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Is Agriculture still the Mainstay of Rural Economies? Insights from Ultra-Poor Households in North-central Nigeria

ABSTRACT

Aims: Nigeria may be facing aging and decline in the population engaged at food production nodes, posing huge challenge to agri-food systems with poverty at risk of deepening. Current trend in rural-urban migration and occupational mobility raises the open question of: “Is agriculture still a mainstay of rural economy, playing reliant roles in income and employment generation for the ultra-poor in Nigeria rurality?”. Understanding this is important because structural changes to agricultural workforce in Nigeria have far-reaching implications on food security, welfare, and poverty. We sought to unfold the dynamics of agriculture as a business among ultra-poor rural households in North-Central Nigeria. First, we investigated engagements of ultra-poor rural households in agriculture. Secondly, we examined their level of commercialization. Lastly, we investigated determinants of ultra-poor’s market participation and its intensity.

Study design: This study used quantitative primary data collected in surveys and qualitative data generated from focus group discussions.

Place and Duration of Study: The study was carried out in three states in North-central Nigeria viz: Kwara, Kogi, and Niger with data collected and analyzed between 2020-2022.

Methodology: We randomly selected 1588 households (out of 60,427 households) from the “Single Register of the Ultra-poor” operationalized on a World-Bank-Assisted Conditional Cash Transfer (CCT) programme. We analysed data using descriptive statistics, Household Agricultural Commercialization Index, and Double-Hurdle Model.

Results: Only about 18.7% of the ultra-poor households were primarily engaged in agriculture with the focus group highlighting conflicts issues from indiscriminate grazing activities as reason for the abandonment. Determinants of market participation and intensification include: (-) household dependency ratio, distance to markets, (+) linkage to market agents, access to mechanization and input market, CCT-beneficiary status, and farm size ($p < 0.05$).

Conclusion: Involvement in primary agricultural production is declining in Nigeria. We recommend a boost to infrastructural development of the rurality to support agricultural transformation and attractiveness to the next wave of youths.

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Keywords: agriculture, agricultural commercialization, double-hurdle, single register, ultra-poor

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1. INTRODUCTION

Agriculture is established in literature as a mainstay of the rural economy and considered subsistence in practice. Its role as an income and employment source for the poorest and vulnerable remains notable. With the recent trend of rural-urban migration and occupational mobility, the acclaimed role of agriculture in rural economies has become a subject of doubt, needing scrutiny especially among the very poor. Structural changes to agriculture and its

23 workforce in Nigeria have far-reaching implications on food security, employment, and
24 poverty with such changes having potentials to disproportionately affect rurality given their
25 underlining low-income levels.

26 Nigeria has the highest number of extremely poor people in the world [1] [2] with a growing
27 poverty rate and widening income inequalities. Recent statistics [3] puts rural population in
28 Nigeria at 47.25% and this rural economy is characteristically different from the formal
29 economy. The rural individual is potentially more vulnerable to natural hazards and involved
30 in riskier ventures.

31 The International Labour Organization [4] estimates that in developing and emerging
32 countries, over 80 per cent of the poor live in rural areas. Poverty in Nigeria is pervasive
33 although the country is rich in human and material resources that should translate into better
34 living standards [5]. The International Monetary Fund [6] holds that poverty remains high in
35 Nigeria, severe in rural areas, where up to 80 per cent of the population live below the
36 poverty line, with limited social services and infrastructure and more often, financially
37 excluded. About 90 per cent of Nigeria's food is produced by small-scale farmers who
38 cultivate small plots of land and depend on rainfall rather than irrigation systems and
39 dwelling mostly in rural areas [7]. Given their poor and vulnerable state, many in the rural
40 communities are unable to improve their productivity on the farm, handle shocks such as
41 flooding, drought or any inclement weather element, all resulting in reduced output. Nigeria
42 population is increasing [8] and this becomes particularly concerning because the
43 agricultural labour force that has been known to be concentrated in the rural areas is on the
44 decline.

45 For instance, a study carried out by [9] in Southwestern Nigeria revealed that youth from
46 poorer households are becoming less engaged in agriculture, leaving agriculture for non-
47 agricultural jobs (occupational migration), and migrating from rural to urban areas. This
48 suggest that Nigeria may be facing the precarious situation of aging as well as decline in the
49 population engaged at the food production nodes, both of which poses huge challenge to the
50 agri-food systems and economic development with poverty at risk of deepening in the
51 rurality.

52 We carried out this research to unfold the dynamics of agriculture as a business among the
53 ultra-poor rural households in North-Central Nigeria. First, we investigated the engagements
54 of ultra-poor rural households in agricultural activities in a foundational step towards
55 validating or updating the age-long belief of agriculture being the mainstay of rural
56 economies in Nigeria. Secondly, we examined the level of agricultural commercialization
57 among these ultra-poor rural farming households in the study area. Thirdly, we examined the
58 determinants of market participation and its intensity among the ultra-poor rural farming
59 households. Lastly, we investigated the marginal effect that individual determinants may
60 have on the intensity of crop commercialization irrespective of the farm household's
61 marketing decision.

62 This research is premised on the von Thunen's location theory [10] which states that if
63 environmental variables are held constant, then the farm product that achieves the highest
64 profit will outbid all other products in the competition for location. This theory suggests two
65 basic models which are that: the intensity of production of a particular crop decline with the
66 distance from the market whereas the type of land use will also vary with the distance from
67 the market. This research is justified by the need to have empirically driven policy discourse
68 that are targeted to building resilience in agri-food systems in the face of myriads of
69 problems that agriculture face ranging from changing climate to declining agricultural
70 workforce.

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2. LITERATURE REVIEW

Nigeria's economic trajectory mirrors that of a developing nation. Initially reliant on a struggling agricultural sector, Nigeria experienced a significant shift in the 1970s towards a more prosperous economy driven by oil. However, the country's development has been hindered by its heavy dependence on the oil and gas industry. With crude oil exports being the main revenue and foreign exchange source, Nigeria remains exposed to fluctuations in oil prices. Over the last decade, the primary sector, notably oil and gas, has overwhelmingly influenced the GDP, representing more than 95% of export earnings and close to 85% of government revenue [11], [12]. Agriculture emphatically contributed to the Nigerian economy during the pre-colonial, colonial, and post-colonial era. However, its contribution to the growth of the nation's Gross Domestic Product (GDP) has been dwindling in recent times due to over-dependence of successive administrations on oil since its discovery [13] [14].

According to [15], the critical need to diversify the nation's economy cannot be overstated, especially considering the volatile and shifting global oil prices. Diversification is necessary to reduce the country's sensitivity to macroeconomic risks, such as production drops, demand and price declines, and reserve exhaustion. Evidence exists that agriculture and allied activities, along with the tertiary production chain sectors, have the potential for faster growth and development. This is due to their long-term sustainability and their suitability as reliable alternative sources of revenue, especially with respect to the global decline in oil prices and the impact of insurgencies on the mineral resources and secondary production sectors of the Nigerian economy. This hence necessitates an urgent call for action toward enhancing physical, fiscal, and monetary policies to strengthen the potential of agriculture and the tertiary sectors for sustainable development [16].

The potential of agriculture in a developing economy cannot be overemphasized. For instance, studies have shown that agricultural productivity was a significant driver of the financial sector in Nigeria. Given the potential of agriculture, it becomes important to leverage it in a manner that culminates in it stimulating financial sector's sustainable growth in Nigeria [17]. Nigeria is a developing country, with significant population in the rural areas. The agricultural activities rest on the smallholder farmers who experience slow growth in agricultural and food production. This has resulted in growing food imports and food insecurity.

Over time, the dynamics of the economic policies have shifted, from agricultural sector to manufacturing sector and now focused on oil sector. As a nation, the reliance of Nigeria on the petroleum sector has pushed agriculture to the background. According to [18], Nigeria has reached a very critical point in agriculture and food security which is linked to the nation's poor human capital development, the inattention given to infrastructure development, productive inputs technical and vocational education and corruption. If properly harnessed, Nigeria could leverage agriculture as the gateway to several desired ends which includes poverty reduction, rural transformation, employment and income generation, food security, and improved national health profile of the populace [18].

Nigeria, a significant crude oil producer and key member of OPEC, plays a vital role as a trade partner with many developed nations. As long as crude oil remains essential for global economies, Nigeria's financial stability is assured. However, if alternative energy sources become more popular and cost-effective, Nigeria's reliance on oil could lead to economic collapse and instability. Despite efforts to revive agriculture, the country's economy remains heavily dependent on oil revenue, making diversification challenging due to the substantial profits involved and potential influence of colonialist interests in Nigeria's oil-rich regions [19].

124
125 Agreeably, agriculture plays a crucial role in the Nigerian economy, offering significant
126 potential to tackle the country's challenges in achieving food security and poverty
127 eradication. Food security presents a notable development obstacle, impacting health,
128 poverty levels, and livelihoods. Achieving food security is a key global challenge, as the
129 absence of it can have devastating effects on any economy [20]. Despite the ongoing
130 initiatives by the global development sector to achieve the "zero hunger" and "food and
131 nutrition security" goals outlined in the 2030 Agenda, there remains a significant level of food
132 and nutrition insecurity on a global scale. Nigeria has experienced food deficits of up to 20%
133 in 1980 and 40% in 2023, as highlighted by the 2023 Global Hunger Index ranking Nigeria
134 109th out of 125 countries. The rising food costs, malnutrition rates, and fatalities linked to
135 pervasive poverty emphasize the severity of food insecurity in Nigeria [21].
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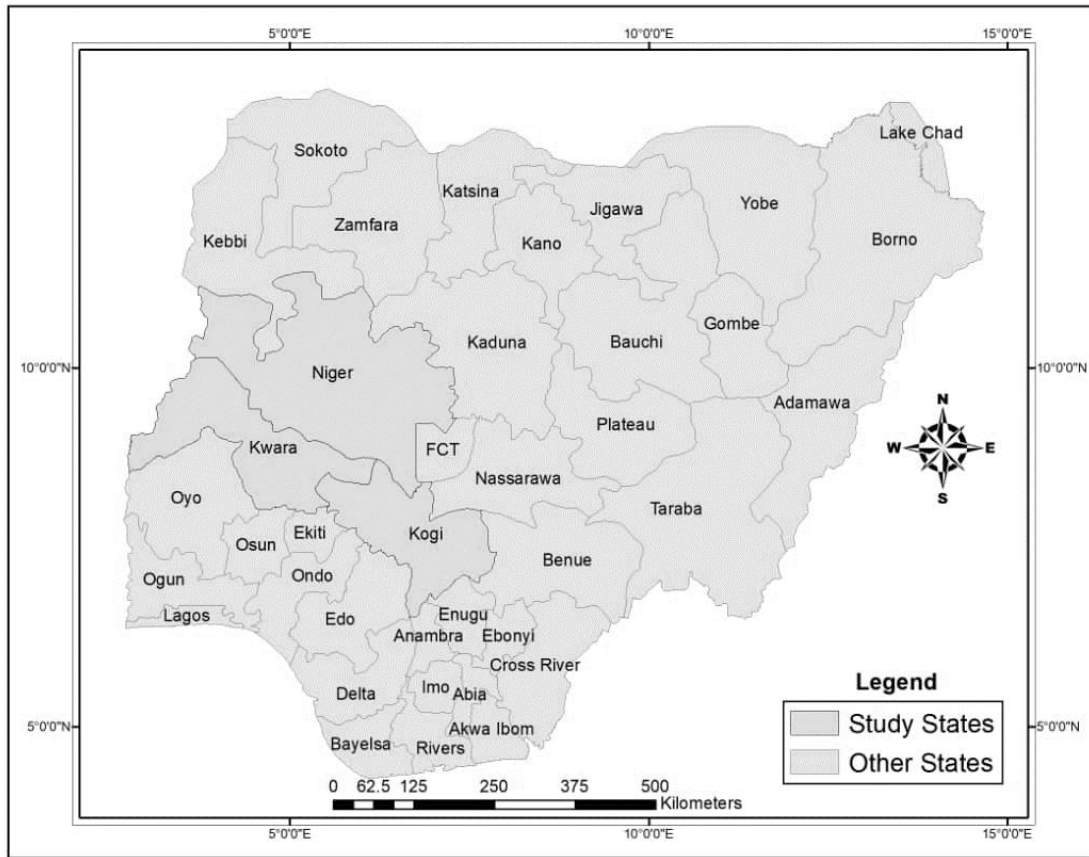
137 Nigeria is generally endowed with abundant agricultural resources and yet the population is
138 facing the problems of low productivity and food insecurity. This results from poor access to
139 modern input and subsistence nature of the farming system [22]. Although there is a low
140 level of agricultural commercialization in Nigeria, it has been observed that the infusion of
141 agricultural commercialization interventions has proven to have positive results in the past
142 [23].
143

144 The ongoing promotion of agricultural commercialization among small-scale farmers is a key
145 strategy for effectively reducing rural poverty to a favorable level, thereby supporting the
146 attainment of the Sustainable Development Goals. It is crucial to recognize that various
147 stakeholders, such as international development organizations, governments, research
148 institutions, and non-governmental organizations (NGOs), consider agricultural
149 commercialization as a fundamental step towards achieving broader economic development
150 objectives. Enhanced commercialization results in increased average incomes for farmers,
151 leading to reduced income disparities within the farming community. Consequently, it can be
152 inferred that commercialization holds the potential to enhance the income and food security
153 status of smallholder farmers [24]. Despite this, agriculture in Nigeria continues to operate at
154 a predominantly small-scale level with majority of the farmers unable to scale up on their
155 activities. The dynamics of the agricultural workforce in Nigeria raises more concerns as the
156 country continue to grapple with food crisis. There remain unanswered fundamental
157 questions which presents a gap in literature as to the state of the agricultural workforce in
158 Nigeria and their activities.
159

160

161 **3. METHODOLOGY**

162 This study was carried out in the three (3) states in North-Central Nigeria where, according
163 to the Youth Empowerment and Social Support Operations (YESSO)World Bank report[25],
164 Conditional Cash Transfers (CCT) initiative has been embraced and fully operational. These
165 include Kwara, Kogi, and Niger States (presented in Figure 1). This piece of information is
166 important in that the beneficiaries of this cash transfer initiatives are the "*ultra poor*" as
167 driven by their selection process described hereafter.
168



169

170 *Author's design*

171

Figure 1: Map of Nigeria showing the study area

172

173 YESSO piloted the creation of a Single Register for the poor and vulnerable households in
 174 the country – across various states [25]. The Single Register is a list methodologically
 175 compiled by the Youth Employment and Social Support Operation (YESSO). It is the
 176 database of the Youth Empowerment and Social Support Operations (YESSO), designed as
 177 a Social Safety Nets initiative by the World Bank and the Presidency.

178 As part of the efforts towards poverty alleviation in the country, the YESSO approach was
 179 birthed having clear dictates of creating a Single Register that is based on location specific
 180 definition of poverty. This approach uses a Community-Based Targeting method for
 181 identification of the poor and vulnerable within the locality. The outcome provides a database
 182 of community-identified and community-ranked poorest households containing relevant
 183 socioeconomic information on individuals in the households as well as the asset base of the
 184 households.

185 The States used the Single Register in selecting the eligible beneficiaries for various social
 186 safety nets interventions. As at the time of primary data collection in 2020, the total number of
 187 beneficiaries selected the Single Register in Kwara, Niger, and Kogi States was 60,427 out
 188 of which 58,289 were found to belong to the rural stratum. We utilized the Taro Yamane's

189 sample size determination technique (highlighted in Eqn.1) to calculate the sample size
190 required from the population:

191

$$n = \frac{N}{1 + N(e^2)} \dots \dots \dots (Eqn. 1)$$

192

193 Where N is the population size of CCT beneficiaries in the single register and *e* is the level of
194 precision (set at 0.05). The total sample size arrived at was approximately 397 individuals
195 whom were beneficiaries of CCTs. Essentially, our interest was in both ultra-poor rural
196 households that were benefiting from CCTs social safety net programmes and those that
197 were non-beneficiaries. We therefore selected a multiple of three of non-CCT beneficiaries
198 as the number of beneficiaries which gave 1191 in addition to 397 CCT-beneficiary to give a
199 total sample size of 1588 households - the determining criterion basically being their
200 enlistment in the Single Register as Ultra poor households in the communities. Our selection
201 of beneficiaries and non-beneficiaries of CCT avails us more robust analysis that adds
202 insight to the research.

203

204 Following the determination of the appropriate sample size, random sampling technique was
205 employed to select respondents through a computer-generated pool draw. The selected
206 households were thereafter communicated in a tracing exercise through the support of the
207 YESSO coordinators within-localities. We used a mixed research approach in combing and
208 scooping the generation of primary data through qualitative and quantitative surveys. The
209 data analysed were hence collected qualitatively and quantitatively. We gathered primary
210 data with semi-structured questionnaire administered through Computer-Assisted Personal
211 Interview on the SurveyCTO Collect App and engaged in Focus Group discussions (FGDs)
212 to elicit qualitative data.

213

214 We analysed the data collected for this research using Descriptive and inferential statistics.
215 To examine the level and intensity of agricultural commercialization among the ultra-poor
216 rural farming households in the study area, the Household Agricultural Commercialization
217 Index was employed. This tool is widely used in measuring the intensity of household
218 participation in agricultural output markets [26] [27] [28] [29]. The Agricultural
219 Commercialization Index is denoted as *HHCI_i* as shown in Eqn 2. Basically, this refers to the
220 proportion of value of crops sold with respect to the value of crops harvested.

221

222 The Household Commercialization Index can be stated as:

223

$$HHCI_i = \left(\frac{\sum_{k=1}^K P_k S_{ki}}{\sum_{k=1}^K P_k Q_{ki}} \right) * 100 \dots \dots \dots (Eqn 2)$$

224

225 Where *P_k* denotes market price of crop *k*. *S_{ki}* and *Q_{ki}* represent respectively quantity sold
226 and harvested of crop *k* by household *i*. This index attempts to measure the degree of
227 households' market participation in a scale neutral manner independently of households'
228 wealth and productivity. The advantage of using these approaches is also that it avoids the
229 crude distinctions between subsistence and commercial farm households. Thus, the

230 commercialization index can take any value from zero which means total subsistence-
 231 oriented production (no crop sold) to hundred (all crops produced are sold).

232
 233 Our study focused on rain-fed and non-rainfed production activities of the households being
 234 investigated. The reason for this is because cursory observation of the households in the
 235 study area revealed that both categories are major components of the rural livelihoods which
 236 sometimes contribute to their market participation. Our study's searchlight is, however, only
 237 on the major food crops produced in the study area under the rain-fed category.

238 In examining the determinants of agricultural commercialization among the ultra-poor rural
 239 farming households in the study area, the Double Hurdle Model was employed following the
 240 works of [12] and [16]. This model was originally proposed by [17] and it considers that each
 241 household must overcome two hurdles in the market decision making process and specifies
 242 for each step of decision the corresponding equation. The first hurdle, depicted in Eqn 3,
 243 specifies the decision to participate or not in the agricultural markets while the second hurdle
 244 (Eqn. 5) refers to the equation of the intensity of sale. Thus, a household decision to
 245 participate in crop market and quantity traded can be presented in the decision equation that
 246 follows:

$$d_i^* = z_i\delta + \mu_i \dots \dots \dots (Eqn.3)$$

248
 249 Where d_i^* is a latent variable indicator of household market participation and $\mu_i \sim (0,1)$
 250

$$d_i = \begin{cases} 1 & \text{if } d_i^* > 0 \\ 0 & \text{if } d_i^* \leq 0 \end{cases} \dots \dots \dots (Eqn.4)$$

252 $d_i=1$ if the household i effectively participates in the market of crops as sellers (i.e. $d_i^* > 0$)
 253 and $d_i=0$ if household i does not sell in the market ($d_i^* \leq 0$). Conditional to market
 254 participation decision (Eqn. 5), the intensity of sale by a given household can be expressed
 255 as follows:

$$S.Int_i^* = x_i\beta + \varepsilon_i \dots \dots \dots (Eqn.5)$$

257
 258 With $\varepsilon_i \sim N(0, \sigma^2)$, where z_i and x_i are vectors of observed variables that explain respectively
 259 households' decision to participate in the market and the intensity of sale. δ and β are
 260 vectors of parameters to be estimated; μ_i and ε_i are the error terms.

261
 262 In this model, the positive quantity sold is observed only if the household participates in crop
 263 market and zero if otherwise. Hence, the observed quantity sold ($S.Int_i$) related to latent sale
 264 $S.Int_i^*$ is:

$$S.Int_i = \begin{cases} S.Int_i^* & \text{if } d = 1 \text{ and } y_i^* > 0 \\ 0 & \text{if otherwise} \end{cases} \dots \dots \dots (Eqn.6)$$

266 According to [26], the original specification of the model of [31] assumed independence
 267 between the error terms of the two hurdles. If the error terms μ_i and ε_i are normally,
 268 independently, and identically distributed, that is,

$$\begin{pmatrix} \mu_i \\ \varepsilon_i \end{pmatrix} \sim N \left[\begin{pmatrix} 0 \\ 0 \end{pmatrix}, \begin{pmatrix} 1 & 0 \\ 0 & \sigma^2 \end{pmatrix} \right] \dots \dots \dots (Eqn.7)$$

269
270 It therefore follows that as such, the maximum likelihood estimator can be obtained by Probit
271 regression for the first step of the model (i.e. *Eqn. 3 and 4*) and then truncated normal
272 regression can be used for the second step (i.e. *Eqn. 5*).

273
274 To determine the factors affecting market participation decision of the selected farming
275 households and intensity of agricultural commercialization, we modeled variables as
276 informed by literature [26] [32][33] [34] [35] [36] [37] [38] [39] [40].

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279 **4. RESULTS AND DISCUSSION**

280

281 **4.1 Socio-Demographics Characteristics of Respondents**

282 We found that majority (82%) of the ultra-poor households that benefitted from CCTs were
283 female-headed with the majority (80%) of them being married. Along the states, Kogi state
284 ranked first, having the highest percentage (88.7%) of female beneficiaries. Kwara State
285 ranked second with 82.9% of the beneficiaries being female while the percentage for Niger
286 State was 73.64%. Females were found to benefit more from the CCT programme than their
287 male counterparts probably because of the higher levels of vulnerabilities that women are
288 prone to.

289

290 Similar findings on gender roles have also been made in other countries, for instance, in a
291 study by [41] on cash transfer programming, using eight rigorous evaluations conducted on
292 large-scale government cash transfers in sub-Saharan Africa under the Transfer Project, it
293 was recorded that majority of beneficiary households within these programmes comprise
294 mostly elderly women with limited employment. Although the scheme investigated is for
295 unconditional CCTs, the observation remains relevant, indicating that women stand good
296 chances in benefitting from cash transfers, conditional or otherwise. The intervention
297 scheme under investigation in this study appears to prioritize women based on the
298 conjecture that women are more likely to spend on goods or services that will benefit the
299 household including the male head thereby improving welfare.

300 The average household size of the CCT beneficiaries was 8 individuals while that of non-
301 beneficiaries was 7 individuals. With about 7-8 individuals per household, the average
302 household size in the study area is larger than the national average of 5.9 persons. Most
303 (36.4%) of the CCT beneficiaries were not formally educated whereas 21.1% and 31.3%
304 had up to primary and secondary education respectively. The mean year of schooling
305 among the CCT beneficiaries is 4.45 years which suggests a low literacy level. A similar
306 finding was made on the non-CCT beneficiary respondents as drawn from the Single
307 register where the mean years of schooling was 4.62 years. The findings from these
308 respondents are observed to be lower than the national average of 5.2 reported on UNDP's
309 Human Development Reports and UNESCO Institute of statistics as 2013 estimates.

310 This may be linked to the fact that the Single Register basically comprises of vulnerable poor
311 from the rural areas who are the poorest of the poor. The fact that they belong to that
312 economic stratum is a strong factor that may have precluded many of these people from
313 securing formal education. This may suggest the need to revamp access to free education

314 in the rural areas to be able to develop human capital among the poor given the criticality of
315 this in breaking the vicious cycle of poverty in concerned households.

316 Among the CCT beneficiaries and non-beneficiaries as drawn from the Single register, up to
317 4.5% of the beneficiaries had at least one form of physical disability which impairs them from
318 being able to function at par with able people in their daily routine. The non-CCT
319 beneficiaries on the other hand have up to 3.75% of people living with disability. According
320 to [42], there are an estimated 3.3million people living with disabilities in Nigeria with the
321 country having a prevalence rate of 2.3%.

322 The finding that the Single Register has a higher percentage of people living with disabilities
323 on it than the national average is an indication of inclusivity. This suggests that people living
324 with disabilities are purposely captured in the registry in such a way that allows them to
325 benefit from programmes that may be targeted towards the vulnerable on an ongoing basis.
326 This is very crucial since people living with disabilities are often disproportionately affected
327 by poverty.

328 According to [43], 9 out of 10 people with disabilities live below the poverty line. This
329 accentuates the importance of inclusivity of people living with disability in national
330 programmes targeted at addressing poverty and vulnerabilities in the country. The finding
331 that a higher percentage of this sect of the population are enrolled to benefit from the CCT
332 programme being investigated in this study, as drawn from the Single Register suggest that
333 special attention is being accorded to them as is required.

334 We found that the CCT beneficiary and non-beneficiary households had similar patterns of
335 additional sources of income that accrued to the households from activities engaged in by
336 other members of the home. Farming remains the most popular alternative income source of
337 most households, accounting for 37.3% and 39.63% in CCT beneficiary and non-beneficiary
338 households. Given the commendable contribution of agricultural related activities to total
339 household's income, it becomes necessary to ensure the maintenance of a safe space for
340 people to carry on their farming related activities by clamping down on banditry and
341 insurgency which are currently challenging many rural households across Nigeria.

342 Based on the guidelines for the CCTs programme understudied, beneficiaries are mandated
343 to keep a specified percentage of their monthly incomes (basically from transfers) in some
344 form of savings. It was found in this study that up to 16.03% of the CCT beneficiaries
345 currently violate this term. It is surprising that violators are still able to access their monthly
346 benefits as demonstrable saving in the previous month is a pre-condition for drawdown in
347 the subsequent month. This is an indication that there are some lapses in the process of
348 funds administration to the CCT beneficiaries in some of the locations. There is a very low
349 patronage of commercial banks as a saving medium among the CCT beneficiaries as only
350 about 2.39% engage this medium.

351 This is consistent with *apriori* expectation because commercial banks are often distant from
352 the rural areas which hence prevent dwellers in remote locations from being included in this
353 financial space. The patronage of 18.18% found with microfinance banks is commendable
354 as it suggests that microfinance banks are, by their proximity to the grassroots, able to cater

355 to the needs at that level. Informal savings groups and cooperatives societies ranked as the
356 most popular savings medium with the CCT beneficiaries, accounting for 31.34% and
357 21.29% respectively. This is expected because they are more readily available in the rural
358 areas, are easy to institute and operate among the rural dwellers, and not demanding of any
359 formal structure in day-to-day running.

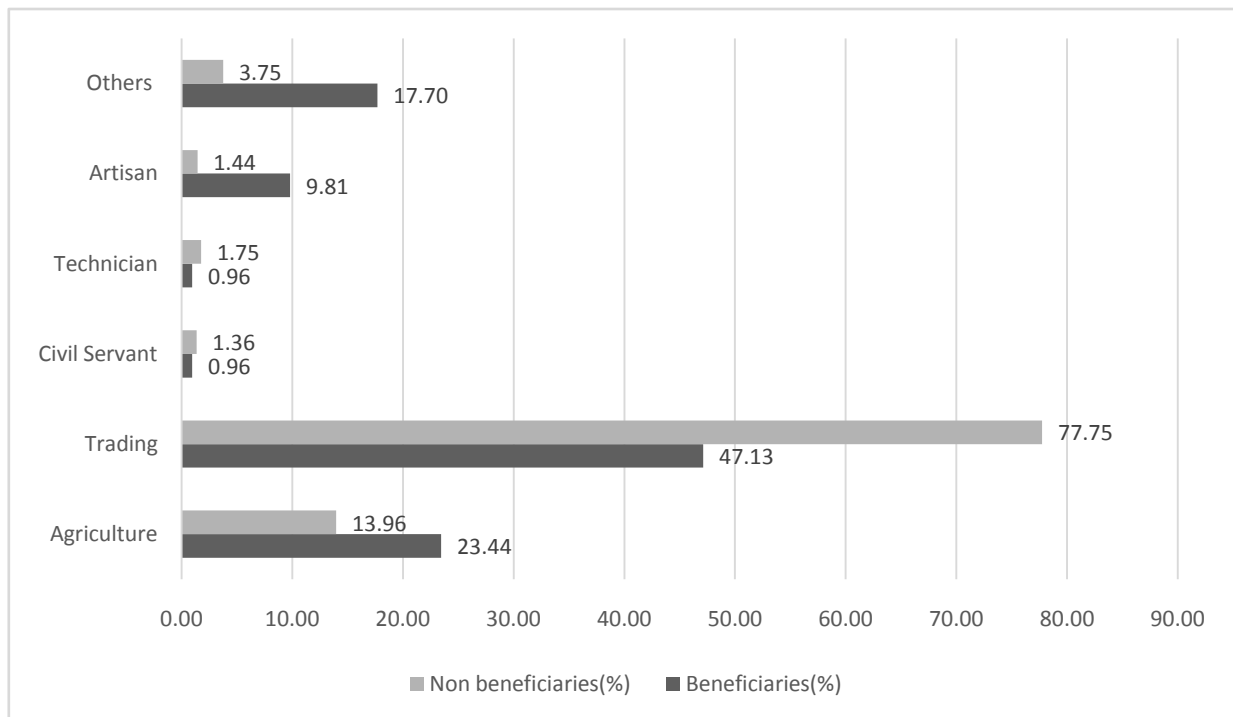
360 Cooperatives and savings groups have a proven track record in improving access to finance
361 for micro entities as commonly found in the study area. Up to 10.77% of the CCT beneficiary
362 respondents saved on their own within the households with the use of traditional piggy
363 banks. This may be a successful approach to saving as much as it may be unsuccessful,
364 especially when individuals have not been able to cultivate stringent discipline that allows
365 them to still hold on to such savings even when unforeseen household demands arise. It is
366 also worrisome how personnel with the CCT program will be able to track real savings by
367 such beneficiaries since all track records regarding these savings can only be backed up by
368 the submission of the beneficiary without any available cross-verification process as may be
369 found in the other savings medium.

370 Among the selected non-beneficiaries of CCT, it was found that close to half of the
371 respondents (46.41%) did not engage in any form of savings with any of the indicated
372 options. This suggests that the CCT scheme has indeed proven useful in imbuing savings
373 culture in many beneficiaries. Informal savings group (20.26%) and cooperatives societies
374 (11.32%) were also found to be popular among the non-beneficiaries as was the case with
375 beneficiaries. This is largely because these groups are common in the rural areas and
376 generally open to all, most especially for folks in the same line of occupation.

377

378 **4.2. Agricultural Involvement of the Ultra-poor Rural Households in North** 379 **Central Nigeria**

380 The involvement of ultra-poor households in agricultural activities is the first objective of
381 interest in this study. The findings from the profiling carried out on the respondent CCT
382 beneficiaries and non-beneficiaries' primary occupation is as presented in Figure 2.



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384
385

Area

386 As shown in Figure 2, only about 14% and 23% of the beneficiary and non-beneficiary ultra-
387 poor households in the study area are engaged in agricultural related activities. Most of the
388 respondent ultra-poor households are rather engaged in trading activities. Overall, only
389 18.7% of the respondents were engaged in agrarian occupations and this may influence
390 household food security in the study area. Particularly, the findings from this study indicate a
391 deviation to apriori notion that agriculture is the mainstay of rural economies. This has strong
392 policy implications, suggesting that other future interventions for poverty alleviation within the
393 rural economies may need to take approaches other than agrarian to have wider reach.

394 Findings from the focus group discussion gave more insight into the state of agricultural
395 involvement by ultra-poor households in the study area. One unanimous observation that
396 emanated from focus group discussions held in the communities across the three states was
397 that engagement in agricultural activities has continued to decline given conflicts issues
398 arising from indiscriminate grazing activities.

399

400 One of the focus group discussion participants stated as follows:

401 *“Here in Isare Opin, we cannot do commercial agricultural activities because of*
402 *cattle herders. Those of us that still farm have to stay in our farms till late in the*
403 *night to ensure cattles don't eat our crops. Yet, we will walk for about 2hrs*
404 *before getting back to the village. Those of us without ‘Okada’ (i.e. motor bikes)*
405 *find this tiresome because we are only able to work a little in farm before being*

406 *tired and we still need to walk back home at night, and this reduces our energy*
407 *for farm activities. The nearby farmlands that we would have preferred are no*
408 *longer attractive because those ones are closer to Fulani settlements”.*
409

410 This finding may have strong implications on food security and on livelihoods considering
411 that the activities of many are being hampered by the state of insecurities in the study area.
412 However, to some extent, this is compensated for by the relegation of farming activities to
413 secondary occupation.
414

415 While neither crop farming nor other forms of farming constitute the major occupation of
416 respondents sampled in the study area, it did take a major percentage of secondary
417 occupation, thus representing approximately 40% of respondents' secondary occupation.
418 This finding is in tandem with what was found by Handa *et al.* (2018) in the Transfer Project
419 across Sub Saharan Africa, which suggested that a defining characteristic of most
420 beneficiary households is that they are not wage workers, but rather depend on their own
421 efforts in smallholder agriculture or family-run businesses to assure enough income and food
422 for survival. According to [41], most beneficiary households live and work in a context of
423 poorly functioning or non-existent input/output, labor, insurance, and/or credit markets.
424

425 **4.3 Agricultural Commercialization among the Selected Farming Households**

426 In examining the level of agricultural commercialization among the ultra-poor rural farming
427 households in the study area, the Crop Commercialization Index analysis revealed the
428 results in Table 1. Further analysis was carried out to unfold commercialization along
429 individual key crops in the study area and the results are presented in Table 2.
430

431 **Table 1: Agricultural Commercialization among the Ultra-poor Farming Households**

Crop Commercialization Index	Frequency	Percentage
No quantity sold (0%)	371	43.85
< 25% Sold	232	27.42
25% - 50%	125	14.78
> 50%	118	13.95
Total	846	100

Source: Data Analysis, 2022

432

433

434 From the results earlier presented on respondent ultra-poor households' involvement in
435 agriculture, it could be seen that out of the 1588 respondents selected from the CCT
436 beneficiary and non-beneficiary categories, only 846 had farming either as their main or
437 secondary occupation and they therefore form the basis of the analyses carried out in this
438 section. As shown in Table 1, 43.85% of the respondents recorded zero agricultural
439 commercialization. This suggests that they were mostly into subsistence farming, basically in
440 agricultural activities for the sole purpose of feeding their families. It can be seen from Table
441 2 that up to 27.42% of the respondents sold less than 25% of their outputs. Only 13.95% of
442 the farming households reported commercialization index above 50%.
443

444

444 This result is consistent with what has been found in various studies in Sub-Saharan Africa.
445 For instance, [26] Ouedraogo *et al.*, 2018 in a study carried out in Burkina Faso found that

446 only about 17% of total farm output produced were sold with up to about 45% of smallholder
 447 farmers not participating in markets. More studies carried out in other African countries have
 448 also found similar situation in Agricultural commercialization. For instance, Ethiopian farm
 449 households were reported to have crop commercialization index of about 25.0% [44],
 450 Malawian farm households 17.6%, Tanzanian households 27.5%, and Ugandan farming
 451 households 26.3% [45]. This has strong implications on the farming households in the sub-
 452 region as it suggests that most African farming households have not been able to
 453 successfully scale up their agricultural capacity in a way that can increase what they may
 454 have on offer for sale. Breaking the vicious cycle of poverty among rural farming households
 455 in the region will require boosting the productive capacity of households.

456
 457 **Commercialization Index along Key Crops in the Study Area**

458 Results of the commercialization index for individual commonly produced crops that were
 459 considered in this study are as presented in Table 2. From Table 1, only 475 of the 846
 460 farming households that were sampled participated in the crop output market. The analysis
 461 in this section is hence premised on the commercialization activities of these market
 462 participants.

463
 464 **Table 2: Commercialization Index along Commonly Produced Crops by the Selected**
 465 **Farming Households**

Producers			Sellers (i.e. Market Participants)		
Crops	Frequency	Percentages	Frequency	Percentages	Mean of Crop Comm. Index
Cassava	443	52.36	260	30.75	58.50
Cowpea	236	27.90	117	13.83	40.20
Sorghum	212	25.06	122	14.42	16.44
Maize	412	48.70	228	26.95	4.25
Millet	118	13.95	79	9.34	16.80
Rice	204	24.11	161	19.03	67.48
Soyabeans	336	39.72	276	32.62	72.55
Sweet potato	147	17.38	63	7.45	8.34
Yams	234	27.66	114	13.48	16.45
Total number			33.45		
<i>846 Farming Households</i>			<i>475 Farming/Market Participating</i>		

466 *Source: data analysis, 2022 Multiple responses captured for investigated crops*

467
 468 As shown in Table 2, cassava was one of the most commonly produced staples in the study
 469 area with up to 52.36% of the farming households in its production. However, only 30.75% of
 470 the cassava producing households participated in the markets, presenting a crop
 471 commercialization index of 58.50%. Cassava is indeed an important crop in the study area
 472 given its plurality of use at the household level and industrially. As such, one would have
 473 expected a higher level of market participation than what was observed. This may be
 474 attributable to the subsistence level at which agriculture is being practiced in the area under
 475 investigation.

476

477 The limited infrastructure such as in transportation, storage, processing, and marketing may
478 also be fingered as affecting commercialization of this key crop. Maize (48.70%) and Soya
479 beans (39.72%) were the next ranked crops produced among the households. The result
480 shown that 26.95% of the maize producers and 32.62% of the soyabeans producers
481 participated in the crop output markets. However, the crop commercialization index of
482 soyabeans was significantly higher (72.55%) than what was observed for maize (4.25%).
483 This suggests that maize is mostly produced by households as a food security crop whereas
484 many are into soya beans production as a cash crop given its high commercial value and
485 industrial uses.

486

487 About 28% of the farming households were into the production of cowpea, with less than half
488 of them (<14%) participating in the market. However, the mean crop commercialization index
489 of 40.2% was reported suggesting that those who participated in the market did so at higher
490 thresholds. Up to 25% of the farming households were into the production of sorghum and
491 only about 14% of these households were participating in the market. Similar low production
492 and market participation findings were also made for millet where about 14% of the farming
493 households were millet producers and 9% were market participants.

494

495 This finding is in tandem with what has been reported by [46] in a study on millet and
496 sorghum where low production and market participation characterized the value chains in
497 Nigeria. One would expect that more households would be in the production of sorghum and
498 millets as these are food security crops well adapted to drier regions, having potential
499 especially with the changing climate. However, the limited industrial uses for these crops
500 have continued to be a barrier in the markets and infact the value chains, in general.

501

502 About 24% of the farming households were found to produce rice whereas 19% of the
503 households participated in the market. The ratio (19:24) of rice market participant to
504 producer is significantly high at about 80%. It is interesting as well to note a
505 commercialization index of 67.5% for rice. This is an indication that rice is prominent in
506 income generation for rice farming households. The recent ban in rice importation and the
507 push for local production may be one of the reasons for the high commercialization level
508 found among the rice farming households that participated in the market. With the existing
509 demand-supply gap in the rice subsector, it becomes important to encourage rice production
510 among the farming households in the study area, who do not currently produce rice, most
511 especially because there are vast opportunities to delve into upland and lowland rice
512 farming.

513

514 Sweet potatoes and yams were found to be produced by about 17% and 28% of the farming
515 households, respectively. The level of market participation was around 7% and 13% and the
516 commercialization index stood at 8% and 16% respectively. It can be observed that both
517 tuber crops have low production, low market participation, as well as low commercialization
518 level in the study area. This may likely be because of the limited industrial use coupled with
519 their bulkiness and perishability which have implications on their storability, marketing and
520 invariably, commercial value. This finding on low commercialization is in tandem with that of
521 [47]in a study carried out in Imo State where it was found that close to sixty percent of the

522 respondents who were yam producers had commercialization index that was less than 25%
 523 which was quite low.

524

525 Past research investigating yam marketing by [48] highlighted insufficient knowledge on
 526 efficiency of the yam marketing system in Nigeria. The research noted some of the
 527 challenges in yam marketing to include high cost of transportation given the bulkiness, and
 528 low level of storage technology given the perishability. [49] had earlier noted that many
 529 farmers grow yam for household food security without much consideration to its commercial
 530 potential.

531 More recent studies[50] [51] have also reported the high importance yet low
 532 commercialization level in yam with households selling less than 23% of the output as ware
 533 yam. It is of interest to note that despite Nigeria's ranking as a top world producer of yam
 534 contributing up to 71% to world output of yam the country does not feature among the top
 535 ten exporting countries in the global yam market [52] [53] [54]. Addressing the gap in yam
 536 commercialization becomes very important toward developing the value chain considering
 537 the huge potential and advantage that Nigeria has in yam production.

538

539 **4.4. Determinants of Ultra-poor Households' Agricultural Commercialization** 540 **Decision Extent**

541

542 Results of the Double Hurdle Model analysis used in identifying the determinants of market
 543 participation decision among the ultra-poor farming households and the intensity of their
 544 agricultural commercialization is presented in Table 3. The model is of good fit and is
 545 statistically significant ($Prob > \chi^2 - 0.000$) in explaining the market participation decision
 546 and commercialization intensity.

547

548 As revealed from the Probit regression in the first stage of the model (Hurdle 1), at 5%
 549 significance level, the likelihood of farm households' participating in crop markets is
 550 positively influenced by farm size, with a coefficient of 0.425. This finding is consistent with
 551 what has been reported in several studies in other African countries. For instance, [26]
 552 reported that farm size plays cogent role on the probability of farm households' participating
 553 in the crop market in Burkina Faso. In fact, [36] had argued that production growth (and
 554 invariably market participation) is highly driven by increase in farm size. [55] had also
 555 reported that the probability of becoming a crop seller increases when land holding
 556 increases. In the same vein, [40] and [32] had reported a positive and significant effect of
 557 farm size on households' market supply in Mozambique and Kenya, respectively.

558

559

Table 3: Determinants of Households Agricultural Commercialization

	HURDLE 1			HURDLE 2		
	Probit	Estimator	of	Truncated Normal Estimator		
	Participation in Output Market			of Intensity of Sales Activities when participating in Output Market		
Variables	Coefficient	Std. error	Pvalue	Coefficient	Std. error	Pvalue
Age	-0.055	0.032	0.061	-2.427**	1.024	0.044

Gender	-0.377	0.194	0.075	-3.014	1.926	0.521
Educ_stat	0.744	0.365	0.683	1.632	0.959	0.335
Hh_dependency_Ratio	-0.148**	0.059	0.004	-0.951**	0.468	0.032
Participation_non_farm_activities	-0.354**	0.098	0.046	-1.206**	0.795	0.048
Extension_contact	0.326	0.085	0.566	1.708	0.964	0.211
Farm_size	0.425**	0.080	0.032	2.494**	1.423	0.029
Access_to_mechanization	0.352**	0.104	0.001	1.923**	1.107	0.007
Access_to_finance	0.275**	0.094	0.000	1.636**	0.963	0.002
Fertilizer_usage_per_hectare	0.004**	0.001	0.002	0.915**	0.625	0.045
CCT_programme_participation	0.135**	0.056	0.029	2.557	1.492	0.105
Linkage_to_mkt_agents	0.424**	0.097	0.037	4.102**	2.238	0.046
Access_to_storage_facilities	0.094	0.077	0.548	2.184	1.759	0.628
Transport_asset_ownership	0.524	0.098	0.235	2.437	1.876	0.451
Quality_access_road	0.245**	0.106	0.001	1.469	1.104	0.088
Distance_to_market	-0.762**	0.349	0.000	-2.424**	1.735	0.003
Communication_equipment_ownership	0.029**	0.037	0.042	0.925	0.577	0.605
Constant	-1.497**	0.595	0.000	-9.714**	5.560	0.042
<i>Log likelihood</i>	<i>-1346.94</i>			<i>-2401.63</i>		
<i>Wald Chi² (17)</i>	<i>112.53</i>			<i>124.66</i>		
<i>Prob > Chi²</i>	<i>0.000</i>			<i>0.000</i>		
<i>Observations</i>	<i>846</i>			<i>846</i>		
<i>Sigma</i>	<i>14.392**</i>			<i>16.287**</i>		
	<i>(1.634)</i>			<i>(1.025)</i>		

** Significant at 5% Source: data analysis, 2022

560

561

562 Table 3 further revealed that at 5% level of significance, farm households' participation in
563 crop markets is also positively influenced by the access to mechanization, access to finance,
564 and rate of fertilizer usage per hectare with coefficients of 0.352, 0.274, and 0.004. These
565 findings are consistent with apriori expectation because the access to such resources as
566 finance, mechanization, and inputs will boost farmers' productive capacity which will in turn
567 lead to an increase in the marketable surplus. The availability of this surplus may be
568 regarded as a necessary, although not sufficient, condition for households to participate as
569 sellers in crop markets. These findings are in tandem with past studies which have also
570 underscored the cogent roles that access to productive resources play on smallholders' crop
571 supply in African countries [26] [37] [38] [32].

572

573 As shown in Table 3, participation in CCTs programme positively influenced market
574 participation by the agricultural households with a coefficient of 0.135, at 5% level of
575 significance. This may be because their CCT beneficiary status has resulted in an increase
576 in their financial capabilities which has implications on their productive capacity as earlier
577 submitted. With coefficients of 0.424 and 0.029 respectively, linkage to market agents and
578 ownership of communication equipment were found to positively affect market participation
579 among the households at 0.05% level of significance. The linkage to market agents has
580 some inter-relationship with ownership of communication equipment in some way because
581 the means of communication available to individuals will determine the strength of their
582 linkage to available market agents in the area.

583

584 The finding that communication equipment ownership positively affect the likelihood of
585 market participation is in tandem with that of [56] [57] [33] and [35] in various studies carried
586 out in Ethiopia, Ghana, and Niger republic where they all come to the convergence that the
587 use of radio or phone may reduce information asymmetry, reduce price dispersion and then
588 stimulate market participation among farming households in Sub-Saharan Africa. [26] in a
589 study carried out in Burkina Faso had also reported similar finding to what was found in this
590 research, albeit their result was only positively significant in consideration of food and cash
591 crops whereas it was insignificant when only food crops were considered.

592

593 Evidence also exists [39] [34] that the effect of access to information on agricultural
594 commercialization is more important for perishable crops than for traditional staple crops.
595 From Table 3, the quality of access road also positively influenced the likelihood of market
596 participation among the agricultural households at five percent significance level. According
597 to [26], the existence of all-weather roads significantly raises the probability of households'
598 participation in agricultural markets.

599

600 The distance to market, with a coefficient 0.762, was found to negatively influence the
601 farming household market participation at 5% level of significance. This finding is consistent
602 with those of [58], [59], [60] which have suggested that rural isolation increases transaction
603 costs and negatively affects households' market participation. Furthermore, transportation
604 costs which increase in absence of good quality of roads may affect households' cropping
605 pattern toward subsistence farming and reduce their ability to produce marketable surplus.

606

607 From table 3, the likelihood that a farming household will participate in crop market as seller
608 is significantly reduced by 35.4% where the household head was mainly engaged in non-
609 farm economic activities. This may be because such households may not have the luxury of
610 time that will allow them to operate their farm at a level that can permit production of
611 marketable surplus. The fact that farming households are involved in non-farm activities may
612 also mean that they have other sources of income that can be relied on which hence does
613 not motivate them to scale up their farming activities. Similar finding was made by [26] in a
614 study in Burkina Faso which submitted that if the head of the household is engaged in non-
615 farm activities, the likelihood of the household selling food crop falls. The authors explained
616 this observation by the fact that access to non-farm activities, which represents an
617 opportunity for income earning, modifies the livelihood strategy of the farm households by
618 reducing their reliance on food crop sale. According to the authors, this results in a reduction
619 of their reliance on farm income and lowers their incentive to engage in commercial farming,
620 particularly as far as food crops are concerned.

621

622 From the results presented in Table 3, the household dependency ratio played significant
623 roles in determining market participation. Based on the probit regression, the likelihood that
624 a household will participate in market reduced significantly as the number of individuals
625 dependent on the head increased by a factor of 0.148. This is consistent with *a priori*
626 expectation because where the number of mouths to feed is large, the household will have
627 limited marketable surplus from their farm output. Although one may argue that the larger
628 the household size is, the higher the labour supply that would be available for agricultural

629 production, this will be dependent on the demography of the individuals within the
630 households.

631

632 As presented under Hurdle 2 in Table 3, the results of the second stage of the model
633 describing the determinants of conditional market participation shown that, at 5% level of
634 significance, the age of household head, household dependency ratio, participation in non-
635 farm activities, and distance to market negatively influenced the intensity of crop
636 commercialization by the household with coefficients of -2.427, -0.951, -1.206, and -2.424
637 respectively. On the other hand, the farm size, access to mechanization, access to finance,
638 fertilizer usage per hectare, and linkage to market agents had positive relationship with the
639 intensity of commercialization among the farming households investigated, having
640 coefficients of 2.494, 1.923, 1.636, 0.915, and 4.102 respectively.

641

642 The age of the household head was not significant in the first Hurdle which was the market
643 participation among the farming households. However, this became significant at 5% level in
644 the second Hurdle which implies that if for other factors, the household decide to participate
645 in the market, their intensity of commercialization will decline with an increase in the age of
646 the household head. This is expected because the drive and energy of an individual to
647 intensify efforts towards crop sales is likely to lower with their age. As shown in Hurdle 2,
648 once a farm household has taken the decision to participate in the market, the intensity of
649 their commercialization of crops falls as the household dependency ratio increased. So also
650 does the intensity of participation decline when the household head is engaged in non-farm
651 activities, and as the distance to market increased.

652

653 Conditional upon market participation, farm size, access to mechanization, access to
654 finance, fertilizer usage per hectare, and linkage to market agent positively and significantly
655 influence the intensity of crop commercialization among the farming households at 5%
656 significance level. These findings are consistent with what was reported by [26]. As found in
657 Hurdle 1 for decision on market participation, these variables also play significant roles in
658 determining the intensity of crop commercialization among the selected farming households.
659 Although, the quality of access road and the ownership of communication equipment by the
660 household head increases the probability of participation in the crop market as shown in
661 Hurdle 1, once this participation decision has been made, these factors become
662 inconsequential towards determining their intensity of crop commercialization.

663

664 Further analysis was carried out to unfold the marginal effect that the modelled regressors
665 have on the intensity of crop commercialization irrespective of the farm household's
666 marketing decision, the Average Partial Effects (or unconditional marginal effect) were
667 measured, and the result is as presented in Table 4.

668

669

Table 4: Average Partial Effects Unconditional to Market Participation Decision

Variables	Coefficients	Std. Error	P value
Age	-1.354**	0.659	.046
Gender	-1.846**	0.171	.033
Educ_stat	0.925	0.047	.704
Hh_dependency_Ratio	-0.820**	0.068	.000

Participation_non_farm_activities	-1.112**	0.274	.009
Extension_contact	1.134	0.713	.152
Farm_size	2.047**	1.902	.000
Access_to_mechanization	0.965**	0.038	.005
Access_to_finance	0.124**	0.004	.027
Fertilizer_usage_per_hectare	0.681**	0.224	.001
CCT_programme_participation	1.635**	1.051	.042
Linkage_to_mkt_agents	3.496**	1.268	.019
Access_to_storage_facilities	1.827	0.963	.524
Transport_asset_ownership	1.034	0.824	.638
Quality_access_road	1.229**	0.950	.016
Distance_to_market	-0.443**	0.067	.022
Communication_equipment_ownership	0.701**	0.362	.034

** Significant at 5% Source: data analysis, 2022

Std errors generated from bootstrapping with 100 replications

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The findings as presented in Table 4 underscore the importance of productive resources such as farm size, access to agricultural mechanization, access to finance, quantity of fertilizer available for use per hectare, and benefits from CCTs programmes on the unconditional level of crop commercialization. Linkage to market agent, quality of link road, and ownership of communication equipment can also be seen to be of importance towards unconditional level of crop commercialization at 5% significance level.

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As reported in Table 4, an increase in farm size by one-hectare results in 2.05 units increase in the intensity of commercialization of food crops. Access to mechanization raises the intensity of crop commercialization by a factor of 0.965 whereas access to finance raised this by a factor of 0.124. With an increase in fertilizer use per hectare by 10 kilograms, the intensity of food crop sale increased by 0.681 units. Participation in CCT programmes increased the intensity of crop commercialization by a factor of 4.35 as compared to their non-beneficiary counterparts. As presented, households that had access to market agents were about 3.496 units more commercial than those who did not have access to market agents.

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The result for average partial effect of ownership of communication equipment suggests that the ownership of communication equipment raised the crop commercialization intensity of the household by a factor of 0.701 as compared to households that do not own communication equipment. The quality of link road has positive and significant effect on the level of crop commercialization by a factor of 1.229 units suggesting that households located in areas with better quality link roads are more commercial than their counterparts located in areas with bad roads.

5. CONCLUSION

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We conclude that involvement in primary agricultural production is on the decline in rural Nigeria and CCTs programme with a clause of agricultural involvement might be a workable tool to explore to encourage participation in the sector in the rurality. The declining market participation without a commensurate rise in commercial agriculture in the country can

704 jeopardize food security, if left unaddressed. Since the capacity of farming households to
705 produce at the level that can spur them into commercialization is hinged on their financial
706 holding assets, efforts should be geared towards better inclusivity of the ultra-poor in social
707 safety nets programmes like CCTs. We recommend a boost to infrastructural development in
708 the rural economies to support agricultural transformation and endear teeming youths into
709 the sector. Given that access to agricultural mechanization, finance, and inputs play critical
710 roles in household agricultural productive capabilities, it becomes important to develop
711 schemes that can facilitate these for rural households since it will impact on their marketable
712 surplus, and invariably market participation. Private sector should take on opportunities that
713 will facilitate the linkage of farming households with the markets through the provision of
714 platforms that connect farmers and buyers, that facilitate agricultural produce storage, and
715 provide logistic support between producers and the buyers.

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717
718
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723 **AUTHORS' CONTRIBUTIONS**

724
725 Author AET designed the study, reviewed literature, worked on primary and secondary data
726 collection, and wrote the protocol. Author ATB designed the questionnaire, performed the
727 statistical analyses, and contributed to the results and discussion. Author OAO reviewed the
728 research conceptualization and revised the various drafts of the manuscript. All authors read
729 and approved the final manuscript.

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