

MANUFACTURING AFRICA



Manufacturing Africa aims to reduce poverty in Africa by attracting £1.9 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).



NIGERIA LIVESTOCK TRANSFORMATION EFFORT

Recognising the livestock sector's importance and challenges, the Nigerian government has taken steps to prioritize its development through the Ministry of Livestock Development and in 2025 launched the Nigeria's Livestock Growth Acceleration Strategy, underscoring its commitment to making the sector a national priority and marking an opportune time to support the sector

Manufacturing Africa's Nigeria Livestock Transformation Effort is designed to significantly transform the livestock sector's growth trajectory by re-setting market system inefficiencies to drive improvements in productivity and quality, reduce import dependency, expand livestock value addition and exports, and promote livestock technology and models for sustainable "green" growth. This is delivered through Value Chain Committees, bringing together senior representatives from major private sector firms, producer associations, development partners, and government. The first phase focused on aquaculture, feed, poultry and animal vaccines



A SNAPSHOT OF THE NIGERIAN LIVESTOCK SECTOR

17%

Share of agricultural GDP

5%

Share of national GDP

No. 1

Largest goat and sheep population in Africa

6th

Largest cattle population in Africa

2nd

Largest poultry population in Africa

THE CHALLENGE

Despite these impressive statistics, the sector suffers from:

- Low productivity across all value chains, hindered by challenges such as genetic limitations (with over-reliance on exotic breeds)
- Inadequate disease control
- High feed costs
- Fragmented value chains
- Low investment in the sector

OUR SUPPORT

The study covered the following three phases supported by Value Chain Committees comprising senior representatives from industry/private sector, producer associations, development partners, and government



Diagnostic phase

MA conducted a comprehensive diagnostic established a performance baseline and, with stakeholder input, identified 5-6 investment opportunities across 7 value chains including aquaculture, beef, dairy, animal feed, goat/sheep, poultry and animal vaccines. Building on this diagnostic, four value chains; aquaculture, poultry, animal feed and animal vaccines were prioritized for investment, based on their potential impact, urgency for action, and momentum



Investments design

The Committee voted and prioritized 2 investment opportunities per value chain. For each investment idea we have 1-3 private sector champions who stepped to run pilots. Committee members also shared inputs on potential scalable approaches and potential partners based on previous attempts to set up these investments



Financials and implementation pathway

Bankable business models and investment plans were co-developed with input from Champions, Committee members including local commercial banks, and implementation pathways mapped from pilot design, launch and scale-up. The overall investment opportunity is ~\$7M, with most requiring debt injections. If scaled up on a national level, these investment opportunities are worth \$80M with significant impact on farmer incomes

A SNAPSHOT OF THE NIGERIAN AQUACULTURE VALUE CHAIN

2nd

Largest aquaculture producer in Africa

\$400Mn

Production value in 2023

1 million

Livelihoods supported by the aquaculture value chain

1%

Growth in aquaculture production in the past 5 years

THE CHALLENGE

Several structural constraints continue to limit aquaculture growth in Nigeria

- **Feed costs have become prohibitive, rising 4x over the past decade**, dramatically tightening farmer margins and limiting profitability
- **Access to finance remains extremely limited, as fish farmers are viewed as high-risk**; with margins below 10%, interest rates near 30% and strict collateral requirements make formal credit effectively inaccessible
- **Poor seed quality**, driven by widespread inbreeding and the lack of an organized genetic improvement system, **results in mortality rates up to 40%**
- **Weak market structures restrict farmers' access to formal buyers and real-time price information**, leaving them dependent on middlemen who capture up to 80% of the final sale value

OUR SUPPORT



Potential investment opportunities

Five investment opportunities identified with the Committee across themes including a genetic improvement for catfish, hatchery capacity expansion, an affordable input-led credit model, cluster commercialization, and a tech-enabled ecosystem platform

Two investment opportunities were prioritized; a genetic improvement program for catfish and cluster commercialisation



Learnings based on previous investments

Genetic improvement programs in developing countries often **lack self-sustaining cost-recovery models** because weak traceability systems prevent effective royalty collection

Limited access to working capital continues to constrain commercialization, with roughly 70% of farmers relying on personal savings to finance production



Bankability and financials

MA identified an investment Champion for the genetic improvement program would require **~\$800K in CAPEX**, with **~90% grant financing (\$731K)**, enabling a **5-year payback, 27% IRR, and 29% EBITDA margin**

An investment Champion was identified for cluster commercialization, with the opportunity requiring **~\$115K in CAPEX and achieving a 5-year payback, 29% IRR, and 37% EBITDA margin**



IMPACT

The catfish genetic improvement program could potentially lead to:



Up to 40% uplift in farmer profitability, as seen in comparable programmes, driven by productivity improvements (e.g., better feed conversion ratios)



Improved cost efficiency at the hatchery level through **~20% higher survival rates** from fertilization through to juvenile stage

The cluster commercialization model could potentially lead to:



Uplift in smallholder profitability from -7% to ~18% through coordinated input purchasing, standardized practices, and stronger market linkages



More reliable volumes and quality, supporting stronger offtaker relationships and smoother downstream integration



A compelling investor business case, with **5-year payback**, **29% IRR**, and **37% EBITDA margin** at the cluster-operator level

This programme is funded by UK aid from the UK government; however, the views expressed do not necessarily express the UK government's official policies.

CONTACT US

Thomas Pascoe, Manufacturing Africa Team Lead

Email: info@manufacturingafrica.org

A SNAPSHOT OF THE NIGERIAN FEED VALUE CHAIN

4th

Largest feed producer in Africa

~5 millions

MT of feed produced annually

85%

of feed production is consumed by aquaculture and poultry

THE CHALLENGE

Several structural constraints continue to limit feed production in Nigeria, including:

- **Limited access to raw materials:** access to maize and soyabeans that make up 60% of feed is limited. This is driven by export orientation for soyabeans, and high input costs
- **60% of feed mills operate at a small scale,** constrained by high interest rate (<30%) on financing modern equipment
- **High operational costs** due to inflation, logistic costs and escalating energy costs which erode profitability

OUR SUPPORT



Potential investment opportunities

Five investment opportunities were identified with the Committee across themes including soyabean outgrower arrangement, producing alternative nutrients sources like HQCP, scaling feed milling enterprises in the North, launching a digital wallet for small scale millers and developing a franchise model with small scale millers

Two investment opportunities were prioritized: soyabean outgrower arrangements and scaling production of HQCP



Learnings based on previous investments

Outgrower arrangements are currently constrained by limited access to quality inputs, weak contract enforcement, and insufficient farmer financing

HQCP production is currently challenged by drying capacity constraints, and variable peel quality



Investor Bankability and financials

Two investment champions were identified for outgrower arrangements. An investment involving approximately 10,000 farmers, cultivating 0.5 Ha with yields of about 1.5 -2 MT/Ha, and estimated CAPEX of ~\$77K, could achieve an IRR of 39%, a payback period of ~4 years, and an EBITDA margin of roughly 2%

An investment champion was identified for the scaling of HQCP production. The Champion would require investment across 4-5 clusters, averaging ~135 members each, with one facility per cluster and estimated CAPEX of ~\$85K, yielding an IRR of ~33%, time to profitability of ~1 year, and a payback period of ~4 years with EBITDA margins of up to 5%



IMPACT

Change in the feed sector could potentially lead to:



Soyabean outgrower arrangements enables yield productivity from 1.02 MT/HA to 1.5 MT/HA by leveraging better inputs and agronomic practices



Scaling HQCP production, may enable 25–50% maize substitution in feed, helping to lower overall feed costs for processors



Actionable insights on both investment opportunities which can be shared and replicated with key players across the value chain



Strong momentum from government and feed sector association with increased interest in driving sustainable change across the feed sector



Increased private sector mobilization via emerged investment opportunities Champions; Olam Agri, AFEX and Deep Launch, signaling confidence in the commercial viability of the models

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Thomas Pascoe, Manufacturing Africa Team Lead

Email: info@manufacturingafrica.org

A SNAPSHOT OF THE NIGERIAN POULTRY VALUE CHAIN

99%

Of poultry production, consumption and trade balances is chicken

\$800Mn

Production value in 2023

14 million

People employed in the poultry value chain

228 million

Chicken population

THE CHALLENGE

Despite being a highly organized value chain, poultry is still facing several challenges including:

- **~70% of birds are raised in low-yield backyard and semi-commercial systems** (~1.6-1.8kg live weight) using indigenous breeds with minimal inputs, poor biosecurity and vaccination rates as low as 4-13%
- **The market is fragmented, with >60% of poultry sold via informal channels**, causing wastage due to weak cold chain integration and quality control
- **High feed costs (~70% of expenses) and volatile day-old-chick prices**, further challenge efficiency and scalability

OUR SUPPORT



Potential investment opportunities

Five investment opportunities were identified with the Committee across themes including offtaker arrangements, solar/gas for processing, modern parent/grandparent stock and hatchery operations, mobile vaccination clinics and scaled farmer cooperatives

Two investment opportunities were prioritized; offtaker arrangements and alternative energy sources for processing



Learnings based on previous investments

Offtaker models are currently limited by high input costs, contract breaches and unaffordable financing

Energy accounts for ~30% of processing costs, with unreliable grid power and expensive diesel undermining efficiency



Bankability and financials

8-10 offtaker arrangements with differentiating elements including loyalty programmes could be set up, each potentially requiring ~\$6M in investments with a payback period of 3-4 years

MA identified 3 investment Champions for solar and gas investments each requiring ~\$1M investment with a ~5-year payback period



IMPACT

Offtaker arrangements and solar/gas for processing could potentially lead to:



Higher margins for offtakers due to the higher throughput, sale of inputs (feed and day-old chicks) and cost savings from cheaper energy sources and savings from bulk-purchase of grains



Uplift in farmer margins by ~19% from more stable input prices compared to the spot market



Decrease of 500 Naira/kg in retail price which from recent trials, has been seen to boost demand by 32%

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Email: info@manufacturingafrica.org



LESSONS LEARNED



The Committee model demonstrated strong effectiveness in maintaining momentum across the value chain. By uniting committed private sector players, including leading millers, fish producers and chicken quick service restaurants, this approach ensured seamless progress from diagnosis to pilot implementation while establishing clear accountability for measurable outcomes



Broad stakeholder engagement throughout the process was critical for validating analyses and proposed interventions. Contributions from Committee members added valuable on-the-ground insights, sharpening investment strategies to align with market realities



Proactive and sustained engagement with government counterparts secured institutional backing and fostered an enabling policy environment. Regular consultations with key ministries and agencies ensured alignment of public and private sector priorities, streamlined regulatory coordination, and established the groundwork for successful pilot execution and scalability

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