

10 Under-Explored Agricultural Value Chains in Nigeria

Where Nigeria's Next Agri-Wealth Will Come From

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A harvest shows what we grew. Productivity shows what we stored, processed and sold.

The Strategic Overlay

By Dr. Oluwanbepelumi Olanubi

This commentary identifies ten under-explored agricultural value chains that expose a recurring structural weakness in Nigeria's agricultural economy: output is not the same as value capture. Nigeria can rank among the world's largest producers of cassava, shea, tomatoes, palm oil or hides and still import processed products, lose output after harvest, or export raw materials at the lowest-value point in the chain.

My strategic overlay on this commentary is that Nigeria's next phase of agri-wealth should be judged by conversion efficiency: the share of each tonne produced that survives, meets standards, enters industrial processing and reaches a paying market. That shifts the centre of gravity from simply producing more to capturing more value per tonne. Cold chain, aggregation, mechanisation services, quality systems, reliable energy, embedded finance and logistics are therefore not peripheral to agriculture; they are part of the productive core that determines whether agricultural output becomes industrial input, export revenue or waste.

The second implication is spatial and institutional. Value-chain strategy has to be built around viable production-processing-market clusters rather than national production targets alone. A tomato factory without dependable raw-material supply, a dairy programme without collection and chilling, or a trade restriction without sufficient local processing capacity simply moves the bottleneck from one part of the chain to another. The relevant unit of strategy is the full chain: inputs, farm productivity, aggregation, processing, standards, distribution, finance and demand.

For investors and policymakers, the question is therefore not which commodity is fashionable. It is which bottleneck, if removed, raises value capture across an existing demand base and can scale commercially. That is the shift that can move Nigerian agriculture from primary production towards agro-industry, export competitiveness, higher rural incomes and a more resilient domes - tic economy

Introduction

Sixty-six years after independence, agriculture is a far larger part of the Nigerian economy than oil. In Q2 2026, agriculture contributed 26.15% of Nigeria's real GDP, compared with 4.16% for the oil sector, and grew by 4.39% year-on-year, up from 2.82% in Q2 2025 (NBS, 2026). However, despite its substantial contribution to economic output, agriculture's share of real GDP was slightly lower than the 26.17% recorded a year earlier, indicating that its contribution had not increased along - side its growth rate (NBS, 2026).

In the coming years, Nigeria's next source of agricultural wealth will not come from simply growing more of the same crops. It will come from value chains, where the country either already produces the raw materials or spends money importing finished products, with little of the value created along the way. Agricultural opportunities are not under-explored because people do not know they exist. They remain under-explored because there is still a wide gap between what Nigeria produces and what it earns from it. Five value chains have a processing gap, which means Nigeria exports raw produce while other countries make more money from processing it. Another five have an import-substitution gap, where much of the demand for products that could be produced locally is still met through imports.

Processing Gaps

This group covers value chains where Nigeria has significant production or raw materials but could capture more value through local processing, refining and the production of finished goods.

Palm Oil Processing and Exports

For the 2025/26 marketing year, the United States Department of Agriculture Foreign Agricultural Service (USDA FAS, 2026) ranks Nigeria as the world's fifth-largest palm oil producer, with expect - ed production of 1.5 million tonnes. Domestic demand, however, exceeds 2.5 million tonnes, and Nigeria spends between $500 million and $600 million annually on palm oil imports (Federal Min- istry of Agriculture and Food Security, 2026). This gap between domestic production and demand presents an opportunity to expand local production and processing. Nigeria has a long history in the palm oil industry, supplying more than 40% of global output in the 1960s. The country also has

a long history in the palm oil industry, supplying more than 40% of global output in the 1960s. The country also has more than 3 million hectares of land suitable for oil palm cultivation (Federal Ministry of Agriculture and Food Security, 2026). The Council of Palm Oil Producing Countries (CPOPC, 2026) reports that Nigeria's output rose from 1.28 million tonnes in 2020 to 1.57 million tonnes in 2025, while domestic consumption increased from 2.45 million to 2.61 million tonnes over the same period. CPOPC has also pledged technical support for smallholders and efforts to improve coordination across the supply chain. The Federal Government's plans to plant 100 million oil palm trees under the Renewed Hope Agenda could further support the sector's expansion (Federal Ministry of Information and National Orientation [FMINO], 2026).

Where the opportunity sits

- Small- and mid-scale milling close to producing clusters.
- Refining and fractionation for food, personal care and industrial users.
- Branded packaging and traceable export products that meet buyer standards.

Sesame Seed Value Chain

The Nigerian Export Promotion Council (NEPC, 2026) reports that Nigeria exported US$300.3 million worth of sesame seeds in 2025. This makes sesame the country's fourth-largest individual non-oil export by value, after cocoa beans, urea and cashew nuts. This formed part of Nigeria's strongest non-oil export year on record, with total earnings reaching US$6.1 billion (NEPC, 2026). Sesame is therefore an increasingly important part of Nigeria's non-oil export portfolio. However, sustaining access to international markets depends not only on production volumes but also on meeting the quality and safety requirements of importing countries. NEPC has identified sanitary and phytosanitary compliance, proper handling, contamination control and accurate documentation as important requirements for agricultural exports. Its export production clusters bring farmers together around improved production practices, quality control and export requirements, with the broader aim of reducing the rejection of Nigerian agricultural exports. These clusters could also support greater value addition through cleaning, sorting, hulling, oil extraction and export-grade packaging. Strengthening these activities would help Nigeria move beyond exporting sesame in relatively unprocessed form and capture more value in international markets.

Where the opportunity sits

- Cleaning, sorting and grading to reduce contamination and improve export acceptance.
- Hulling and sesame-oil extraction to move beyond raw-seed exports.
- Export-grade packaging, traceability and quality-assurance services.

Cassava Industrialisation

Nigeria remains the world's largest cassava producer, with 62.6 million metric tonnes produced in 2024 (Food and Agriculture Organisation of the United Nations [FAO], 2025). Cassava is already

deeply embedded in Nigerian food culture and has a large domestic market. However, according to the World Bank (2025), more than 70% of cassava produced is processed into food staples such as garri, 15% is used for other processed products, and 5% goes into on-farm processing. This leaves only 10% for industrial processing. There is therefore considerable scope to expand cassava's use beyond traditional food products and develop stronger links with industries that need reliable supplies of processed cassava inputs.

Where the opportunity sits

- High-quality cassava flour for food manufacturers and bakeries.
- Industrial starch for food, pharmaceutical, paper and other manufacturing uses.
- Ethanol and other industrial derivatives that create higher-value demand for cassava.

Shea Butter Processing

The Minister of Agriculture and Food Security reported that Nigeria produces an estimated 350,000 metric tonnes of shea annually across 30 states, with the potential to reach nearly 900,000 metric tonnes (FMINO, 2025). Although Nigeria accounts for nearly 40% of global shea supply, it captures less than 1% of the $6.5 billion global market (FMINO, 2025). Shea is identified in Nigeria's Zero Oil Plan as a strategic non-oil export, and the global market is projected to grow from $6.5 billion to $9 billion by 2030. The sector could generate more than $300 million annually in the short term, but significant value is still lost because much of the product leaves Nigeria as raw material. More than 90,000 metric tonnes of raw shea are lost each year through informal cross-border trade, while Nigerian processors operate at only 35 to 50% of their installed capacity of 160,000 metric tonnes (FMINO, 2025). Expanding domestic processing would allow Nigeria to capture more value from its existing supply, while creating jobs and supporting rural livelihoods. This could also benefit women directly, who account for about 90% of shea pickers and processors (FMINO, 2025).

Where the opportunity sits

- Aggregation, grading and quality control closer to producing communities.
- Refined, food- and cosmetic-grade shea butter rather than raw-nut exports.
- Formulation and packaging for cosmetics, personal care and food-industry buyers.

Livestock Leather and Hides

Nigeria produces more than 50 million hides and skins annually, providing a substantial raw-material base for its leather industry (Federal Ministry of Livestock Development, 2026). Nigerian leather has a long-standing reputation in international markets, and Sokoto Red leather was prized abroad for decades. However, there is room to capture more value by processing hides and skins locally and manufacturing finished products rather than relying mainly on raw-material sales. During a visit to the Kanotan Tannery in Kano in July 2026, Minister Maiha said the Federal Government wanted to encourage more domestic processing and the production of finished goods such as footwear and bags. The Nigerian Association of Leather and Allied Products Manufacturers

(NALPAN) has also proposed skin collection centres in key livestock regions to improve the sup - ply of hides and skins to tanneries. The industry already has established clusters: Kano is a major centre for tanning and exports, Kaduna and Sokoto also host tanneries, while Aba and Lagos are important hubs for footwear and leather goods. With existing raw materials, skilled workers and supporting institutions such as the Nigerian Institute of Leather and Science Technology (NILEST), expanding finished-product manufacturing could help Nigeria retain more of the value generated along the leather value chain.

Where the opportunity sits

- Organised hide and skin collection, preservation and grading centres.
- Higher-quality tanning and finished-leather production.
- Footwear, bags and other finished leather goods for domestic and export markets.

Import-Substitution and Service Gaps

TThis group covers value chains where local production, processing or services could reduce dependence on imported products or address domestic supply shortages. Some opportunities, such as cold storage and mechanisation, are better understood as domestic infrastructure and service gaps rather than direct import-substitution opportunities.

Dairy Value Chain

According to the Federal Ministry of Livestock Development (FMLD, 2025), Nigeria produces 700,000 metric tonnes of milk annually and plans to increase production to 1.4 million metric tonnes within five years. The country spends about $1.5 billion each year importing dairy products, partly because domestic production falls short of demand. The FMLD estimates that the pro - duction deficit is nearly 60%, while Nigerians consume an average of 1.6 billion litres of milk and milk products. The Federal Government's National Livestock Growth Acceleration Strategy aims to increase the value of Nigeria's livestock sector from $32 billion to $74 billion by 2035 (FMLD, 2025). Other priorities include disease control, improved veterinary infrastructure and the reha - bilitation of 417 grazing reserves. Wase Grazing Reserve in Plateau State has been identified as a pilot model, with plans for a Model Livestock Village that would include pasture fields, dry-season irrigation dams, veterinary and healthcare facilities, schools, and milk collection and processing centres. These investments could create opportunities for businesses involved in milk collection, cold-chain aggregation and dairy processing. Expanding local production and processing would help meet domestic demand and reduce reliance on imported dairy products.

Where the opportunity sits

- Milk collection and aggregation centres linked to producing communities.

- Chilling, cold-chain logistics and quality testing to reduce spoilage.
- Local yoghurt, cheese and other processed dairy products.

Tomato Processing

According to the Food and Agriculture Organisation of the United Nations (FAO, 2025), Nigeria is Africa's second-largest tomato producer, with annual production reported at 3.73 million metric tonnes by FAO (2026). However, more than 50% of the annual tomato harvest is lost (FAO, 2025), while Nigeria spends more than US$400 million annually importing tomato paste (NEPC, 2026). This presents an opportunity to strengthen domestic processing, reduce waste and replace some imports with locally produced tomato products. NEPC has identified the potential to position Kano tomatoes as a premium brand for domestic and international markets, but this would require consistent product quality, better post-harvest handling, adequate processing capacity and compliance with export standards. Existing processing plants offer useful lessons. The Dangote tomato factory near Kano opened in 2016 with a design capacity of 1,200 tonnes per day and a guaranteed-price scheme for farmers in the Kadawa Valley. Its experience highlights the importance of reliable year-round raw-material supplies, outgrower agreements and pest management. The Tuta absoluta pest caused yield losses of up to 80% in 2015 and 2016, according to the International Fertiliser Development Center (IFDC), making crop protection and tolerant seed important considerations for processors. More recently, GBFoods established a factory in Kebbi State with a capacity of about 25,000 tonnes annually. Building on these existing investments could help Nigeria expand local tomato paste production and reduce its dependence on imports.

Where the opportunity sits

- Paste, puree and powder processing located close to major production clusters.
- Outgrower, aggregation and raw-material contracting systems that keep plants supplied year-round.
- Cold-chain, pest-management and post-harvest services that reduce losses before processing.

Aquaculture Feed Production

Fish is an important source of protein in Nigeria, but domestic production remains below demand. Nigeria requires an estimated 3.2 million metric tonnes of fish annually, while current production stands at about 1.2 million tonnes (FAO, 2025). One of the major constraints facing fish farmers is the cost of feed. FAO's assessment of Nigeria's catfish sector found that feed accounts for about 78% to 85% of total operating costs for most farms (FAO, 2024). This makes the availability and affordability of good-quality feed important to farm profitability and the expansion of domestic fish production. Local feed manufacturing could help address this constraint while creating opportunities for businesses supplying the raw materials used in aquaculture feeds. FAO research has identified the lack of a developed fish-feed industry as a major constraint to Nigerian aquaculture. Its earlier assessment estimated that the sector consumed about 35,570 tonnes of fishwere farm-made and 10,760 tonnes commercially produced (FAO, 2025). As the aquaculture sector has

expanded, reliable supplies of competitively priced feed have become increasingly important. Developing local feed production could therefore support fish farmers, strengthen the domestic aquaculture industry and help meet Nigeria's wider demand for fish.

Where the opportunity sits

- Local floating-feed mills using competitively sourced maize, soy and cassava inputs.
- Feed formulation and quality-assurance services that improve feed-conversion efficiency.
- Regional distribution networks that reduce the cost of getting feed to fish farmers.

Cold Chain Storage

Nigeria recorded between 3.5 trillion and 5 trillion in post-harvest losses in 2025, with inadequate cold storage and weak logistics infrastructure identified as major contributing factors (Nigerian Development Finance and Research Platform, 2026). The World Bank (2020) estimates that 40% of Nigeria's food production is lost or wasted after harvest. These losses are also closely linked to access to reliable energy, which affects the ability to preserve perishable produce. Cold storage offers a way to retain more of the value farmers have already created by keeping produce fresh until it reaches the market. ColdHubs (2026) reports that solar-powered walk-in cold rooms in markets and farming clusters can extend the shelf life of fruits and vegetables from about two days to 21 days. In 2020, 54 operational ColdHubs reportedly saved 42,024 tonnes of food from spoilage, while increasing the monthly income of 5,240 small farmers, retailers and wholesalers by 50%, from US$60 to US$120 (ColdHubs, 2021). The initiative also created up to 66 jobs for women working as hub operators and market managers. Nigeria's cold storage facilities remain severely inadequate, and OTACCWA has estimated that the country needs 100 large cold rooms, each with a 500-tonne capacity, to begin addressing the scale of post-harvest losses (Nigerian Development Finance and Research Platform, 2026). Investing in cold-chain infrastructure could reduce food waste, improve market access and help more locally produced food reach consumers.

Where the opportunity sits

- Solar-powered cold rooms in farm clusters, aggregation centres and produce markets.
- Refrigerated transport and cold-truck services connecting farms to processors and urban markets.
- Pay-per-use storage and last-mile cold-chain models that smallholders can access without owning infrastructure.

Mechanisation as a Service

Nigeria's tractor density stands at about 0.3 horsepower per hectare, highlighting the limited access to mechanisation across the agricultural sector (National Agricultural Development Fund [NADF], 2026). To address this, the Federal Government has deployed more than 2,000 tractors, each expected to service about 600 hectares annually, and is targeting the local assembly of

2,000 to 4,000 tractors each year. It is also working to train 4,000 tractor operators and mechanics (NADF, 2026). Rather than being intended for private ownership, the tractors are entrusted to service providers who make mechanisation available to farmers. In early 2026, the government graduated the first cohort of about 250 participants under the National Agricultural Mechanisation Service Providers (NAMSP) Training Programme. The programme, organised by NADF in collaboration with the Ministry of Agriculture and Food Security, AGCOMS and other partners, focused on machinery management, maintenance, occupational safety and enterprise development (NADF, 2026). It forms part of broader efforts to address constraints across agricultural value chains, alongside initiatives such as the Farm Input Support Programme, which supports 109,000 smallholder farmers, and the Grassroots Digital Extension Corps, which has trained 1,884 extension agents and food-security specialists nationwide (NADF, 2026). These efforts create opportunities for businesses that provide tractor-hiring, leasing and other mechanisation services, helping farmers access equipment without the cost of purchasing and maintaining it themselves.

Where the opportunity sits

- Tractor-hire and equipment-leasing services that spread machinery costs across many farmers.
- Maintenance, spare-parts and operator services that keep equipment productive.
- Precision and digitally coordinated mechanisation services for planting, harvesting and land preparation.

What Should Be Done

1. Supply should be fixed before capacity is worked on. Yields, post-harvest losses and out-grower contracts decide whether a factory runs year-round. A cassava yield of 62.6 million metric tonnes produced as of 2024 and tomato losses of more than 50% as of 2025 are factory problems that begin on the farm.

2. Locate processing near raw material and bundle power, logistics and standards compliance, so that each investor does not have to solve them alone.

3. Use restrictions sparingly and measure them. Where export bans or other trade restrictions are used, they should be time-bound and tied to published targets, such as the ratio of processed to raw output.

4. The National Bureau of Statistics and the line ministries should report production, processing and trade for each chain on a consistent basis, so that claims on exported raw items can be checked and verified.

Conclusion

Nigeria's challenge is not a lack of agricultural raw materials, but its inability to capture more value from them locally. The real opportunity lies in processing more of what we produce, reducing re - liance on imports, and creating more value within the country. These ten agricultural value chains are a good place to start.

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Note

This commentary is intended for public understanding and strategic reflection on agricultural value addition, import substitution and value-chain development in Nigeria. Figures and estimates are reported as published by the cited institutions and should be validated against primary sources before being used for investment appraisal or project finance decisions.

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