



Nigeria Agricultural Sector Overview



Population:
220.8 million



GDP:
454.05 billion USD



Arable Land:
34 million hectares



World Largest Producer
Yam
Cassava

Nigeria's Agriculture Industry At A Glance

23.24%

Contribution to Nigeria GDP in Q2, 2022

1.34%

Growth in Agriculture Sector in Q2, 2022

N464.45B

Food Import In Q2, 2022

Agriculture and food processing in Nigeria - Key products across zones



Nigeria's leading hubs for the production and processing of agricultural products are varied due to their diverse topography and climate. This, in turn, results in varied crops being dominant across the different regions.

- Cassava- largest in the world
- Ginger –third in the world
- Rice- largest in Africa
- Cocoa-fourth in Africa
- Palm oil- fifth in Africa
- Tomato- thirteenth in the world

South-East

- Production: Cassava, Yam, Rice
- Processing: Cassava and Maize processing

South-South

- Production: Cocoa, Cassava, Rice, Maize, oil palm
- Processing: Cassava processing, Fish capture, oil palm processing

South-West

- Production: Cocoa, Maize, Cassava, Yam, Citrus
- Processing: Poultry production, Maize processing, Livestock

North-West

- Production: Sesame, Maize, Millet, Tomato, Sorghum, Rice, Cowpea, Sugarcane
- Processing: Livestock feed

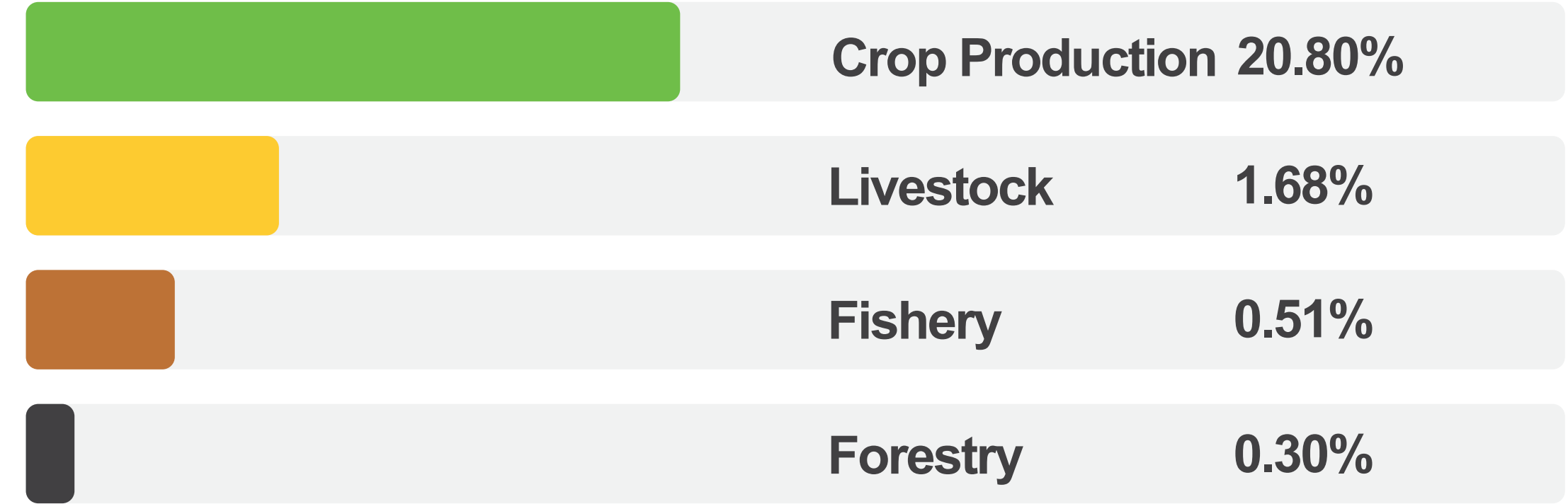
North-East

- Production: Millet, Maize, Cowpea, Sugarcane, Sorghum, Tomato
- Processing: Livestock feed, Animal traction

North-Central

- Production: Sesame, Maize, Rice, Yam, soyabeans, Cassava, Citrus
- Processing: Animal feed, Cassava processing, Poultry products

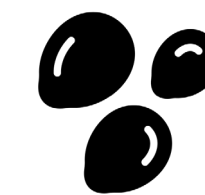
Top Contributors to Nigeria's Agricultural GDP (Q2, 2022)



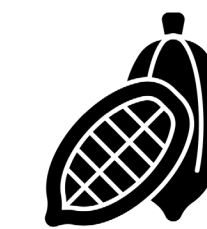
Top 5 Agriculture Exports - Exports in Q2, 2022



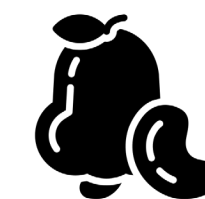
Cashew Nut In Shell



Sesamum Seeds



Cocoa Beans

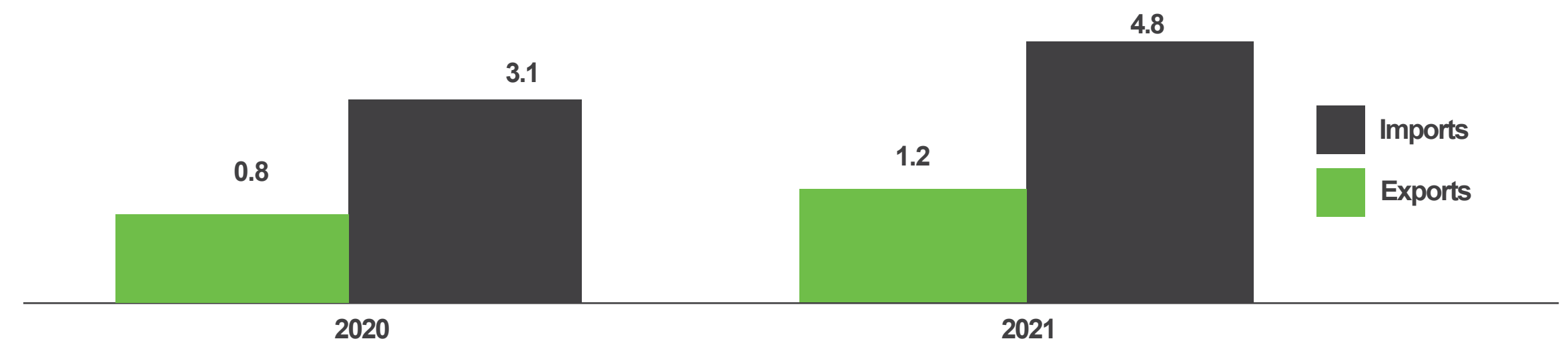


Cashew Nut Shelled



Cocoa Butter

Nigeria Agricultural Products Exports And Imports (\$b)



Macro Economic Overview | SWOT



Strengths

- Nigeria's large population creates the largest consumer market in Africa.
- Government focus on reducing import dependency and self-sufficiency.
- Nigeria has a vibrant and free media
- Policies and initiatives such as the Anchor Borrowers Program, Presidential Fertilizer Initiative, Youth Farm Lab, Presidential Economic Diversification Initiative, Food Security Council, etc. are expected to drive activities within the Agricultural sector
- The rise in the occurrence of droughts in several states has led to the set up of proper irrigation systems across farms.



Weaknesses

- Nigeria struggles with high levels of unemployment, particularly among the youth. Limited job opportunities, skills mismatch, and a growing population exacerbate the unemployment challenge.
- Weak Governance and Corruption: Corruption and weak governance have been longstanding challenges in Nigeria. Corruption erodes public trust, undermines the efficient allocation of resources, and discourages investment.
- Limited Access to Finance: Many small and medium-sized enterprises (SMEs) in Nigeria face difficulties in accessing finance. Limited access to credit, high interest rates, and a lack of supportive financial infrastructure impede the growth and development of businesses.



Opportunities

- The existence of abundant arable land, favorable climate, and a large population, presents significant opportunities in agriculture and agribusiness, Investment in modern farming techniques, value chain development, to create employment, and contribute to food security.
- Nigeria has immense potential for renewable energy sources such as solar, wind, and hydropower, and the country's efforts to diversify its energy mix and improve access to reliable electricity create opportunities for investment in renewable energy projects.
- Nigeria's infrastructure deficit presents opportunities for investments in various sectors and Infrastructure projects such as transportation (roads, railways, ports, airports), power generation and distribution, housing, water supply, and telecommunications.
- The Nigeria's tech sector is experiencing rapid growth, driven by a young population, rising internet penetration, and increasing adoption of digital solutions, presents significant opportunities in areas such as e-commerce, fintech, edtech, healthtech, and mobile applications, fostering entrepreneurship, innovation, and job creation.



Threats

- Nigeria faces challenges related to exchange rate volatility and foreign exchange constraints. Limited availability of foreign exchange, frequent fluctuations in the exchange rate, and restrictions on access to foreign currency impact trade, investment, and business operations.
- The lack of job opportunities, skills mismatch, and limited access to quality education and vocational training pose social and economic challenges. High unemployment rates contribute to poverty, social unrest, and hinder the full realization of economic potential.
- Insecurity in some parts of the country affect economic activities, investment climate, and business confidence. Insecurity disrupts supply chains, hampers agricultural production, and discourages both domestic and foreign investments.
- The lack of adequate infrastructure, including transportation networks, power supply, and social infrastructure, poses a threat to economic development. Insufficient infrastructure hampers productivity, increases business costs, and limits the efficient movement of goods and services.

Selected Opportunity/Investable Commodities

Nigeria Agricultural Target Product Deficit (MMT) Nigeria relies on \$10 billion of imports annually to meet its food and agricultural production shortfalls

Wheat

Wheat is a major staple food in Nigeria. It is used to make bread, pasta, and other foods. Nigeria is the world's 10th largest importer of wheat, and it imports about 60% of its wheat needs. The main wheat-producing states in Nigeria are Kaduna, Kano, and Sokoto. The average yield of wheat in Nigeria is 1.2 metric tons per hectare, which is below the world average of 2.2 metric tons per hectare.

The main challenges facing the wheat industry in Nigeria are:

- High cost of production: The cost of producing wheat in Nigeria is high due to the cost of inputs such as fertilizer, pesticides, and labor.
- Low yields: The average yield of wheat in Nigeria is low compared to the world average. This is due to a number of factors, including poor soil quality, inadequate irrigation, and the use of outdated farming practices.
- High import dependency: Nigeria is highly dependent on imports to meet its wheat needs. This makes the country vulnerable to price fluctuations in the global wheat market.

The government of Nigeria is taking steps to address these challenges, such as:

- Investing in research and development to improve wheat varieties and farming practices.
- Providing subsidies to farmers to help reduce the cost of production.
- Promoting the development of wheat-based industries to create jobs and boost the economy.





Cashew

Cashew nuts are a major export crop in Nigeria. They are used in a variety of products, such as snacks, confectionery, and cosmetics. Nigeria is the world's largest producer of cashew nuts, and it accounts for about 40% of the world's cashew production. The main cashew-producing states in Nigeria are Ondo, Ogun, and Kogi. The average yield of cashew nuts in Nigeria is 1.5 metric tons per hectare, which is above the world average of 1.2 metric tons per hectare.

The main challenges facing the cashew industry in Nigeria are:

- Poor post-harvest handling: Cashew nuts are a perishable crop, and they are susceptible to damage during post-harvest handling. This can lead to losses in quality and quantity.
- Lack of processing facilities: Nigeria has a limited number of processing facilities for cashew nuts. This limits the value addition that can be made to the crop, and it also makes it difficult to export high-quality cashew products.
- Low prices: The price of cashew nuts is volatile, and it is often low compared to the cost of production. This makes it difficult for farmers to make a profit from growing cashews.

The government of Nigeria is taking steps to address these challenges, such as:

- Investing in the development of post-harvest handling facilities.
- Promoting the establishment of processing facilities.
- Providing subsidies to farmers to help reduce the cost of production.



Oil Palm

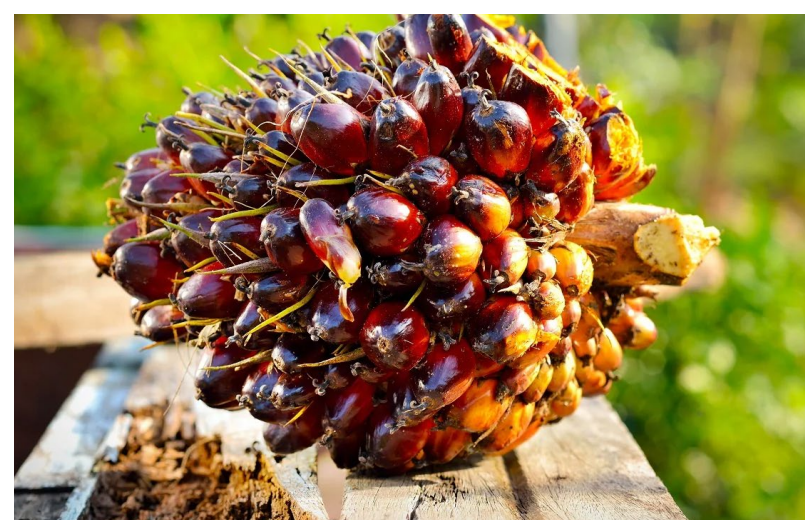
Oil palm is a major cash crop in Nigeria. It is used to produce palm oil, which is used in a variety of products, such as cooking oil, soap, and cosmetics. Nigeria is the world's fifth largest producer of palm oil, and it accounts for about 4% of the world's palm oil production. The main oil palm-producing states in Nigeria are Akwa Ibom, Cross River, and Rivers. The average yield of palm oil in Nigeria is 4.5 metric tons per hectare, which is above the world average of 3.5 metric tons per hectare.

The main challenges facing the oil palm industry in Nigeria are:

- Deforestation: The oil palm industry is a major contributor to deforestation in Nigeria. This is due to the clearing of land to plant oil palm trees.
- Land disputes: There are a number of land disputes involving oil palm plantations in Nigeria. This is due to the fact that oil palm plantations often encroach on traditional land.
- Labor shortages: There is a shortage of labor in the oil palm industry in Nigeria. This is due to the fact that many young people are moving to urban areas in search of work.

The government of Nigeria is taking steps to address these challenges, such as:

- Promoting the development of sustainable oil palm plantations.
- Providing compensation to landowners whose land is acquired for oil palm plantations.
- Investing in training programs to address the labor shortage.





Ginger

Ginger is a popular spice and medicinal herb that is native to Asia. It has been cultivated for centuries and is now grown in many parts of the world, including Nigeria. Nigeria is one of the leading producers of ginger in Africa and the fourth largest producer in the world. In 2021, Nigeria produced an estimated 523,000 metric tonnes of ginger, which represents 14% of the global supply. The majority of Nigeria's ginger production is concentrated in the northwestern states of Kaduna, Kano, and Jigawa. These states have a favourable climate and soil conditions for ginger cultivation. Nigeria's ginger industry is a major contributor to the country's economy. In 2021, the export value of ginger was estimated at \$12 million. This represents a significant increase from the export value of \$2.7 million in 2018. The growth in Nigeria's ginger exports is due to a number of factors, including increasing demand from international markets, improved production and processing methods, and government support for the ginger industry. Nigeria's ginger industry has the potential to grow even further in the coming years. The country has a number of advantages that make it an ideal location for ginger cultivation, including a favourable climate, fertile soil, and a large pool of skilled farmers. With continued government support and investment, Nigeria could become a major global supplier of ginger.

The main challenges facing the oil palm industry in Nigeria are:

- **Low-quality seeds:** The quality of ginger seeds is a major challenge for farmers in Nigeria. Many farmers use seeds that are old, diseased, or of poor quality. This leads to low yields and poor quality ginger.
- **Inadequate technology:** The use of modern technology is limited in ginger production in Nigeria. This limits the productivity of farmers and makes it difficult to compete with producers in other countries.
- **Lack of access to credit:** Many farmers in Nigeria lack access to credit. This makes it difficult for them to invest in their farms and improve their productivity.
- **Poor infrastructure:** The poor state of infrastructure in Nigeria is a major challenge for farmers. This includes poor roads, lack of electricity, and inadequate water supply. These challenges make it difficult for farmers to get their crops to market and to store them properly.
- **Inadequate storage facilities:** The lack of adequate storage facilities is a major challenge for farmers in Nigeria. This leads to post-harvest losses and makes it difficult for farmers to get a good price for their crops.
- **Lack of market access:** Farmers in Nigeria often lack access to markets for their crops. This is due to a number of factors, including poor infrastructure, lack of information, and competition from imported products.
- **Volatile prices:** The prices of ginger are volatile and can fluctuate significantly from year to year. This makes it difficult for farmers to plan their production and to make a profit.
- **Pests and diseases:** Pests and diseases are a major challenge for ginger farmers in Nigeria. These pests and diseases can damage crops and reduce yields.



Shea

Shea butter is a natural fat extracted from the nuts of the shea tree (*Vitellaria paradoxa*). It is a solid at room temperature and has a yellow to ivory color. Shea butter has been used for centuries in Africa for its many benefits, including moisturizing, healing, and protecting the skin. Nigeria is the world's leading producer of shea butter, accounting for over 60% of global production. The shea tree is native to the Sahel region of Africa, which includes parts of Nigeria, Burkina Faso, Mali, and Niger. The shea tree grows in dry, savannah-like conditions and can live for over 300 years. Shea butter production in Nigeria is a women-led industry. Women collect the shea nuts from the trees, process them, and sell the shea butter. Shea butter production provides a source of income and economic empowerment for women in rural areas. Shea butter is a valuable commodity with a wide range of uses. It is used in cosmetics, pharmaceuticals, and food products. Shea butter is also used in traditional medicine to treat a variety of conditions, including skin problems, hair loss, and arthritis. The global demand for shea butter is growing. This is due to the increasing popularity of natural and organic products, as well as the growing awareness of the health benefits of shea butter. Nigeria is well-positioned to benefit from this growing demand, as it is the world's leading producer of shea butter.

The main challenges facing the shea industry in Nigeria are:

- Low productivity: The productivity of shea trees in Nigeria is low. This is due to a number of factors, including poor soil quality, inadequate rainfall, and pests and diseases.
- Poor post-harvest handling: The post-harvest handling of shea nuts is often poor. This leads to losses and reduces the quality of the nuts.
- Lack of access to processing facilities: There is a lack of access to processing facilities for shea nuts in Nigeria. This makes it difficult for farmers to add value to their crops and to get a better price for them.
- Inadequate market access: Farmers in Nigeria often lack access to markets for their shea products. This is due to a number of factors, including poor infrastructure, lack of information, and competition from imported products.
- Volatile prices: The prices of shea products are volatile and can fluctuate significantly from year to year. This makes it difficult for farmers to plan their production and to make a profit.
- Competition from imported shea products: Nigeria faces competition from imported shea products from countries such as Ghana and Ivory Coast. These countries have more developed shea industries and are able to produce shea products at a lower cost.



Rice - Agriculture Target Consumer Product

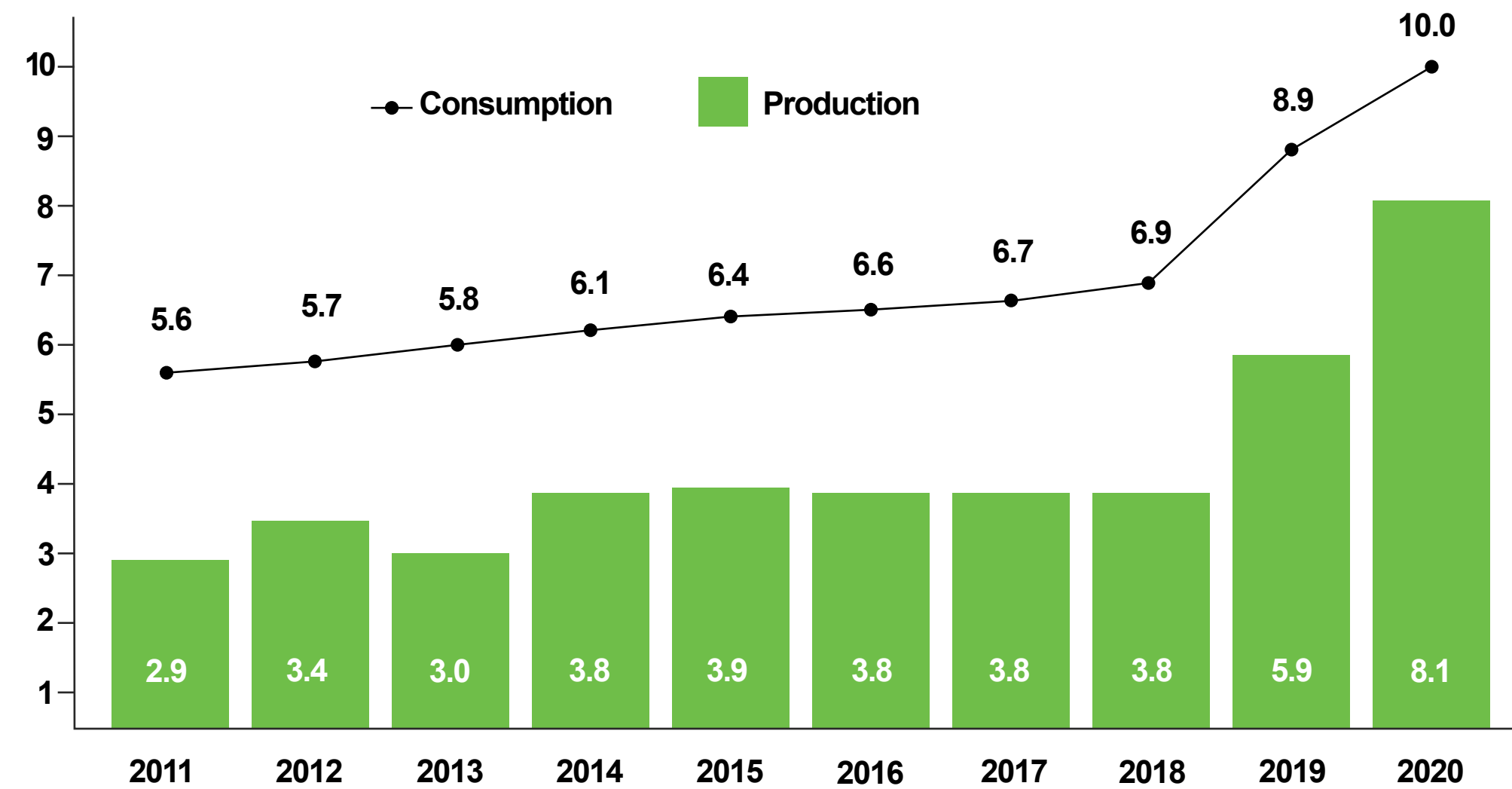
Rice

Rice remains one of the most important staples for Nigerians with a renewed emphasis on domestic production.

Rice is the third most consumed staple food in Nigeria (after maize and cassava) and has become a significant crop due to its increased importance in the country. Nigeria is now the largest producer of rice in Africa, with production growing at a CAGR of 12% over the past decade. The average yield in the country is approximately 2.2 metric tonnes per hectare.

Rice consumption in Nigeria has surpassed production with an average annual deficit of c. 2.6 MMT between 2011 and 2020. To meet the supply shortfall, Nigeria imports rice from Thailand, India and United States, incurring a bill of approximately \$5 million daily.

Rice Demand and Supply (MMT) 2011 - 2020



Key Players



Opportunities & Challenges

- The country's fast-growing population continues to underpin demand for local consumption of rice.
- The presence of large bodies of water and irrigation farming across rice producing states in the country encourages all year-round cultivation of rice.
- The signing of the AFCFTA agreement will also provide a market for the exportation of rice products to neighboring countries.
- The by-products from the rice milling processes (rice bran and husk) can be sold as input to feed mills and will also serve as an additional income.
- Extreme weather conditions in the Northern region of Nigeria poses a threat to thriving agricultural activity in the region.
- Low technology and training in Nigeria lead to the waste of rice mill by-products.
- Isolated incident which are limited to certain area in the Northern regions of Nigeria provides a major challenge in attracting investments in rice production and processing.

Key Products



Milled Rice



Rice Bran



Rice Husk

Soyabeans - Agriculture Target Consumer Product

Soyabeans

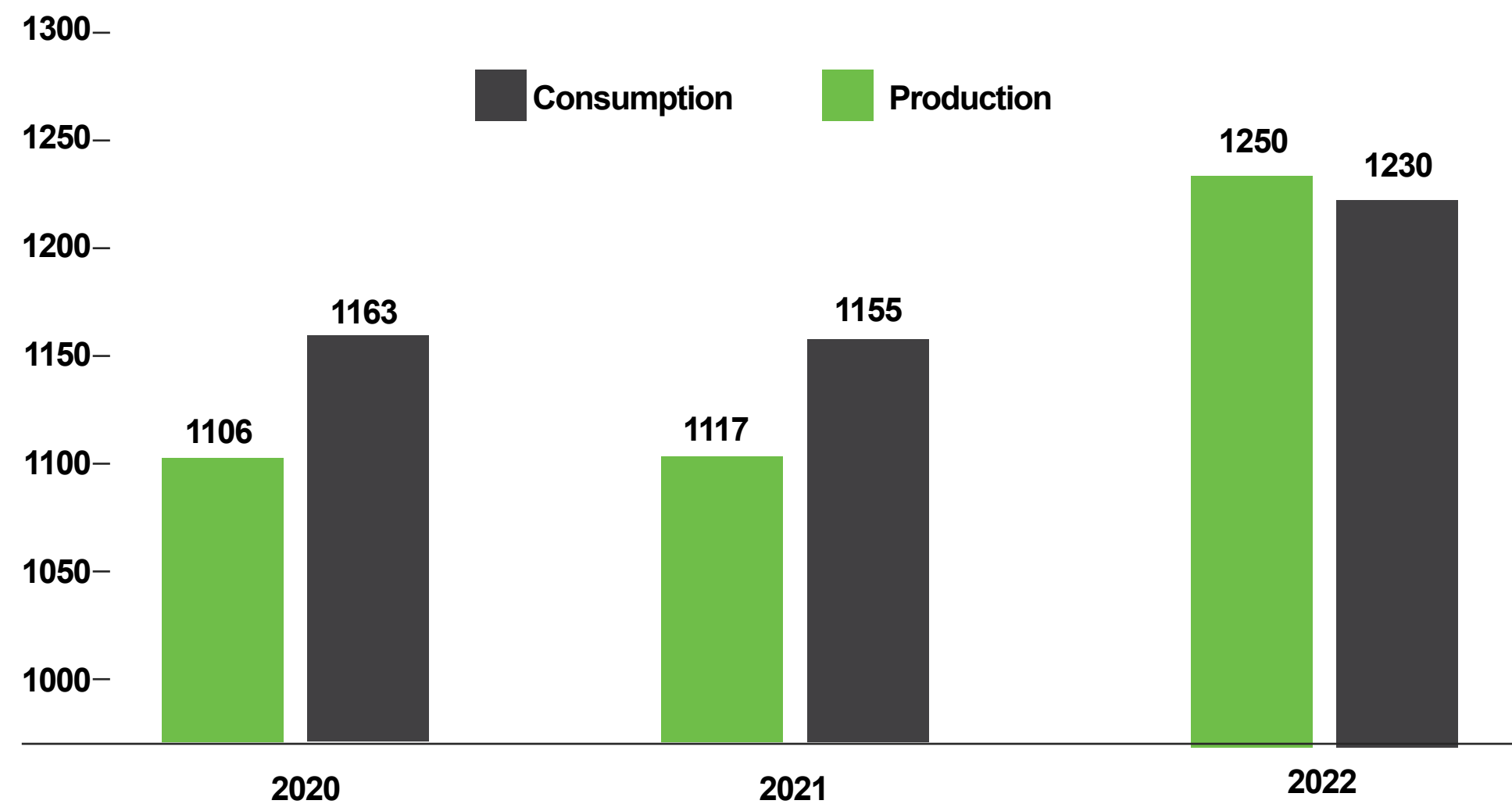
Nigeria is the largest producer of soybean in subSaharan Africa (SSA), followed by South Africa.

Soybean farming can also increase the country's GDP as the demand for it increased at the national level. Although, Nigeria currently produce soybean worth \$85million at the international market.

Benue State is the dominant soybean producing area but several other states, such as Kaduna, Plateau, and Nassarawa are increasing production.

In 2020, Nigeria imported \$12.8M in Soybeans, becoming the 57th largest importer of Soybeans in the world.

Soyabeans Demand and Supply (1000 MT)



Key Players

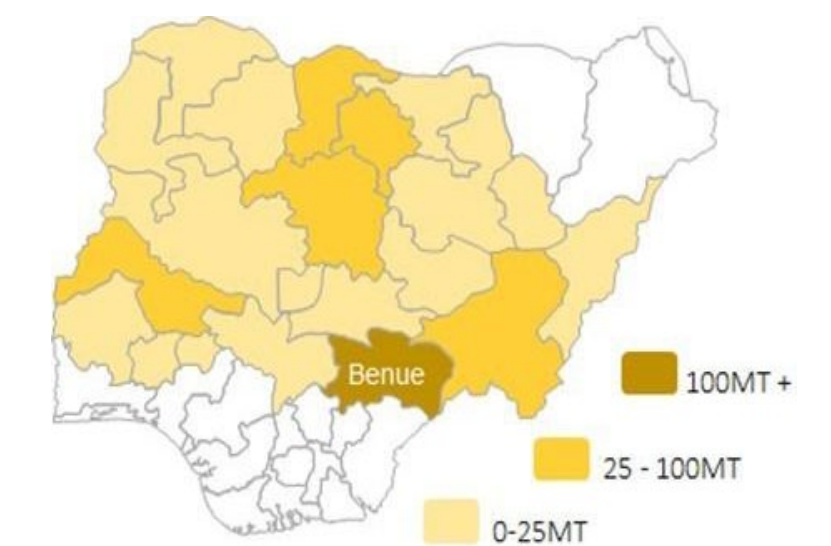


Opportunities & Challenges

Soybean is fast becoming one of the most profitable crops to invest on, in Nigeria. This is largely due to the high demand and use of Nigeria presently produces about 500,000 MT of the crop annually.

- Nigeria currently generates about \$47.6million from the exportation of Soyabeans and this is just a meagre 0.082% of the total export value which create significant opportunities for export potentials.
- Food technologists developed a wide range of soybean food products and up to 98% of households in some Nigerian communities started eating soybean foods. Some products are now produced and distributed on a large scale, providing income for the manufacturers.
- The limited investment in farm inputs and low farmer know-how result in poor productivity currently, less than 1.0MT/hectare (ha) in Nigeria versus 2.5-3.0 MT/ha in Brazil and Argentina. There is a significant opportunity to close this yield gap, thereby boosting farmer income and creating a virtuous cycle for continuously growing this sector.
- In many countries only a small market exists for soybean so many farmers are not willing to grow it, and not many people know how to process it or prepare meals with it.

Soyabeans producing states



Source: IITA, FAO 2022, Statista

Wheat - Agriculture Target Consumer Product

Wheat

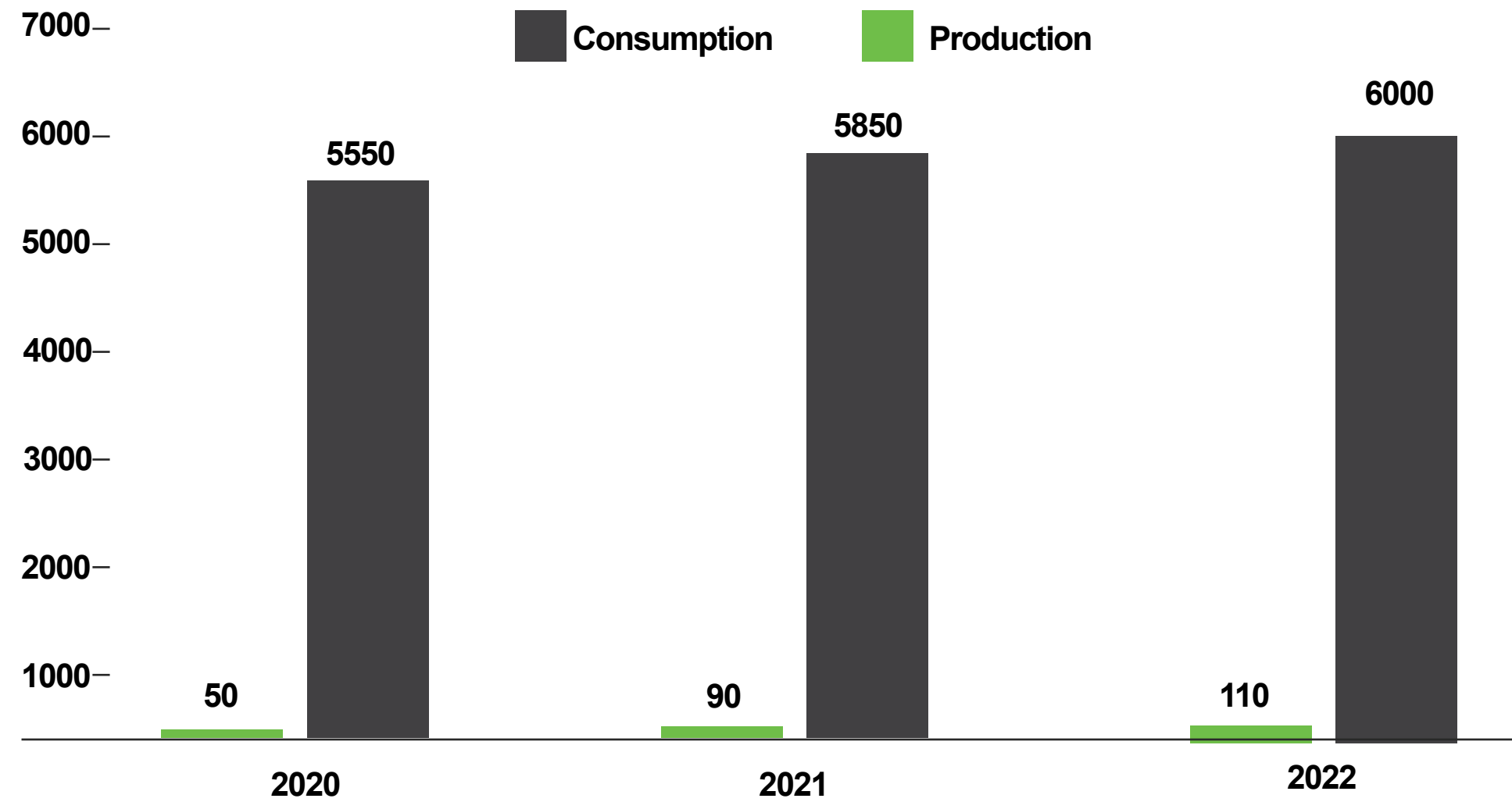
The significant demand for wheat over its supply create market investment opportunity across the value chain.

Nigeria imported over 1.29 million metric tons of wheat from the U.S., making it the fifth largest U.S. wheat importer in the world.

Wheat is the third most consumed grain in Nigeria after corn and rice. The country's population growth is driving consumption.

Local wheat production is insufficient to meet domestic demand and is relatively expensive. Overall demand is significantly augmented by imports, which are at \$2.1 billion in 2020 and \$2.5 billion in 2021.

Wheat Demand and Supply ('000 MT)



Key Players



Opportunities & Challenges

- Nigeria remains a huge export market for wheat with export value of U.S. wheat averaging \$1 billion, about 85 percent share of the wheat market.
- The high demand is mostly pressured by increasing consumption of wheat flour - based products and insufficient domestic substitutes.
- The country's wheat milling capacity is about 8.0 million tons with capacity utilization at approximately 50 percent. Wheat flour and other wheat - based products from Nigeria worth much more than 400,000 metric tons are also informally exported to its neighboring countries.
- Most smallholder farmers, not just wheat farmers in Nigeria do not have access to finance, which limits their ability to invest in their farms and improve productivity.
- Support for mechanized farming in Nigeria is needed to secure farmlands and give farmers subsidies and Grants in the production of wheat

Key Products



Wheat Bran



Wheat Flour



Semolina (Fine & Coarse)

Maize - Agriculture Target Consumer Product

Wheat

The maize supply gap in Nigeria is estimated around 4 million metric tonnes annually, creating room to enhance domestic production capacity.

Nigeria was Africa's second largest maize producer after South Africa and the 14th largest producer globally. Yet, its local maize demand continues to surpass supply thus creating an annual demand gap of about 4 million metric tonnes annually.

Maize, one of the most popular food crops in Nigeria, is widely consumed by millions of Nigerians and is also used for the production of animal feeds.

Maize is the world's highest supplier of calorie with caloric supply of about 19.5%. It provides more calorie than rice (16.5%) and wheat (15.0%).

Maize along with rice and wheat are the most consumed grains in Nigeria. Maize is processed into cereals or livestock feed. Nigerians also consume a high percentage of cooked or roasted maize.

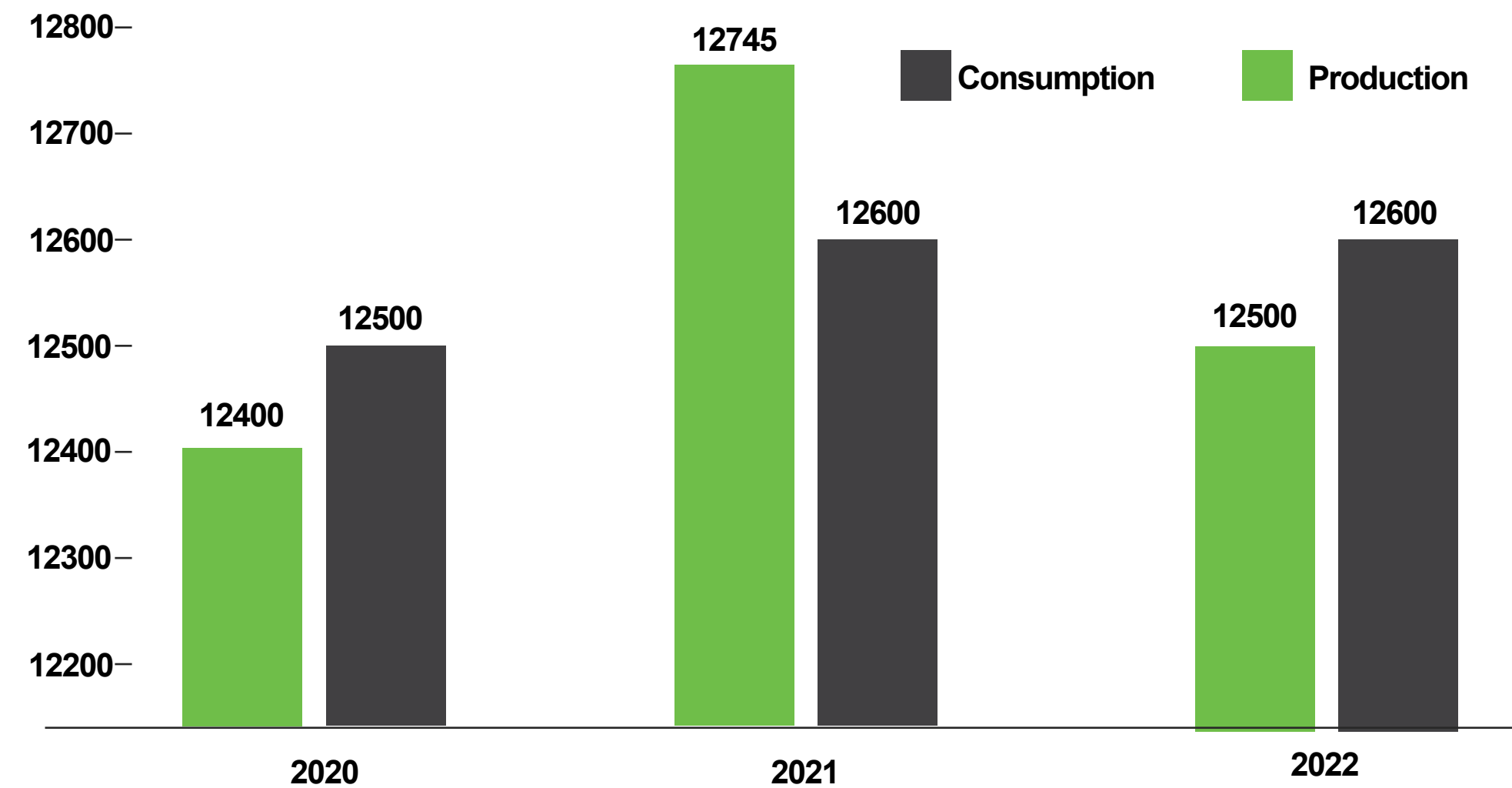
Nigeria's maize consumption occurs in the form of corn flour, confectionery, roasted corn, boiled, or prepared as porridge.

Over the years, maize has become an important crop, taking over acreages from traditional crops such as millet and sorghum.

Maize is grown over a wide range of climatic conditions because of its many divergent types.

The amount and distribution of rainfall are highly important factors in successful maize production.

Maize Demand and Supply ('000 MT)



Opportunities & Challenges

- Production and consumption data have pinpointed a deficit of over 4.0 million metric tonnes as Nigeria produces about 12.0 million tonnes of maize, while yearly demand hovers around 16.0 million metric tonnes, fueling hike in price.
- Nigeria's rising demand for maize for both domestic and industrial consumption from the poultry sector, bioethanol animal feed industry, and this represents a golden opportunity to increase average yield for farmers and entrepreneurs.
- Hybrid maize has been identified as the panacea for closing the maize demand and supply chain gap in Nigeria. This solution could well turn around the fortune of the country in more ways than one.

Top Maize Producing States



Key Products



Corn Syrup



Corn Starch



Corn Oil





OUR VISION


TO BECOME THE WORLD'S LEADING
CATALYST OF INVESTMENTS, TRADE AND
FINANCE INTO AND ACROSS AFRICA


OUR MISSION


THROUGH OUR KNOWLEDGE DISSEMINATION
ENDEAVORS, BESPOKE CLIENT SERVICES AND
INNOVATIVE PROGRAMS WE STRIVE TO BECOME
A CENTRE OF EXCELLENCE FOR THE
FACILITATION OF INVESTMENTS, FINANCE AND
TRADE ON THE AFRICAN CONTINENT.

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