



agramondis

**2023**

**NIGERIAN  
AGRIBUSINESS  
SURVEY**

Trends in Nigeria's agriculture sector  
from today's agribusiness professionals

**3<sup>rd</sup> Edition**

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# Nigerian Agribusiness Survey

## 2023

Trends in Nigeria's agriculture sector from today's agribusiness professionals

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## Abbreviations and Acronyms

AI	Artificial Intelligence
AKADEP	Akwa Ibom Agricultural Development Program
APP	Agricultural Promotion Policy
CBN	Central Bank of Nigeria
CEO	Chief Executive Officer
CSA	Climate-smart agriculture
DAWN	Development Agenda for Western Nigeria
FCT	Federal Capital Territory
GAP/G.A.P.	Good Agricultural Practices
GCA	Global Centre on Adaptation
GSMA	Global System for Mobile Communications Association
ha	hectare
LPRES	Livestock Productivity and Resilience Support Project
MSME	Micro, Small and Medium Enterprises
NASC	National Agricultural Seed Council
NDC	Nationally determined contributions
NGN	Nigerian Naira
NGO	Non-Governmental Organisation
PMS	Premium Motor Spirit
Q1	First Quarter
Q2	Second Quarter
Q3	Third Quarter
USD	United States Dollar



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## Summary

The third edition of the Nigerian Agribusiness Leaders Survey involved 125 agribusinesses operating throughout Nigeria, with a concentration in the Southwest, North Central, and Northwest regions. The survey covered various numbers of agribusinesses across six sub-sectors, including (1) *inputs and services*, (2) *agricultural production*, (3) *aggregation, storage, trade, and logistics*, (4) *processing and manufacturing*, (5) *agricultural technology*, and (6) *agricultural finance*. Survey respondents shared insights about their areas of business activities, operational methods, market positions, and their perspectives on the state of the sector, policies, and market outlook.

In this edition, we share results from the last three years, which include data from 2021 to 2023. Additionally, we offer a comparative analysis of historical data showing the evolution of the sector within this period. The report is organised as follows:

- Chapter 1 presents the demographic information and structure of the sector.
- Chapter 2 explores the challenges faced by agribusinesses and their perceived solutions.
- Chapter 3 examines the current state and development of their business operations.
- Chapter 4 is a brief overview on how the current global events affect Nigerian agribusinesses.
- Chapter 5 provides a policy-focused outlook on the industry and concludes the report by discussing how agribusinesses anticipate changes in the business landscape in the coming years.

The top ten key insights from the survey are:

1. **Participating agribusinesses continue to be composed of young SMEs focused on one sub-sector, primarily agricultural production, with half farming less than 5 ha of land:** 86% of agribusinesses operating in Nigeria have 50 employees or fewer, and 59% of them have been in operation for five years or less. These figures are notably similar to the respondent profile from the previous year, showing a consistent trend.
2. **Limited access to finance, high costs and low quality of inputs, as well as poor infrastructure, persevere as the top three key challenges to agribusinesses:** Access to finance has been significantly increasing in importance to agribusinesses as financial literacy and inclusion have been rising amongst the general population as well. Agricultural inputs subsidies and improvement of roads, rails, and ports alongside digital infrastructure are at the forefront of agribusinesses' policy priorities.

3. **In 2023, agribusinesses prioritise climate action in their operations more than before:** 1 out of 3 agribusinesses now make use of renewable energy and 1 out of every 2 have climate change adaptation and mitigation strategies in place. Reducing food scarcity and preventing crop destruction are paramount in the upcoming years.
4. **27% of surveyed agribusinesses have certified products (namely organic or other certified) in 2023, this is down by 10% from last year:** the decline is largely due to the number of participating agribusinesses operating for less than five years that do not have certification for their agricultural production.
5. **Roughly 1 out of every 4 participating agribusiness employs AI in some form for their operations:** the development and use of advanced technology is a game changer expected to revolutionise the agricultural sector. Currently, almost half of AI-using agribusinesses use the technology for weather forecasting and precision agriculture while 43% use it to reduce labour costs and improve output.
6. **Opinions are becoming more pronounced, and neutrality is diminishing when it comes to the closing of the borders to rice imports since 2019:** 21% of agribusinesses strongly disagreed to this move in 2021. In 2023, this figure has increased to 33% with production still unable to meet demand and smugglers taking advantage of the gap. Despite growing disagreement, strong agreement remains stable at 23% - 27%.
7. **Support for the revised National Agricultural Seed Policy is strong, more than half of participating agribusinesses agree:** 55% of respondents strongly agree to the revision of the policy and 14% agree that this is a positive step towards Nigerian farmers having unrestricted access to quality seeds.
8. **The scarcity of Naira notes and the discontinuation of petrol (PMS) subsidy in early 2023 have left most agribusinesses lamenting over increased operational costs of business:** Almost all participating agribusinesses were impacted, notably on their operational costs, alongside other negative outcomes.
9. **Nigerian agribusinesses are unfazed by the challenges they are facing as 70% expect their business to perform better than last year with 97% expecting it to improve three years from now:** Optimism has significantly increased in 2023 versus last year, largely due to renewed hope in the government, market, technology, partnerships and investments in the agricultural sector.
10. **Key policy interventions that are desired by agribusinesses are primarily subsidisation of ag-inputs, better transportation flows, alternative forms of financing agriculture and a deepening financial inclusion for the informal sector:** For the past two years, subsidising agricultural inputs, like fertilisers, farm machinery and technology has ranked number one on desired policy interventions by agribusinesses.



## Introduction from our CEO

Three years on, the Nigerian Agribusiness Survey has grown in significance, impact, and reach. We launched the survey in 2021 to transform the collective knowledge of agribusiness industry professionals into crisp and actionable insights.

In this third edition, we added specific and actionable recommendations that Nigerian agribusinesses can apply to their operations based on the insights across the three editions of the survey.



Our vision for this annual study is that it serves as a go-to resource for Nigerian agribusinesses in driving sustainable impact in their supply chains and the communities they serve. By arming agribusinesses with the data they need to understand the trends in the industry, we are facilitating the development and fast-tracking of agri-food systems that are healthy for people and the planet. This survey has helped us gather data on the pressing challenges that agribusinesses have identified in farming and food production and the trends in the agribusiness industry. The insights from the study can be used as a quick fact-check by agri-entrepreneurs, by agri-food researchers to answer foundational research questions and strengthen their research quality, by agribusiness CEOs to improve the overall outlook of the food and agriculture sector, and by anyone curious about the state of the agribusiness sector in Nigeria.

I would like to thank everyone and every organisation that made this study possible and all the agribusinesses that took the survey (see full list of [Contributors](#)). Thank you all for your contributions. Together, we can leverage existing knowledge and expertise to improve the Nigerian agribusiness industry.

Johanna Joy Farrell

A handwritten signature in black ink, appearing to read 'J. Joy', written in a cursive style.

Chief Executive Officer  
Agramondis

## Methodology


In mid to late 2023, we surveyed 125 agribusiness industry professionals virtually. Respondents spanned across the six geopolitical zones in Nigeria and key agriculture value chains. We employed a mix of approaches for selecting respondents: some were self-selected such as agribusinesses in our professional networks and others were randomly selected via other channels.

We asked these professionals about the trends in Nigeria's agriculture sector, how they expect them to evolve in the coming years, the challenges they face in their business operations and how they have been addressing them. Participation in the survey has grown over the past three years (and is expected to keep growing) thus improving the statistical representativeness of the presented results.<sup>1</sup>

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<sup>1</sup> Caution is advised in reading base sizes smaller than  $n = 30$ , as they are less than 25% of the sample size.





**Chapter 1:  
Structure of the  
Nigerian  
Agribusiness Sector**



## Structure of the Nigerian Agribusiness Sector

### 1.1 Geography

Most of the agribusinesses surveyed were in the southwestern (55%), northwestern (28%) and north central zones (24%) including the Federal Capital Territory (FCT) of Nigeria (Figure 1). The top states where agribusinesses in each sector were concentrated were Lagos, Ogun, Oyo, Kaduna and Kano.

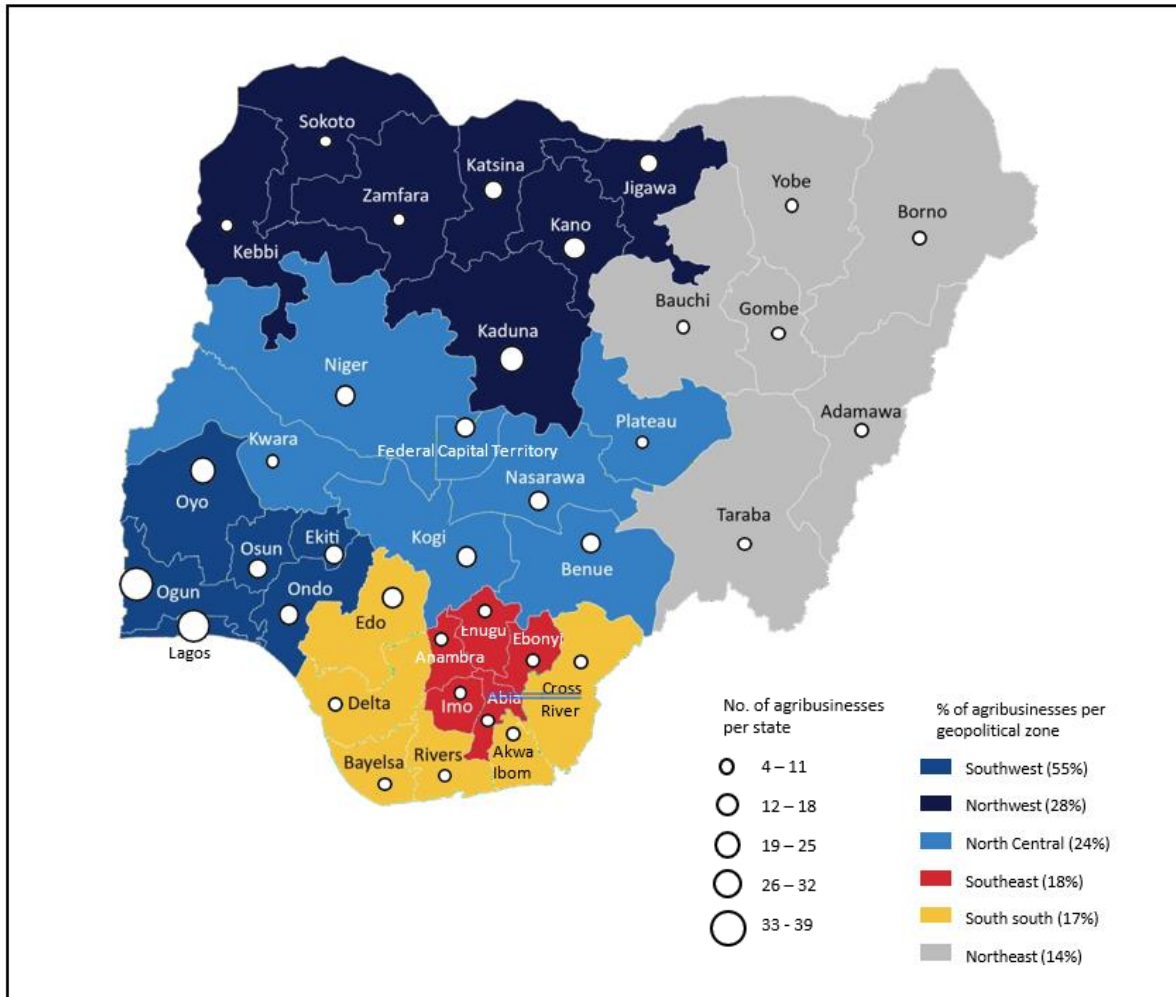
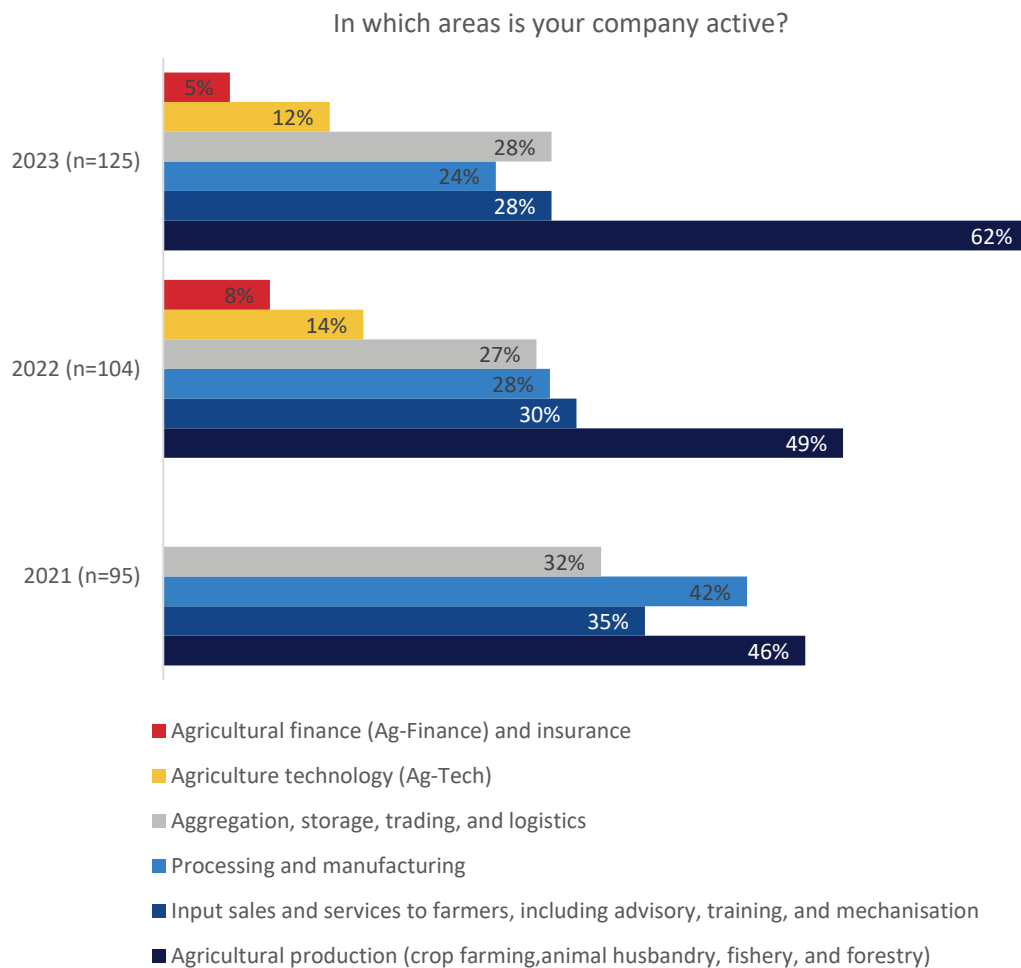


Figure 1: Distribution of agribusinesses in Nigeria in 2023.

## 1.2 Sectors

In 2023, more than half of the agribusinesses surveyed were involved in agricultural production (62%) and 28% were involved in input sales and services to farmers as well as aggregation, storage, trading and logistics. Since 2021, the number of agribusinesses surveyed who were involved in processing and manufacturing have declined from 42% to 24% in 2023 while those involved in ag-tech and ag-finance and insurance have increased (Figure 2).

With more businesses participating in the study, the average number of farmers in the supply chains of agribusinesses has normalised. Those involved in production remain to have one of the lowest number of farmers (average of 844) while agribusinesses involved in input sales have the largest farmer base (average of 8,121) (Table 1).



*Note: Percentages add up to more than 100% because agribusinesses are active in more than one subsector.*

Figure 2: Percentage of agribusinesses by sector

Table 1: Number of farmers across the supply chain by sector

	Year	2022	2023
Agricultural production	Base n	47	73
	Average	3,607	844
	Minimum	2	1
	Median	10	10
	Maximum	92,000	30,000
Input sales and services to farmers	Base n	30	31
	Average	89,384	8,121
	Minimum	2	1
	Median	450	200
	Maximum	2,000,000	100,000
Processing and manufacturing	Base n	27	26
	Average	975	3,397
	Minimum	1	2
	Median	10	13
	Maximum	14,000	55,000
Aggregation, storage, trading, and logistics	Base n	27	31
	Average	23,839	5,439
	Minimum	3	1
	Median	100	50
	Maximum	400,000	55,000
Agriculture technology (Ag-tech)	Base n	11	10
	Average	54,010	6,219
	Minimum	25	5
	Median	500	75
	Maximum	400,000	55,000
Agricultural finance (Ag-Finance) and insurance	Base n	4	3
	Average	100,027	3,174
	Minimum	10	200
	Median	49	2,000
	Maximum	400,000	7,321

### 1.2.1 Production

**On average, businesses producing livestock cultivate the largest area of land at 656 ha followed by those producing crops at 483 ha with the smallest in aquaculture/fishery at 5 ha.** (Table 2).

In terms of production, 66% of the participating agribusinesses grew crops, 45% raised livestock and 22% are in aquaculture/fishery (Figure 3). In 2023, more than half of agribusinesses involved in farming cultivated less than 5 hectares. (Figure 4 and Figure 5). Overall, the 2023 average is 723 ha which increased from the 2022 average of 312 ha.



Table 2: Average farm size by produce

Produce	Base	Average (ha)	Min (ha)	Median (ha)	Max (ha)
Crops	51	483	< 1	5	14,000
Livestock	35	656	1	3	20,000
Aquaculture/fishery	16	5	1	3	30
Trees	7	52	2	10	200
Other	8	1,268	< 1	4	10,000

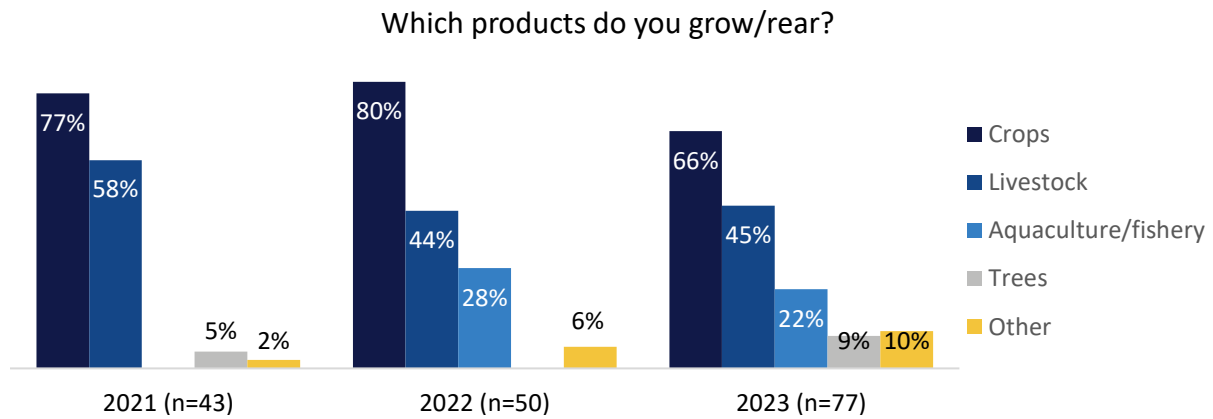


Figure 3: Percentage distribution of products grown by agribusinesses.

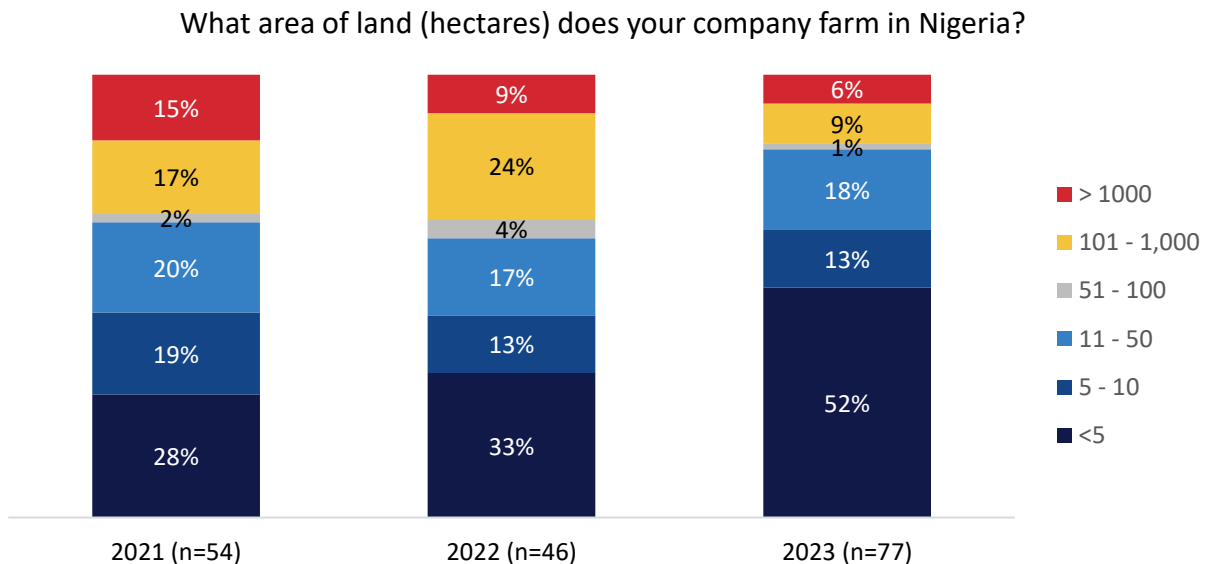
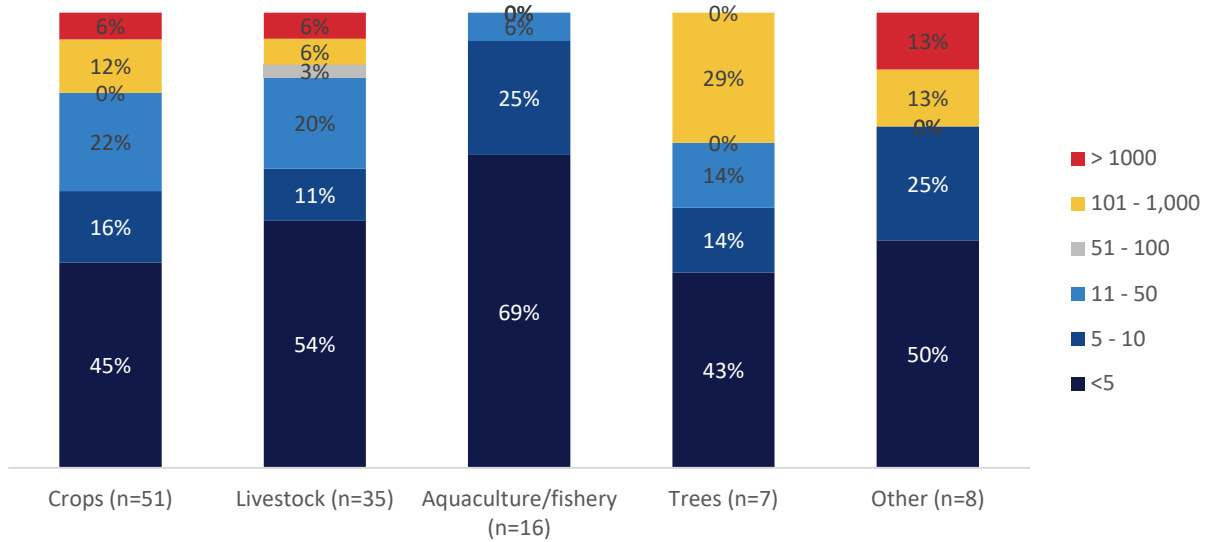


Figure 4: Classification of farm sizes among agribusinesses

What area of land (hectares) does your company farm in Nigeria by which products do you grow/rear?



Others include beekeeping, cassava, vermiculture and heliculture.

Figure 5: Percentage distribution of farm sizes by produce

### 1.2.2 Inputs and services

**In 2023, 56% of agribusinesses involved in inputs and services provide advisory and training such as technical farm assistance and GAP training through extension officers while 46% provide seeds and other planting materials.** This is likely because extension services usually accompany the provision of inputs such as seeds and fertilisers to smallholder farmers to ensure enough returns on investment.

37% provided chemicals (fertilisers, pesticides, and veterinary products) and 24% provided digital solutions for farmers. More agribusinesses providing machinery/equipment (15%) and mechanisation (17%) participated in the survey this year in comparison to 2022 (Figure 6).

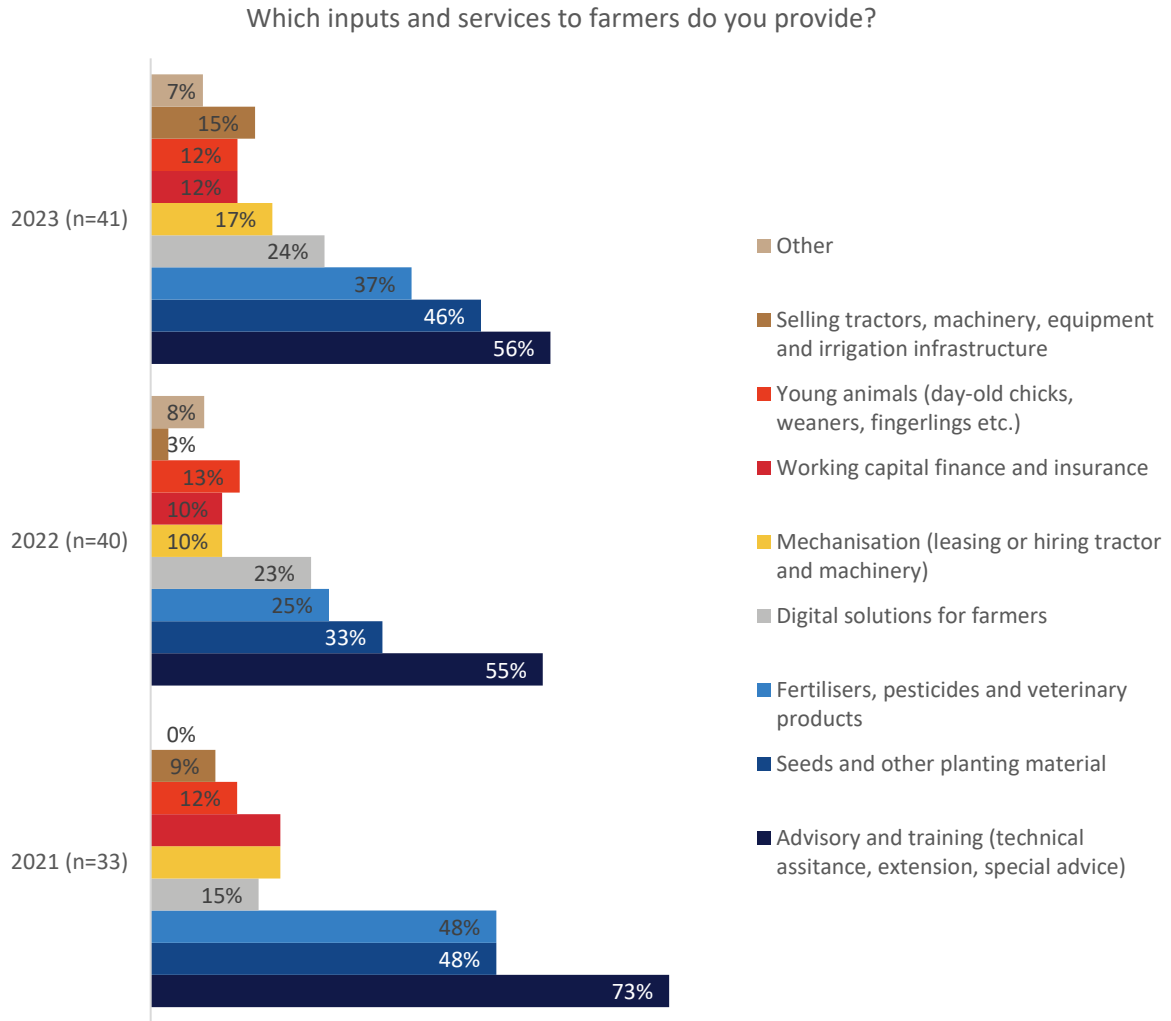


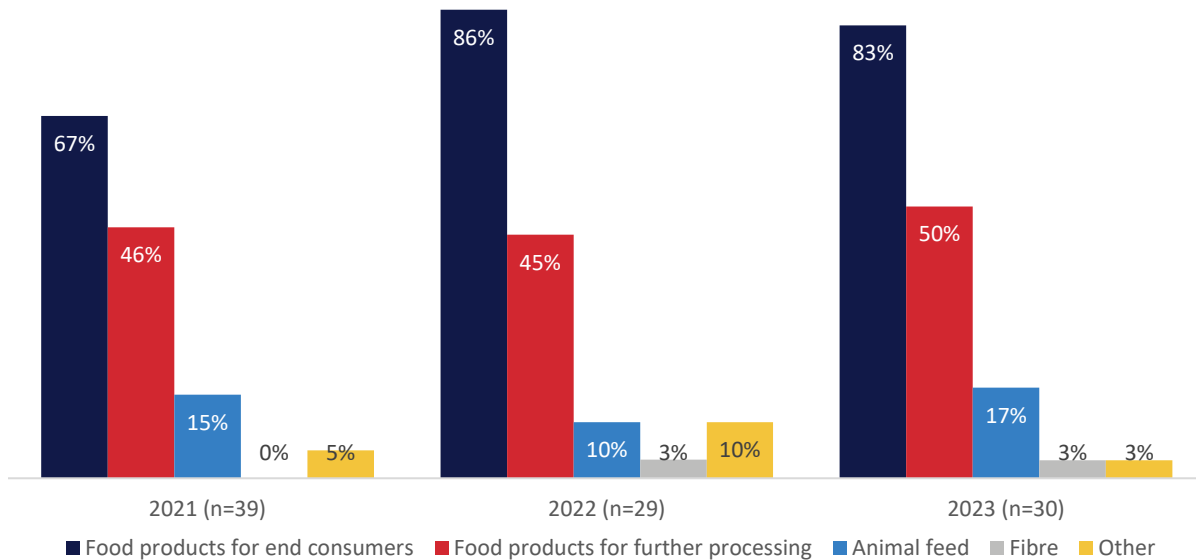
Figure 6: Classification of inputs and services used by agribusinesses.

### 1.2.3 Manufacturing

**Similar to last year, most agribusinesses (83%) involved in processing and manufacturing produce food products for end consumers which is likely a manifestation of the fast-moving consumer industry.** 50% of businesses produced food products for further processing.

Despite a large demand for animal feed, only 17% of the surveyed businesses manufactured animal feed, a small increase from 10% last year (*Figure 7*).

Which products do you manufacture?



Others include the manufacture of agro-processing equipment, shea, and vegetable.

Figure 7: Percentage of products manufactured by agribusinesses.

#### 1.2.4 Aggregation, trading, and storage

**Ag-finance companies (4 warehouses) followed by aggregation, storage, trading, and logistics companies (3 warehouses) have the highest number of warehousing facilities while agribusinesses that provide input sales and services to farmers have the highest number of processing facilities (3 processing facilities).<sup>2</sup>** In 2023, 1 in 6 agribusinesses have warehouses and of those that do, more than half have only 1 or 2 warehouses (*Figure 8*). Similarly, only 1 in 4 agribusinesses run any processing facilities with 72% of them running only 1 or 2 processing facilities (*Figure 9*). Storage and processing facilities are investments with high capital expenditure which could be why majority of participating agribusinesses have only 1 or 2 such structures.

<sup>2</sup> Caution is advised when interpreting results from the limited responses of ag-finance and input sales companies (2 and 9, respectively). In contrast, 26 aggregation, storage, trading, and logistics companies reported an average of three warehousing facilities (ranging from 1 to 40) from 2021 to 2023.

How many warehouses does your company operate in Nigeria (owned and leased)?

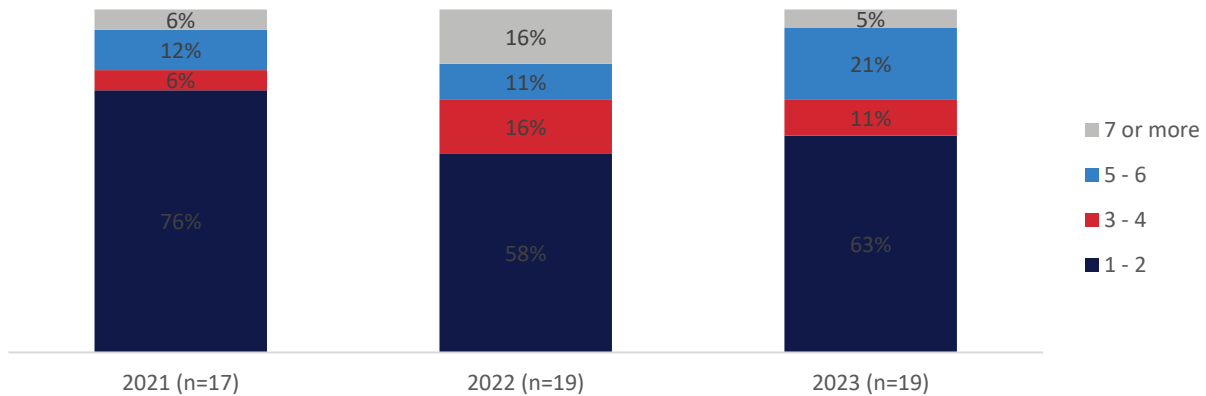


Figure 8: Percentage of agribusinesses possessing a warehouse.

How many processing facilities does your company run in Nigeria?

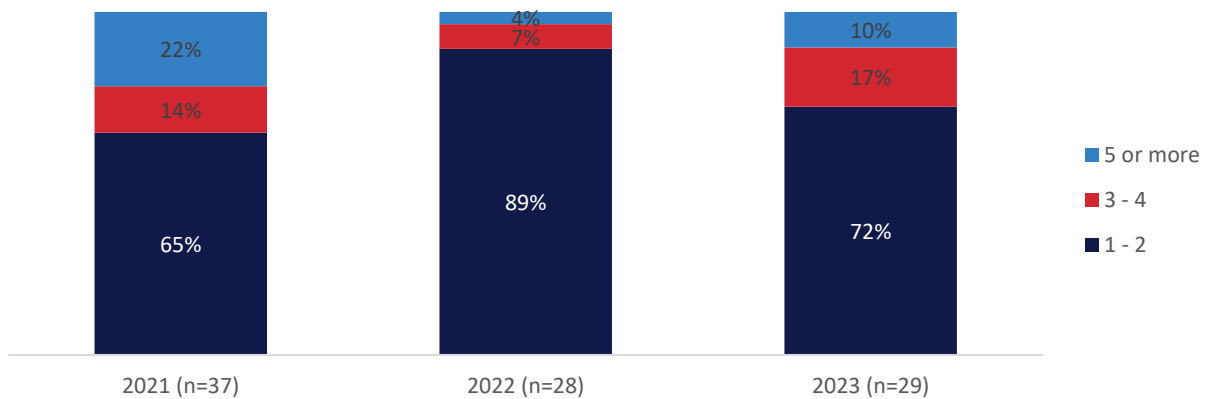


Figure 9: Percentage of agribusinesses possessing processing facilities.

Naturally, processing and manufacturing companies are likely to have more processing facilities than the other types of agribusinesses that participated in the survey. Similarly, agribusinesses involved in aggregation, storage, trading, and logistics, input sales and services to farmers, agricultural production, and processing and manufacturing are likely to have more warehouses than ag-tech and ag-finance companies. Ag-finance companies might indirectly run warehouses if they finance the agri-produce therein. See [Figure 10](#) and [Figure 11](#) for the average number of warehousing and processing facilities run by agribusinesses.

Average number of processing facilities owned, leased, and toll processing in Nigeria

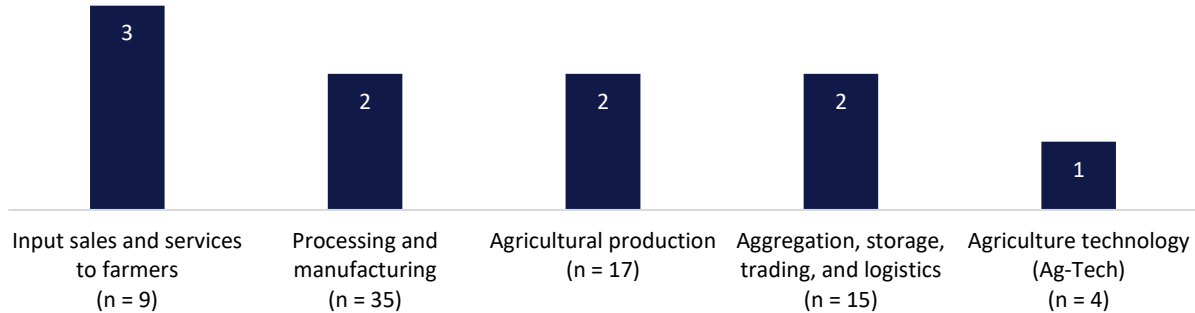


Figure 10: Average number of warehouses operated in Nigeria (owned and leased)

Average number of warehouses operated in Nigeria (owned and leased) disaggregated by type of agribusiness

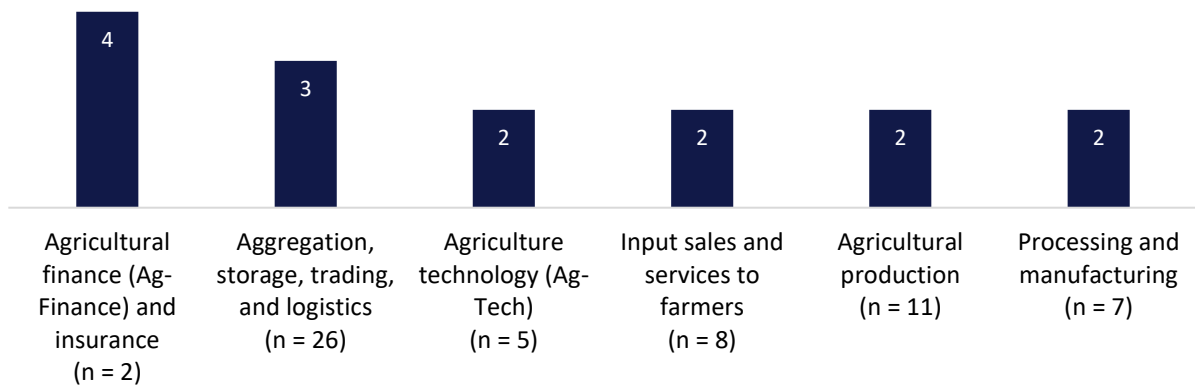


Figure 11: Average number of processing facilities owned, leased, and toll processing in Nigeria

### 1.2.5 Ag-tech

**The focus of ag-tech companies on smart farming equipment and software remains. Surprisingly, smart farming equipment companies have more customers than software companies, reflecting Nigeria's preference for hardware over software in its developing agricultural market.** Caution is however advised in interpreting the data due to potentially small sample sizes. Since 2022, the development of smart farming equipment and farming software are the most common products and services offered by participating ag-tech companies (Figure 12). Of the ag-tech businesses participating this year, only a quarter have well-established products/services in comparison to last year where more than half did (Figure 13). When asked about the estimated number of customers that use their product/services, companies that offer



smart farming equipment (such as fertiliser applicators, drone services for herbicide spraying and starch content analysis) had the highest average number of customers at 30,214 (Table 3).

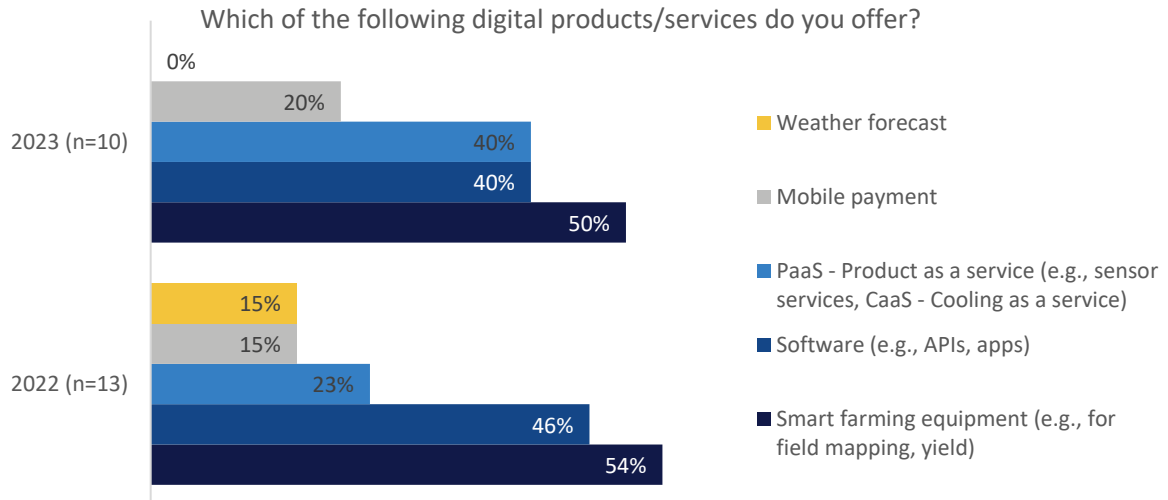


Figure 12: Percentage of products/services offered by ag-tech agribusinesses

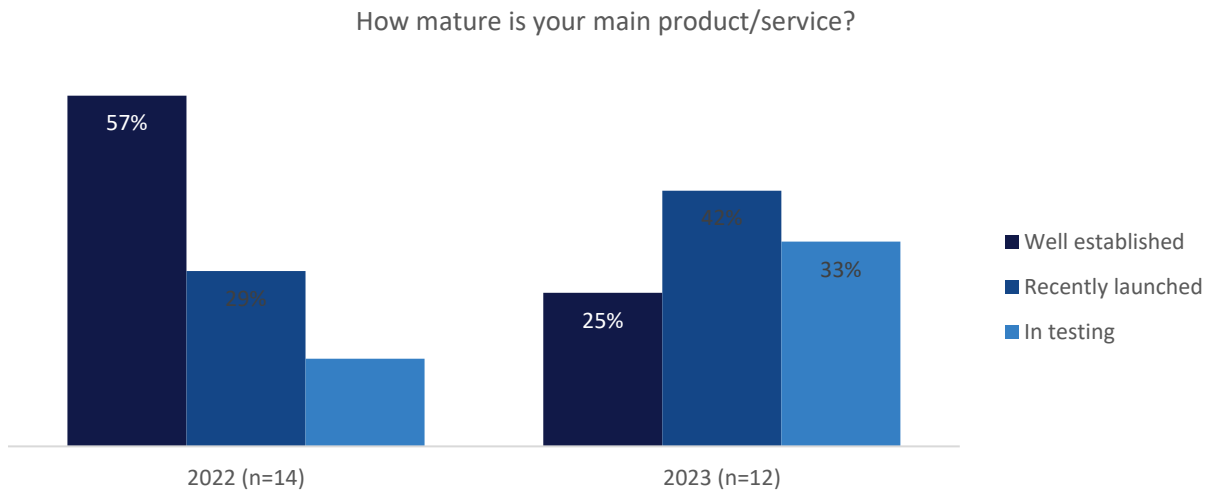


Figure 13: Percentage of agribusinesses according to maturity level

Products/services offered by ag-tech firms vs the estimated number of customers that use the product/services?

Table 3: Number of customers by products and services

Products/services offered by ag-tech firms		2022	2023
Smart farming equipment (e.g., for field mapping, yield)	Base n	7	5
	Average	15,594	30,214
	Minimum	10	70
	Median	3,000	100
	Maximum	92,000	150,000
Software (e.g., APIs, apps)	Base n	6	3
	Average	18,793	307
	Minimum	10	20
	Median	350	100
	Maximum	92,000	800
PaaS - Product as a service (e.g., sensor services, CaaS - Cooling as a service)	Base n	3	3
	Average	1,070	83
	Minimum	10	50
	Median	200	100
	Maximum	3,000	100
Mobile payment	Base n	2	2
	Average	200,000	10,035
	Minimum	100,000	70
	Median	200,000	10,035
	Maximum	300,000	20,000

### 1.2.6 Ag-finance

**80% of the participating ag-finance companies in 2023 provide short-term loans with 40% providing long-term loans.** These loans are mostly differentiated by working capital (Figure 14 and Figure 15). 75% recoup the working capital after one year while a third of them use a duration of less than 6 months (Figure 16).

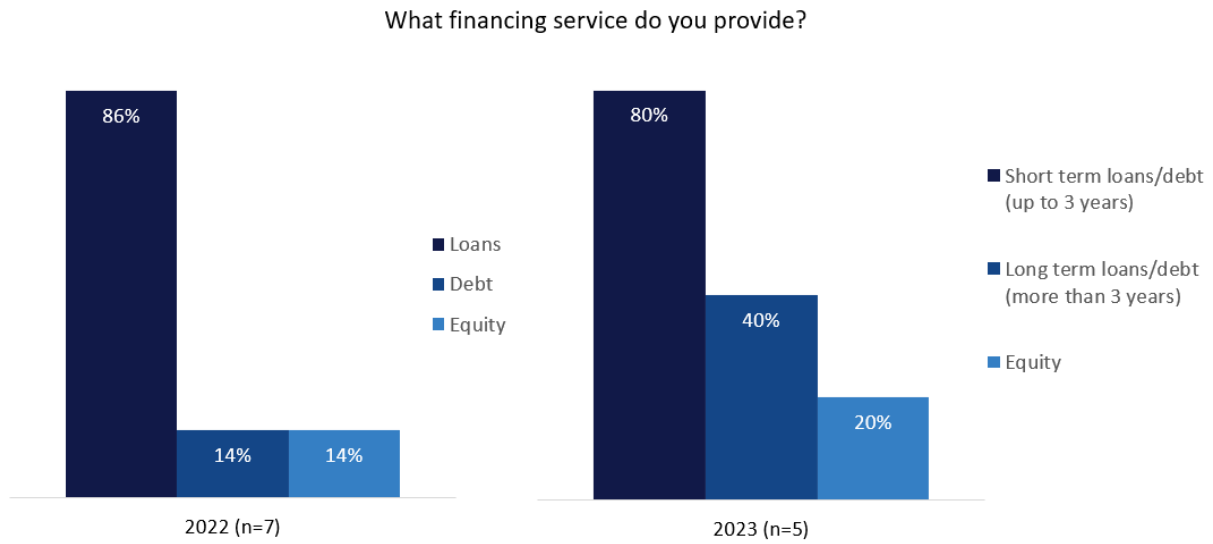


Figure 14: Percentage of services provided by ag-finance businesses

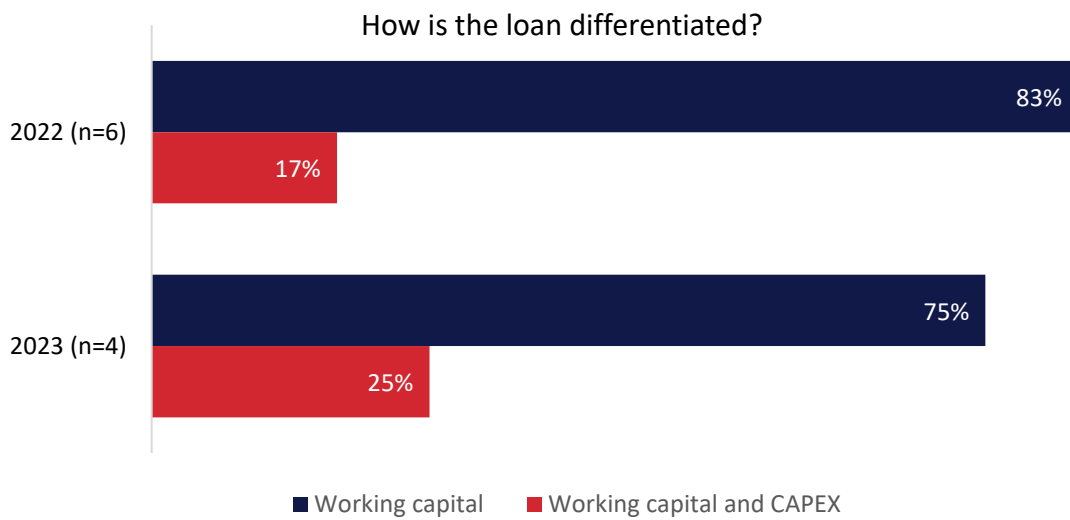


Figure 15: Types of loans provided in the ag-finance sector

What is the duration of the working capital?

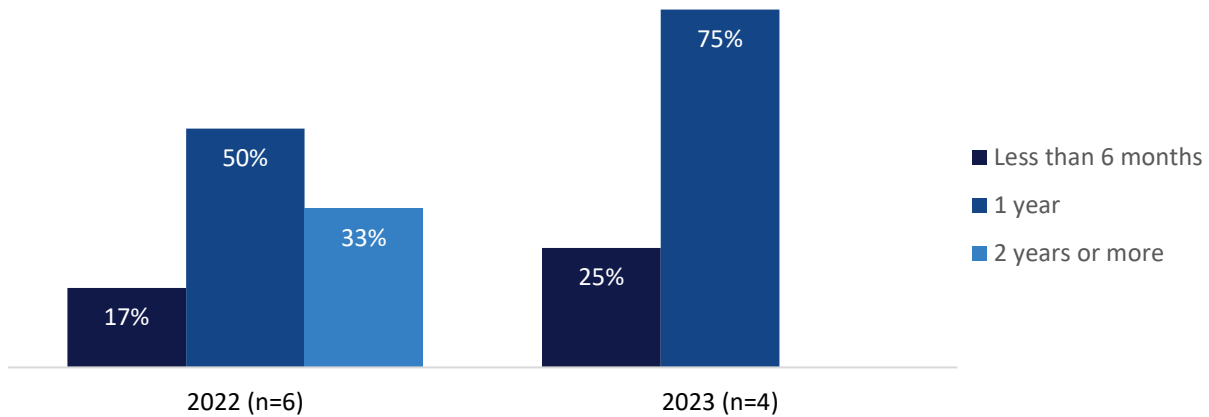


Figure 16: Duration of working capital

### 1.3 Vertical integration

A notable shift in agribusiness cross-sector trends is observed in 2023; processing and manufacturing businesses, which previously had 3% involvement in four other sub-sectors in 2022, now show a significant increase to 17%. The vertical integration trends remain similar annually since 2022 with over 60% of participating agribusinesses being involved in a single sub-sector only (Figure 17), most of them in agricultural production. Only 9% of agribusinesses are active in all four sectors with the most vertically integrated being ag-tech companies (40% are present in four sub-sectors). This is likely because ag-tech companies are in the business of creating products and services that stakeholders across the value chain can adopt. The processing and manufacturing sector has started to become more vertically integrated since last year from 3% to 17% now present in four sub-sectors (Table 4).

Vertical integration among agribusinesses

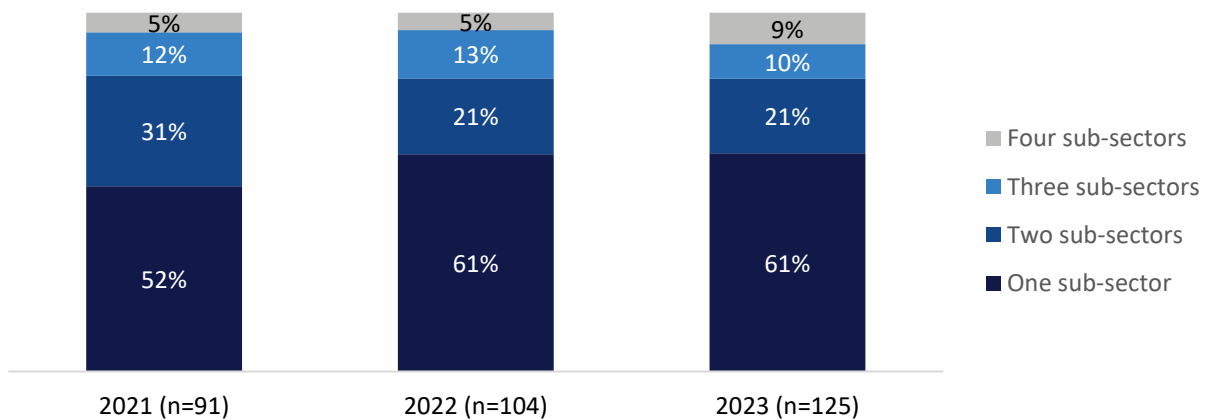


Figure 17: Level of vertical integration among agribusinesses

Table 4: Level of integration by sector

	Year	One sub-sector	Two sub-sectors	Three sub-sectors	Four sub-sectors
Agricultural production	2022 (n=51)	45%	24%	24%	8%
	2023 (n=78)	59%	19%	10%	12%
Input sales and services to farmers	2022 (n=31)	39%	16%	29%	16%
	2023 (n=35)	29%	29%	17%	26%
Processing and manufacturing	2022 (n=29)	38%	34%	24%	3%
	2023 (n=30)	27%	30%	27%	17%
Aggregation, storage, trading, and logistics	2022 (n=28)	32%	25%	32%	11%
	2023 (n=35)	17%	37%	20%	26%
Agriculture technology (Ag-tech)	2022 (n=15)	20%	27%	20%	33%
	2023 (n=15)	7%	27%	27%	40%
Agricultural finance (Ag-Finance) and insurance	2022 (n=8)	38%	25%	25%	13%
	2023 (n=6)	50%	0%	17%	33%
Other	2022 (n=7)	29%	57%	0%	14%
	2023 (n=9)	22%	11%	22%	44%

## 1.4 Employees

**Most of the participating agribusinesses (87%) only operate in Nigeria and more than half of them employ between 1 - 10 people in 2023 (Figure 18).** 13% of total agribusinesses operate both in Nigeria and in other countries, with a majority employing 11 to 50 employees (Figure 19). 41% of the agribusinesses had been in business for 2 - 5 years (Figure 20).

How many employees does your company have in Nigeria?

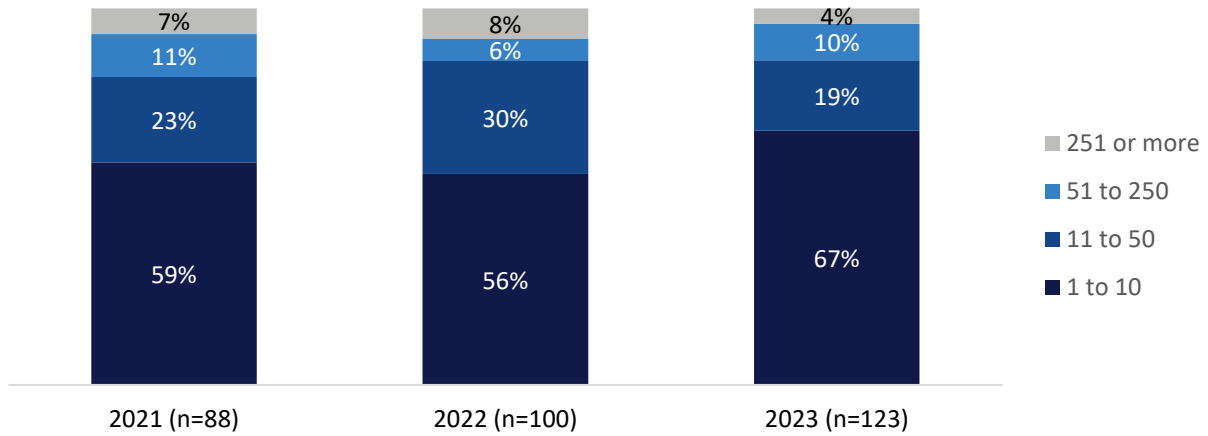


Figure 18: Nigeria only - number of employees working in the agribusiness sector.

How many employees does your company have in all countries, including Nigeria?

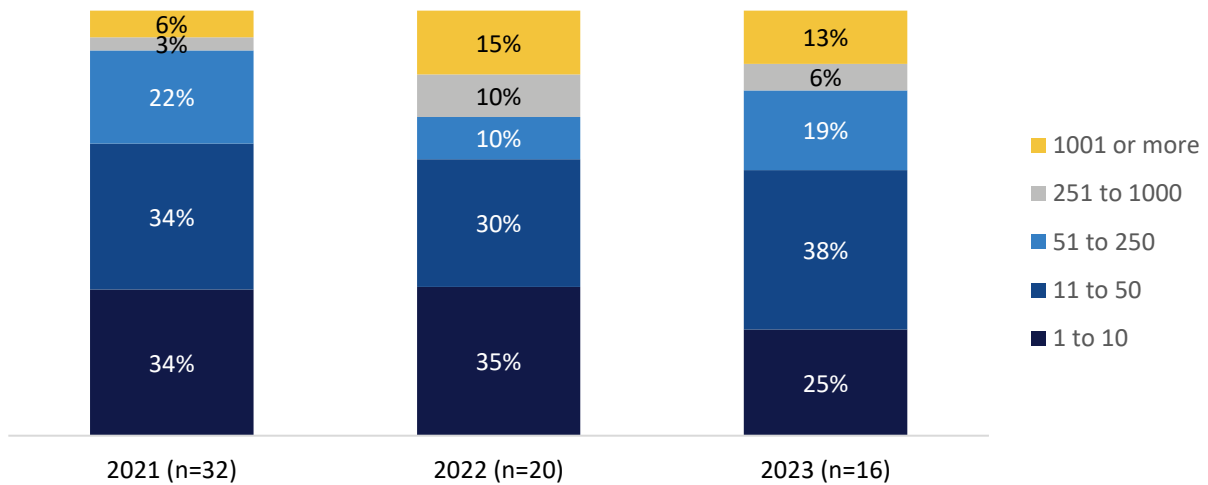


Figure 19: Nigeria and beyond - number of employees working in the agribusiness sector.



How many years has your company been in business in Nigeria?

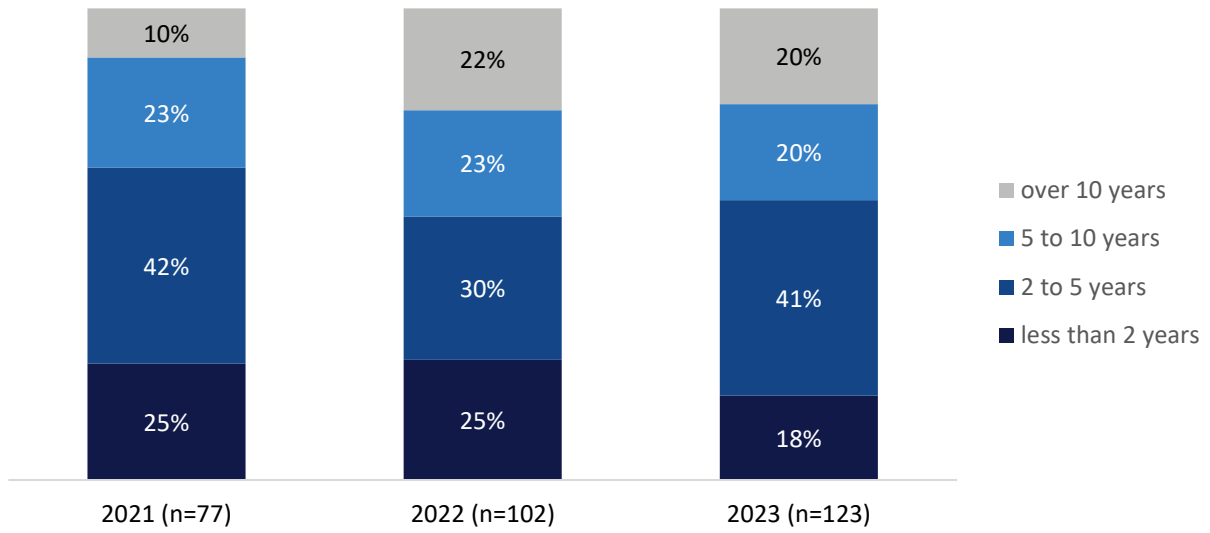
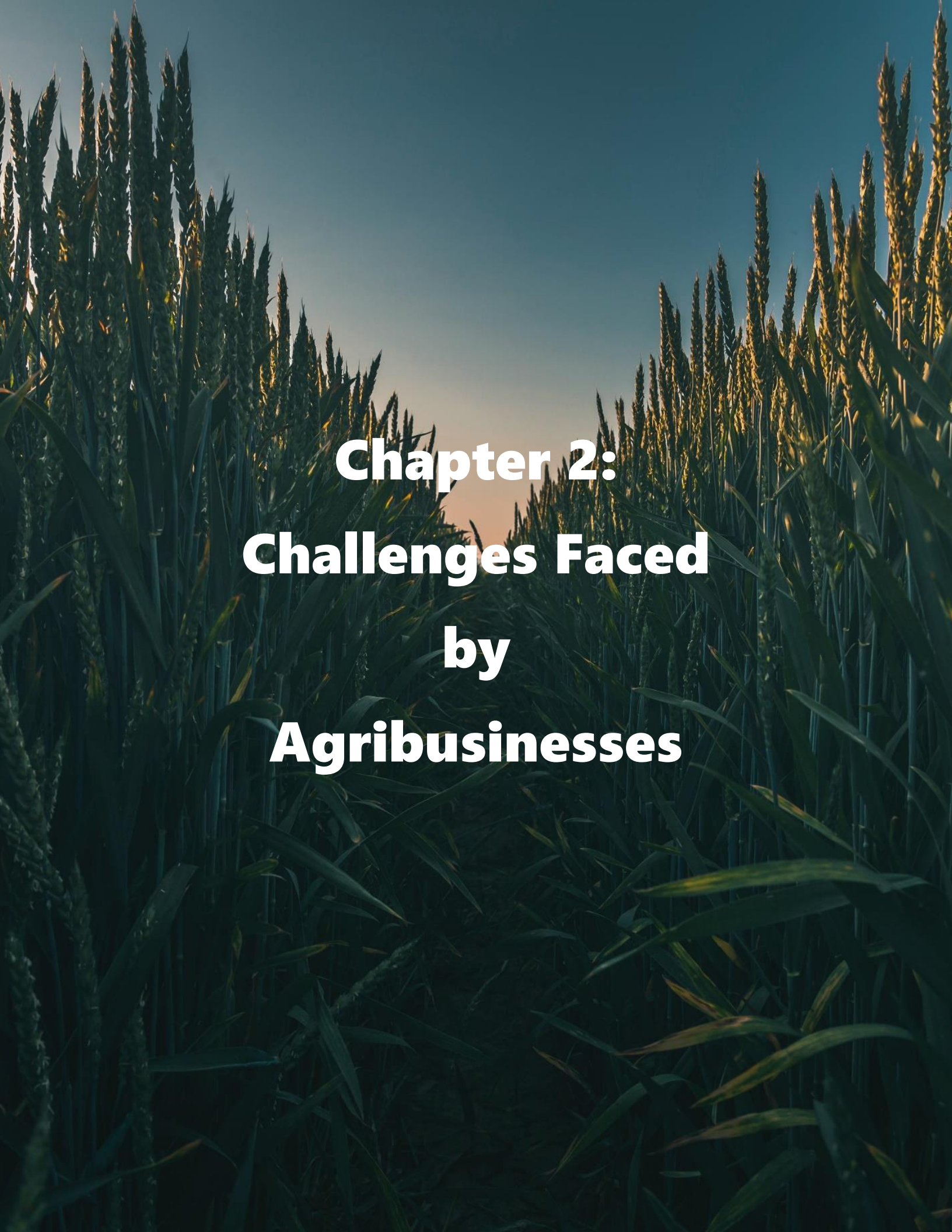


Figure 20: Percentage of agribusinesses by number of years of existence



**Chapter 2:  
Challenges Faced  
by  
Agribusinesses**

## Challenges Faced by Agribusinesses



### Main Points

1. Limited access to finance (e.g., loans), high costs of inputs, low quality of inputs, and poor infrastructure remain the biggest challenges to agribusinesses in 2023.
2. Financial literacy is increasing resulting in agribusinesses giving a higher importance to financial access, with a 67% annual increase in perceived importance since 2021.
3. Priorities for policy interventions are shifting across agribusinesses in recent years with subsidies for agricultural inputs, such as fertilisers, farm machinery and technology becoming the top priority for participants.
4. There is a significant increase in agribusinesses addressing climate change. Particularly those involved in input sales and services to farmers as well as processing and manufacturing.

**The most important elements of business success for agribusinesses in 2023 are high productivity/yield and high product quality** (see *Figure 21*). With President Tinubu’s declaration of a State of Emergency on food security in July 2023, the pressure on agribusinesses to meet the supply demands of an increasing Nigerian population is heavy.<sup>3</sup> Food prices have been on the rise, further deteriorated by the impact of petrol subsidy removal – a move purportedly intended to finance and revamp the agricultural sector. Intervention strategies were proposed at a meeting with agricultural stakeholders notably the activation of land banks, river basin irrigation schemes, and trade facilitation. The following sections explore each key challenge experienced by agribusinesses.

<sup>3</sup> Izuaka, Mary. 2023. “UPDATED: Tinubu declares State of Emergency on food insecurity as prices rise”. Premium Times. <https://www.premiumtimesng.com/agriculture/agric-news/609678-updated-tinubu-declares-state-of-emergency-on-food-insecurity-as-prices-rise.html>

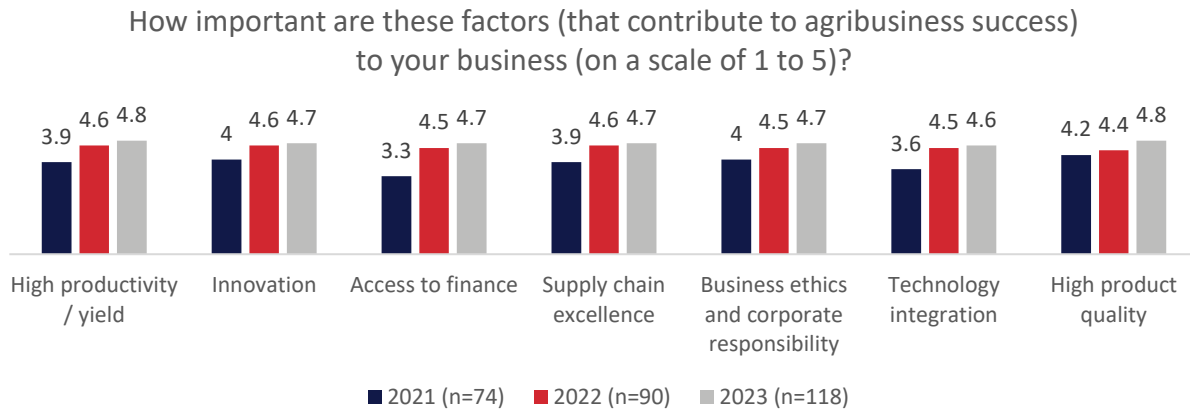


Figure 21: Factors that contribute to agribusiness success.

5 – Very important, 4 – Important, 3 – Somewhat Important, 2 – Not Important, 1 – Not at all important

### 2.1 Access to finance and funds

Compared to 2021, access to finance is becoming a key factor for business success amongst agribusinesses. Its importance has increased 3X since 2021 as 87% of participating agribusinesses deem it very important in 2023 compared to 29% in 2021. 78% of survey respondents see access to finance as a key challenge (Figure 22). In addition, 87% of respondents perceive that access to finance is one of the most important factors that determine the success of agribusinesses (Figure 23) and has been significantly increasing in importance since 2021. Trending similarly is high product quality which has also been increasing in importance for the past three years.

The majority of MSMEs in agribusiness are still self-funded or have informal funding<sup>4</sup> despite the existence of microfinance institutions and access to these loan facilities to grow their businesses.<sup>5</sup> However, financial inclusion and literacy have been continuously increasing in Nigeria supported by the development of digital instruments, infrastructure and financial services, such as mobile money.<sup>6</sup>

Some participants also mentioned that they have acquired more knowledge and understanding of their sector, thus recognising the importance of formal funding and access to capital.

<sup>4</sup> Steemers, Sanne et al., 2022, “Addressing the \$200 billion demand for finance for Agriculture and Agribusiness in Nigeria”, AGRIOLOGIC, Ministry of Foreign Affairs and Netherlands Enterprise Agency

<sup>5</sup> Obadire, A. M. (2022). Analysis of the Impact of Microfinancing on Poverty Alleviation in Nigeria. Journal of Financial Risk Management, 11, 648-657. <https://doi.org/10.4236/jfrm.2022.113031>

<sup>6</sup> Torsten Wezel and Jack Joo K. Ree, 2023, “Nigeria—Fostering Financial Inclusion through Digital Financial Services”, IMF Selected Issues Paper

What are the key challenges to your business right now?

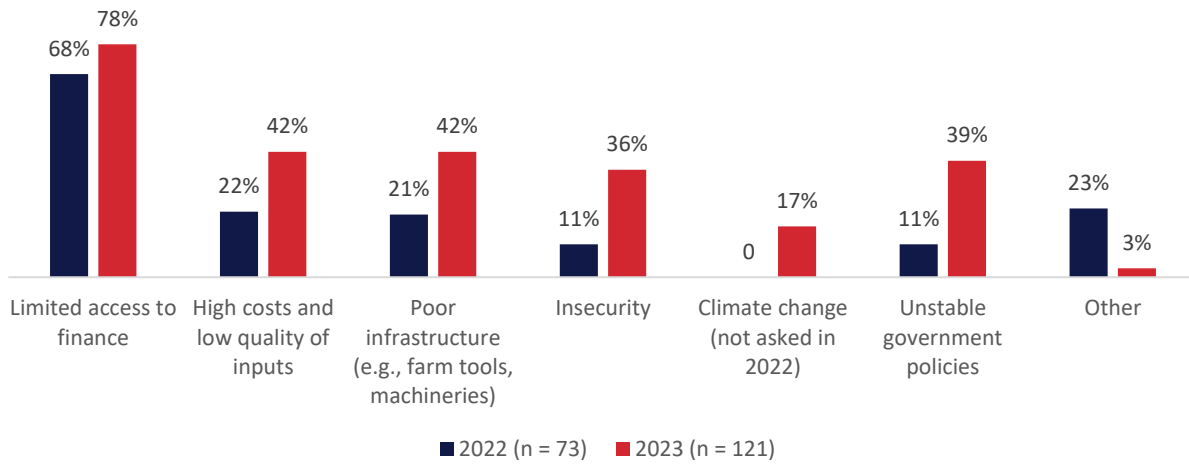


Figure 22: Key challenges faced by agribusinesses in Nigeria.

How important are they to your business? - Access to finance

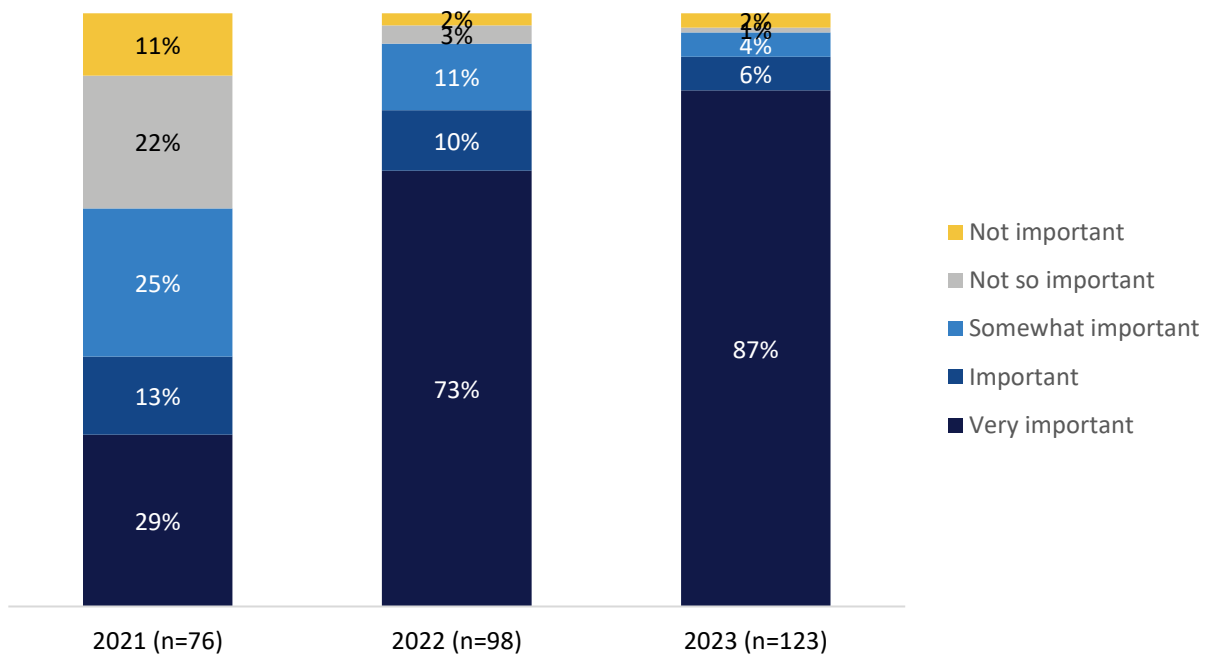


Figure 23: Access to Finance - factors that contribute to agribusiness success.

## 2.2 High cost and low quality of inputs

**42% of agribusinesses reported experiencing both high cost and low quality of inputs which increased from 22% last year** (Table 5). Subsidising agricultural inputs, like fertilisers, farm machinery and technology remain number 1 and is steadily increasing in importance across the

list of policies that survey respondents believed would help the agribusiness industry the most (Table 5).

In a study that examines the impact of Nigerian agricultural funding on reducing poverty, the results show that the strong economic growth pattern of the country was significantly influenced by agricultural production of which the backbone is agricultural financing that enables the purchase of agricultural inputs.<sup>7</sup>

Table 5: Key areas where policy interventions would foster agribusinesses.

In which areas do you think policy interventions would help the industry most?	2021	2022	2023
Create a coordinated and predictable policy environment for agribusiness	81%	58%	53%
Subsidise agricultural inputs, like fertilisers, farm machinery and technology	43%	63%	67%
Ensuring better transport flows of agricultural products and inputs on existing roads	69%	58%	55%
Building road and rail links	69%	46%	51%
Import barriers for products that we can grow in Nigeria (like in rice and maize)	52%	40%	42%
Alternative forms of financing agriculture	n/a	58%	55%
Food logistics policy that prevents multiple taxation	n/a	49%	52%
Deepening financial inclusion for the informal sector	n/a	43%	55%
Setting minimum or maximum prices for agricultural products	36%	32%	40%
Streamlining clearance of goods for both export and import at seaports	n/a	31%	38%
Fast-tracking of climate policies such as Nationally determined contributions (NDCs)	n/a	18%	29%
Column n	67	96	121

<sup>7</sup> Chukwu, Peter Damian Ezechi, Agbaeze, Clifford Chilasa and Efang, Udeme Okon (2023). Agricultural Financing and Poverty Alleviation in Nigeria. Global Journal of Accounting and Economy Research, Vol. 4, No. 1, 2023, pp. 47-65



### 2.3 Poor infrastructure

**78% of the agribusiness respondents considered the development of infrastructure a key policy intervention for the agribusiness industry** (Table 6). The infrastructure mentioned included building road and rail links, ensuring better transport flows of agricultural products on existing roads, and streamlining the clearance of goods for both export and import at seaports.

Table 6: Key areas where infrastructure-related policy interventions would foster agribusinesses.

Focus: Infrastructure - policy interventions	2021	2022	2023
Infrastructure-related (ensuring better transport flows, building road and rail links, and streamlining clearance of goods at seaports)	76%	71%	78%
Subsidise agricultural inputs, like fertilisers, farm machinery and technology	43%	63%	67%
Deepening financial inclusion for the informal sector	n/a	43%	55%
Alternative forms of financing agriculture	n/a	58%	55%
Create a coordinated and predictable policy environment for agribusiness	81%	58%	53%
Food logistics policy that prevents multiple taxation	n/a	49%	52%
Import barriers for products that we can grow in Nigeria (like in rice and maize)	52%	40%	42%
Setting minimum or maximum prices for agricultural products	36%	32%	40%
Fast-tracking of climate policies such as Nationally determined contributions (NDCs)	n/a	18%	29%
Column n	67	96	121

In Nigeria, numerous railway connections are not yet complete, and roads remain to be the primary method of transportation. While the Lagos-Ibadan railway began carrying goods in 2021 and the second Niger bridge allowed local traffic in December 2022, the expansion of the railway system to replace roads on a large scale is progressing slowly.<sup>8</sup>

Overall, participating agribusinesses putting prioritisation on infrastructure remains high at 78% in 2023 (Figure 24).

<sup>8</sup> Hong Kong Trade Development Council. (2021). NIGERIA: New Lagos-Ibadan Railway Opens to Freight, Offering Improved Cargo Flows. <https://research.hktdc.com/en/article/Nzg3MjUzODI4>

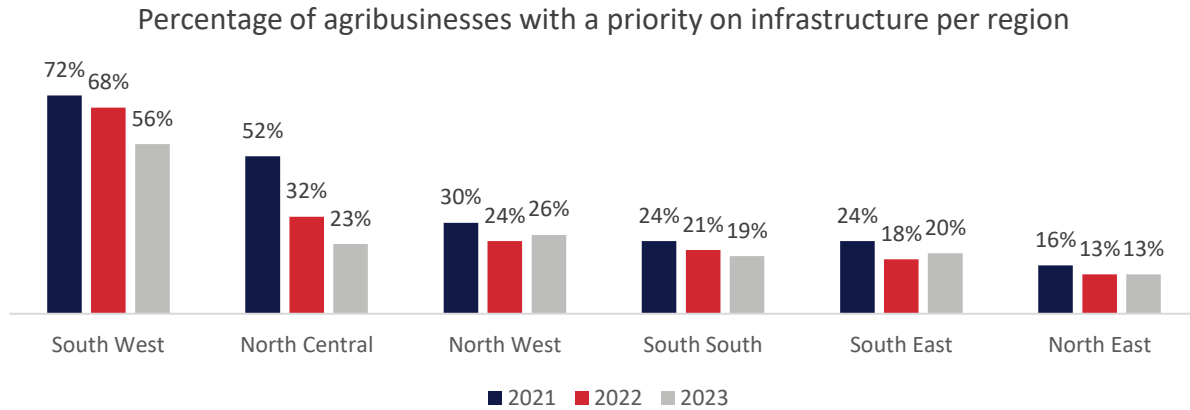


Figure 24: Percentage of agribusinesses with a priority on infrastructure per region

Infrastructure continues to be subject to pressure in the South, especially the Southwest. In May 2023, the Development Agenda for Western Nigeria (DAWN) Commission and the regional agency of the Nigerian Southwest states congregated in Ondo to discuss the urgency of linking 44 cities covering 667 kilometres through a rail system following the empowerment of state governments to commence railway operations in their territories.<sup>9</sup>

Pressure on infrastructure priority in the North Central region of Nigeria has decreased in the past three years. One major infrastructure development was the Loko-Oweto bridge that connects Benue and Nasarawa states with the capital, Abuja, significantly reducing travel and transport time.

Digital infrastructure is also a key need, especially in remote areas where there is a severe lack of stable access to mobile network services especially since Nigeria’s booming digital economy and the transition to cashless transactions are leaving agribusinesses in rural areas behind and unable to keep up with the technological demands of cashless e-payments.<sup>10</sup> The lack of access to mobile telephone networks in these areas prevents them from participating in electronic money transfers, which have increasingly been the preferred method of payment since the cash crunch.<sup>11</sup>

<sup>9</sup> Adewale Momoh, Akure., 2023, “Charting new direction for infrastructure development in SouthWest”, The Guardian, <https://guardian.ng/politics/charting-new-direction-for-infrastructure-development-in-southwest/>

<sup>10</sup> Federal ministry of works and housing, n.d., <https://worksandhousing.gov.ng/read/2244#:~:text=LATEST%20PRESS&text=The%20Minister%20of%20Works%20and,wealth%20in%20the%20local%20communities.>

<sup>11</sup> Ejekwoonyilo, Ameh., 2023. “SPECIAL REPORT: Rural farmers in Nigeria’s capital count losses amid poor mobile telephony”. Premium Times. <https://www.premiumtimesng.com/investigationspecial-reports/634757-special-report-rural-farmers-in-nigerias-capital-count-losses-amid-poor-mobile-telephony.html>

## 2.4 Insecurity and low farm productivity

**In comparison to last year when only 11% of respondents chose “insecurity” and “unstable government policies” as key challenges to their business, this year has seen an increase to 36% and 39% respectively (Figure 22).**

Delving into the responses of agribusinesses who chose these as key challenges, the majority who chose “Insecurity” experienced economic instability (cash crunch), flood, unavailability of raw materials such as maize and rising costs. Meanwhile, those who selected “Unstable Government Policies” mentioned difficulties in access to finance, government policy (subsidy removal), inflation and the volatile political landscape in Nigeria.

The absence of awareness, knowledge and security concerns hinders progress. Many areas in Nigeria that often experience crises create difficult conditions for agricultural businesses, which in turn restricts the region's agricultural possibilities. By equipping farmers with tools for monitoring their activities, agricultural businesses can promote development in two important ways: socially and economically. Farmers will be able to work without uncertainty or fear, which will lead to improvements in their own lives as well as in the communities they support.

## 2.5 Climate Change, Food Security, and Sustainability

**While climate action ranks low as a priority policy among participating agribusinesses, there's been a threefold increase in adopting renewable energy and climate advocacy since 2022. Yet, agribusinesses in production lag in adopting climate adaptation strategies even though they are the most vulnerable to climate change.** 17% of agribusinesses chose “Climate Change” as a key challenge to their business in 2023 (Table 5) with only 29% selecting “Fast-tracking of climate policies such as Nationally determined contributions (NDCs) as a priority (Table 7). This reflects the overall low priority given to climate action by participating agribusinesses.

Agribusinesses were asked “what impact does climate change have on your operation?” and majority of respondents are aware of the severe and negative impacts of climate change notably drought, flooding, low yield on crop production, scarcity of raw material and irregular production cycles.

Since 2022, there has been a significant increase in the use of renewable energy and advocacy for climate action. However, 22% of companies remain to say that they do not address this issue (Figure 25).

How does your technology/operation mainly address climate change?

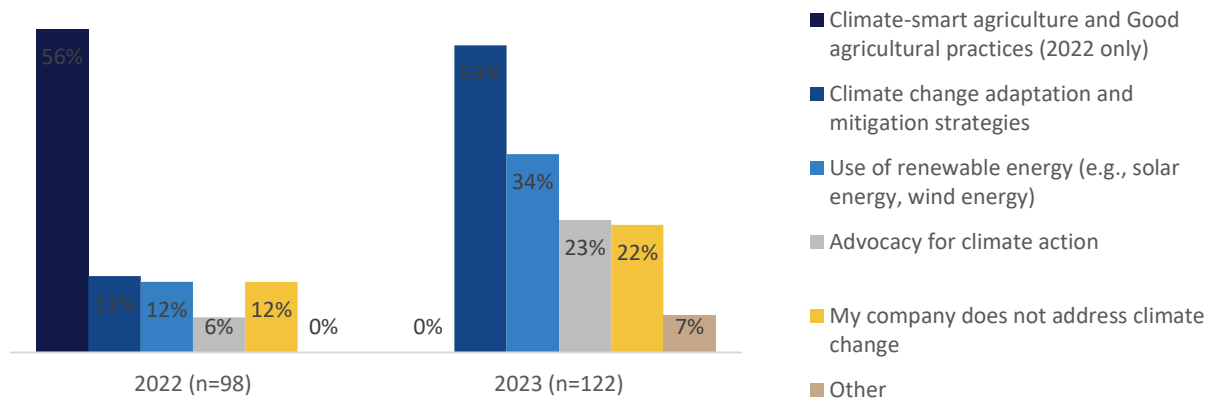


Figure 25: Climate adaptation strategies

Agribusinesses involved in agriculture technology, processing and manufacturing as well as input sales and services to farmers are the businesses that do the most in addressing climate change.

87% of ag-tech companies implement climate change adaptation and mitigation strategies followed by 76% of input sales and services to farmers companies who do the same. Half of processing and manufacturing companies are using renewable energy. Agribusinesses involved in agricultural production implement climate adaptation strategies the least but are arguably the most impacted when it comes to climate change (Figure 27).

In 2022, Nigeria experienced the worst flooding in the past decade which destroyed crops and farmland, further aggravating the food crisis experienced by the nation.<sup>12</sup> This has propelled several efforts to combat climate change which is emerging as a significant contributor to food insecurity in the country. One of these is the Akwa Ibom Agricultural Development Program (AKADEP) which introduced climate-smart agriculture (CSA) practices in Akwa Ibom state.<sup>13</sup>

<sup>12</sup> Reuters., 2023. "UK sets out support to make Nigeria's agriculture sector more climate-resilient." <https://www.reuters.com/world/uk-sets-out-support-make-nigerias-agriculture-sector-more-climate-resilient-2023-07-31/>

<sup>13</sup> Saint, Ekpali., 2023. "Cultivating Resilience: Addressing Food Production in a Climate Crisis". <https://www.fairplanet.org/story/sustainable-farming-food-security-climate-crisis-nigeria/>

2023 - How does your technology/operation mainly address climate change?

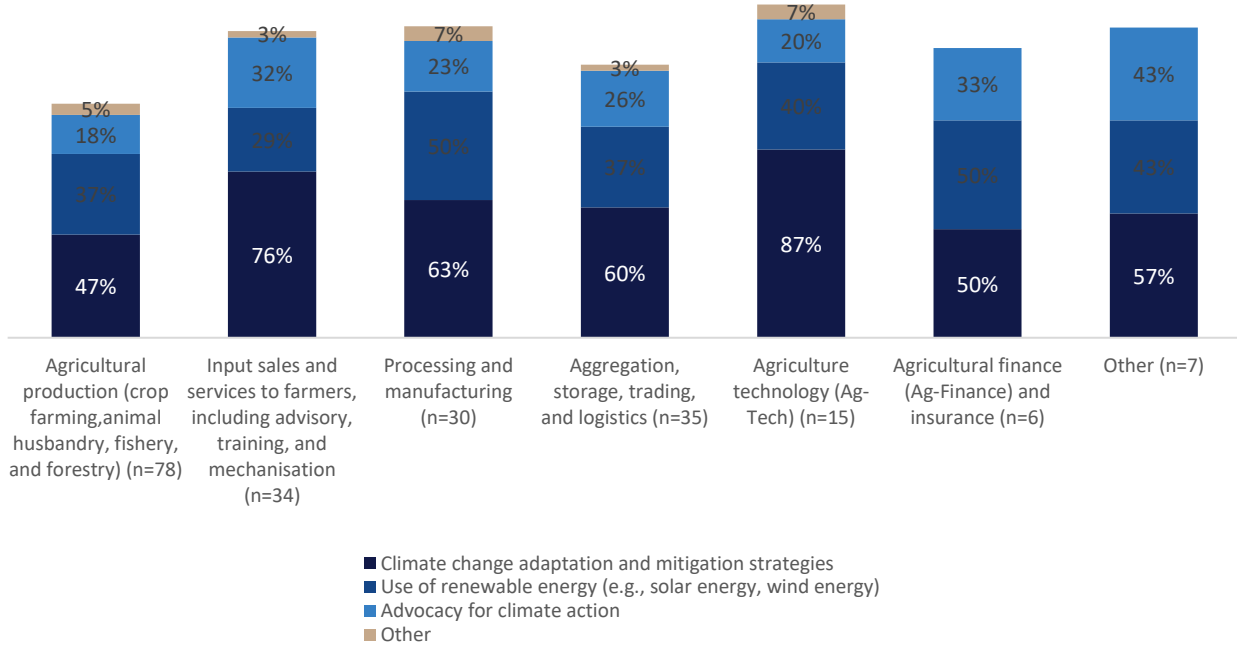


Figure 27: Climate adaptation strategies by agribusinesses

83% of participating agribusinesses in 2023 responded with “Production of Food” as their main contribution to food security. A quarter of respondents are addressing post-harvest losses with warehousing, cooling, etc. (Figure 26)

Slightly less agribusinesses are contributing to the development of monitoring tools for food production this year (11%) versus last year (22%).

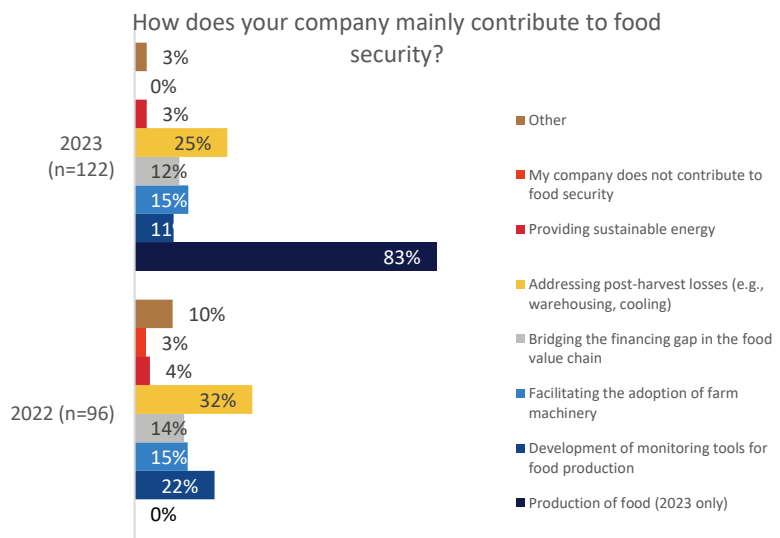
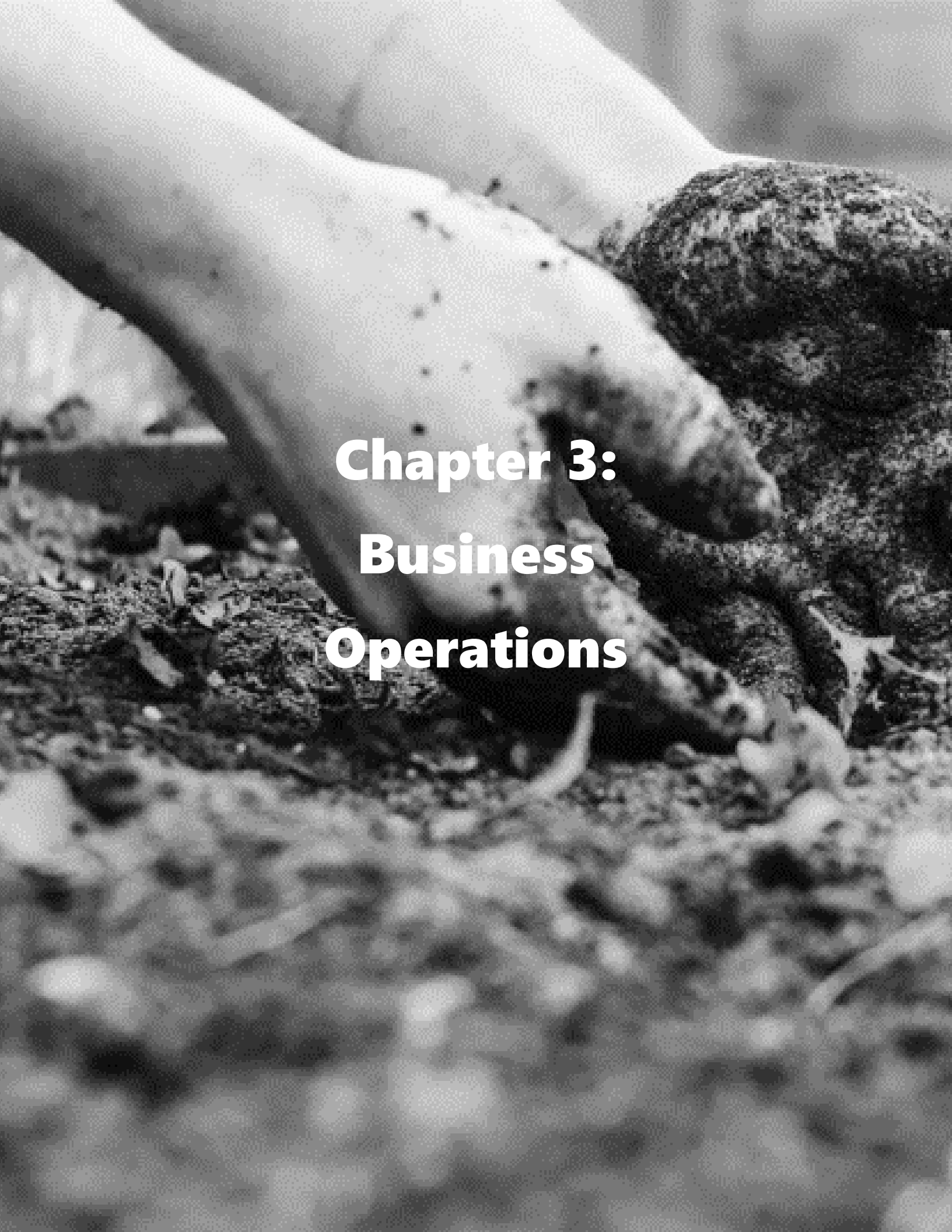


Figure 26: Contribution to food security

A black and white photograph showing a close-up of a person's hands holding a large, dark clump of soil. The hands are positioned at the top and sides of the soil, with fingers slightly curled. The soil is rich and dark, with some lighter-colored roots or debris visible. The background is blurred, showing more soil and some dry leaves. The overall tone is professional and focused on the theme of business operations.

**Chapter 3:  
Business  
Operations**

## Business Operations



### Main Points

1. Half of participating agribusinesses in 2023 receive technical assistance for their farming, an increase of 7% from last year.
2. Commercial service providers have taken over non-governmental organisations (NGOs) as the top provider of technical assistance to participating agribusinesses, mostly due to longer standing businesses (5 years or more) that favor this type of provider.
3. 27% of participating agribusinesses have certified agricultural production in 2023, down by 10% from last year. This is largely due to the increase of participation from younger agribusinesses (less than 5 years in operation) having no certification for their production.
4. In 2023, almost a quarter of agribusinesses use AI in their operations.

**Agribusinesses involved in production, ag-finance, and processing and manufacturing now receive more technical assistance for their operations than in 2022.** They mostly receive assistance from commercial service providers.

Half of the participating agribusinesses receive technical assistance for their farming which is a 7% increase from 2022 (Figure 28). Half of agricultural production businesses, processing and manufacturing as well as aggregation, storage, trading and logistics receive technical assistance for their farming. Creating storage spaces, offering input services, and managing the transportation of agricultural products involve multiple areas of expertise, making it necessary to seek technical support (Figure 29).

57% of agribusinesses involved in input sales and services to farmers receive technical assistance which is comparatively higher than agribusinesses in other areas.

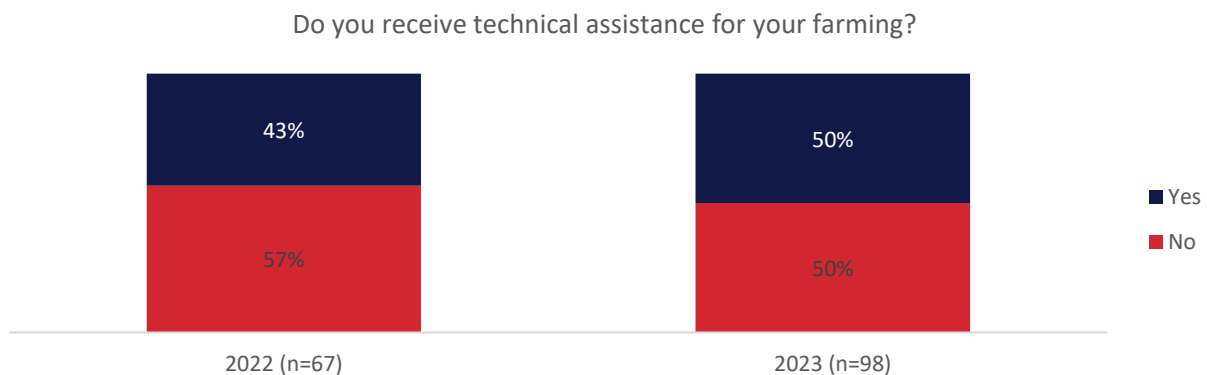


Figure 28: Percentage of agribusinesses by number of years of existence

2023 - Do you receive technical assistance for your farming?

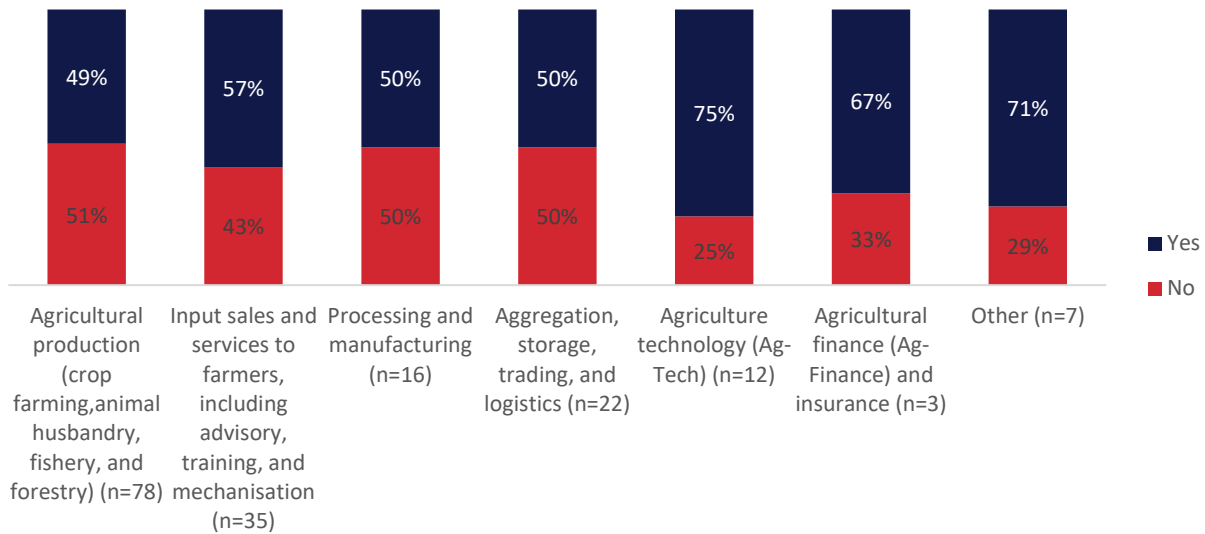


Figure 29: Distribution of agribusinesses that receive technical assistance for their farming by sector.

Smallholder farmers with support from NGOs and government bodies which is then often subcontracted to commercial service providers, have been implementing climate-resilient adaptation strategies, especially in their farming practices. For example, the joint Global Centre on Adaptation (GCA) and World Bank project called Livestock Productivity and Resilience Support Project (LPRES) aims to drive investment in climate-resilient activities for livestock in Nigeria<sup>14</sup> and the GSMA Innovation Fund for Climate Resilience and Adaptation project is targeted at ag-tech businesses that can drive climate-smart agriculture using low-cost technologies for crop and livestock production.<sup>15</sup>

NGOs as technical assistance providers have been dwindling since 2021 with commercial service providers increasing to 40% this year (Figure 30) which is largely due to agribusinesses who have been operating for more than 5 years as 52% of them use commercial service providers versus only 28% of younger agribusinesses (Table 10).

Similarly, an increase is observed with technical assistance provided by universities or research institutes (+20% in 2023 vs 2022) as older agribusinesses have been using them more than younger agribusinesses this year.

<sup>14</sup> GCA, 2022. <https://gca.org/news/gca-to-mainstream-adaptation-in-livestock-productivity-and-resilience-support-project-in-nigeria/>

<sup>15</sup> GSMA, 2022. <https://www.gsma.com/newsroom/press-release/gsma-launches-new-innovation-fund-to-build-further-climate-resilience-and-adaptation/>



Who provides the technical assistance you receive?

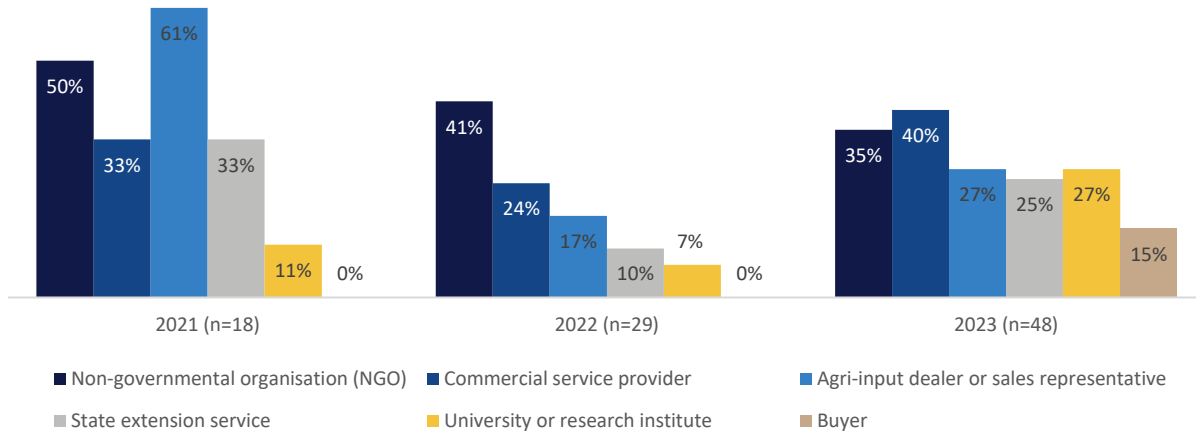


Figure 30: Percentage distribution of technical assistance providers to agribusinesses

Table 7: Distribution of technical assistance providers to agribusinesses by number of years in business

2023 - Who provides the technical assistance you receive? by number of years in business	Less than 5 years	More than 5 years
Non-governmental organisation (NGO)	40%	30%
Commercial service provider	28%	52%
Agri-input dealer or sales representative	24%	30%
State extension service	20%	30%
University or research institute	16%	39%
Buyer	16%	13%
Column n	25	23

**27% of surveyed agribusinesses have certified products, down by 10% from last year (Figure 31).** Looking into their years in business, more participating agribusinesses who have been operating for less than 5 years do not have certification for their agricultural production in 2023 (Table 8).

Organic and Global G.A.P remain to be the most common certification schemes but an increase in ‘other’ new certification schemes such as UEBT, HACCP, and HALAL is observed in 2023 at the expense of Global G.A.P. (Figure 32).

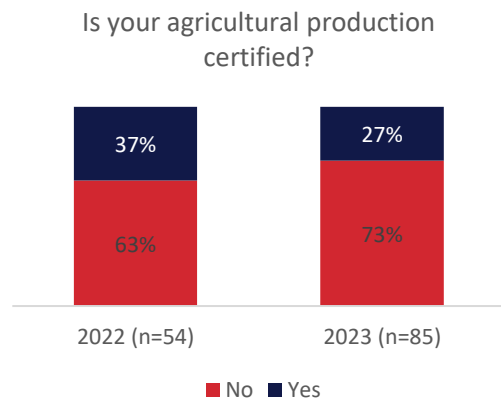
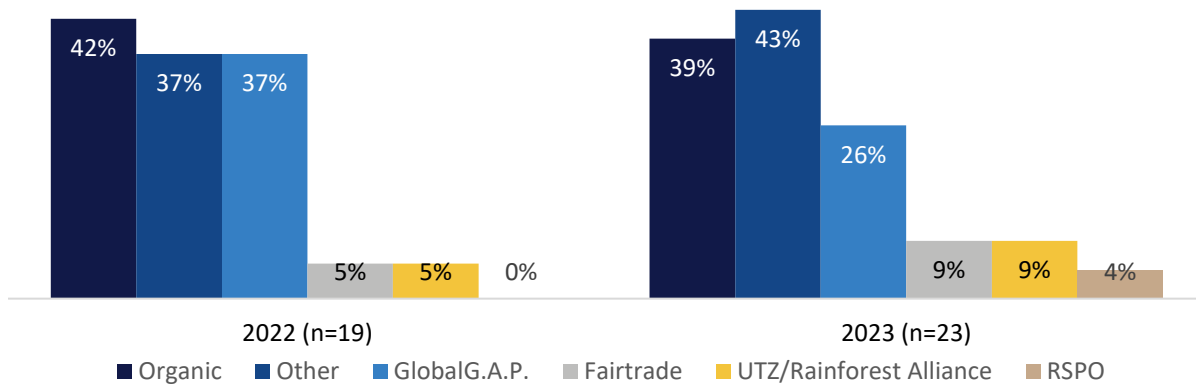


Figure 31: Percentage of agribusinesses that have certified agricultural production

Table 8: Percentage of agribusinesses that have certified agricultural production by number of years in business.

Is your agricultural production certified?	2022		2023	
	Less than 5 years	More than 5 years	Less than 5 years	More than 5 years
No	59%	70%	77%	66%
Yes	41%	30%	23%	34%
Column n	34	20	56	29

To which certification schemes?



Note: Other includes CAC, NAFDAC, NASC, SMEDAN, UEBT, HACCP, HALAL among others.  
Figure 32: Percentage of distribution of certification schemes that agribusinesses use.

**In 2023, almost a quarter of participating agribusinesses use AI in their operations (Figure 33).**

37% of companies that have been operating for more than 5 years have already adopted AI in comparison to only 13% of younger agribusinesses (Table 9).

Almost half (47%) of these companies that have adopted AI selected “weather forecasting and precision agriculture” as the main benefit of the technology followed by 43% who selected “reduction in labour costs and improved output” (Figure 34).

The advancement of agricultural technology is expected to reduce insecurities in the agricultural sector and to better adapt to natural disasters and climate change.

2023 - Do you use AI in your operations?

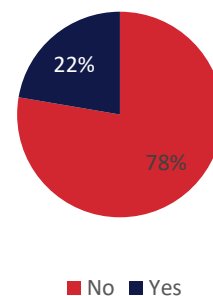


Figure 33: AI usage by agribusinesses

AI is used for livestock and breeding, crop, water and soil management. IoT sensor networks are used for monitoring, remote control sensing, precision irrigation, and activating automated irrigation systems.

Do you use AI in your operations? by number of years in business.

Table 9: AI usage by number of years in business.

Do you use AI in your operations? by number of years in business	Less than 5 years	More than 5 years
No	88%	63%
Yes	13%	37%
Base	72	49

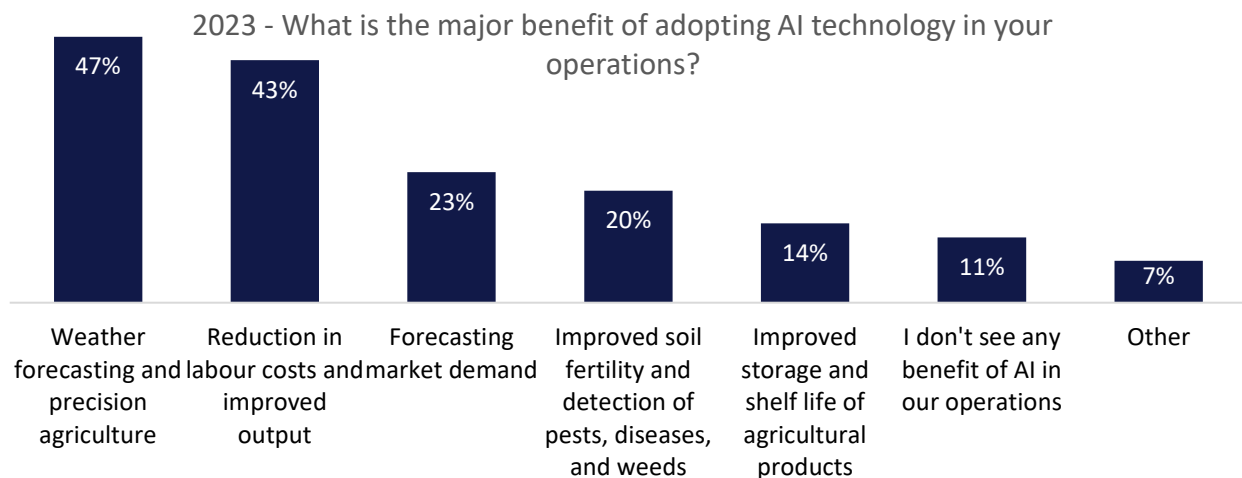


Figure 34: Benefits of AI usage

Participating agribusinesses were also asked on the downsides of adopting AI technology and “high implementation cost” is the main challenge (Figure 35), which understandably cannot be as easily overcome by majority of younger agribusinesses.

Delving into sectors, companies involved in input sales and services to farmers as well as aggregation, storage, trading and logistics have the highest percentages of early AI adopters in their operations while only 17% of those in agricultural production have done so (Table 10).

According to Oluseun Onigbinde, an information technology expert, agriculture must be at the forefront of cutting-edge technology with the use of AI to drive the ag-tech revolution in Nigeria

which will allow precision farming, crop monitoring and prediction, livestock monitoring, supply chain optimisation and more.<sup>16</sup>

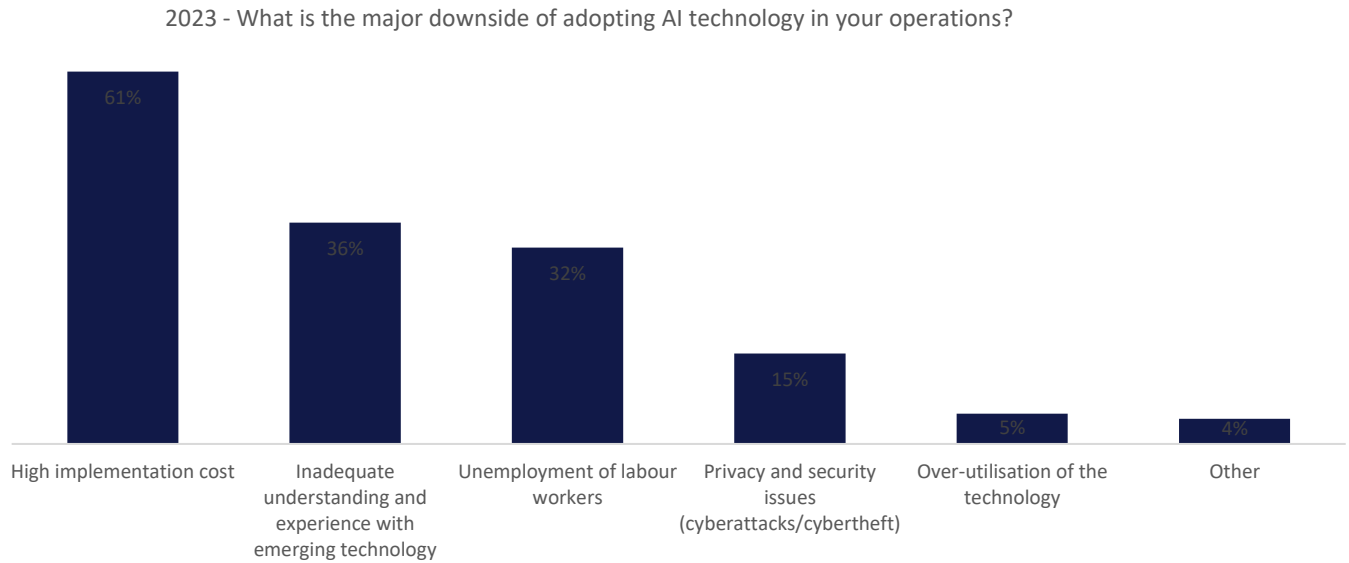


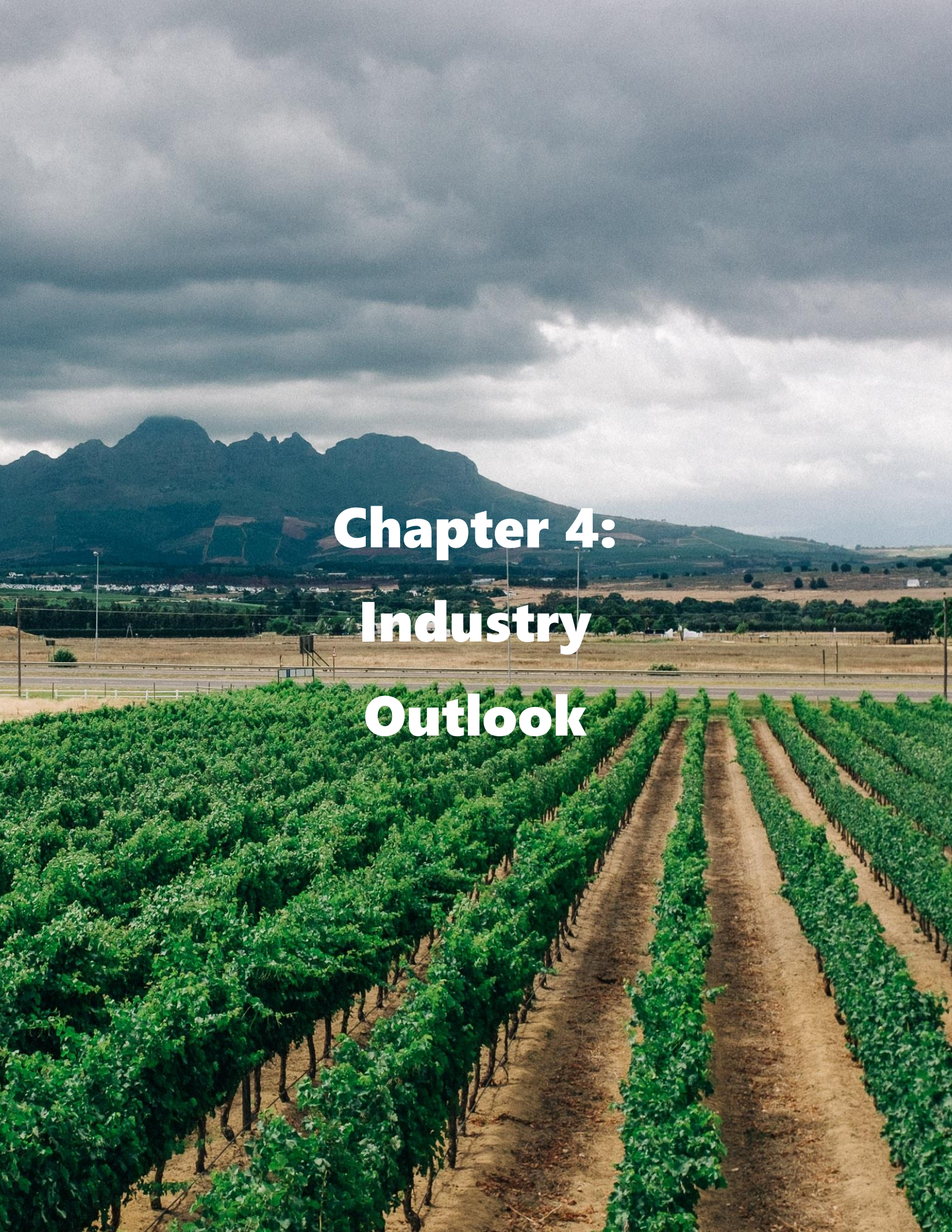
Figure 35: Downsides of AI usage

Table 10: AI usage by agribusiness sector

Do you use AI in your operations? by agribusiness sector	Agricultural production (crop farming, animal husbandry, fishery, and forestry)	Input sales and services to farmers, including advisory, training, and mechanisation	Aggregation, storage, trading, and logistics	Processing and manufacturing	Agriculture technology (Ag-tech)	Agricultural finance (Ag-Finance) and insurance	Other
No	83%	70%	71%	80%	79%	50%	83%
Yes	17%	30%	29%	20%	21%	50%	17%
Base	78	33	34	30	14	6	6

<sup>16</sup> Daily Agent., 2023. "OLUSEUN ONIGBINDE: Leading Agritech Revolution: Using AI, Big Data And Blockchain To Drive Agri-Conomy". <https://dailyagent.ng/2023/04/29/oluseun-onigbinde-leading-agritech-revolution-using-ai-big-data-and-blockchain-to-drive-agri-conomy/>





**Chapter 4:  
Industry  
Outlook**



## Industry Outlook



### Main Points

1. Nigerian agribusinesses are even more optimistic about the future despite rising inflation rates, fuel prices and food scarcity.
2. Majority of participating agribusinesses applaud the revised National Agricultural Seed Policy with 55% expressing strong agreement and 14% agreement.
3. Strong disagreement to closing the borders to rice imports is steadily increasing now at 33% in 2023 from 21% in 2021. On the other hand, agricultural production businesses are raising their support for the policy on border closure to rice in recent years.
4. The discontinuation of petrol subsidy and the floating of the Naira were major contributors to the spike in headline inflation rates between June and August 2023. 93% of agribusinesses experienced an increase in the operational cost of their business since the discontinuation of petrol (PMS) subsidy. 59% experienced supply distribution challenges.
5. The scarcity of Naira notes impacted majority of agribusiness with 68% who suffered increased operational costs and 66% who reduced sales and services provided.

Participating agribusinesses were asked to rate their agreement with certain agriculture policies and initiatives on a five-point scale from ‘strongly agree’ to ‘strongly disagree’. We present the results in the following sections.

### 4.1 Policies

#### 4.1.1 The scarcity of Naira notes between February 2023 and April 2023

**68% of participating agribusinesses said that the scarcity of Naira notes increased their operational cost of business such as logistics and input.** This is followed closely by 66% who said they experienced a reduction in sales and services provided (*Figure 36*).

More than half at 58% had suffered delayed payments for services rendered in terms of salaries, products and services. Around 1 out of 3 participants said that they had difficulty accessing financial institutions and 1 out of 6 even had to temporarily close their business due to the scarcity. Only 6% were unaffected by the issue.

In October 2022, the governor of the Central Bank of Nigeria (CBN) announced that the NGN 200, NGN 500 and NGN 1000 Naira notes were being redesigned and would replace old notes in the first quarter of 2023. The CBN stated their reasons for their decision which is to combat counterfeiting (especially for NGN 500 and NGN 1000), to transition to a cashless policy, to

moderate inflation and to reduce the 80% of all banknotes hoarded by the public among other reasons.<sup>17</sup>

Nigerians all over the country were unable to access the new notes from banks and ATM cash points resulting in the unavailability of cash. The move has impacted farmers as the cash crunch affected the sales of their products and unprecedented losses were recorded as they were forced to sell goods at low prices.

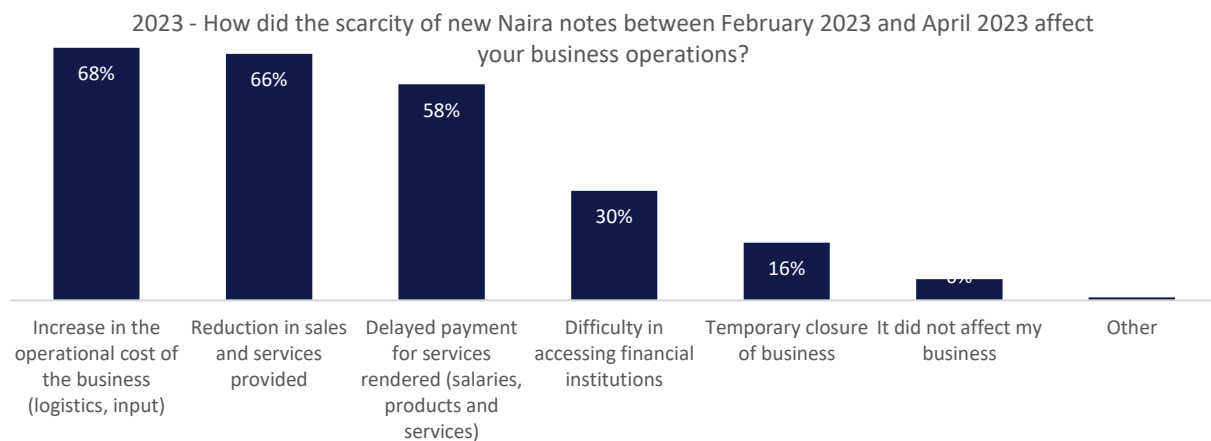


Figure 36: Impact of Naira notes scarcity on business operations

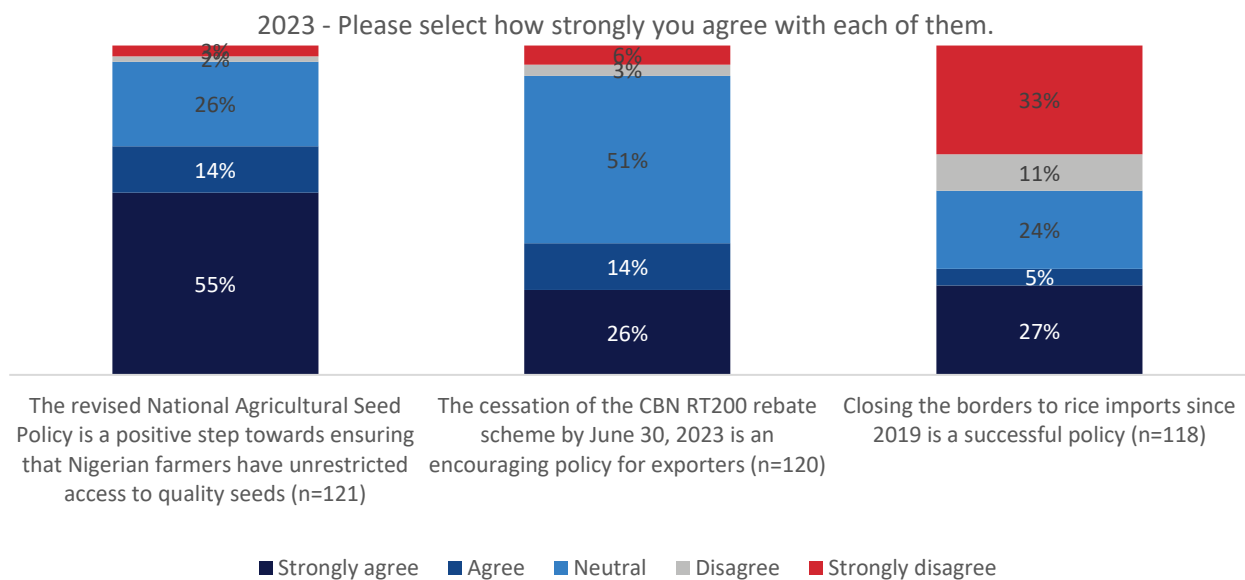


Figure 37: Agribusinesses views on existing agriculture-related policies and initiatives in Nigeria

<sup>17</sup> Central Bank of Nigeria, 2022. [https://www.cbn.gov.ng/out/2022/ccd/naira\\_redesign.pdf](https://www.cbn.gov.ng/out/2022/ccd/naira_redesign.pdf)

4.1.2 The cessation of CBN RT200 rebate scheme by June 2023

**Only 1 out of 4 participating agribusinesses strongly agree with the cessation of CBN RT200 rebate scheme while half are neutral to the subject (Figure 37).**

The Central Bank of Nigeria (CBN) has announced that the RT200 rebate scheme, along with the Naira4Dollar remittance scheme, was to be abolished by June 2023, only around a year after their implementation. In an analysis of the CBN financial report for the year end 2022, the rebate expenses revealed to be the second largest (17.5%) of CBN’s other operating costs.<sup>18</sup>

The incentive was aimed to encourage non-oil exports with a \$200 billion foreign exchange income target in three to five years. As of 2022, The repatriation of export proceeds in the country totalled \$5.6 billion, which accounted for just 2.8% of the intended goal.

4.1.3 Closing the borders to rice imports.

**The number of participating agribusinesses who disagree with closing the borders to rice imports is steadily increasing now at 44% in 2023 compared to 35% in 2022, as those who were previously neutral formed an opinion towards the policy.** This continuous decline in support for the policy in recent years could be because imported rice still enters the country by other means as the rampant smuggling of foreign rice reflects the inability to meet local demand (Figure 38).

In an effort to boost local production, Nigeria banned the importation of rice in 2016 but the Agricultural Promotion Policy (APP) 2016-2020 shows that the country remained to have a deficit of 4 million MT and smugglers were taking advantage of this demand gap. Nevertheless, a total of 32% participating agribusinesses agree with the policy.

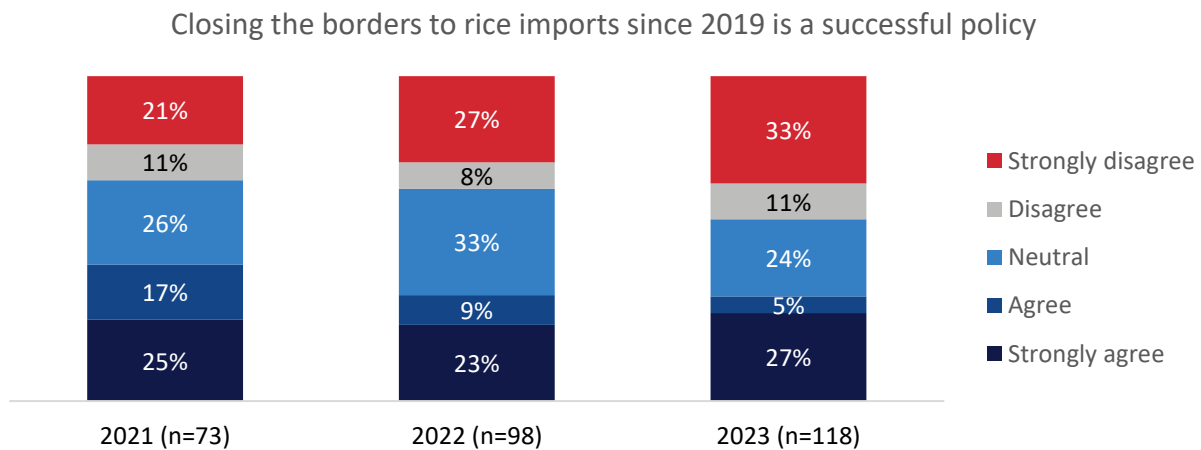


Figure 38: Agribusinesses' views on the border closure to rice imports since 2019

Delving into the sectors of agribusiness participants who support policies on import barriers for products that grow in Nigeria, we identify that those in agricultural production are increasingly

<sup>18</sup> Central Bank of Nigeria, 2023. Consolidated and Separate Financial Statements for the year Ended 31 Dec 2022. <https://www.cbn.gov.ng/Out/2023/CCD/2022%20CBN%20FINANCIAL%20STATEMENT.pdf>



supportive (69% in 2023 from only 46% in 2021) while those businesses involved in input sales and services to farmers have declined their support for such policies (22% in 2023 from 43% in 2021). See *Figure 39*.

The increase in support by agricultural production businesses may be a reflection of increasing confidence, capacity and technology to expand production thus the perceived ability to meet local food supply demands in the coming years without the need to heavily rely on imports.

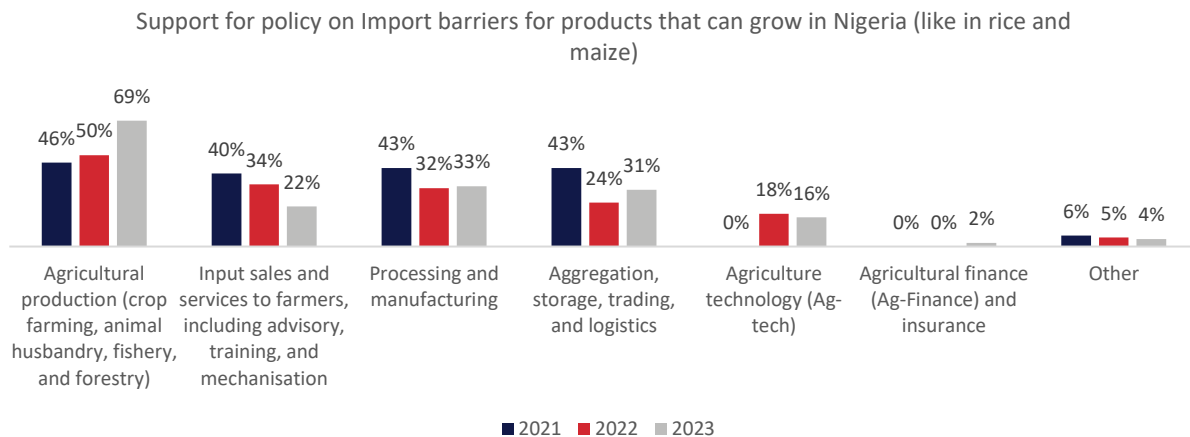


Figure 39: Support for policy on Import barriers for products that can grow in Nigeria by sector.

#### 4.1.4 The revised National Agricultural Seed Policy 2022

**Participating agribusinesses applaud the policy with more than half (55%) strongly agreeing with the policy and 14% expressing agreement (*Figure 37*).**

The revised National Agricultural Seed Policy is aimed as a catalyst to the development of the agricultural sector of Nigeria. In a speech delivered by the minister of agriculture in Abuja, he mentioned that the policy allows for better access to quality seeds which ensures food security at the same as encouraging the participation of women and the youth in seed business.

The policy includes the introduction of additional innovations and technologies, one of which is the SEEDCODEX, an electronic verification and authentication system by the National Agricultural Seed Council (NASC) which mitigates the participation of third-party seed inspectors in the quality assurance process. Additionally, the policy mentions the establishment of seed banks and reserves, satellites and private seed testing laboratories.

The revised policy has made available more than 89,500 MT of assorted seed varieties for farmers in the 2023 cropping season, according to the minister.

#### 4.1.5 The discontinuation of petrol (PMS) subsidy

**93% of participating agribusinesses claimed that the removal of petrol subsidy has increased the operational cost of their business (*Figure 40*).**

More than half (59%) responded with supply chain and distribution challenges while 1 out of 4 participants said that they are experiencing a reduced demand for product and services provided. Only 1% were unaffected. Similarly, NOI Polls reported that 70% of Nigerians lament the negative impact of the removal of fuel subsidy on their day-to-day lives.<sup>19</sup>

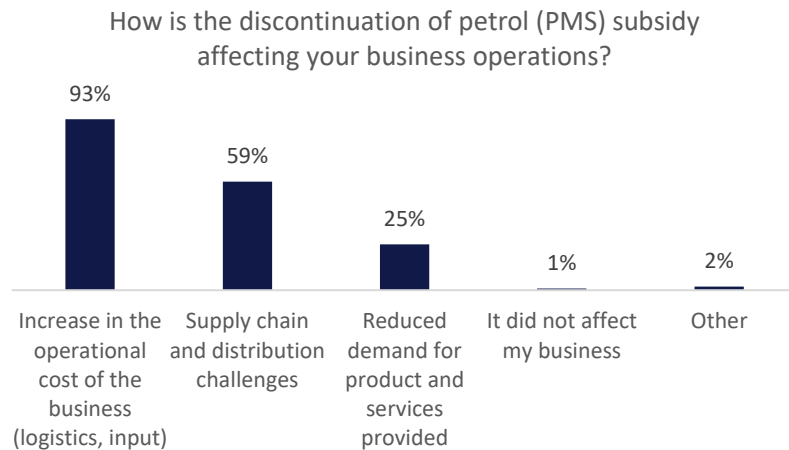


Figure 40: Impact of petrol subsidy discontinuation

In May 2023, the Nigerian government ended the fuel subsidy to reallocate funds to sectors like agriculture, infrastructure, education, and health. However, the move, combined with the floating of the Naira and policy reversals on operations of Bureau de Change (BDC), led to a surge in inflation, reaching 25.8% in August from 22.8% in June (Figure 41).<sup>20</sup> The resulting higher fuel costs have contributed to a significant increase in food prices, impacting Nigerians who already allocate around 63% of their income to food and transport.<sup>21</sup>

#### 4.1.6 The floating of the Naira since mid-June 2023 to ensure a single foreign exchange.

The floating of the Naira affected the business operations of many agribusinesses resulting in an increased production and operation costs such as higher cost of feed for poultry and livestock. Despite this, a number of businesses still stated that this had no impact on their businesses, or it was still too early to determine its impact.

In June 2023, the CBN announced that it would switch from a controlled system to a free-floating foreign exchange system resulting in the rapid depreciation of the exchange rate. This was later partly reversed in August 2023 as the CBN reintroduced controls such as a set of operational changes for the BDC segment to stabilise the currency and facilitate transparency of BDC operations.

<sup>19</sup> NOI Polls, 2023. <https://www.noi-polls.com/post/fuel-subsidy-removal-7-in10-nigerians-lament-over-the-negative-impact>

<sup>20</sup> NBS, 2023. <https://nigerianstat.gov.ng/elibrary/read/1241407>

<sup>21</sup> Oluwole, Dumebi., 2023. Why does it cost so much to travel across Nigeria? Stears. <https://www.stears.co/premium/article/why-does-it-cost-so-much-to-travel-across-nigeria/>

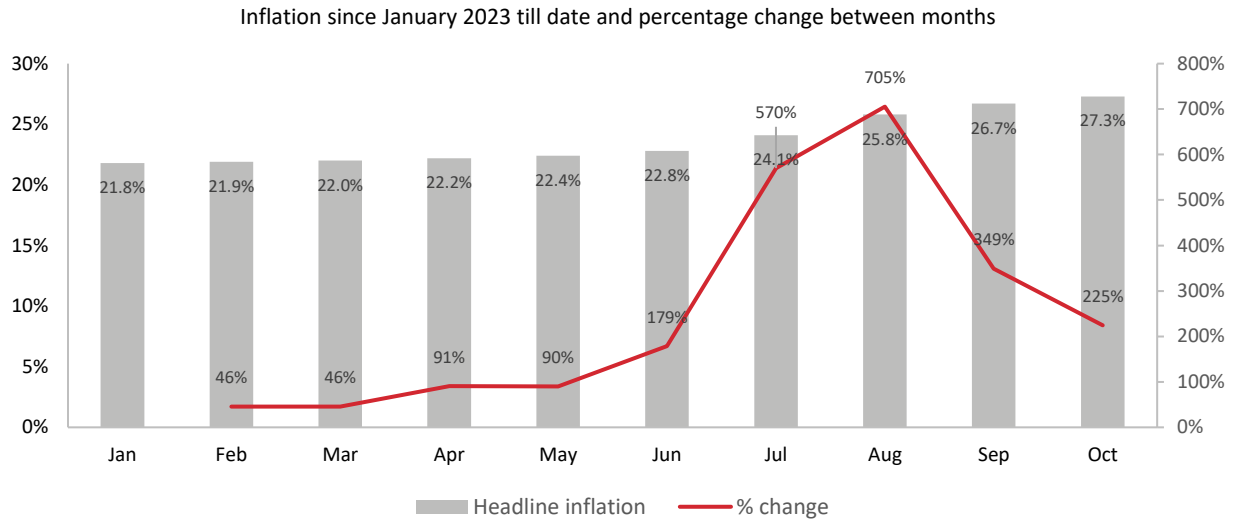


Figure 41: Inflation since January 2023 till date and percentage change between months

## 4.2 Business Outlook

**Agribusinesses remain even more optimistic about the future versus recent years.** Despite a decline of 5% among those who said, “much better than last year”, optimism remains strong as 61% of participating agribusinesses expect their business to perform much better than 2022 (Figure 42).

Some business owners are putting their hope with the new government as they expect an improvement in agricultural policy moving forward. Many participants also mentioned having gained new knowledge on finance, farming, marketing, expansion and customer acquisition which puts them in a better position to improve their businesses in comparison to previous years.

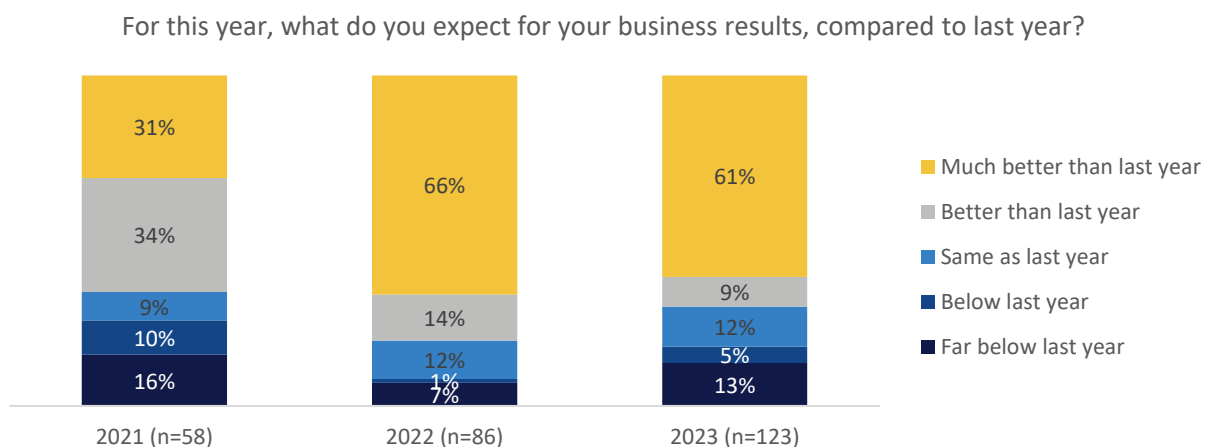


Figure 42: Agribusiness expectation in the present year compared to last year.

86% of respondents expect their businesses to be much better in the next three years (*Figure 43*) representing a 10% increase from 2022 and a 15% increase from 2021. Drivers of hope are higher demand for products, faster development and implementation of new technology in business operations, new partnerships and collaborations with private and public sectors as well as more investments in infrastructure.

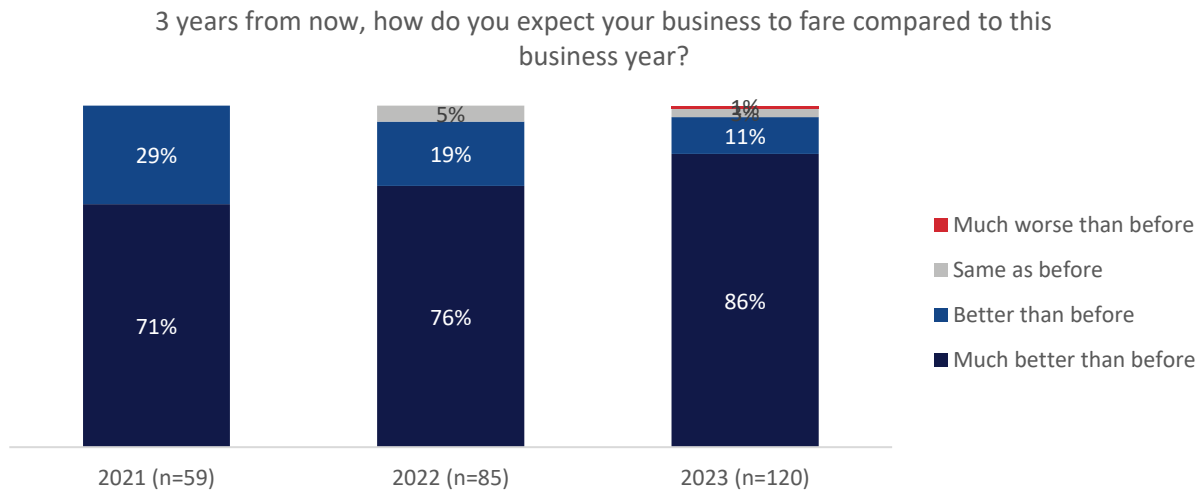
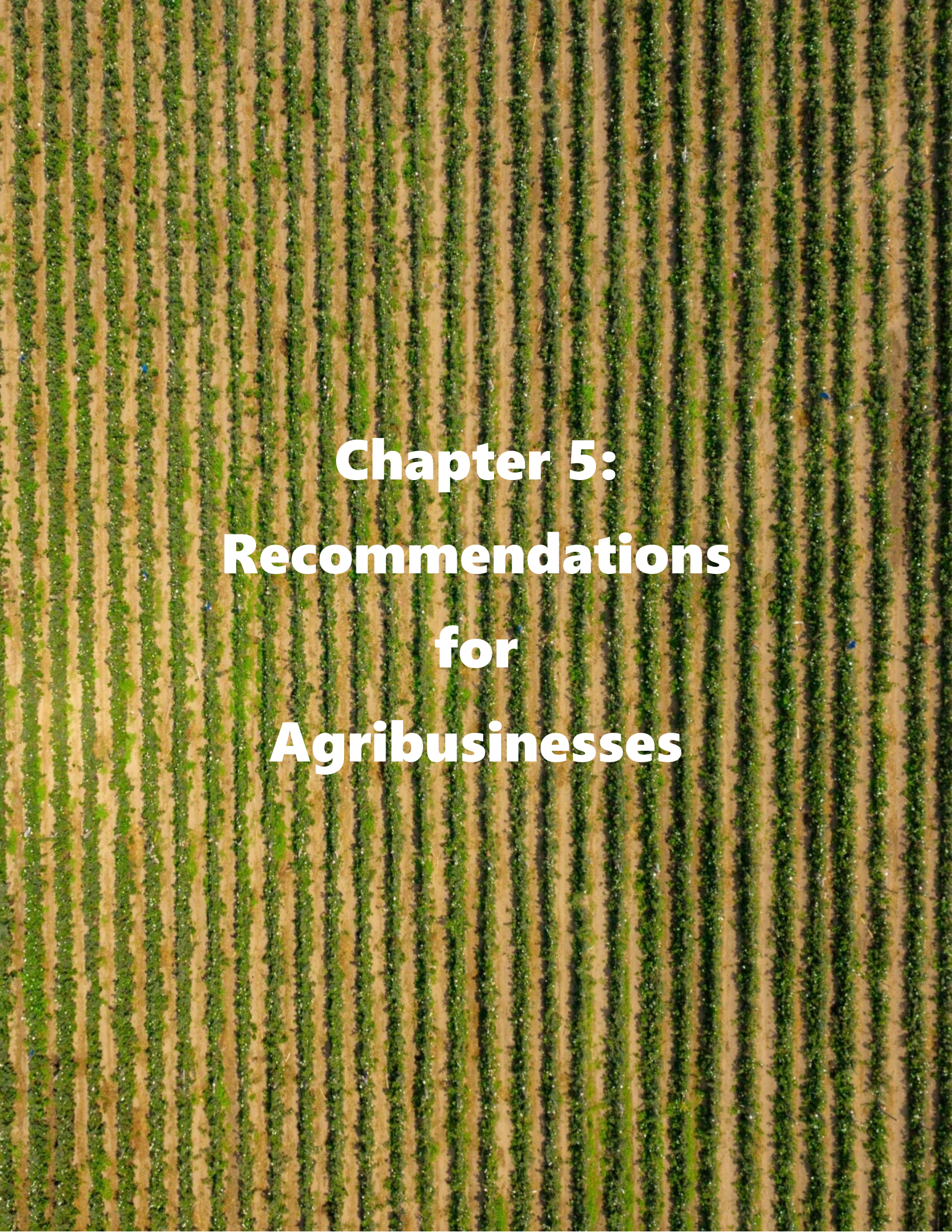


Figure 43: Agribusiness expectation in the coming 3 years compared to the present year.



An aerial photograph of a vineyard, showing numerous parallel rows of grapevines stretching across the landscape. The vines are green, and the soil between the rows is a light brown color. The perspective is from directly above, looking down on the rows.

**Chapter 5:  
Recommendations  
for  
Agribusinesses**



## Recommendations for Agribusinesses

Based on the gaps and pain points of participating agribusinesses across the three editions of the survey, we present specific and actionable recommendations that Nigerian agribusinesses can apply to their operations:

1. **Focus on factors of production that can be controlled internally and hedge risks against other factors outside the business's sphere of influence.** Unstable government policies are a key challenge to 39% of participating agribusinesses. Thus, acknowledge that policy changes can potentially be erratic in the country and new policies are not a silver bullet. One way to navigate the unstable policies is to focus on factors of production within the business' control (such as raising capital and improving the efficiency of operations) and deploy alternative hedging strategies to mitigate risks. For example, to mitigate the risk of declining FX affecting business goals, decision-makers could fulfil long-term payments like annual rent, insurance premiums, and long-term contracts as early as possible.
2. **Explore alternative ways to raise capital.** Limited access to finance is one of the top three key challenges of agribusinesses. Raising capital requires that a business is investment ready. So, ensuring that the business tracks key success metrics is essential; this would be more of keeping clear financials, prudent financial management and managing your business professionally. Other ways to raise capital and have access to finance include grants, supply chain financing, equity financing, and partnerships (social capital).
3. **Existing ag-tech companies could consider developing agricultural products/solutions that are at the nexus of hardware and software.** Already, 24% of participating agribusinesses use technology for weather forecasting, precision agriculture, reduction of labour costs, and improvement of output. Developing agricultural products or solutions that exist at the nexus of hardware and software involves integrating technology to enhance various aspects of farming practices. By combining hardware innovations with sophisticated software solutions, agribusinesses can create integrated and intelligent systems that optimise agricultural processes, improve productivity, and contribute to sustainable and resource-efficient farming practices. This integration can lead to more informed decision-making and ultimately enhance the overall performance of the business. Examples of such products are IoT-enabled livestock monitoring, hardware tracking devices for traceability in supply chains, and precision farming tools. Generally, agribusinesses should give more importance to educating themselves on existing platforms and consider it for managing their business more efficiently.
4. **Farm smarter with mechanised equipment to improve yield and efficiency of operations.** There is growth in the use of technology for farming but access to modern farm equipment is still low in Nigeria. Technology companies like Diva Rice, RiceAfrika and Hello Tractor are improving access to machinery such as tractors and harvesters. Their impact is commendable but not yet at the scale required for widespread adoption due to a relatively low reach

compared to the population of smallholder farmers in the country. For example, the recent pay-as-you-go (PAYG) initiative by Hello Tractor to support farmers with tractor services is targeted at 21,048 smallholder farmers but the population of smallholder farmers is 10s of millions.<sup>22</sup> On the other hand, the reach of these companies will keep growing due to the scalability of their approach with the use of digital technology.

5. **For agribusinesses that have farm operations in insecurity-ridden regions of the country, hedge against potential losses by diversifying operations regionally, collaborating with local law enforcement agents (especially vigilantes) to share real-time security intelligence, and investing in comprehensive insurance coverage and surveillance technology.** Nigeria's insecurity stems from a complex mix of resource-driven and socio-political issues, leading to crop theft, herder/farmer clashes, and loss of lives and properties.<sup>23</sup> Despite government initiatives like the Rural Grazing Areas (RUGA) Settlements and Livestock Intervention Programme in the North and Operation Amotekun in the southwest, reports from NAERLS indicate increased crop theft and clashes in 2022, while insurgency, kidnapping, banditry, and communal clashes decreased compared to 2020 and 2021 (2023 report not published yet).<sup>24</sup> Often, vigilantes and the locals can tell before conflict ensues in a community or from neighbouring communities. So, they are a key part of proactively managing insecurity. Diversifying farming activities by running multiple operations in different locations where possible can also mitigate the risk of losses in the supply chain. Finally, the last line of defence is the surveillance technology deployed on the farm and the insurance cover in case of loss. All or a combination of these strategies can be adopted to mitigate the risk of losses.

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<sup>22</sup> Hello Tractor (2022). <https://hellotractor.com/revolutionizing-african-agriculture-the-hello-tractor-x-heifer-international-partnership/>

<sup>23</sup> Crisis Group (2021). <https://www.crisisgroup.org/africa/west-africa/nigeria/302-ending-nigerias-herder-farmer-crisis-livestock-reform-plan>

<sup>24</sup> NAERLS/FMARD (2022). 2022 National Report of the Wet Season Agricultural Performance Survey in Nigeria. National Agricultural Extension and Research Liaison Services, Ahmadu Bello University, Zaria and the Federal Ministry of Agriculture and Rural Development, Abuja: NAERLS Press.



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## About Agramondis

Agramondis is a consultancy firm on a mission to solve complex agricultural challenges at scale, specialising in agriculture, development, and agri-business advice. Our consultants support a range of projects from practical agronomy to rural development, to agribusiness and food processing, to agri-supply chains and sustainability. We cover a comprehensive range of services worldwide, with a focus on emerging markets in Africa, Asia, and Eastern Europe.

We provide services in research and data insight, value chain analysis, project development and implementation, strategy consulting, business planning, sustainability, market and feasibility studies, technical and financial due diligence, monitoring and evaluation, and more. With our offices in Nigeria, Kenya, the UK and Germany, we provide services in three principal areas:

1. Data and research, including M&E.
2. Technical expertise in agronomy, rural development, food industry and agri-finance.
3. Strategy and sustainability. Most of our clients come from the development, food and farming and investment sectors.

We are a values-led company and act by a set of simple values:

- Intelligence: We're disruptive thinkers, problem solvers and believers in human ingenuity and experiential learning.
- Integrity: We are honest, transparent, authentic and independent in our advice.
- Care: We care for the success of our clients, the happiness of our people, the thriving of our communities and the health of our planet.

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