. The population therefore comprises all 21 local governments in the state but for this study four have been purposively selected. The survey covers the city of Birnin Kebbi. Purposive sampling is used to select four major local governments in Birnin Kebbi. Due to difficulty in studying the whole population. It will be very impossible to use all the employee of the four selected local government. The sample size will be determined by using Yamane Taro formular

n = N/ 1+N × (e) 2
Where:
n = desired sample size
N = size of the population
e = Limit of error tolerance which was assured to be 5% (0.05): confidence limit.
N = 1200
e = 5% or 0.05
Therefore,
n = 1200/ 1+1200 × (0.05) 2 = **300**

A total of three hundred (300) respondents were sampled in the selected areas using random sampling. The study used primary data for the sources collecting of data; structured questionnaire is used to solicit answers to the various variables covered in the objectives of the study.

Ho1. Do the contradictory viewpoints that exist about local government has any relationship with economic diversification?

5. ANALYSIS OF PRESENTATION AND ANALYSIS

Table 1: test of hypothesis

Chi- Square analysis to measure the significance of the contradictory viewpoints that exist about local government has any relationship with economic diversification

	Very High Extent	**High Extent**	**Fairly High Extent**	**Low Extent**	**Total**
Co-ordinated **policy packages**	10(7.38)	30(41.82)	30(21.86)	12(10.93)	82
Specializations	2(4.32)	26(24.48)	15(12.8)	5(6.4)	48
Universities and other higher education institutions	8(6.3)	47(35.7)	5(18.66)	10(9.33)	70
Agricultural policies	2(2.7)	15(15.3)	12(8)	1(4)	30
Industry	3(1.8)	7(10.2)	3(5.33)	7(2.66)	20
Strategic initiatives in which more general tax, spending, and regulatory policies of government are changed to promote	2(4.5)	28(25.5)	15(13.33)	5(6.66)	50
	27	153	80	40	300

X^2 - test

Variables	**0**	**E**	**0-E**	**$(0-E)^2$**	**$(0-E)^2/fe$**
Co-ordinated policy packages:					
High Extent	10	7.38	2.62	6.8644	0.930
High extent	30	41.82	11.82	139.7124	3.3408
Fairly high extent	30	21.86	8.14	66.2596	3.0310
Low extent	12	10.93	1.07	1.1449	0.1047
Specialisation: High extent	2	4.32	-2.32	5.3824	1.2459
High extent	26	24.48	1.52	2.3104	0.0943
Fairly extent	15	12.8	2.2	4.84	0.3781
Low extent	5	6.4	-1.4	1.96	0.3062
Universities and other higher education institutions:	8	6.3	1.7	2.89	0.4587
Very high extent	47	35.7	11.3	127.69	3.5767
High extent	5	18.66	-13.66	186.5956	9.999
Fairly high extent	10	9.33	0.67	0.4489	0.0481
Low extent					
Agricultural policies:					
Very high extent	2	2.7	-0.7	0.49	0.0481
High extent	15	15.3	-0.3	0.09	0.0058
Fairly high extent	12	8	4	16	2.
Low extent	1	1	0	0	0

Industry: Very high extent	3	1.8	1.2	1.44	0.8
High extent	7	10.2	-3.2	10.24	1.0039
Fairly high extent	5.33	5.33	-2.33	5.4289	1.0185
Low extent	7	2.66	4.34	18.8356	7.0810
Strategic initiatives in which more general tax, spending, and regulatory policies of government are changed to promote: Very high extent	2	4.5	-2.5	6.25	1.3888
High extent	28	25.5	2.5	6.25	0.2450
Fairly high extent	15	13.33	1.67	2.7889	0.2092
Low extent	5	6.66	-1.66	2.7556	0.4137
	300	300		$X^2 = 37.8608$	

$X^{2\ value\ =\ 37.8608,\ d.f\ =\ 8.}$ $X^{2\ at\ 0.95}$ at 8 d.f = 15.6; since the computed $X^{2\ value\ of\ 37.9\ is\ greater}$ than the table value of 15.6 , then reject the null hypothesis otherwise accept the alternative hypothesis. Thus, we can conclude that the contradictory viewpoints that exist about local government have a significant relationship with economic diversification?

6 DISCUSSION

The result shows a unidirectional causality between general tax, spending, and regulatory policies of government, that is, general tax causes economic growth in Nigeria. Furthermore, the result indicates a unidirectional causality between general tax and diversification. This buttresses the findings of Kalaitzi (2020) that general tax causes economic growth in local government economies and also corroborated by the study of Zogli et al. (2017) which discovered that quest for higher income is a major motive for starting an informal business. This suggests that general tax cause validates the evidence of agricultural export-led hypothesis in the Nigeria economy. Lastly, the result reveals a unidirectional causality between spending and gross domestic product in Nigeria. This finding is in contrast with Agbara (2020) who found a bi-directional relationship between general tax and economic growth due to the feedback effects and inter-linkages that exist between general tax and economic growth.

7. CONCLUSION

In conclusion, Nigeria has not fully embraced science-based agriculture and the use of fertilizer, improved seeds, and agro-chemicals which is limited, these have reduced the expected benefits of yield increases accruable from the adoption and use of these improved technologies. it is evident that economic diversification is high on the world agenda due to the fact that humanity is reaching a crisis point due to COVID-19 that ravage the entire world. Consequently, this study argues that economic diversification is partially a consequence of the neo-liberal economic/political structure and a practice that supports neo-liberal economic thinking, which in turn is supported by neo-liberal economic teaching in universities. Hence, local government education as a sub-discipline of economics and its teachings is crucial for moving towards economic diversification.

8. RECOMMENDATIONS

Base on the literature and findings of this paper, the following are advance as recommendations

1. Local economic development staff must seek to address the individual problems of specific businesses, and must use the information to identify local policies that might need to be reconsidered.

2. Building strategic role for local government in working with business clusters and networks to achieve economic diversification

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