Nigeria's Economic Diversification: Can the Renewed Hope Agenda Deliver Sustainable Growth?

By

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Introduction

The Nigerian economy after independence in 1960 was agrarian-based. The three federating regions were notable for export produce such as cocoa for the western region, groundnut for the northern region and palm kernel and rubber for the eastern region. The oil boom of the 1970s, changed the dynamics of the economy with the inflow of Petro-dollars into the coffers of the country. With the overwhelming wealth, a one -time Head of State General Yakubu Gowon publicly stated that money is not the problem of Nigeria but how to spend it (Alausa-Issa, 2023). The extravagant expenditure and award of jumbo salaries to government workers disrupted the agrarian-economy and systematically kick-started a mono-economy. The flow of oil wealth compelled most people to leave the hinterland to the urban centres in search of white-collar job and government contracts. Ever since, the Nigerian economy translated to dependence on crude oil export accounting for 90% foreign exchange earning (Olawin, 2025). However, this dependence has proven to be a double-edged sword, leaving the nation vulnerable to global oil price volatility, environmental challenges, and in a world transitioning toward renewable energy the shortfall in the export earnings from crude oil has worsened the economic condition of the country. Against this backdrop, the administration of President Bola Ahmed Tinubu unveiled the "Renewed Hope Agenda," a policy framework aimed at diversifying Nigeria's economy and fostering sustainable growth (Abaji, 2025). But can this plan succeed where previous efforts have faltered? This article explores the ongoing efforts, policies, challenges, and prospects of Nigeria's economic diversification and sustainable economic growth.

Nigeria and Oil Curse Economy

The discovery of oil in Nigeria happened in the 1950s but earning from exploration at the time was complimentary to the dominant agricultural products such as cocoa, groundnut, palm kernel and rubber produced mainly in the Western, Northern and Eastern regions respectively.

However, the oil boom of the early 1970s changed the dynamics of the Nigerian economy as most of the other sectors were neglected as Nigerian economy increasingly became reliant on income from crude oil sales.

The sudden flow of oil wealth under a leadership that lacked vision, created the avenue for corruption, wastages and mismanagement (Oyedeji,2022). An over bloated administration is one area of mismanagement, the three federating regions at independence, became split into a federation of thirty-six states and seven hundred and seventy-four local government councils, consequently making the cost of recurrent budgets of the various governments high. This structure has also become avenues of siphoning moneys from government coffers into private hands

The huge amount of money the country made from sales of crude oil, has not reflected in the development of the country. Unfortunately, successive leaders of Nigeria resort to borrowing to supplement dwindling income following the oil glut of the 1980s. Inability to manage the debt, made it difficult for Nigeria to have a healthy economy. A large chunk of government revenue goes into debt servicing. As such continuing on this economic trajectory of mono-economy that depends on sales from 'crude oil' is unsustainable. This realization that the Nigerian economy needs to be diversified is recognised by previous administrations. They have tried without success before the Bola Ahmed Tinubu came to power on May 29, 2023 and immediately started implementing series of economic policies under what he termed 'Renewed Hope Agenda'.

The Case for Diversification

The need for economic diversification in Nigeria is undeniable. The oil sector, while lucrative, employs less than 1% of the workforce and has done little to address the country's staggering unemployment rate, which stood at 33.3% in 2023 according to the National Bureau of Statistics. Moreover, oil revenues have not translated into broad-based prosperity, with over 40% of Nigerians approximately 83 million people living below the poverty line as of 2024. Periodic oil price crashes, such as those in 2014 and 2020, have exposed the fragility of this mono-economy, plunging the country into recessions and straining public finances.

Diversification offers a pathway to resilience. By investing in agriculture, manufacturing, technology, and renewable energy, Nigeria could create jobs, boost local production, and reduce its exposure to external shocks. The potential is vast: Nigeria boasts a youthful population of over 200 million, fertile arable land, and a growing tech ecosystem, exemplified

by startups like Flutterwave and Andela. Yet, translating this potential into tangible growth requires overcoming entrenched structural challenges

The Drive Towards Diversification

Like stated earlier, the drive for diversification of the Nigerian economy did not start with the current administration of Bola Ahmed Tinubu but there are unique policies that can be attributed to the administration to achieve the objective of reducing Nigeria's overreliance on crude oil sales. Key areas of focus include:

Agriculture: Before the advent of crude oil as the main earner of foreign exchange for the country, agriculture was the main stary of the economy. Though abandoned by successive administration because of the inflow of crude oil wealth, agriculture remains a huge potential in the drive for a diversified Nigerian economy. With vast arable land and a growing population, agriculture remains a strategic sector for Nigeria. Successive government including the Tinubu administration has embarked on increasing investment in mechanization, irrigation, and value-chain processing to boost productivity. One of such programs is the "Presidential Fertilizer Initiative". This is an incentive for local food production that aims at reducing imports and enhance food security in the country. But to what extent have this initiative gone in not only enhancing food security by reducing importation of food but also increasing export earning for the country? To the credit of the administration, Nigeria's export earnings from agriculture increased in the Tinubu administration (Nnodum, 2024). However, in naira terms the increase did not necessarily be coming from any extra ordinary initiative of the current administration but can be attributed to the plummeted naira exchange rate of the country's (Olayemi, 2024).

Technology and Digital Economy: This is an area in which many analysts believe that the country has potentials to diversify its economy, given the fact that the country population is young and mobile (Edeh, 2025). The Bola Ahmed Tinubu administration recognising that this sector holds potentials for growth of the Nigerian economy, has nurtured policies and interventions in the sector by supporting tech hubs, expanding broadband access, and encouraging fintech growth with initiatives like the "Nigeria Startup Act" (Malix, 2024). The Nigerian Startup Act is an initiative of the presidency to provide an enabling environment aimed at unlocking the potentials of Nigeria's digital economy through a well-crafted regulation. The legal framework was aimed at creating an environment that supports young entrepreneurs and tech investors to showcase their talents by establishing businesses that will not only position Nigeria as Africa's leading digital technology hub but incubate skilled

innovators that will drive exportation of their expertise. Though Nigeria has witnessed growth in the financial technology sector in the recent times, this initiative is consolidating growth in the sector under the administration of Tinubu (Ogurinde, 2024)

Manufacturing and Industrialization: The process of de-industrialisation in Nigeria that has led to closure of many industries particularly the manufacturing sector can be traced back to decision of past administration's implementation of structural adjustment programme of the International Monetary Fund (Hundeyin, 2022). The devaluation of the naira and liberalization of trade, not only made industrial inputs and spare parts expensive but the country became a dumping ground and most local industries could not survive. Even the companies that manged to survive the harsh economic situation by adopting creativity were further exposed to challenges with the administration's police on currency floatation, thereby multiplying the cost of production and at the same time reducing the purchasing power of the people. The consequences are the disturbing report by one Dr. Segun Omisakin, Director of Research at Nigerian Economic Summit Group, that Nigeria recorded 94 trillion-naira losses due to the policies of the government of Tinubu leading to over 7.2 million businesses shutting down in the country (Sahara Reporters, 2025). However, the government claims that the efforts of the administration have attracted $30 billion investment into the country in just one year (Vanguard News, 2024) On the contrary, a report by the International Centre for Investigative Reporter, listed over ten multinational companies that operated for many years in the country but exited within the first year of the Tinubu administration (Quadri, 2024). In spite of these facts, the administration believes strongly that the reforms they have embarked upon is yielding fruits and that the economy would have been worse off if not for the reforms (Akpan, 2025). They claim that efforts are being made to promote local industries through policies such as the "Renewed Hope Infrastructure Fund," which supports industrial parks, special economic zones, and local production (Ailemen, 2024). The government also aims to reduce reliance on imported goods and boost exports. Though the claims of the administration on attempt it has made to diversify the economy cannot be totally faulted, the results and impact on lives of citizens are not yet glaring.

Challenges to Economic Diversification

The attempts of Tinubu administration to diversify the Nigerian economy is not new as previous administrations have attempted without success. The reasons for the failures to attain the objective are not farfetched. Some of the obstacles that hinder progress include;

Inflation and Exchange Rate Volatility: Efforts by successive governments in Nigeria has always been hampered by the volatility of the country's currency which started in 1986 when Nigeria adopted the World Bank recommended 'structural Adjustment Programme'(Okwudili, 2023). The systemic depreciation of the naira and the managed exchange system over the years has continually weakened the naira. The floatation by the Tinubu administration in 2023 allowing market forces of demand and supply to determine the value of the naira was so sudden and unexpected by businesses in the country (Bluebulb Financials, 2024). The astronomical rise in the cost of production and weak purchasing power has made it difficult for the policies of the administration to diversify the economy to take shape. The depreciation of the naira and rising inflation pose risks to businesses and consumers (Olawale, 2024).

Infrastructure Deficits: The huge infrastructural deficit besetting Nigeria is infrastructural deficit which Nigerian leaders failed to solve with the oil wealth and resources that have flowed into the coffers of Nigeria. Such infrastructural deficit is reflected in poor road networks, inadequate power supply, and logistic constraints which limits industrial and agricultural productivity (Chijindu, 2021). Apart from the facts that the road network is insufficient, the existing ones that connects the various part of the country are in disrepair. Trucks that convey agricultural products from the hinterland to the cities or ports get stuck in the muddy unpaved roads and most times get spoiled. On many occasions, tankers conveying fuel falls a spills content that have killed many Nigerian road users. Rail network that can help smooth transportation of good are virtually non-existent in Nigeria. For a long time, the country has not improved on what colonial administrators left behind. Beside the transport sector, the energy sector, particularly power supply has remained stagnated for many years contributing significantly to high cost of doing business in Nigeria. Attempt at increasing the national grid has not made much progress and it is on record that the National Grid has continued to collapse every now and then, making it difficult for business to rely on alternative sources of power that makes cost of production astronomical (Edeh, 2025). Even the guided removal of subsidy by the administration of Bola Ahmed Tinubu by the introduction of Band system seem not to guarantee steady supply to the priority consumers as categorised the ministry of power (Edeh, 2025).

Security Concerns: Insecurity has ravaged Nigeria since 2009 starting with the Boko Haram insurgency in the northeast region of the country (Reuters, 2021). The insecurity has systematically degenerated to almost every part of Nigeria with banditry in the northwest, farmer-herder conflicts in the north central and separatism and kidnapping in the southeast and southwest regions of Nigeria (Akingbohungbe, 2024). The widespread security situation has

led to disruption of economic activities, particularly in the agricultural sector (Akingbohungbe, 2024). Manufacturing, extractive industry and supply chain businesses are hampered making the effort of the administration and its policies on diversifying the economy difficult. Even the production of oil is affected by militancy in the creeks with destruction of oil pipelines limiting the flow of crude oil and Nigeria's inability to even meet the quota of Organisation of Petroleum Exporting Countries (OPEC) with dire consequences on the need financial outflow to implement the diversification ideas.

Policy Inconsistency: Frequent policy shifts and regulatory uncertainty have contributed in deterring long-term investment that can boost the effort of government to diversify the Nigerian economy (Fashina. 2025). This has been the bane of many administrations in Nigeria including the Tinubu administration (Elebeke, 2025). For instance, when the government announce that it has stopped subsidy, the Nigerian National Petroleum Company was for many months after that scrumptiously paying subsidy (Aduloju , 2024). This of course kills the trust of would-be investors in the country.

The Renewed Hope Agenda: A Blueprint for Change and Sustainable Growth?

The Renewed Hope Agenda launched in 2023 is President Tinubu's flagship economic strategy, to pivot Nigeria away from oil dependency toward a more diversified and inclusive sustainable economy (Abaji, 2025). The agenda outlines eight priority areas, including food security, job creation, infrastructure development, and industrialization. Key initiatives include revitalizing agriculture through subsidies for farmers, improving power supply to support manufacturing, and fostering a digital economy to harness the creativity of Nigeria's tech-savvy youth (Abaji, 2025). The boldest move of the Tinubu administration was the removal of fuel subsidies in May 2023, a policy aimed at freeing up funds for investment in non-oil sectors. The government argues that the billions of dollars previously spent on subsidies estimated at $10 billion annually can now be redirected to critical areas like healthcare, education, and infrastructure (Onogu, 2025). Additionally, the agenda emphasizes public-private partnerships to drive investment in renewable energy and agro-processing, sectors seen as linchpins of sustainable growth.

Notwithstanding the difficulties, there are signs of progress by the administration. In 2024, the government reported a 15% increase in agricultural output, driven by improved access to fertilizers and mechanized farming equipment (Feyisola, 2025). The tech sector continues to thrive, with foreign direct investment in Nigerian startups reaching $1.2 billion in the past year, according to industry reports (The Bureau, 2025). Meanwhile, efforts to unify the country's

multiple exchange rates have begun to stabilize the naira, making Nigeria more attractive to investors. However, the road to diversification is still long. The subsidy removal, while fiscally prudent, sparked inflation, with prices soaring by over 30% in 2024, eroding purchasing power and triggering widespread discontent. Infrastructure deficits such as unreliable electricity and poor transportation networks continue to stifle manufacturing and trade. Corruption, a perennial issue, threatens to siphon off funds earmarked for development projects, while insecurity in northern Nigeria hampers agricultural productivity.

Conclusion

For most part of post-independent Nigeria, the economy has been depending on inflows from crude oil. The attempts by successive governments to diversify the economy has not succeeded due to the entrenched fundamentals of the economy. Year after the year budgets of the various governments is tied to projected international price of crude oil, thereby tying the economy to the vagaries of the market. The Renewed Hope Agenda of President Bola Ahmed Tinubu is aimed at broadening the base of the economy and make it sustainable. Two years after, though there have been some tangible results that indicate semblance of success however, the interplay of subsidy removal and floatation of the currency are negatively impacting the economy, making living conditions for the citizens harder, thereby putting pressure on the government to slow down on the reform which makes the situation of breaking dependency on oil is far-fetched,

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