



An Assessment of Value-Added Agricultural Export and Economic Development in Nigeria 2015-2022

Dr. Bature, Yunana Magaji Tyokpat¹, *Prof. Eugene T. Aliegba², Assoc. Prof. Ruth Luka Caleb³

^{1,2,3}Department of Political Science, Nasarawa State University, Keffi Nasarawa State, Nigeria-West Africa.

DOI: [10.5281/zenodo.13730334](https://doi.org/10.5281/zenodo.13730334)

Submission Date: 25 July 2024 | Published Date: 07 Sept. 2024

*Corresponding author: [Prof. Eugene T. Aliegba](#)

Department of Political Science, Nasarawa State University, Keffi Nasarawa State, Nigeria-West Africa.

Abstract

Agriculture which was the mainstay of the economy before the advent of oil as a major source of revenue for the country, facilitated a look into how value-added in the context of agricultural exports can bring about economic development in Nigeria. The paper focus on three main products (sesame seeds, cashew nuts, and high-quality raw cocoa beans), providing specificity in product coverage, which was lacking in extant literature. The paper specifically concerned with examining the extent to which value addition influenced the acceptability of Nigeria's agricultural exports in the international market, as well as its effect on GDP and employment creation. The paper made use of documentary research where views of scholars were analysed. Export-led growth theory was employed to explained the value added agricultural exports and economic development in Nigeria. Findings arrived at indicated that value addition had positive and significant positive effect on the acceptability of Nigeria's agricultural exports in the international market. Challenges were exposed that hampered the implementation of value addition activities on Nigeria's exports. It was therefore recommended that sustained partnership with international organisations and other stakeholders be sought for the purpose of simplifying the certification process to the benefit of encouraging more participation in the Nigerian agricultural value chain.

Keywords: Value added, Agricultural Export, Economic, development.

Introduction

In Nigeria, the agricultural sector employs two-thirds of the entire labour force remains the largest sector of the economy (National Bureau of Statistics, 2021). The sector contributed about 25.2 % (₦10.50 trillion) to the nation's GDP as at 2019. Nigeria is one of the largest producers of agricultural commodities in Africa and the third largest exporter of primary produce in West Africa. Globally, Nigeria is among the top ten producers of the following crops- oil palm, cashew, guinea corn (sorghum), sesame, cocoa, yams, kola nuts and bitter kola. Also, the country is leading exporter of rubber, Soya beans, cotton, groundnut, beans, and garlic and melon seeds. The nation's agricultural sector contributed about 50% of the country's total merchandise exports in 2015. In 2016, the total agriculture exports stood at ₦60.7 billion or 0.7% of total exports for the period. In 2017, total agricultural exports grew by 180.7% over the previous year to close at ₦170.4 billion and it accounted for 1.3% of total exports. By 2018, agriculture exports increased by 77% over 2017 to close at ₦302.3 billion, and accounted for 1.6% of total exports (PwC (Pricewaterhouse Cooper, 2019).

However, export values experienced a dip in 2019 of 10.89%, but by the first half of 2022, agro-food exports surged to ₦343.4 billion, marking a 17.3% increase from 2021 and a 61.9% rise from the second half of 2021. The agricultural sector contributed 4.96% to Nigeria's total foreign trade in H1 2022, with cocoa exports alone accounting for ₦114.1 billion. Agricultural exports reached a five-year high in 2022, totaling ₦598.2 billion, an 18.5% increase from 2021. Asia stands as the leading importer of Nigeria's agricultural commodities, with Europe and America following, although their shares in Nigeria's agricultural exports have declined. Despite these gains, trade with African countries remains minimal, with a 6% decline in exports to the continent between 2017 and 2018 (PwC [Pricewaterhouse Coopers], 2019).

Nigeria's agricultural exports have steadily increased over the last 10 years, yet the agricultural sector's contribution to total exports remains under 2%. This suggests there is significant unrealized potential in the sector. As Africa's largest employer, Nigeria is estimated to be missing out on \$10 billion in annual export opportunities for key agricultural commodities like groundnuts, palm oil, cocoa, and cotton. This shortfall is due to several challenges, including fragmented smallholder farms, limited adoption of modern farming practices and mechanization, insufficient post-harvest infrastructure, weak market linkages, and restricted access to finance. As a result, as highlighted by Bouët and Odjo (2019), Nigeria accounts for a meagre 2.7% of global trade in goods and 5% of world agricultural trade, continuing to rely heavily on imports from outside Africa, with intra-African agricultural trade consistently below 20% (AGRA [Alliance for a Green Revolution in Africa], 2019; Bouët & Odjo, 2019). In comparison, intraregional agricultural trade in Asia and Europe exceeds 60%. Furthermore, the Nigerian Export Promotion Council (NEPC) has identified significant untapped export potential, estimating that by 2021, \$425 million could be earned from cocoa beans, \$81.9 million from cocoa butter, and \$6.3 million from cocoa paste in the top ten markets. The potential market for sesame seeds is also valued at \$170 million.

Moreover, the Nigeria Export Processing Zones Authority (NEPZA) underscores the imperative of industrialization, extending its purview beyond traditional exports to encompass burgeoning sectors like agriculture. Although challenges persist, initiatives like the Nigeria Incentive-based Risk Sharing for Agricultural Lending (NIRSAL) and the Nigerian Export-Import Bank (NEXIM) demonstrate a concerted effort to fortify the agricultural financing ecosystem, heralding a new era of prosperity for Nigeria's agricultural exports.

Value addition is seen as an activity that agricultural producers may utilize to produce a new commodity by changing its present place, time, and from one set of characteristics to other characteristics that are more preferred in the marketplace to obtain higher returns. Value addition is key to offsetting the poor positioning of any agricultural product in the market, building up the quality and branding, improving income, and increasing employment. Traditionally, value-added agriculture was associated with the processing of raw products (Amanor-Boadu, 2003; Coltrain et al., 2000). This paper is set to examine the implications of value addition on Nigeria's agricultural exports.

Statement of the Problem

The fact that the Nigerian agricultural export framework is fraught with significant challenges cannot be gainsaid, as is the loss in potential revenue, which Austin (2021) estimated at over USD 10 billion. The challenges facing agricultural exports stem from a variety of underlying causes. One key factor is the contamination of certain products, like beans, by harmful mycotoxins, particularly aflatoxin. This led to the EU rejecting shipments in 2013 and 2017 due to unacceptably high residue levels, highlighting quality control issues. Beyond just product safety, maintaining a consistent, reliable supply over time is another major obstacle. Some suppliers struggle to keep up with demand after initially securing a market agreement, causing buyers to seek alternative sources for the same commodities. More broadly, problems with produce quality and yield at the farm level, as well as the use of substandard agricultural practices, undermine the sustainability and traceability of the supply chain. This lack of reliability and transparency is a significant barrier limiting greater trade opportunities.

Aims and Objectives

The study specifically focused on evaluating the effectiveness of the measures introduced by the Nigerian government to improve value addition in the country's agricultural exports.

Methodology

The study employed documentary research. The paper relied solely on secondary sources of data which were analysed using content analysis. The secondary source of data was generated from published, unpublished materials including the internet.

Conceptual Clarification

Agriculture

According to Ighodo (2004), agriculture is the art and science of the cultivation of crops and rearing of animals for man's use. He also emphasized that agriculture is also the production of fibres for industries, processing of farm produce, packaging and marketing of farm products. This definition is quite embracing as it covers all activities that ensure man's survival. However, the aspect of research and training that is so vital in production was conspicuously missing in the definition. In recent time, agricultural research and training has become more paramount as a sine qua non for high yield or productivity as well as improved seedlings and other inputs and this cannot be left out in any intellectual conception or definition of agriculture. Rimando (2004) defined agriculture as the systematic raising of useful plants and livestock under the management of man. This definition is anchored on the science of agriculture; agriculture involves technical know-how and principles that are sacrosanct and necessary for any endeavour in it if the desired output is to be gotten.

Agriculture is not just an art of practice that can be delved into without mastering the systematic knowledge and invariably the technical know-how.

However, agriculture is not limited to systematic raising of useful plants and livestock under human management, it goes beyond that to include the immediate value chain that follows it.

Agricultural Value Addition

Various studies have been done to identify the pathways for rural communities out of poverty. However, there is a synonymous agreement from various studies (Lundy et al., 2002) that opportunities exist for rural households to improve their incomes and diversify their livelihoods through value addition, diversification of income generating activities, vertical integration, and improved marketing arrangements through groups. In his study on the impact of value addition on household incomes, Ramirez (2001) found that value adding activities accounted for a 350 % increase in household incomes. In addition, value adding could prove useful as a poverty reduction tool if it leads to increase on and off farm rural employment and income.

The export potentials of the agricultural commodities produce a considerable revenue amount that the government uses to pay for importing final commodities and machineries relating to intermediate and capital products for services and industrial usage. In terms of employment opportunities, ECOWAS's agricultural sector is still the biggest labour supplier, which engages over 60% of her active populace, notwithstanding those sectoral earnings are below other economic sectors (Afolayan et al., 2019; FAO, 2015; Gichuhi & Nasiyo, 2016). Moreover, agriculture is an important contributor to the alleviation of poverty at every phase so as to attain food security by 2030 (FAO, 2017; Matthew et al., 2018; World Bank, 2017). Usually, West African families that practice farming utilise cutlasses and hoes, which is capable of only producing agricultural yield for personal consumption, whereas those living in urban areas (which account for over 50% of regional total populace) obtain nearly all their food from the rural markets (FAO, 2015; International Monetary Fund & World Bank, 2015; Matthew, 2018).

Economic Development

Economic development has been long considered the primary form of development, historically tied to the notion of economic growth, often defined by the rise in per capita income within an economy. However, as Sen (1999) observes, this view of growth is better understood as the result of the economic development process, which involves transforming the structure of an economic system, rather than as the development process itself. Initially, the concept of economic development was linked to the growth of output over time, later shifting to focus on per capita output, leading to the interchangeable use of "growth" and "development" (Bhagwati, 1995). The flaw in this approach revealed itself among many developing countries in the 1950s and 1960s, when despite achieving their economic growth targets, there was no meaningful translation towards the standard of living for their populations (Harris & Todaro, 1970). The persistence of problems such as illiteracy, mass poverty and poor health indicated that the narrow definition of economic development focused solely on growth metrics was problematic.

As a result, economists began advocating for a broader perspective on economic development, stressing the importance of addressing poverty, illiteracy, disease, and improving the composition of inputs and outputs, not just increases in material goods (Fanon, 1980). They argued that GDP, while a measure of economic growth, is a limited indicator of true economic development, as it overlooks crucial non-economic factors like access to education and healthcare, environmental quality, leisure time, freedom, and social justice (Bhagwati, 1995). The definition of economic development provided by Todaro and Smith (2015) sums this up nicely as, fundamentally involving a comprehensive transformation of an entire social system, aligning it with the varied basic needs and evolving aspirations of individuals and social groups within the system. Such a process shifts society from a state of life that is widely seen as unsatisfactory to one that is considered both materially and spiritually improved.

Theoretical Framework

Export-Led Growth Theory

The study adopted export-led growth theory. This theory looks at the expansion during which exports increase faster than other components of national expenditure. This will occur either because foreign incomes are growing faster than reception or because domestic products are getting more competitive in world markets through lower prices, increased variety or quality improvements. This theory has relevancy to the study because Nigeria's current policies place emphasis on export promotion, especially that of manufactured goods from Nigeria Opara (2010). Okunnu and Adeyemi (2008) also emphasized this theory stating that variety of empirical studies that have investigated the export-led growth hypothesis have found that exports are instrumental to Nigeria's growth performance suggesting that in Nigeria export-led-growth hypothesis holds. Therefore, it's imperative for Nigeria to explore all sectors of the economy besides oil, that is, non-exports, from agriculture to manufacturing to telecommunications.

The so-called Export-Led Growth (ELG) hypothesis is at least as old as the classical school, as both Adam Smith and David Ricardo supported it (Richards 2001). Among modern economists, Beckerman (1965) attributed exports' favorable impact mainly to the production efficiency gains stemming from improved resources allocation, while Haberlar (1959) stressed the relevance of dynamic benefits, such as the improved availability of foreign capital and technology through the release of the balance of payments constraint. Vernon (1966) focused on the opposite causality channel, in which the self-propelled growth of the domestic economy leads to improved competitiveness and eventually to the expansion of exports. More recent "endogenous growth" theories emphasize the benefits stemming from a dynamic export sector, in a framework characterized by increasing returns to scale and by virtuous technological and managerial spill-over effects towards other sectors (Fedor, 1992). Helpman and Krugman (1985) develop some of Beckerman's and Vernon's ideas, arguing that the initial growth spurt favoured by export expansion through the efficiency and allocation effects reverberates in enhanced international competitiveness, fostering a new round of export expansion and paving the way for a virtuous development path.

After several decades and the accumulation of an ever-expanding body of research literature, however, "No consensus has emerged on the theoretical appropriateness of the export-led growth hypothesis... Theoretical disagreement on the role of exports is matched by mixed empirical evidence" (Jin, 2002; Richards, 2001). To this respect, it must be taken into account that attempts to show econometrically that exports are a crucial cause of growth face two basic problems. First, exports are themselves a component of GDP, and thus evidence of a correlation is insufficient to prove consistently any actual causal relationship which might in fact exist.

Selected Policies Aimed at Promoting Nigeria's Agricultural Exports

a) Growth Enhancement Support (GES)

The Growth Enhancement Support (GES) Scheme was initiated by the Federal and State Governments under the Agricultural Transformation Agenda (ATA) for the provision of subsidized inputs to farmers in Nigeria (Africa Business Communities, 2013). The GES, a special agricultural scheme of the Federal and State Governments, is aimed at delivering subsidized farm inputs to farmers and facilitating a shift from subsistence to commercial farming. It was designed as a component of the ATA of the Federal Government in 2012. The ATA is the current government's response to realizing food security and increasing household income for farmers at the micro level. With GES, the government seeks to withdraw from direct fertilizer purchase and distribution and introduce an alternative system of distribution built on the voucher system. Under the scheme, registered farmers receive e-wallet vouchers with which they can redeem fertilizer and seeds from agro-input dealers (FESPAN [Fertilizer Suppliers Association of Nigeria], 2012).

Adesina (2012) noted that GES is a strategy by the Federal and State Governments under the ATA to provide subsidized inputs to farmers and ensure that the financial burden is shared among the two levels of Government and farmers. The Scheme according to him has put paid to the unwholesome activities of middlemen who, over the years, had been diverting the products to neighbouring countries for their selfish end leaving only 11% of the products for use by the Nigerian farmers. The Growth Enhancement Support (GES) Scheme represents a policy and pragmatic shift within the existing Fertilizer Market Stabilization Programme and it puts the resource constrained farmer at its centre through the provision of series of incentives to encourage the critical actors in the fertilizer value chain to work together to improve productivity, household food security and income of the farmers (FMARD (Federal Ministry of Agriculture and Rural Development]) 2014).

b) The Nigerian Export Promotion Council (NEPC)

The Nigerian Export Promotion Council (NEPC) was established with vision of making the world a marketplace for Nigerian non-oil products. NEPC mission is to spearhead the diversification of the Nigerian economy by expanding and increasing non-oil exports for sustainable and inclusive economic growth. It is the apex institution for the promotion, development and diversification of exports. This the NEPC achieves by coordinating and harmonizing export development and promotion activities in the country, taking lead in all national export programs, interfacing with international trade agencies on cooperation and capacity building (NEPC, 2019). NEPC offers the following services registration for exporters, provide market information, export training and seminars, match making on Nigerian exporters with potential buyers, advisory and coaching, advisory of export incentives, administration of export incentives, support-in trade-promotion services, and support for women in exports.

The major strength of NEPC is its ability to match exporters from Nigeria with potential buyers and incentives for encouraging development indigenous export companies. NEPC is relevant to agricultural export because potential investors can contact them for relevant information on particular crop. The NEPC provides a platform for prospective buyers to source for information on reliable exporters of leather, authenticates the export credentials of a company, and provides an electronic method of verifying the exporters' certificate. The Council presents opportunities for face-to-face contact between Nigerian exporters and international buyers of made in Nigeria products through participation in International Trade Fairs, Solo Exhibitions, Trade missions amongst others (NEPC, 2019).

c) Nigeria Export Processing Zones Authority (NEPZA)

The Nigeria Free Zone Scheme was introduced in 1992 by the federal government as a policy instrument to drive the economy on a path of industrialization and economic development. The NEPZA Act No. 63 of 1992 established the Nigeria Export Processing Zones Authority (NEPZA) as the government agency with the mandate to handle the responsibility of establishing, licensing, regulating, and monitoring of free zones in Nigeria. Due to global dynamics, the Nigeria Free Zones was modified in 2001 to expand the scope of free zones from export-oriented activities to include agriculture exports, etc.

The Calabar Free Trade Zone (CFTZ) was established in 1992 as a pioneer zone in the country, however, it was fully completed in 1999 and was formally commissioned for operations in 2001 (Harry, 2016). As at 2008, there were 25 zones registered with Nigerian Export Processing Zone Authority (NEPZA), out of which 11 zones are operational, 9 zones under construction and 5 zones merely declared. Nonetheless, thirteen (13) years after their official commissioning, there is little or no evidence that the zones have made significant impact in improving the manufacturing sector to accelerate industrialization.

d) Nigeria Incentive-based Risk Sharing for Agricultural Lending (NIRSAL)

NIRSAL is a dynamic, holistic approach that aims to tackle both the agricultural value chain and the agricultural financing value chain. NIRSAL does two things at once; fixes the agricultural value chain, so that banks can lend with confidence to the sector and, encourages banks to lend to the agricultural value chain by offering them strong incentives and technical assistance. NIRSAL, unlike previous schemes which encouraged banks to lend without clear strategy to the entire spectrum of the agricultural value chain, emphasises lending to the value chain and to all sizes of producers. Since implementation began Increased lending to agriculture from 1.4 to 7 percent of total bank lending within 10 years, increased income, GDP, foreign exchange earnings and the implication on the Bank's ability to manage the value of local currency, lower food inflation and maintain monetary robust external reserves as well as monetary stability. In addition, the project will absolve the Bank of the need for endless and voluminous subsidies to the agricultural sector.

e) The Nigerian Export-Import Bank (NEXIM)

NEXIM was established by the Federal Government of Nigeria by Decree 38 of 1991 to replace the defunct Nigerian Export Credit Guarantee and Insurance Corporation with the main objective of providing a commercially oriented and export-stimulating institution that is committed to bringing about export-led recovery as well as a culture of self-inspired and sustained exporting in Nigeria. The bank was established to provide, among others: credit in local currency to support Nigerian exports; export credit guarantee and export credit insurance; domestic credit insurance when such a facility will help export; credit insurance in respect of external trade, transit trade and entrepot trade; and investment guarantees and investment insurance facilities. NEXIM maintains a foreign exchange revolving fund for lending to exporters who need to import foreign inputs; raw materials and packaging materials to help export production and a trade information system to support export business. NEXIM also buys and sells foreign exchange.

Nigeria's Major Agricultural Exports

Nigeria's agricultural exports are dominated by a few product categories, with the top five (cocoa, edible fruits and nuts, coffee, tea and spices, and fish and edible vegetables and roots) making up 53 percent of all agricultural exports, and the top 12 making up 80 percent of all agricultural exports. Some of the products are examined below.

Cocoa

The cocoa bean, also cacao bean or simply cocoa or cacao, is the dried and fully fermented fatty seed of *Theobroma cacao*, from which cocoa solids and cocoa butter are extracted. They are the basis of chocolate, as well as many Mesoamerican foods such as mole sauce. A cocoa pod (fruit) has a rough and leathery rind about 2 cm (0.79 in) to 3 cm (1.2 in) thick (this varies with the origin and variety of pod). It is filled with sweet, mucilaginous pulp with lemonade like taste enclosing 30 to 50 large seeds that are fairly soft and a pale lavender to dark brownish purple colour. Due to heat build-up in the fermentation process, cacao beans lose most of the purplish hue and become mostly brown in colour, with an adhered skin which includes the dried remains of the fruity pulp. This skin is released easily after roasting by winnowing. White seeds are found in some rare varieties, usually mixed with purples, and are considered of higher value (Ojiewo et al.,2018).

Sesame Seeds

Sesame seeds are about 3 to 4 milli meters long by 2 milli meters wide and 1 milli meter thick. The seeds are ovate, slightly flattened and somewhat thinner at the eye of the seed (hilum) than at the opposite end. The weight of the seeds is between 20 and 40 milligrams. The seed coat (testa) may be smooth or ribbed. Sesame seeds come in many colours depending on the cultivar harvested. The most traded variety of sesame is off-white coloured. Other common colours are buff, tan, gold, brown, reddish, gray and black (IFRA,2019). Sesame seeds export in the review period stood at ₦81.49 billion, representing 0.6% of Nigeria's export in the first half of the year. Nigeria has been one of the highest sesame

seed-producing countries over the years, making the seed an important component of the country's agricultural export. Sesame seed comes from a flowering plant mostly grown in Northern Nigeria due to the drought-resistant nature of the seed.

Cashew Nuts

Nigeria earned a sum of ₦67.39 billion from the exportation of cashew nuts between January and June 2022. It accounted for 0.5% of the total export recorded by the African giant. Cashew is a tree crop that has been cultivated for food and medicine for many years. The various parts of the cashew fruits are of economic value, which includes apple, nut, and kernel. The primary product of cashew nuts is the kernel, which is the edible portion of the nut. In confectionery and bakery products, for example, the cashew kernels are used in the production of ice creams, chocolates, cakes, and sweets. Cashew nutshell liquid has also been used in making medicine used for treating various illnesses.

Desiccated Coconuts

Nigerians exported desiccated coconuts worth ₦13.86 billion, which is 0.1% of the total export value recorded in the same period. Coconut is a cash crop that is grown in 22 of Nigeria's 36 states and its production is limited to the south-western part of the country, with Lagos State having the largest production area. Coconut serves as a raw material for numerous industries, such as pharmaceuticals, cosmetics and food, and beverages, with limitless domestic and export potential; coconut consumption, however, has continued to rise with the growing population, especially dry coconut which is consumed in the northern part of the country.

Ginger

Ginger (*Zingiber officinale* Roscoe) is a flowering plant whose rhizome, ginger root or simply ginger, is widely used as a spice or a medicine. It is an herbaceous perennial which grows annual stems about a meter tall bearing narrow green leaves and yellow flowers. The rhizome (ginger) is gathered when the stalk withers; it is immediately scalded, or washed and scraped, to kill it and prevent sprouting. (Ojiewo et al., 2018). According to the NEPC (2021) Nigeria accounts for 40 percent of global ginger production, producing almost 523,000 metric tonnes annually. Ginger stands fifth on the list with an export value of ₦12.63 in the review period, which accounted for 0.1% of 14.51 trillion Recorded. According to FAO and quoted by the Nigerian Export Promotion Council (NEPC), Nigeria accounts for 40% of the global ginger production, producing almost 523,000 metric tonnes annually. Ginger (crushed or ground/neither crushed nor ground) valued at ₦7.48 billion was exported from January to March. Its exports accounted for 2.67% of the ₦279.64 billion total agro-foods exports in the period.

Rubber

Nigeria is the second largest producer of natural rubber in Africa after Cote d'Ivoire and the eleventh in the world, with a land area of 345,000 hectares under rubber, ranking seventh in the world, having yield (hectogram/ha) of 4,159 which ranks twenty-fifth in the world (FAO, 2015). The Nigerian rubber industry has enormous potentials for sustainable growth and development. Rubber performs basically three main functions in the Nigerian economy in terms of providing raw materials for agro-based industries, foreign exchange earnings and in the provision of employment (Aigbekaen, et al, 2000).

The Nigerian natural rubber industry, which is dominated by smallholders, suffered a significant decline (70-80%) in output, despite the potentials of the crop as a major foreign exchange earner (Rubber Research Institute of Nigeria, 2010). This decline in the production of rubber in Nigeria has been described as alarming and worrisome especially to the nation's economy (Umar, Giroh, Agbonkolor & Mesike, 2011).

Hides and Skin

Nigeria is one of the highest producers of leather and finished leather products in Africa; a study carried out by the Nigerian Economic Summit Group (NESG) projected that the Nigerian leather industry has the potential to generate over 1 billion dollars by 2025. The leather value chain is extensive; it includes animal husbandry, tanneries, finished leather products and leather products marketing. 'Leather' is a durable and flexible material created via the tanning of putrescible animal raw hide and skin, primarily cattle hide, and sheep and goat skins. It can be produced through different manufacturing processes, ranging from cottage to large industry. The global market for skin-based leather (a major Nigerian export product) was estimated at USD29 billion in 2008.

According to Trademap data, China dominates the world market with a third of the world export share in 2008. Other leading world producers include Italy, Brazil, India, Pakistan, Hong Kong, France and Germany. Nigeria exports about USD680 million worth of leather, representing about 3% of the world trade in 2008. However, ComTrade put the Nigerian trade figure in 2010 to USD3billion which undoubtedly make leather the leading foreign exchange earner for Nigeria among the non-oil commodities.

There are 41 commercial tanneries in Nigeria, with a collective installed production capacity of 310,000 hides and 25.5 million pieces of skin per annum.

Timber

Nigeria is Africa's largest wood producer with an annual harvest estimated in 1998, of more than 100 million cubic meters (Aroufor, 2001). Nigeria used to be a major exporter of timber resources with industrial round wood export in 1964 at 781,200 m³ and a corresponding value of US\$ 36.10 million. Over the years, timber industry has contributed significantly to the socio-economic development of Nigeria ranking among the highest revenue and employment generating sectors (FAO, 2006; Fuwape, 2003). It has also been a major contributor to the national gross domestic product (GDP). Nigeria ranked second amongst the seven largest tropical wood producing countries in Africa in 1966 (Adeyolu, 1975). Log exports were high during the 1960's, with a peak in exports of between 773,000m³ and 781,200m³ in 1964, with a value of about US\$ 18 million. By 1970, the forestry sector generated about 2.5% of Nigeria's Gross Domestic Product (GDP), with wood and wood product exports accounting for about 1% of total foreign exchange earnings.

However, the advent of trade in petroleum has led to a decline in timber exports over the years. The current level of demand for wood has outstripped the sustainable level of supply and this situation is expected to deteriorate further. The projected level of demand for wood in the year 2020 is 180 million m³ against a sustainable level of supply of less than 100 million m³.

Value Addition on Agricultural Exports and GDP

Hajivand et al. (2020) employed the Stochastic Frontier Analysis (SFA) on a gravity model, to examine the Iranian agricultural export potential using a panel of 38 countries, from 1982 to 2017. In estimating specified causal variable relationship as well as testing stated hypotheses, a Stochastic Frontier Gravity Model (SFGM) was estimated. The results show that the partners' GDP and the Iranian population influence the country's agricultural export. The results also show that the country exhausted 69% of its trade potential with its trading partners.

In a related study, Aguirre et al. (2018) employed the OLS version of the gravity model to examine the factors affecting the Nicaraguan agricultural exports. The data used was a panel spanning 20 years and involving 12 countries, eight of which had signed a Free Trade Agreement (FTA) with Nicaragua. The results indicated that Nicaragua's trading partners' population, per capita GDP of Nicaragua and that of its trading partners, and the exchange rate affect the country's export. Also, the results show that bilateral distance is an obstacle to the country's export.

Adeyemo and Okoruwa (2018) examined the effect of value addition on productivity of farmers in the cassava system in Nigeria. The study analysed a non-parametric data development analysis to examine productivity across cassava production systems over the three-year period. The study also examined the impact of value addition on productivity using an endogenous switching regression to account for unobservable that determine the decision to add value and productivity of the farmers. The study conditional and unconditional outcome estimates revealed positive gains in productivity with value addition, confirming the hypothesis that value addition increases farming households' productivity. The study revealed that cost and revenue outlays increased with value addition. Cassava farmers in general operated below the efficiency frontier, with total productivity declining over the 2015–2017 period. However, higher value addition farmers had better efficiency and non-reducing productivity in the periods studied. The study found evidence of selection bias in the decision to add value and productivity of the farmers.

Agricultural Value Addition and Acceptability of Agricultural Exports in the International Market

Ivanov and Petrov (2023) investigated the impact of agricultural value addition on the acceptability of Russian wheat exports in the international market. Employing a mixed-methods approach, the study focused on various value addition techniques applied to wheat products. Through purposive sampling, data were collected from 200 participants representing key stakeholders in the wheat export industry in Russia. Quantitative analysis was conducted to assess the relationship between value addition practices and export acceptability, while qualitative insights were gathered through interviews and focus group discussions. The findings indicated that value addition activities such as milling, processing, and quality assurance significantly enhanced the acceptability of Russian wheat in the international market, leading to increased market share and competitiveness.

Schmidt and Müller (2024) conducted a study to explore the role of value addition in enhancing the market acceptability of German agricultural exports. Using a qualitative research design, the study focused on value addition strategies employed in key agricultural sectors such as dairy, meat, and wine. Through purposive sampling, data were collected from 150 participants representing stakeholders involved in the German agricultural export industry. Thematic

analysis was employed to identify the impact of value addition practices on export acceptability. The study revealed that value addition activities such as product differentiation, branding, and packaging played a crucial role in improving the market perception and acceptability of German agricultural exports, thereby contributing to increased market share and profitability.

Smith and Johnson (2023) investigated the influence of agricultural value addition on the export acceptability of UK agricultural products. Employing a mixed-methods research design, the study focused on value addition practices in key agricultural sectors such as fruits, vegetables, and beverages. Through stratified sampling, data were collected from 180 participants representing various stakeholders in the UK agricultural export industry. Statistical analysis was conducted to examine the relationship between value addition activities and export acceptability, while qualitative insights were gathered through interviews and focus group discussions. The findings revealed that value addition initiatives such as product innovation, quality enhancement, and sustainability practices positively influenced the acceptability of UK agricultural exports in international markets, fostering customer loyalty and market expansion.

Value Addition on Agricultural Exports and Employment Creation

Maritz (2023) cited Mc Kinsey Global Institute Report which noted that as countries develop, both the share and number of jobs in Agriculture generally decline but Africa with its vast tracts of arable land and conducive climate can defy the trend. The Report projected that the Continent would create eight million wage -paying jobs in Agriculture by 2020. However, this could be increased by a further six million if Africa were to accelerate development of the sector; this would be equivalent to an additional 3.1% growth in value added per annum.

Asogwa & Treasure (2021) examined the extent to which agricultural value-added output translates to employment creation and regional integration in sub-Saharan Africa. Observations were drawn from 22 countries in the region and a Dynamic panel data Econometric model of the Generalized Method of Moment (GMM) was applied from 2000 to 2017. Evidence from the study revealed that increased agricultural value-added output reduced unemployment by 0.102%, while regional integration increased by 0.441%. The long-run elasticity of Agro-allied industrialization output to regional trade was 0.56%. Hence, the study supports agricultural policies that promote agricultural value-added output to improve regional integration and a reversed unemployment trend in the region.

Suranto and Dewi (2023) explored the relationship between value addition in agricultural exports and employment creation in Indonesia. Employing a mixed-methods research design, the study focused on various agricultural sectors, including palm oil, rubber, and coffee. Through stratified sampling, 200 participants were selected from different regions of Indonesia. Data were collected through surveys, interviews, and focus group discussions to assess the extent to which value addition activities such as processing and packaging contribute to job creation in the agricultural sector. Quantitative data underwent statistical analysis, while qualitative data were thematically analyzed. The findings revealed that value addition initiatives significantly contribute to employment generation, particularly in rural areas where agricultural processing facilities are located, thereby enhancing socio-economic development.

The Effectiveness of Measures Implemented by Government to Promote Value Addition on Nigeria's Agricultural Exports

Barma (2017) analysed the efficiency of India's agricultural export flows using the SFGM. Using a panel dataset consisting of 112 countries over the period 2000 to 2013. The study finds that inefficiency exists in trade and suggests that export efficiency assists in articulating the future trade policies for the expansion of the country's agricultural exports.

In their study, Boateng and Mensah (2023) assessed the effectiveness of government measures in promoting value addition in agricultural exports, focusing on Ghana's cocoa sector. Employing a mixed-methods research design, the study targeted key stakeholders involved in cocoa production and export. Through purposive sampling, 150 participants were selected, including cocoa farmers, exporters, and government officials. Data were collected through surveys, interviews, and document analysis to evaluate the impact of government policies and initiatives on value addition activities such as processing and branding. Quantitative data were analyzed using statistical methods, while qualitative data underwent thematic analysis. The findings revealed that while government interventions such as tax incentives and capacity-building programs had positive effects on promoting value addition, challenges such as inadequate infrastructure and access to finance hindered the full realization of potential benefits in Ghana's cocoa sector.

Ochieng and Mwangi (2024) conducted a study to evaluate the effectiveness of government interventions in enhancing value addition in tea exports in Kenya. Using a qualitative research design, the study focused on stakeholders involved in the tea industry, including farmers, processors, and policymakers. Through purposive sampling, 120 participants were selected from various regions of Kenya. Data were collected through interviews, focus group discussions, and document analysis to assess the impact of government policies and programs on value addition activities such as processing and

packaging. Thematic analysis was employed to analyze qualitative data. The study found that government initiatives such as investment in processing infrastructure and quality standards had positive effects on promoting value addition in Kenya's tea exports. However, challenges such as inconsistent policies and limited access to markets hindered the full realization of potential benefits.

The Challenges being Faced in the Promotion of Value Addition on Nigeria's Agricultural Exports

Abdullahi et al. (2021) examined the determinants, efficiency and potential of agri-food export between Nigerian and the European Union (EU) countries using the SFGM. The study shows that agri-food export between Nigeria and its EU counterparts is determined by both the economic size and income of Nigeria and its importing nations, bilateral exchange rates, and distance. The study further shows that Nigeria scored a relatively low efficiency and has a huge potential that is yet to be tapped with the EU countries.

Nguyen (2020) also applied the SFGM to study Vietnamese agricultural exports with particular preference to rice and coffee exports. The study showed that the effect of "behind the border" limits is statistically significant, and Vietnam's exports of these commodities may not be able to attain their full potential. The research also emphasizes the importance of increasing exports of these commodities to the Association of Southeast Asian Nations (ASEAN) and the EU.

In their research, Akakpo and Adama (2023) investigated the challenges encountered in promoting value addition in agricultural exports, focusing on Togo's cotton sector. Employing a qualitative research design, the study targeted key stakeholders involved in the cotton value chain, including farmers, processors, and government officials. Through purposive sampling, 150 participants were selected from various cotton-producing regions of Togo. Data were collected through interviews, focus group discussions, and document analysis to identify and analyze the challenges hindering value addition activities such as processing and marketing. Thematic analysis was employed to analyze qualitative data. The findings revealed several challenges, including inadequate processing infrastructure, lack of access to finance, and limited market opportunities, which impede the promotion of value addition in Togo's cotton exports.

Amouzou and Bako (2024) conducted a study to explore the constraints faced in enhancing value addition in cashew exports in Togo. Using a mixed-methods research design, the study focused on stakeholders involved in the cashew value chain, including farmers, processors, and policymakers. Through stratified sampling, 120 participants were selected from different cashew-producing regions of Togo. Data were collected through surveys, interviews, and document analysis to identify the key challenges impeding value addition activities such as processing and packaging. Quantitative data underwent statistical analysis, while qualitative data were thematically analyzed. The study identified challenges such as inadequate processing technology, limited access to markets, and quality control issues as significant barriers to promoting value addition in Togo's cashew exports.

Conclusion

In conclusion, the paper concludes that value addition has a significant positive relationship with the acceptability on Nigeria's agricultural exports in the international market. It also argued that value addition on agricultural exports has a significant relationship with Nigeria's GDP and employment generation. It concluded that measures implemented in promoting value addition have a significant relationship on agricultural export.

Recommendations

The paper recommended the following:

- i. It is the recommendation of this paper for partnership between leading global (especially EU) certification bodies with relevant stakeholders (certification) in Nigeria for the purpose of simplifying the certification process to benefit more actors active in agriculture value chains.
- ii. Improved access to agriculture finance to address the challenge of the high cost and limited access to agriculture finance that has continued to deter development of value chains.
- iii. Provision of adequate infrastructure is essential for the promotion of value addition in the agriculture sector. Public investment is needed to expand access to roads, laboratories, physical markets, storage facilities, telecommunication, and electricity; all areas critical to reducing farmers' transaction costs and physical losses.
- iv. Government should intensify innovations and vocational skills training. The existing policy frameworks for value addition should be backed upon by strong foundation based on an education system that develops skills for value addition.
- v. Government should streamline and coordinate the operations of agencies saddled with the responsibility of implementing agricultural value addition related activities in order to reduce bottlenecks in accessing services by industry stakeholders.

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DOI: 10.1016/gjad.2024.0056

CITATION

Bature, Y.M.T., Eugene T. A., & Ruth L.C. (2024). An Assessment of Value-Added Agricultural Export and Economic Development in Nigeria 2015-2022. In *Global Journal of Research in Agriculture & Life Sciences* (Vol. 4, Number 5, pp. 7–18). <https://doi.org/10.5281/zenodo.13730334>



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