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TITLE:

UNLOCKING NIGERIA'S AGRICULTURAL POTENTIAL: DIVERSIFICATION, VALUE CHAINS, AND POLICY PATHWAYS FOR SUSTAINABLE GROWTH.

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ABSTRACT

Nigeria's economic development has historically depended on hydrocarbons, but the imperative to diversify into agriculture and food systems has become urgent due to oil market volatility, rising food import bills, and rising poverty. Agriculture remains the most important sector for employment and rural livelihoods, contributing significantly to GDP and offering immense opportunities for industrialisation, export earnings, and food security. This research paper explores the central role of agricultural diversification as a driver of inclusive economic growth and a buffer against external shocks. It provides a comprehensive examination of Nigeria's agricultural development, offering insights into its theoretical underpinnings, historical policies, and current challenges. The study highlights issues ranging from land tenure systems, input bottlenecks, infrastructure deficits, food safety concerns, financing challenges, and policy inconsistency to insecurity. It also analyses risks, climatic, market, governance, and environmental threats that threaten sustainable transformation. This research paper recommends a multifaceted approach that emphasises climate-smart agriculture, agro-industrial processing, logistics development, nutrition-sensitive interventions, and coordinated governance reforms. By implementing a phased, inclusive, and evidence-based strategy, Nigeria can unlock agriculture's full potential, ensuring food security, stimulating job creation, and fostering resilience amid socio-economic and environmental uncertainties.

Keywords: Agricultural diversification; food systems; Nigeria; structural transformation; value chains; climate-smart agriculture; industrial policy; food security; SAPZ; AfCFTA.

INTRODUCTION

Paradoxes characterize Nigeria's development trajectory: abundant agricultural potential but high food imports, vast arable land yet persistent hunger, and a large labour force but low productivity. Agriculture employs over 35-40% of Nigeria's population and remains the backbone of rural livelihoods, yet its contribution to GDP has not kept pace with population growth. The nation's heavy dependence on oil has made it vulnerable to global price shocks, exchange rate volatility, and fiscal instability. Consequently, agricultural diversification is no longer an option but a necessity.

The concept of diversification in this context refers to expanding agricultural activities beyond traditional staples to include high-value crops, livestock, aquaculture, horticulture, and tree crops while developing processing and marketing systems. It also means integrating food systems approaches, improving storage, distribution, and nutrition-sensitive value chains. By doing so, Nigeria can address food insecurity, reduce import dependence, increase export competitiveness, and create millions of jobs for its growing youth population.

This research situates Nigeria's agricultural diversification as a cornerstone of economic development. It critically examines theoretical perspectives, past and current policy efforts, key challenges, risks, and actionable policy recommendations. The goal is to provide policymakers, stakeholders, and researchers with a detailed framework to guide Nigeria's agricultural transformation agenda.

LITERATURE REVIEW

Lewis (1954) explained that when farming becomes more productive, it frees up people and resources that can then be reallocated to industries and other higher-value activities, helping the economy grow. Hirschman (1958) added that agriculture doesn't stand alone; it connects with industry and services in many ways, creating a chain of opportunities that push development forward.

According to FAO and IFPRI frameworks, food security extends beyond production to include availability, affordability, utilization, and stability. As urbanization reshapes dietary demand, countries must build systems that respond to nutrition, safety, and quality.

Nigeria's reliance on oil revenue has historically eroded its agricultural competitiveness, leading to underinvestment in the sector. Diversification policies must address this structural imbalance, although agriculture is prone to climate variability, pest infestations, and price volatility, necessitating public investment in risk markets, insurance schemes, and safety nets.

Nigeria has experimented with various policy tools, such as the Growth Enhancement Support (GES) scheme, Anchor Borrowers' Programme, and NIRSAL credit guarantees. While these initiatives improved access to inputs and finance, challenges of sustainability, repayment discipline, and governance persist. Post-harvest losses remain high, particularly for perishables such as tomatoes, onions, and fruits. Cold chain infrastructure and standards are weak. Mechanisation and irrigation are severely underdeveloped, with less than 10% of cultivated land under irrigation. Farmer-herder conflicts and insecurity in the north have reduced cultivated land and undermined food supply.

BACKGROUND OF POLICY

In Nigeria, decades of shifting priorities, global shocks, and domestic political-economic dynamics have shaped the trajectory of agricultural policy. In the early post-independence era, agriculture was the backbone of the economy, supported by commodity boards and regional farm settlements. The 1970s oil boom, however, undermined these systems by shifting state attention and investment toward petroleum revenues. Structural Adjustment Programs (SAP) of the 1980s attempted to reorient policy toward liberalization, reducing subsidies and dismantling marketing boards, but left farmers vulnerable to global price swings and inflation. The experience revealed the tension between short-term macroeconomic stabilization and long term rural development.

By the 2000s, a renewed emphasis on agriculture emerged within frameworks such as the National Economic Empowerment and Development Strategy (NEEDS) and

Vision 20:2020, which highlighted food security and poverty reduction as strategic goals. Programs such as the National Fadama Projects and the Commercial Agriculture Development Project (CADP) sought to boost productivity through targeted support, yet implementation challenges persisted. In 2011, the Agricultural Transformation Agenda (ATA) introduced reforms, including the Growth Enhancement Support (GES) e-wallet system, designed to reduce corruption in input distribution and empower farmers directly. While it recorded some success, particularly in increasing fertilizer uptake, scalability and sustainability issues limited its overall impact.

The Agricultural Promotion Policy (APP) 2016-2020, branded as the "Green Alternative; was another milestone. It aimed to reduce food imports, stimulate local production, and strengthen value chains for priority crops such as rice, maize, cassava, and tomatoes. Currently, the Economic Recovery and Growth Plan (ERGP) recognised agriculture as a pillar for diversification during the oil price collapse of 2014-2016. The CBN-led Anchor Borrowers' Programme complemented these strategies, expanding access to finance for smallholder farmers but facing criticisms of elite capture and repayment challenges. Collectively, these efforts highlighted agriculture as a driver of structural transformation, but their fragmented implementation diluted their effectiveness.

Currently, Nigeria's National Agricultural Technology and Innovation Policy (NATIP, 2022-2027) provides the latest framework. NATIP emphasises mechanisation, digital agriculture, climate-smart practices, and youth inclusion, aligned with global agendas like the Sustainable Development Goals (SDGs) and the African Union's Comprehensive Africa Agriculture Development Programme (CAADP). It also integrates resilience against climate change and insecurity, reflecting the realities of contemporary Nigeria. With Special Agro-Industrial Processing Zones (SAPZ) launched with AfDB support, Nigeria is seeking to anchor agriculture not only as a food security buffer but also as a driver of industrialisation and regional trade under the AfCFTA. These policy shifts underscore a growing, though uneven, commitment to positioning agriculture at the centre of economic diversification.

PROBLEM IDENTIFICATION: Factors Influencing Policy Formulation.

A wide array of structural, institutional, and contextual factors influences policy formulation in Nigeria's agricultural sector**.** Historically, dependence on oil revenues has distorted incentives for agricultural investment, creating a policy environment vulnerable to commodity price fluctuations and fiscal shocks. Political cycles and leadership changes often interrupt continuity, leading to inconsistent policy execution. Short-term, populist measures frequently override long-term strategic planning, undermining coherence in policy frameworks. Weak institutional capacity in ministries and agencies further complicates implementation, while overlapping mandates create duplication of efforts.

Socio-economic realities also shape policy formulation. Nigeria's demographic pressures, with a rapidly growing and youthful population, drive urgent demand for job creation and food security. High poverty rates and regional inequalities influence the targeting of subsidies and interventions, often resulting in the politicization of resource allocation. Land tenure systems, characterised by customary rights and weak enforcement of property laws, limit investment incentives and make mechanisation difficult. Farmers' access to inputs, credit, and extension services remains constrained, influencing the scope and ambition of agricultural policies.

Security concerns constitute another significant factor. Farmer-herder conflicts, banditry, and insurgency in the North-East and North-West reduce cultivable land and disrupt rural markets. These conflicts push policymakers to design ad hoc measures that prioritise immediate relief over structural reforms. Climate change and environmental degradation also exert growing influence, compelling the integration of climate-smart agriculture, irrigation development, and disaster risk management into policy design. Frequent flooding, droughts, and desertification have elevated resilience planning to the forefront of policy considerations.

External pressures add another layer of complexity. Donor agencies, multilateral development banks, and international trade agreements shape Nigeria's agricultural policies through funding conditions, technical assistance, and compliance with global standards. For example, commitments under the African Continental Free Trade Area (AfCFTA) and the Sanitary and Phytosanitary (SPS) requirements push Nigeria toward greater competitiveness and higher quality standards. However, donor-driven agendas can sometimes clash with domestic political priorities, creating policy incoherence. Collectively, these structural, socio-economic, security, and external influences create a dynamic but often fragmented policymaking environment in Nigeria's agriculture sector.

POLICY RECOMMENDATION

- Fiscal commitment to the agricultural sector must be enhanced. The government should consistently allocate at least 10% of the national budget to agriculture and rural development to strengthen food security. This funding should prioritise infrastructure, including rural roads, storage facilities, irrigation systems, and energy supply, as these directly lower transaction costs and reduce post-harvest losses. Such investments will not only improve market access but also incentivise private sector participation.

- Institutional reforms are critical to ensure policy coherence and effective implementation. Streamlining overlapping mandates between federal, state, and local agencies will reduce duplication and enhance efficiency. Establishing a robust monitoring and evaluation (M&E) framework will ensure accountability, while digital platforms can be used to track input distribution, subsidy disbursement, and project progress. Furthermore, strengthening extension services with modern technology and well-trained personnel will improve farmer adoption of innovations, thereby raising productivity.
- Policies should place climate resilience and environmental sustainability at the core of agricultural transformation. Scaling up investments in irrigation and water-harvesting technologies, promoting drought-tolerant and improved crop varieties, and encouraging conservation agriculture will help farmers adapt to a changing climate. The integration of renewable energy into agro-processing and mechanisation will also reduce costs while promoting sustainable practices. A national climate-smart agriculture policy framework, backed by legislation, will provide the legal basis for long-term resilience.
- We must prioritise human capital development. Stakeholders should expand special programs that target youth and women in agribusiness, providing them with access to training, finance, and entrepreneurship opportunities. Schools and universities should update their agricultural curricula to include agritech, value chain management, and climate-smart practices. These actions will not only reduce youth unemployment but also transform agriculture into a modern, profitable, and attractive sector.
- Agricultural policy needs to mainstream security measures. Addressing farmer-herder conflicts through dialogue, ranching solutions, and land use reforms will reduce violence and restore agrarian productivity in conflict-prone regions. Investing in rural policing and surveillance systems can also secure farms and markets, ensuring safe access to land and resources. Without addressing insecurity, even the best policies will have limited impact.
- Strengthening market systems and trade policies is vital for sustainable diversification. Establishing commodity exchanges, enforcing quality standards, and improving access to credit will integrate farmers into competitive value chains. Policymakers should also safeguard Local producers against dumping of cheap imports while ensuring Nigeria meets regional and global trade commitments. Supporting agro-processing clusters and industrial parks near farming communities will enhance value addition, boost exports, and create rural jobs.

- Stakeholders should scale up international collaboration and private sector engagement. Nigeria should strengthen partnerships with multilateral agencies, development banks, and neighboring countries to pool resources and share best practices. Incentives such as tax breaks, credit guarantees, and public-private partnerships can attract private investment into large-scale mechanisation, input supply, and agro-industrialisation. Such collaboration will reduce dependency on donor-driven programs and build self-sustaining agricultural growth.

CONCLUSION

Nigeria's story has long revolved around oil, but the country cannot build its future on hydrocarbons alone. Agriculture offers the real promise of creating a stronger, more secure economy one that puts food on the table, creates jobs, and lifts millions out of poverty. This research shows that although the sector holds significant potential, familiar challenges, such as weak infrastructure, policy inconsistency, insecurity, and underinvestment, continue to weigh it down.

Yet these barriers need not persist. By making the right choices investing in climate-smart farming, building roads and storage facilities, supporting farmers with finance and technology, ensuring security in rural areas, and giving young people and women equal opportunities Nigeria can turn agriculture into the backbone of genuine economic diversification. Experiences from other countries prove that when governments and stakeholders treat agriculture as a priority, it transforms not only rural livelihoods but entire economies.

Agricultural diversification, therefore, does more than increase crop production; it builds resilience, restores dignity to farming communities, and secures the nation's future. If Nigeria acts decisively and remains consistent, agriculture can shift from a sector of survival to one of prosperity, driving growth, reducing hunger, and ensuring the nation thrives even amid global uncertainties.

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