Tracing the Roots of Nigeria’s Agricultural Decline

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During its first decade of independence, Nigeria was one of the world’s most promising agricultural producers. Regionally focused policies based on the economic principle of commodity comparative advantage ensured that the agricultural sector served as the nation’s main source of food and livelihoods. Nigeria was not only agriculturally self-sufficient and food secure, but it thrived in global markets as the world’s largest producer of groundnuts and palm oil and as a significant producer of cotton and cocoa. Agriculture was the nation’s main source of employment and income. In 1965, the agricultural sector employed over 70 percent of the labor force. Export cash crops were responsible for 62.2 percent of the young nation’s foreign exchange and 66.4 percent of its GDP. Northern cities like Kano, with its towering groundnut pyramids, employed large swaths of the population and became regional economic hubs, emblematic of the nation’s agricultural wealth. These northern cities were linked to southern ports like Lagos through extensive and reliable rail networks that fostered economic interdependence and regional integration.

As oil exploration and production in Nigeria’s southern Niger Delta region accelerated in the mid-1960s, however, successive governments turned away from the long-term potential of the agricultural sector, lured by the instant rewards—and opportunities for rent seeking—offered by crude oil production. The resulting lack of political will had a doubly negative effect on the agricultural sector, as it redirected policy attention and public investment to the energy sector and likewise discouraged greater private-sector engagement. Soaring oil revenues raised exchange rates, making exports from other sectors—including agriculture and the up-and-coming textile and manufacturing sectors—less competitive, further decreasing investment. Nigeria’s version of Dutch disease cut short any potential for agriculture to become the undisputed mainstay of the economy.

The most glaring symptom of the slow and inevitable decline of Nigeria’s agricultural sector has been the way in which the north of the country, for which agriculture was the economic lifeblood, has fallen and stayed behind on key economic indicators over the past 40 years. Some areas of the country—particularly in the North—are food insecure. According to the 2013 Demographic and Health Survey, undernourishment has left some 37 percent of children under age five stunted, 18 percent wasted, and 29 percent under weight, with the highest rates concentrated in the states of the North East and North West.

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Today, Nigeria faces an impending food security crisis as its rapidly growing population becomes increasingly dependent on imported foods. This situation has been compounded by the Boko Haram insurgency in the North East, which has stifled domestic production, displaced farmers and their families, and blocked access to regional markets. Nigeria’s imports of everyday goods, which could otherwise be locally produced—such as rice, sugar, and oil—totaled some $11 billion in 2013. Although net importation of food is not in itself a bad thing, it is an unfortunate position for a nation with such vast agricultural potential—and where 70 percent of the labor force is still engaged in the agricultural sector. Food imports also drain foreign currency reserves at a time when falling oil prices have put the Nigerian economy on the brink of recession.

Too often, agriculture has been treated as a social sector, rather than the moneymaker that it could be. As a result, the link between finance and agriculture has not been as organic as it should be. Only 2 percent of all bank lending in Nigeria in 2014 went into the agricultural sector, according to former minister of agriculture Akinwumi Adesina, now president of the African Development Bank. Nigerian farmers have had very little access to credit for scaling up their operations and face several barriers to entry. Access to quality agricultural inputs, such as seeds, pesticides, and fertilizer, can be extremely difficult, and for those farmers who are able to surmount these myriad challenges and turn out produce, broken or nonexistent infrastructure limits or prevents access to even local markets. Under the administration of former president Goodluck Jonathan, Minister Adesina implemented significant reforms in the agricultural sector, incentivizing private investment, engaging the banking sector, and reforming the corrupt system for distributing agricultural inputs. However, these changes need to be more wide reaching and universally implemented if they are to maximize the sector’s potential and respond to the population’s growing food demands.

In recent times, the neglect of the agricultural sector has been exacerbated by climatic factors, as Nigeria has struggled with rising temperatures, desertification, rising sea levels, erratic rainfall, and hydrological drought. Changing temperatures and erratic rainfall have reduced yields and disrupted long-held crop rotation practices and traditions. These conditions have intensified competition for resources and played a role in fueling some of Nigeria’s current security challenges, particularly in the North East and the Middle Belt, where farmers and herdsmen have clashed over access to land.

Reviving Nigeria’s agricultural sector is important and necessary for a host of reasons: a strong agricultural sector will address food insecurity, foster economic growth, provide jobs, and weaken some of the conditions that drive violent extremism and criminality in parts of the country. The previous and current Nigerian administrations have made some steps in the right direction, which will be analyzed in more depth later in this series. In order to build on the momentum, intense efforts will be needed to create and nurture agro-centric policies that lead to broad-based employment—particularly for the youth—and shared prosperity rather than wealth concentration and the creation of another exclusive set of elites. Nigeria should aspire to create an innovative and thriving agricultural sector that is informed by local and international market trends; where farmers produce better quality products informed by improved research and extension services; and where improved farming

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techniques lead to increased output that allows smallholder farmers to not only feed themselves and their families but to supply local markets as well. With the right conditions in place, Nigeria has an opportunity to return to self-sufficiency in food and to become a major exporter of agricultural products to the West Africa region and beyond.

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