

# MANUFACTURING AFRICA



Manufacturing Africa aims to reduce poverty in Africa by attracting £1.2 billion of foreign direct investment into manufacturing and creating 90,000 jobs over 7 years (2019-2026). The programme is funded by the UK government through the Foreign, Commonwealth & Development Office (FCDO)



## HEALTH AND NUTRITION INVESTMENT SUPPORT

Nigeria is the largest economy in Sub-Saharan Africa with a significant manufacturing base. As part of our Technical Assistance work we did a deep dive into two sectors with maximum investment and growth potential: health and agri-processing.

Within health commodities, pharma manufacturing of generic and over-the-counter (OTC) drugs is the most promising area for investment growth; Active Pharmaceutical Ingredients (API) manufacturing is also gaining momentum amongst local players. Vaccines is an area of interest but remains a longer-term play.

Primary food processing is relatively mature and consolidated, but there is significant opportunity for manufacturing growth in secondary processing, particularly in cereals, grains and edible oils.

### I. SUB-SECTOR PRIORITIZATION

#### IA. AGRI-PROCESSING

The scope of the study of secondary processing and animal feed covered four factors: economic impact, development impact, product complexity and attractiveness to investors. We further identified high-potential sub-sectors within secondary processing including edible oils, cereals, and dairy - that could be prioritized for investor outreach.

#### IB. HEALTH MANUFACTURING

Under the health manufacturing sub-sector, the study prioritized pharmaceuticals, medical consumables and supplies and animal health manufacturing based on the same four factors: economic impact, development impact, and product complexity and attractiveness to investors.

## 2. VALUE CHAIN DEEP-DIVES

In the study of each of the priority sub-sectors, we identified an ecosystem of the main players per sub-sector, the manufacturing output and industry dynamics. In addition, we completed an analysis on the political and economic landscape, the landscape of offtakers, suppliers and investors.



### Political economy analysis

Assessed the health and agriculture manufacturing industries' structure and level of financing, and identified key stakeholders, key government policies, as well as risks and mitigation factors for each of the priority sub-sectors.



### Offtakers and suppliers

Mapped out the distribution landscape for pharmaceutical and agri-processing products, identified key wholesale and retail distribution channels, and reviewed the level of integration along the value chains.



### Ecosystem landscape

Mapped out institutions involved in health and agriculture manufacturing including government agencies, development partners, industrial associations, and research institutes.

## 3. INVESTOR OPPORTUNITIES

The MA Team identified five archetypes of investors – local players, global diversified players, emerging diversified players, niche product players and equity investors – and developed a framework to prioritize them based on their current and future geographic presence. We also conducted interviews with local players that had potential for investment and created company profiles for the most promising ones.

### 3A. INVESTOR TRACKERS

The team carried out an investor mapping exercise resulting in the following three categories of investors:



#### Local players

74 local players identified and prioritised based on revenue size, expansion plans, product portfolio and investment needs.



#### International companies

85 international companies comprising diversified multinationals, emerging diversified players, and niche product players.



#### Equity investors

25 equity investors with presence in both Nigeria and on the rest of the African continent and with a history of investment in agriculture.

### 3B. COMPANY PROFILES

Following one-on-one interviews to assess investment readiness and expansion plans, we identified 5 local players with investment potential to move into transaction facilitation.

MA's transaction facilitation support will include feasibility assessments, assistance with permits, support with raising external finance (e.g., identifying investors, developing investment memos and capital structuring), and operational assistance.



### 4. INVESTOR OUTREACH

As follow up steps to unlock the potential in the nutrition and health sectors, the team developed an investor communication and outreach roadmap, as well as prepared supporting materials for use by the transaction facilitation team such as sample emails and investor fact packs. We also developed content for use in facilitating workshops with potential investors which can be tailored to fit the specific type of audience based on geography, archetype, or sub-sector focus.



#### Fact-pack

The document gives an overview of the Nigerian manufacturing sector, identifies specific opportunities, analyses priority value chains, outlines potential expansion strategies, and highlights key risks and considerations for potential investors.



#### Workshop presentation

The external investor-facing document for use in investor workshops, provides an overview of the Nigerian manufacturing sector, market dynamics and investment opportunities, deep dives on specific opportunities and next steps for investors interested in Nigeria. In addition, we developed the roadmap to set up and conduct the investor workshops.

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