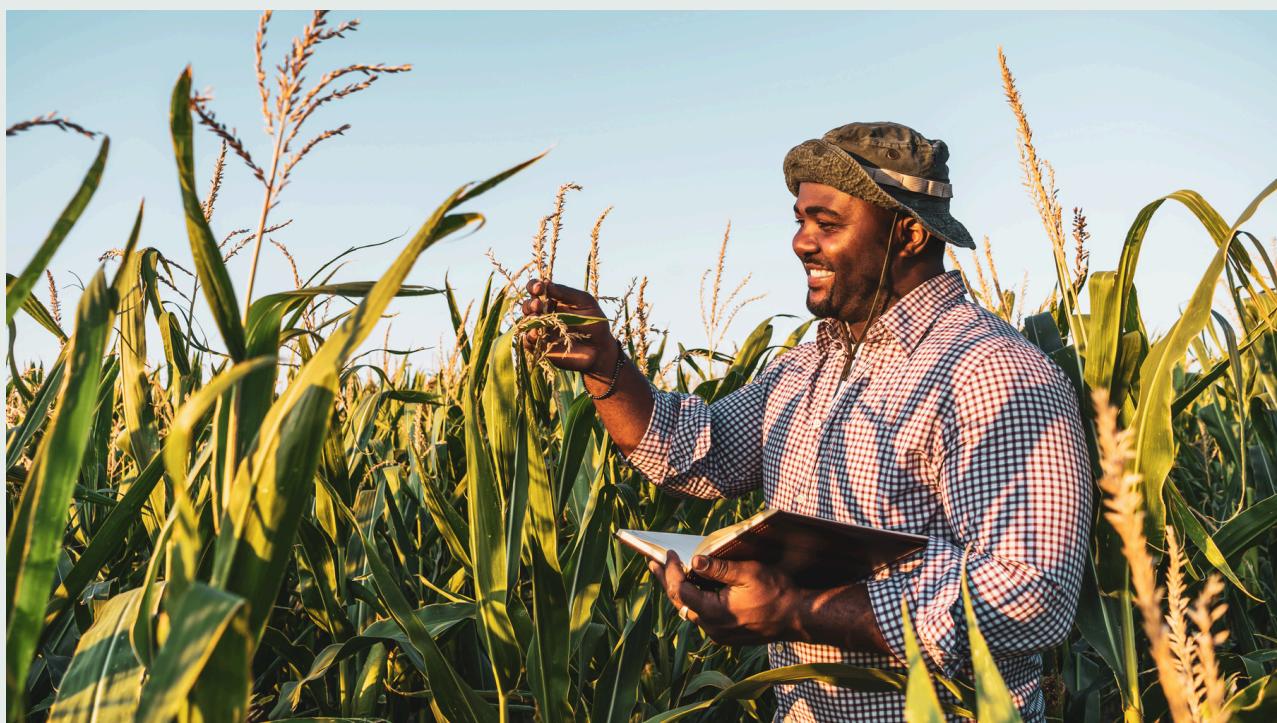


2025

Top Agri Sectors to Watch: 2025 Investor Brief

Introduction

Agriculture in Africa stands at the crossroads of innovation and necessity. With the twin pressures of climate change and population growth, the sector is rapidly evolving. According to the African Development Bank's Feed Africa strategy, transforming agriculture into a high-tech, commercially competitive sector is not just an economic imperative, but a social one. This 2025 investor brief highlights four of the most promising and transformative agricultural subsectors: Regenerative Agriculture, Sustainable Input Manufacturing, Irrigation-as-a-Service, and Agri-logistics. Each offers unique opportunities to drive inclusive growth, secure food systems, and generate high returns. Agriculture, the backbone of many African economies, is undergoing a profound transformation. With over 60% of Africa's population engaged in the sector, and a projected population of 2.5 billion by 2050, the stakes have never been higher. The challenges facing agriculture in Africa climate change, soil degradation, water scarcity, and post-harvest losses are formidable. But they also present immense opportunities for innovation, investment, and impact.



According to the African Development Bank's Feed Africa Strategy, Africa imports over \$35 billion in food annually a figure expected to surpass \$110 billion by 2025 if current trends persist. These imports, however, signal a powerful opportunity. If Africa can harness its vast arable land, favourable Agro-ecological zones, and entrepreneurial workforce, it can reverse this dependency and become a net exporter of food.

To achieve this, agricultural transformation must be business-led, inclusive, and technology-driven. The African Development Bank identifies three pillars essential for success:

1. Large-scale dissemination of productivity enhancing technologies and inputs;
2. Development of well-functioning input and output markets;
3. A vibrant private sector equipped to scale innovation and investment.

This investor brief, "Top Agri Sectors to Watch: 2025," presents four high-potential subsectors shaping the future of African agriculture:

- Regenerative Agriculture, which rejuvenates ecosystems while ensuring food security;
- Sustainable Input Manufacturing, focused on localizing fertilizer, seed, and biopesticide production;
- Irrigation-as-a-Service, democratizing access to water through technology and business models;
- Agri-logistics, which streamlines supply chains, reduces losses, and opens new markets.

These sectors are not just areas of growth they are gateways to resilience, profitability, and sustainability. Each section in these brief profiles investment opportunities, case studies, policy enablers, and risk considerations to guide informed decision-making.

\$110 Billion

Africa's food import will surpass this figure if current trends persist

\$35 Billion

Africa's food import annually

Regenerative Agriculture: Healing the Soil, Feeding the Future

Overview and Market Opportunity

Regenerative agriculture is not just a trend, it's a fundamental shift in how we farm. It encompasses practices that restore soil health, enhance biodiversity, sequester carbon, and improve water cycles. Unlike conventional agriculture, which often depletes natural resources, regenerative farming builds ecological capital while maintaining productivity.

The urgency is clear. Over 65% of Africa's arable land is degraded. Without intervention, yields will continue to decline, threatening food security and economic stability. According to the World Bank and IFPRI, Africa loses over \$4 billion annually to soil erosion and nutrient depletion. In response, regenerative farming is gaining traction among governments, agribusinesses, and development agencies.

A 2024 McKinsey report estimates that regenerative agriculture could unlock over \$30 billion in direct and indirect value in Africa by 2030. This includes savings from reduced fertilizer use, carbon credit revenues, increased yields, and ecosystem service payments.

Core Practices and Technologies

Key regenerative agriculture practices include:

Cover cropping:

Reduces erosion and replenishes soil organic matter.

Reduced tillage:

Protects soil structure and microbial activity.

Crop rotation and intercropping:

Minimizes pest cycles and maximizes land use.

Agroforestry:

Integrates trees with crops and livestock for biodiversity and climate resilience.

Organic composting and biofertilizers:

Reduces dependency on synthetic inputs.

Digital platforms like Agro Centa (Ghana), iShamba (Kenya), and Hello Tractor (Nigeria) are also integrating regenerative techniques with precision agriculture, creating hybrid systems that are both sustainable and scalable.

Investor Rationale

Soil as an Asset:

Regenerative agriculture enhances long-term land value, making it an attractive proposition for land-based investors.

Carbon Credits:

Projects that sequester carbon through regenerative methods can earn verified carbon credits. Africa's participation in voluntary carbon markets is expanding, especially with the growth of regional exchanges like the Africa Carbon Markets Initiative.

Brand Alignment:

ESG-driven investment mandates, particularly from institutional investors and DFIs, favour portfolios aligned with sustainable land use and climate adaptation.

Export Premiums:

Exporters adopting regenerative standards (e.g., Rainforest Alliance, Organic, Fair Trade) often receive price premiums in European and North American markets.



Case Study: Unilever's Regenerative Agriculture Projects

Unilever aims to implement regenerative practices across 1 million hectares of its global supply chain by 2030. In Africa, the company has launched projects in Ghana, Nigeria, and Kenya focusing on soy, tea, and vegetable oil crops. As of August 2024, 350,000 hectares are under transformation. These programs involve local NGOs, cooperatives, and tech partners to provide training, inputs, and real-time soil analytics.

Policy and Financing Enablers

The Feed Africa Strategy recognizes regenerative agriculture as critical to long-term food system stability. Key enablers include:

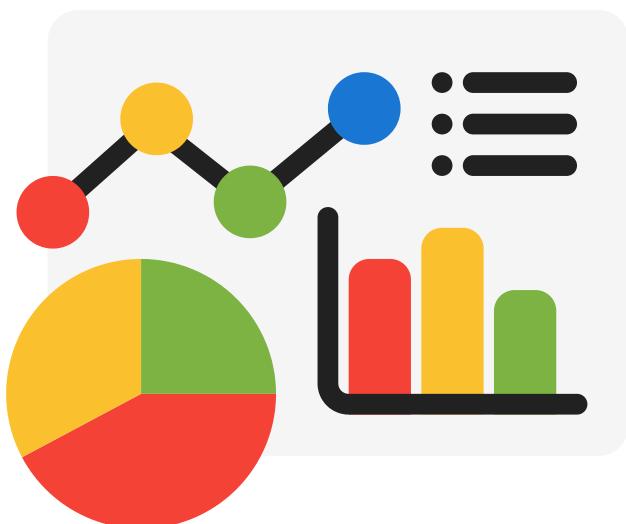
- National subsidies and incentives for climate-smart agriculture
- Integration of regenerative metrics in Africa's CAADP (Comprehensive Africa Agriculture Development Programme)

- Access to financing via the AfDB's Climate Action Window and the Africa Fertilizer Financing Mechanism (AFFM)
- Partnerships with climate funds like the Green Climate Fund (GCF) and IFAD



Risks and Mitigation

Risk	Mitigation
High upfront costs for smallholders	Input vouchers, blended finance, microloans via digital wallets
Limited awareness and training	Farmer field schools, mobile extension platforms
Market uncertainty for regen-certified produce	Support contract farming and aggregator models
Carbon credit verification delays	Use of satellite-based MRV (Monitoring, Reporting & Verification) tools



Sustainable Input Manufacturing: Building Africa's Agro-Industrial Backbone

Overview and Market Opportunity

Agricultural inputs such as seeds, fertilizers, pesticides, and soil enhancers—are the lifeblood of productivity. Yet Africa imports over 80% of its fertilizer and 70% of hybrid seeds, exposing farmers to volatile international prices and supply chain disruptions. The Russia-Ukraine conflict, for instance, drove up fertilizer prices by over 300% in some African countries between 2022 and 2023.

Sustainable input manufacturing is a response to these vulnerabilities. It emphasizes localized, eco-friendly production of critical inputs using natural, recycled, or biologically-based materials. It not only enhances food sovereignty but also aligns with climate-smart and regenerative practices.

According to a 2024 African Union report, the agricultural input manufacturing sector in Africa could grow to \$25 billion by 2025, with fertilizer blending, biofertilizers, and seed multiplication hubs leading the way.

Key Areas of Investment

Biofertilizer and Compost Production

Biofertilizers made from bacteria, algae, and organic waste improve soil nutrient content and structure without the pollution associated with chemical fertilizers.

- Composting and waste-to-input enterprises (e.g., converting abattoir waste or food scraps into fertilizers) are rapidly scaling in Kenya, South Africa, and Nigeria.

Seed Manufacturing and Multiplication

High-yielding, drought-resistant, and pest-tolerant seed varieties are in high demand across regions vulnerable to climate shocks.

- Partnerships with CGIAR centres and national agricultural research systems have created blueprints for decentralized seed production networks.

Biopesticides and Bio stimulants

Biopesticides from neem, fungi, or bacterial strains offer eco-friendly pest control, reducing harm to pollinators and human health.

- Adoption is supported by regulatory changes and the rise of organic produce markets.

Fertilizer Blending Plants

Customized nutrient blends based on soil data improve efficiency and reduce runoff.

Nigeria, Ghana, and Ethiopia have begun developing regional blending plants supported by the African Fertilizer Financing Mechanism.



Case Study: Notore Chemical Industries (Nigeria)

Notore is one of West Africa's leading fertilizer manufacturers. In partnership with the AfDB and IFDC, it has scaled localized production to over 500,000 metric tons/year, including specialty fertilizers tailored to Nigeria's major crops. In 2023, it began trailing biofertilizer integration and trained 20,000 smallholder farmers on proper application. Notore's model illustrates how manufacturing can scale sustainably by integrating research, farmer support, and input access.

Investor Rationale

Import Substitution: Local input production protects against currency fluctuations and geopolitical supply shocks.

Circular Economy Potential: Organic waste is being monetized into valuable input products, creating closed-loop systems with both environmental and economic returns.

Anchor Tenants for Agro-Hubs: Input manufacturers often catalyse the development of agricultural industrial parks, providing anchor demand and supply linkages.

ESG Alignment: Sustainable input ventures fulfill both impact investing mandates and environmental compliance requirements.

Policy and Financing Enablers

The Feed Africa Strategy positions input systems as a first-tier enabler of productivity. Key supports include:

- AfDB funding for input distribution systems and fertilizer plants
- Subsidies for local R&D and seed certification
- Public-private partnerships for rural Agro-dealer networks
- Import tax exemptions on input manufacturing equipment
- Programs like TAAT (Technologies for African Agricultural Transformation), which support large-scale dissemination of improved technologies

Risks and Mitigation

Risk	Mitigation
High Cap-Ex for manufacturing facilities	Blended finance, AfDB agro-industrial zones, sovereign guarantees
Inconsistent demand from smallholders	Demand aggregation via cooperatives and contract schemes
Regulatory barriers and weak enforcement	Capacity building in seed/fertilizer certification agencies
Market resistance to bio-based inputs	Demonstration plots, extension outreach, and proof-of-concept pilots

Irrigation-as-a-Service: Democratizing Access to Water for Resilient Agriculture

Overview and Market Opportunity

Rain-fed agriculture still accounts for over 90% of cultivated land in Africa. This heavy reliance on erratic rainfall patterns severely limits productivity and increases the sector's vulnerability to climate change. The FAO estimates that Africa currently irrigates only 5% of its arable land, compared to 38% in Asia. Expanding irrigation could triple agricultural output in many regions, particularly in the Sahel and Guinea Savannah zones.

However, traditional irrigation models, large dams, canals, and state-owned systems are capital-intensive and slow to deploy. Enter Irrigation-as-a-Service (IaaS): a decentralized, tech-driven model where companies provide irrigation equipment, installation, and sometimes maintenance, on pay-per-use or lease-to-own terms. By turning irrigation into an accessible utility rather than a one-time investment, IaaS models are unlocking smallholder productivity at scale.

According to the International Water Management Institute (IWMI), Africa's small-scale irrigation market could exceed \$9 billion by 2025, with a growing share of this market captured through service-based delivery platforms.

Delivery Models

Solar-Powered Irrigation-as-a-Service

Solar irrigation systems, combined with IoT controllers and pay-as-you-go (PAYG) fintech, enable farmers to pay in small increments.

Companies like SunCulture (Kenya) and Future pump (Kenya/Nigeria) have pioneered these systems with backing from DFIs and impact investors.

Shared Irrigation Hubs

Irrigation cooperatives or aggregators manage communal systems (e.g., boreholes, drip lines), and farmers subscribe or rent usage time.

Bundled Services

Some providers bundle irrigation with weather forecasting, agronomic advice, and input financing through digital platforms (e.g., Hello Tractor, Taro Works).

Case Study: SunCulture – PAYG Solar Irrigation

Founded in Kenya, Sun Culture has deployed solar irrigation systems to over 20,000 farmers across East and West Africa. Their Pay-As-You-Grow model allows farmers to repay over 2–3 years via mobile money. In addition to water pumps, the package includes smart sensors, agronomic advice, and financing. A 2023 impact report showed a 300% increase in yields and a 100% increase in household income among beneficiaries, while reducing carbon emissions by replacing diesel pumps.

Investor Rationale

Climate Resilience Investment:

IaaS directly improves food security and incomes in the face of droughts and shifting weather patterns.

Recurring Revenue Models:

The pay-per-use structure creates predictable cash flows and strong unit economics.

Tech Integration:

The model enables cross-sector partnerships with fintech, satellite monitoring, and ag-data startups.

Gender and Youth Impact:

Easier access to irrigation enhances productivity and reduces labour burdens, particularly for women-led farms.

Policy and Financing Enablers

The Feed Africa Strategy identifies irrigation as a critical enabler for staple crop transformation. Key initiatives and supports include:

- Public-private irrigation partnerships supported by AfDB and the African Water Facility
- Tax incentives for solar pump imports and manufacturing
- Integration of small-scale irrigation into CAADP and national climate resilience programs
- Results-based financing models backed by GIZ, USAID, and the Green Climate Fund

Risks and Mitigation

Risk	Mitigation
High initial investment for providers	Performance-based grants, carbon finance, green bonds
Affordability gaps for farmers	Tiered payment plans, bundling with productivity gains
Maintenance and technical support challenges	Local technician training programs, remote diagnostics
Water resource depletion	Smart irrigation management and licensing to prevent overuse

Agri-logistics: Unlocking Value from Farm to Market

Overview and Market Opportunity

In Africa, up to 40% of agricultural produce is lost before reaching the market due to poor logistics, inadequate storage, and inefficient distribution systems. These losses cost the continent an estimated \$4 billion annually, according to the African Union. Agri-logistics the management of storage, aggregation, transport, cold chains, and processing plays a critical role in preserving value across the agricultural supply chain.

As agricultural productivity rises due to investments in inputs, irrigation, and digital tools, logistics remains the missing link that determines whether produce reaches consumers fresh, on time, and profitably. Transforming Agri-logistics isn't just about efficiency it's about food security, rural incomes, and access to urban and export markets.

The logistics sector in sub-Saharan Africa is projected to reach \$380 billion by 2025, with agriculture contributing a substantial share of the volume. Investment in Agri-logistics infrastructure and services can unlock up to \$30 billion annually in post-harvest value recovery alone.

Key Areas of Investment

Cold Storage and Cold Chain Development

Cold chains reduce perishability for fruits, vegetables, dairy, and fish. Africa has less than 100 refrigerated warehouses per million people compared to over 1,500 in Europe.

Solar-powered cold rooms, such as those by Cold Hubs (Nigeria), provide affordable, modular solutions to rural markets.

Aggregation and Warehousing

Aggregation centres streamline the collection of farm produce and standardize quality.

· Modern warehouses with digital inventory management (e.g., Farm Drive-enabled) enable access to warehouse receipt financing.

Transport and Fleet Management

Mobile platforms (e.g., Twiga Foods in Kenya) integrate transport scheduling, digital payments, and route optimization to ensure just-in-time delivery from farms to retailers.

Logistics Hubs and Agro-Industrial Zones

Regional Agri-logistics corridors (e.g., Abidjan–Lagos, Nairobi–Kampala) provide shared infrastructure, tax incentives, and access to services.

Agro-industrial parks attract private logistics providers, exporters, and processors to co-locate for greater efficiency.

Case Study: Cold Hubs – Reducing Losses Through Solar Refrigeration

Cold Hubs is a Nigerian company providing solar-powered cold storage for smallholder farmers and fishers. With over 50 cold rooms deployed in 10 states, it charges daily storage fees (₦600 per crate). This model has helped reduce spoilage by over 80% and increased farmer incomes by up to 50%. Cold Hubs also trains women entrepreneurs to manage hubs, driving gender inclusion in logistics.

Investor Rationale

Infrastructure Gaps = High Demand:

There's vast unmet demand for reliable logistics solutions across nearly all value chains.

Recurring Revenue Models:

Cold storage and transport services generate predictable rental or subscription income.

Link to Trade Facilitation:

Improved logistics boosts intra-African and export trade under the AfCFTA.

Resilience to Climate Shocks:

Robust logistics can mitigate the impact of weather-related supply chain disruptions.

Policy and Financing Enablers

The Feed Africa Strategy highlights agri-logistics as a key area for value realization and market integration. Supporting mechanisms include:

- AfDB's Special Agro-Industrial Processing Zones (SAPZ) which embed logistics infrastructure
- Public co-financing for storage and aggregation centres through Transforming African Savannah Initiative
- Tax relief and customs priority for cold chain equipment
- Investment facilitation under the African Continental Free Trade Area (AfCFTA)

Risks and Mitigation

Risk	Mitigation
High cost of cold chain development	Blended finance, solar solutions, leasing models
Infrastructure deficits (roads, power)	Targeted investments in corridors and agro-industrial parks
Low smallholder volume aggregation	Use of cooperatives, digital aggregation apps, embedded logistics
Theft and spoilage during transit	GPS tracking, tamper-proof containers, insurance partnerships

Conclusion

Investing in Africa's Agricultural Future

Africa's agriculture sector is no longer a sleeping giant, it is awakening with the force of innovation, resilience, and a vision for inclusive prosperity. The four subsectors explored in this brief Regenerative Agriculture, Sustainable Input Manufacturing, Irrigation-as-a-Service, and Agri-logistics are not only vital to transforming the continent's food systems but also represent lucrative investment opportunities with measurable environmental and social returns.

The Feed Africa strategy lays out a bold vision: to make Africa a net food exporter, end hunger and malnutrition by 2025, and move African agriculture up global value chains. Achieving these goals will require more than policies and plans it demands targeted, scalable, and strategic investments.



Key Takeaways for Investors

Transformational Impact:

Each sector addresses a structural bottleneck while contributing to climate resilience, food security, and rural livelihoods.

Strong Policy Backing:

National governments and regional institutions like AfDB, AU, and NEPAD are aligning policies, subsidies, and financing tools to support these sectors.

Technological Leapfrogging:

From AI-driven precision farming to mobile irrigation and solar-powered logistics, Africa is leapfrogging legacy infrastructure toward smarter, greener systems.

Diverse Entry Points:

Whether through equity, blended finance, PPPs, or ESG-aligned funds, the investment ecosystem is expanding with support from DFIs, climate funds, and development partners.

Next Steps for Engagement

Partner with Agro-Hubs:

Engage with Special Agro-Industrial Processing Zones (SAPZs) and regional innovation hubs for co-location and access to shared services.

Support Policy Advocacy:

Join coalitions that promote enabling environments, such as harmonized standards and regional trade facilitation.

Fund Early-Stage Innovation:

Incubators and agrotech accelerators across Africa are fostering high-growth startups that need catalytic capital.

Track Impact Metrics:

Leverage frameworks such as IRIS+ or GIIN to measure social, economic, and environmental outcomes.

The time to invest is now. Africa's transformation is not just a development imperative it is a growth frontier. Investors who align capital with the continent's agricultural transition will not only earn returns but play a part in securing the world's food future.