DOMESTIC INVESTMENT IN LARGE-SCALE AGRICULTURE: A CATALYST FOR PRODUCTIVE EMPLOYMENT AND SUSTAINABLE DEVELOPMENT IN NIGERIA

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Abstract
It is illogical and underscoring that despite the percentage of Nigerian labour force involved in agricultural production, particularly in rural areas, the country remains underemployed and underdeveloped. Nigeria cannot significantly reduce poverty, increase per capita income, and transform into a modern economy without focusing on agricultural development. Public discourse on investments in agriculture in Nigeria has focused mainly on aids and grants, while the role of policies implementation and domestic investments in large-scale agriculture remains unaddressed. Against this background, this paper explores the imperative of reviving the agricultural sector by encouraging domestic investments in large-scale agriculture in Nigeria. The paper also acknowledged the role agriculture played in early stage of the nation's development as an agrarian economy. More broadly, the paper examines how investments in large-scale agriculture can increase productivity, reduce unemployment, and transform the economic, as well as achieve poverty alleviation agenda. Additionally, this paper investigated the challenges of the 21st century for Nigeria's large-scale investment in agriculture, as well as contemporary skepticism about the role of agriculture in Nigeria. Finally, the paper proffered viable recommendations as measures to enhance agricultural productivity and employment in Nigeria. Among others, it recommended that government should provide more funding for agricultural universities in Nigeria to carryout researches on all areas of agricultural production. The Central Bank of Nigeria should also come up with a stable policy for loan disbursement to farmers at a reasonable interest payback. In addition, government should make and implement friendly policies framework for efficient agricultural sector that can accelerate the attainment of Nigeria's dream of achieving the targeted growth rate and the proposed vision of becoming one among the 20 leading world economies by the year 2020.

KeyWords: Domestic Investments, Large-Scale Agriculture, Productive Job Creation, Economic Transformation.

Introduction
Agriculture remains an important sector of the Nigerian economy. Agricultural development contributes to economic growth, poverty reduction, food security,

employment generation, and rural development. Although the structure of Nigeria's economy has changed substantially since independence, agriculture continues to provide livelihoods for a large proportion of the population. Recent evidence indicates that agriculture contributed approximately 28% of Nigeria's GDP and employed about 40% of the labour force between 2021 and 2024 (FAO, 2026).

Historically, agriculture was the mainstay of Nigeria's economy before the emergence of petroleum as the dominant source of government revenue and foreign exchange. During the colonial and early post-independence periods, agricultural commodities such as cocoa, groundnuts, palm produce, rubber, cotton, and other products generated significant export earnings and provided raw materials for emerging industries (Mezieobi & Domike, 1996). Following the discovery and commercial exploitation of crude oil, particularly during the oil boom of the 1970s, agriculture gradually received less attention in public investment and economic planning.

Agriculture-led growth played an important role in reducing poverty and transforming several Asian and Latin American economies. However, Nigeria has not yet achieved a comparable agricultural transformation. The country possesses favourable ecological and natural-resource conditions for agricultural production, but agricultural productivity has remained constrained by underinvestment in physical, institutional, and human capital and by the historical tendency to prioritise petroleum over agriculture (Adelman, 2001).

Employment policy should focus not merely on increasing the number of jobs but also on expanding productive and decent employment. Agriculture and agricultural value chains offer opportunities in primary production, agro-processing, transportation, storage, marketing, logistics, input supply, mechanisation, agricultural technology, and agribusiness. The World Bank's Nigeria Sustainable Agricultural Value-Chains for Growth (AGROW) Project similarly emphasises agricultural productivity, value-chain development, agro-processing, market access, and job creation (World Bank, 2026). The central argument of this paper is therefore that greater domestic investment in large-scale agriculture can contribute to productive employment creation, food security, poverty reduction, and sustainable economic transformation if supported by appropriate policies, infrastructure, finance, research, technology, and effective institutions.

Literature Review

Relevant literatures were extensively reviewed. However, for clarity and better comprehension, the review will be under the following sub-topics:

Agriculture in Nigeria

Agriculture is the cultivation of the soil and rearing of livestock for man's consumption. Nigeria was an agrarian economy for the oil boom of the early 70s. According to

Mezieobi and Domike (1996), agriculture was the mainstay of Nigeria's economy. Nigeria and her people were involved in all six major types of agriculture or farming, namely, *arable,* plantation, irrigation, pastoral (mixed, dairy farming and transhumance), poultry and fish farming (inland, lagoon or delta fishing, open sea fishing and fish breeding on artificial lakes and ponds).

Nigeria's continued emphasis on agriculture is predicated on its importance to the Nigerian economy. Its relevance includes: source of foreign exchange, source of food supply to the people, source of raw materials for the industries, it generates job opportunities, it provides market for industrial product, it attracts infrastructural development, agricultural products (leaves, roots, seeds, flowers, etc.) serve as herbs for medical purposes.

Challenges of the 21st Century for Nigeria's Large-scale Investment in Agriculture

Despite the significance of agriculture to Nigeria's economic development strive, a number of problems stare it in the face. In fact, Nigerian agriculture in the 21st century faces several risks and challenges that, if not addressed, could constrain growth and economic transformation. Nigeria's agricultural transformation is constrained by inadequate investment in agricultural research and development. The diversity of Nigeria's agro-ecological zones and production systems requires locally appropriate technologies, improved varieties, climate-resilient production methods, and effective knowledge-transfer systems.

The diversity of agro-ecologies and cropping systems can limit the transferability of research findings across regions and therefore requires stronger investment in locally relevant research and development (World Bank, 2007). African agricultural research systems have also historically been characterised by inadequate expenditure and institutional fragmentation (Beintema & Stads, 2014). Investment in agricultural research is particularly important because productivity gains depend on technological progress. Recent agricultural transformation initiatives continue to emphasise research, improved seed systems, climate-resilient technologies, and partnerships between government, research institutions, and the private sector (AfDB, 2026).

Another challenge is the relatively low level of market development in Nigeria. Green Revolutions were underpinned by supportive market and social institutions. Hence, in Mexico, for example, land rights regulation and institutions were restructured before farmers could profitably adopt hybrid maize (Byerlee & de Polanco, 1983). Nigeria's inconsistency in agricultural development programmes and policies, lack of political will, as well as lack of institutional development that enables private sector activity have been cited as the underlying causes of Nigeria's agricultural unemployment and poverty.

Lack of political will to support agricultural transformation *and large-scale investment in agriculture is another major constraint in Nigeria.* Political will is a

challenging concept. Hammergren (1998) cited in Post et al. (2010) characterized it as "the slipperiest concept in the policy lexicon," calling it "the sine qua non of policy success, which is never defined except by its absence." There have been various efforts to define political will since then. Post et al. (2010) defined political will as "the extent of committed support among key decision-makers for a particular policy solution to a particular problem." Brinkerhoff (2010) focused on the political will to combat corruption. His concept of political will is here adopted to mean the will transform agriculture.

A fourth challenge, which already existed in the 20th century but became better recognized in the 21st, is the need for environmental protection and sustainable natural resource management. The Green Revolution in Asia has had a range of negative environmental consequences, such as pollution by overuse of pesticides and inorganic fertilizer, depletion of aquifers and loss of biodiversity. As the controversies surrounding the International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD) have shown, the global community is deeply divided regarding the question as to the role of modern industrial inputs vis-à-vis agro-ecological and organic approaches in future agricultural development (Scoones, 2009).

Another major constraint to agricultural development in Nigeria had been the inadequate access to credit. The most affected were smallholders and emerging medium-size commercial farmers. The large exporters had no difficulty in procuring credit from commercial banks. In recent years, the government with the help of international donor agencies such as the International Fund for Agricultural Development, has tried to disburse credit through the farmers' cooperative societies. The paucity of long-term credit remains an unresolved problem in Nigeria.

Another major challenge Nigeria's large-scale investment in agriculture has to cope with is globalization. Managing an agricultural transformation under the conditions of an open market economy brings its own challenges, since Nigerian government have fewer possibilities to protect the sector at least initially ("infant industry") than was the case during the Asian Green Revolution. Other factors responsible for the tardy performance of agriculture in Nigeria include: traditional production methods, low levels of mechanisation, predominantly small-scale production, inadequate extension services, inadequate storage facilities, post-harvest losses, weak rural financial institutions, fluctuations in agricultural prices, soil degradation, pests and diseases, and inadequate access to improved seeds and fertilisers. These constraints are interconnected. Addressing one without addressing the others is unlikely to produce sustainable agricultural transformation.

Contemporary Skepticism about the Role of Agriculture in Nigeria's Development

Despite the substantial literature supporting agriculture-led development, there remains scepticism concerning whether agriculture can generate the scale of economic

transformation required in Nigeria. One argument is that globalisation has changed the conditions under which developing countries pursue structural transformation. From this perspective, resource-rich countries can specialise in sectors where they have comparative advantages and import agricultural products from countries that can produce them more efficiently. Adelman (2001) notes that although trade can provide an important stimulus for development, trade alone is insufficient to guarantee sustained economic transformation. Resource-rich economies may therefore benefit from international trade, but development depends on how the resulting income is invested in productivity growth and broader economic diversification. Nigeria's dependence on petroleum illustrates the limitations of a resource-based development strategy. Although petroleum exports generate foreign exchange, excessive dependence on a single commodity can expose the economy to external price shocks and reduce incentives for diversification.

The argument that Nigeria can bypass agriculture by relying on oil and imported food also presents risks. Heavy dependence on imported food exposes the country to exchange-rate pressures, international price fluctuations, supply disruptions, and foreign-exchange constraints. Recent FAO data indicate that Nigeria imported approximately ₦16 trillion worth of food between 2021 and 2024, compared with about ₦7 trillion in food exports, resulting in a substantial food trade deficit (FAO, 2026). Agriculture should therefore not be viewed merely as a traditional sector awaiting replacement by industry. Rather, modern agriculture can serve as a foundation for agro-industrial development through linkages with manufacturing, logistics, financial services, information technology, research, and retail. Recent evidence supports this position. The World Bank's AGROW Project is designed to foster sustainable growth and job creation across selected agricultural value chains in Nigeria through interventions in infrastructure, institutional capacity, regulatory reform, and value-chain development (World Bank, 2026).

The Role of Agriculture in Early Development of the Nigerian State

Nigeria was predominantly agriculture-dependent before the expansion of petroleum exports in the 1970s. Agriculture played a central role in the economy at independence in 1960 and during the early post-independence period. Agricultural production provided food and employment, generated export earnings, supplied raw materials to emerging industries, and supported government revenue. Commodities such as cocoa, groundnuts, palm produce, rubber, cotton, and timber were important components of Nigeria's export economy (Mezieobi & Domike, 1996). Following the discovery and commercial exploitation of petroleum, the relative importance of agriculture declined. Petroleum increasingly became the dominant source of government revenue and export earnings, while public and private investment shifted towards the petroleum sector.

Agriculture nevertheless continued to contribute to food production, employment, and rural livelihoods. The decline in agricultural investment did not eliminate the

importance of the sector; instead, it contributed to a widening gap between Nigeria's agricultural potential and actual agricultural productivity (Ahungwa, Haruna, & Rakiya, 2014). Agriculture can also contribute to economic growth by stabilising domestic food supplies. Food shortages can generate inflationary pressures and weaken household welfare, while agricultural productivity improvements can increase rural incomes and support broader economic activity. Daio et al. (2006) emphasise the importance of agriculture in food security, employment, and structural transformation in developing economies.

Classical development theories emphasised the movement of resources from low-productivity traditional sectors to higher-productivity modern sectors. Adelman (2001) notes that early development theory viewed structural transformation as involving the movement of factors of production from traditional agricultural activities to modern industrial activities. However, agricultural transformation does not necessarily mean abandoning agriculture. Instead, productivity growth in agriculture can release labour and capital for other sectors while simultaneously creating markets for manufactured goods and services (Gollin et al., 2002). Consequently, Nigeria's development challenge is not simply to move people out of agriculture but to transform agriculture itself into a productive, commercial, technology-driven, and value-adding sector.

Nigeria's Economy before the Oil Boom

Agriculture played a dominant role in Nigeria's economy before the oil boom. During the pre-oil period, agricultural commodities generated substantial export earnings and provided the economic foundation for many regions. As agriculture is often more labor intensive than non-agricultural industries (Schultz, 1964). Gains in agricultural productivity can contribute to higher employment and incomes, better nutrition and faster poverty reduction, and prevent distress of rural-urban migration. The Green Revolution demonstrated agriculture's considerable technological potential, as well as the benefits of its extensive upstream and downstream linkages to broader economic growth and development (Bezemer and Headey 2008).

Diminishing returns in Nigerian agriculture can be attributed to the discovery of oil in 1956 and the oil boom of early 70s. Nigeria is now a mono-product economy. The over dependence of the economy on a particular sector (especially the oil sector) in Nigeria, is a major threat to her economic growth and development. For example, before the discovery of oil in Nigeria in 1956, Nigeria was famous for her agrarian economy through which cash crops like palm produce, cocoa, rubber, timber, groundnuts, etc were exported, making Nigeria a major exporter in that respect. Also, Nigeria had nineteen million herds of cattle; the largest in Africa. She is no longer a major producer of any of the cash crops mentioned above. To curb this menace, I express optimism that economic diversification which demands active participation in a wide range of sectors and firmly integrated is better able to generate robust economic growth and transformation. This will cushion the effects of the dwindling oil prices that have

contributed to our economic woe and recession.

Policy Lessons from History

This sub-section discusses the range of agricultural policies that have been pursued in the past. Buhari's regime for instance, allocated greater funds for the development of agriculture. It also increased the number of river Basin and Rural Development Authorities ((Oyeneye, Onyenwenu and Olosude, 2006)). In fact, the agricultural sector was given a level of rejuvenation by successive military regimes. Operation Feed the Nation (OFN) as launched by the regime of Geneal Olusegun Obasanjo was made to ensure food sufficiency and income generation for Nigeria. As a follow up to this programme, Geneal Ibrahim Babangida re-structured and tagged it: Agricultural Development Programme (ADP) with a mandate to boost agricultural production for both local consumption and for export.

The Babangida's administration established the Peoples Bank and Community Banks to help the poor in both urban and rural areas. The programme "Better Life for Rural Women" was also established to improve the lot of women. His administration also set-up the Directorate of Food, Roads and Rural Infrastructure and the National Directorate for Employment - all these are geared toward building the individual as well as the nation. Also aimed to increase the number of the nation's farmers and raise the people's awareness of the key role agriculture played in an economy.

Youth Unemployment and Job Creation in Nigeria

Nigeria continues to experience significant labour market challenges despite recording positive economic growth in recent years. The country's labour force is expanding rapidly due to population growth and a youthful demographic structure, while the pace of productive employment creation remains insufficient to absorb the increasing number of labour market entrants. It is estimated that between 3.5 and 4 million young Nigerians enter the labour market annually, intensifying competition for limited employment opportunities (International Labour Organization [ILO], 2025; European Union Agency for Asylum [EUAA], 2026).

The National Bureau of Statistics (NBS) adopted a revised labour force methodology in 2023 based on the International Labour Organization's latest standards. Under this methodology, individuals who worked for at least one hour during the reference week are classified as employed. Consequently, unemployment rates reported under the new framework are not directly comparable with estimates published before 2023 (NBS, 2024; ILO, 2025).

According to the Nigeria Labour Force Survey (Q2 2024), the national unemployment rate stood at 4.3 percent, while youth unemployment (15–24 years) was 6.5 percent, representing a decline from 8.4 percent recorded in the first quarter of 2024 (NBS,

2024). Although these figures suggest an improvement, they should be interpreted with caution because they primarily reflect changes in statistical measurement rather than a fundamental transformation of Nigeria's labour market (ILO, 2025).

A more pressing concern is the prevalence of informal and vulnerable employment. The National Bureau of Statistics reported that approximately 93 percent of employed Nigerians work in the informal economy, while only a small proportion of workers are engaged in formal wage employment with access to social protection and employment benefits (NBS, 2024). Similarly, self-employment remains the dominant form of employment, highlighting the limited capacity of the formal private and public sectors to generate sufficient decent jobs (World Bank, 2025).

Youth continue to face disproportionate labour market disadvantages. According to the European Union Agency for Asylum (2026), unemployment and underemployment among young Nigerians are driven by limited industrial expansion, inadequate technical and vocational skills, weak labour demand, and persistent mismatches between educational outcomes and labour market requirements. Furthermore, approximately 14 percent of Nigerians aged 15–24 are classified as NEET (Not in Employment, Education or Training), indicating substantial barriers to productive labour market participation (EUAA, 2026).

The International Labour Organization (2025) further notes that Nigeria's employment challenge is increasingly characterized by labour underutilization rather than open unemployment alone. Many employed individuals are engaged in low-productivity, low-income, and insecure occupations, particularly within agriculture and informal urban enterprises. Consequently, employment policies should prioritize the creation of productive and decent work rather than merely increasing the number of jobs.

The World Bank (2025) similarly argues that Nigeria's long-term development depends on expanding employment opportunities in sectors capable of generating high-productivity jobs. Agriculture and agro-industrial value chains remain among the sectors with the greatest employment potential because they employ a significant proportion of the labour force while offering substantial opportunities for value addition, agro-processing, logistics, and agribusiness entrepreneurship. Increased domestic investment in commercial agriculture, agricultural innovation systems, rural infrastructure, irrigation, mechanization, and agricultural finance would therefore contribute significantly to productive employment creation, poverty reduction, food security, and sustainable economic development (World Bank, 2025; ILO, 2025).

Conclusion

Agriculture can generate patterns of development that are employment-intensive and favorable for the poor, if investors will go into innovative, modern and large-scale

investment. It is illogical that Nigerian economy is experiencing growth without employment as the growth rate of the labour force exceeds the employment opportunities. The unemployed population is at present dominated by the youth who are mostly school leavers with senior secondary qualifications and graduates of tertiary institutions. Domestic investment in large-scale agriculture can contribute significantly to this transformation. Such investment can increase agricultural productivity, create direct and indirect employment, strengthen agro-industrial value chains, reduce food-import dependence, increase rural incomes, and support economic diversification. However, large-scale agricultural investment cannot succeed in isolation. It requires appropriate government policies, secure land arrangements, infrastructure, affordable finance, research and development, extension services, climate-smart technologies, efficient markets, and stable institutions.

Recommendations/Way Forward

The following measures can lead to an increase in agricultural productivity in Nigeria:

a) The government should provide more funding for agricultural universities in Nigeria to carry out researches on all areas of agricultural production. This will lead to more exports and improvement in the competitiveness of Nigeria's agricultural production in international markets;
b) Government should create an enabling environment by increasing the budgetary allocation to the agricultural sector;
c) The Central Bank of Nigeria should also make adequate provision of finance and credit facilities (with little or no interest) to farmers and also come up with a stable policies on loan disbursement;
d) Government should subsidize the prices of agro-chemical and fertilizer for farmers; provide adequate irrigation scheme and also encourage them to adopt modern production technology;
e) The government should improve infrastructural facilities in rural communities;
f) Nigerian government should revive relevant past agricultural policies and programmes;
g) Modern storage facilities should be provided; this will encourage large-scale farming;

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