



Agribusiness in Nigeria Fact Sheet 2019

Overview of Nigeria

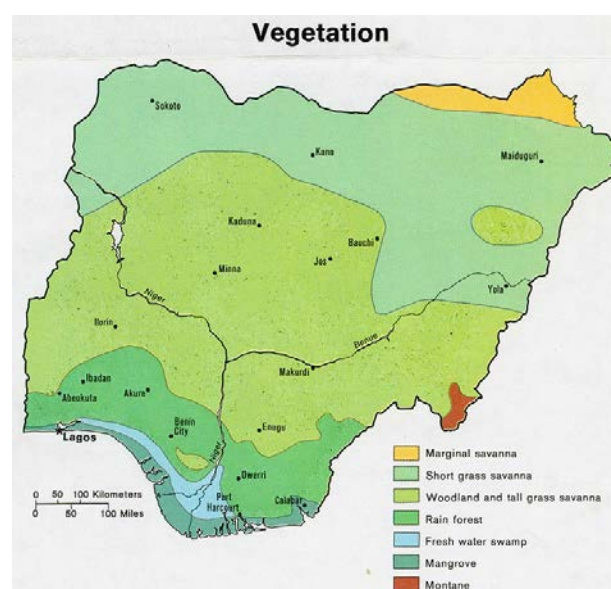
Nigeria, Africa's most populous nation has a population of 197 million people (about 47% of West Africa's population) and has one of the largest populations of youth in the world (World Bank Group, 2019)¹. The country is blessed with ample natural resources such as crude oil, lime stone, solar and water resources, receiving an average solar radiation of around 7.0kWh/m² (25.2MJ/m² per-day) in the northern part of Nigeria and about 3.5kWh/m² per day (12.6MJ/m² per day) in the coastal latitudes. It also has about 14 million hectares of inland water resources which are still highly untapped. Nigeria's main policy direction is focused on agriculture with major emphasis on local production for import substitution. However, it is still Africa's largest importer of various food commodities, a narrative the Nigerian government is interested in changing. Over the past 20 years top Dutch multinational agro-food and non-agro-food businesses have settled in the country.

Nigeria in Numbers

Land Area	92,3770 KM ²
Agricultural Land	76.2 Million hectares (77.74%)
Arable land	34 Million hectare (37.35%)
Permanent Crop	7.14%
Irrigated Land	0.3% of agricultural land
Average Cereal yield	1.4 ton /ha
Average vegetable crop yield	4.4 tons /ha
Number of agricultural tractors	2461
Total Agricultural Imports	5.6 billion USD
Total Agricultural Exports	1.16 billion USD
Employment in Agriculture (% of total national employment)	36.55%

Employment value added per worker	62,347 USD
Agricultural Population	38.97 million people
Agricultural contribution to GDP	20.85%
Food production index	122
Crop production index	117
Livestock production Index	109

Agro-ecological zones in Nigeria ²



Top Agricultural Sectors in Nigeria and production volumes ³

Subsector	Production
Root and Tuber (cassava, yam)	115.98 million tons
Cereal production	28.87 million tons
Vegetable production	16.4 million tons
Maize	10.42 Million tons
Rice paddy	9.86 million tons
Citrus and fruit production	4.08 Million tons

¹ <https://www.worldbank.org/en/country/nigeria>

² https://www.researchgate.net/figure/The-nine-agro-ecological-zones-of-Nigeria-source-University-of-Texas_fig13_304011488

³ <https://tradingeconomics.com/nigeria/employment-in-agriculture-percent-of-total-employment-wb-data.html>

Nigeria's Government Agricultural Policies

Federal government priorities (in partnership with State Governments) are focused on: food security; import substitution; job creation; and economic diversification. The Agriculture Promotion Policy (APP) is founded on the following themes and guiding principles;

- Productivity Enhancements: 1. Access to Land 2. Soil Fertility 3. Access to Information and knowledge 4. Access to Inputs 5. Production Management 6. Storage 7. Processing 8. Marketing & Trade
- Crowding-in Private Sector Investment: 9. Access to Finance 10. Agribusiness Investment Development
- FMARD Institutional Realignment: 11. Institutional Setting and Roles 12. Youth and Women 13. Infrastructure 14. Climate Smart Agriculture 15. Research & Innovation 16. Food.

Doing Business in Nigeria: The government of Nigeria and the Netherlands recently signed a memorandum of understanding on bilateral relations, trade and economic development especially in Agriculture. One of the top priorities of the Netherlands Embassy in Nigeria is agriculture development and trade. Nigeria's high population and strong appetite for agricultural development and food security makes it a good destination for doing business especially in the Agri-food industry. However, starting a business in Nigeria may not be so difficult, but making a success out of your business investment is often a bit more challenging if you don't know the business landscape.

If you are thinking of starting a business in the country, you need to understand how business works in Nigeria. A market, partner and risks evaluation is critical in the decision making process, a good knowledge of the legal and regulatory frameworks involved is also strongly required. To start up, you have to develop an idea that's unique to the Nigerian market and develop a long-term strategy. Ideas will not work without proper planning. The next step is to secure capital, start small, then scale up only on proven models. Always keep the economic network of the embassy informed.

Attractive facts about Doing Business in Nigeria

Economy:

- The Largest economy in Africa with a GDP of 422.5 billion USD
- Netherlands and Nigeria Traded up to 6.5 billion Euros in 2018
- DFI @ 3.503 billion USD.
- Trade with the Netherlands Export to Nigeria @ 4.2 million USD

Access to Key Markets:

- Nigeria is a high consumer market and may become the third largest consumer market in the world once economy continues in steady growth.
- Access to market in the West African sub region of about 350 million people.

Business environment:

- The business registration process has been simplified, which has eased the constraints of registering a business.
- Tax and import incentives for companies backward integrating into local production.
- The free flow of investment capital and freedom from expropriation of investment (besides acquisition for public purposes)
- Investors are allowed to freely repatriate their capital and net profit after tax without any restrictions provided they have a certificate of capital importation (CCI), which is evidence that their investment was brought into Nigeria.
- Nigeria Export Promotion Council is administering two export incentives: Export Development Fund & Export Expansion Grant. Find out more about these incentives [see here](#)

Tax Incentives:

- Pioneer status for crop production, livestock and fishing
- Un-restricted capital allowance
- VAT exemption on:
 - ✓ *Basic food items*
 - ✓ *Fertilizer*
 - ✓ *Locally produced veterinary medicine*
 - ✓ *Equipment for Agricultural purposes*
 - ✓ *Import Duty exemption for importation of machineries for agriculture*
- Pioneer status (3 to 5 year tax relief)
- Fruits and nuts production

Relevant websites:

<https://fmard.gov.ng/>

<http://nigerianports.gov.ng/import-export-guidelines-3/>

<https://seedcouncil.gov.ng/>

<https://nepc.gov.ng/trade-facilitation/export-incentives/>

<https://www.nafdac.gov.ng/>

<https://son.gov.ng/>

<https://www.customs.gov.ng/>

Interested in Doing Business in Nigeria please contact.

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