Nigeria Brief

General Country Context

Nigeria accounts for about half of West Africa's population with over 200 million people. It is a key player in the region, with a multi-ethnic and culturally diverse federation and an abundance of natural resources. It is Africa's biggest oil exporter, and has the largest natural gas reserves on the continent.

Since 2011, the country's security landscape has been consistently shaped by the war against the Boko Haram terrorist group in the northern states, and a lasting armed conflict in the oil-rich Niger Delta. The country is highly vulnerable to the global economic disruption caused by COVID-19, particularly due to the pronounced decline in oil prices. 40 percent of Nigerians (83 million people) live below the poverty line, while another 25 percent (53 million) are vulnerable. Unemployment and underemployment are expected to increase, affecting poor households and increasing the share of the population that is vulnerable to falling into poverty[1].

Cashew sector in Nigeria

In 2020, an estimated 273,000 MT of RCN was produced in Nigeria, and an estimated 24,000 MT was processed, resulting in 8.8% of locally produced RCN being processed in country. In Nigeria, there is also a distinct opportunity to leverage a large domestic market. Processors are serving the domestic market, but improvements are needed to boost processing capacities and quality, alongside a push to improve the governmental/institutional policy environment for the cashew sector as a whole.

Regulatory framework and policies for in Nigeria

With respect to the cashew value chain, the regulatory framework in Nigeria is nascent. It is still in the planning stages of a national inter-ministerial and interagency committee charged with developing a 10-year development plan for the value chain. There is no active or resourced public body to regulate the cashew value chain and therefore no policies specifically targeting support for domestic processing.

Nigeria is now beginning to think about developing a regulatory framework. Cashew (both RCN and kernel) is seen as a valuable foreign currency mobilizing export, one of 22 that the government is actively promoting.

Characteristics of Cashew processing for Nigeria country

Of the known active processors, four are large (10,000+ MT), three medium (5,000-9,999 MT), and five small (<4,999 MT), with others either being inactive or in the planning stage. It is challenging to classify and organize the specific roles of value chain actors in Nigeria. Processors have expressed various challenges, namely access to RCN at competitive prices and in turn competitiveness in export markets, infrastructural issues such as delays at the port and low quality of the roads. In general, the higher volume processors have greater challenges in being sustainable. Small and medium size processors are more profitable, particularly those that play multiple functions within the value chain, allowing them to benefit from multiple revenue streams and find greater resilience by adapting to several opportunities and risk mitigation measures. The most successful actors in Nigeria are those that are the most innovative and

[1] https://www.worldbank.org/en/country/nigeria/overview

versatile, and this includes implementing a strategy to cater to both the domestic and international markets.

Baseline Data[2] - Nigeria

For the purpose of the Prosper Cashew baseline study, 11 processors were surveyed in Nigeria (7 active; 1 inactive; 3 in-project) out of an estimated 27 processors with presence in the country (active/inactive/in-project).

Indicator #1: Percent of domestic RCN production processed into kernel prior to export (based on 2020 production figures)				
Nigeria	8.80%			
Indicator #2: Value of annual sales of farms and firms receiving USDA assistance				
All commodities	Actual (USD)	Extrapolation (USD)	Sample size	
Nigeria	24,527,168.50	70,463,495.81	5	
Kernel only	Actual (USD)	Extrapolation (USD)	Sample size	
Nigeria	12,235,968.50	35,790,767.09	5	
Indicator #3: Volume of commodities sold by farms and firms receiving USDA assistance				
Kernel (MT)	Actual	Extrapolated	Sample size	
Nigeria	2,370.0	6,932.4	4	
RCN (MT)	Actual	Sample size		
Nigeria	7,130	3		
Indicator #6: Number of organizations with increased performance with USDA assistance				
Note: Baseline is 0%. The 2020 data is provided below and will be used as the basis for future calculation for this indicator				
Category	OCA average	Sample size		
Nigeria	73.7	7		
Indicator #7: Average processing cost per unit of output for selected agricultural commodities as a result of USDA assistance				
Category	USD kg/kernel	USD MT/RCN	Sample size	
Nigeria	3.90	780.00	2	
Indicator #8: Total volume of additional kernel output processed by USDA-supported firms				
Category	Actual (MT)	Extrapolated (MT)	Sample size	
Nigeria	2,512	7,347.7	5	
Indicator #10: Percentage increase in actual income of participating firms receiving USDA support				
Note: Baseline is 0%. The 2020 profit data is provided below and will be used as the basis for future calculation for this indicator				
Category	Profit (USD)	Extrapolated (USD)	Sample size	
Nigeria	-4,128,700.00	-11,861,240.12	6	
Indicator #11: Number of distinct markets to which selected agricultural products are exported				
Kernel categories	# of countries	Sample size		
Nigeria	8	4		
Indicator #13: Value of cashew products sold into domestic, regional and international markets				
Kernel	Actual domestic sales (USD)	Actual regional sales (USD)	Actual international sales (USD)	Sample size
Nigeria	1,672,000.00	149,000.00	10,414,000.00	5

[2] Only non-zero baseline values are included in the table

Indicator #20: Number of new clients/trade partners obtained as a result of USDA assistance			
Categories	# of clients	Sample size – Processor (#)	
Nigeria	37	7	

Indicator #21: Number of firms attending or represented at international/regional trade shows			
Categories	# of firms	Sample size – Processor (#)	
Nigeria	1	7	

Notes:
[1] No extrapolation because we do not have an overall value for RCN MT exported by processors.
[2] No extrapolation because we do not have overall value produced.
[3] This should be regarded with caution, as it includes all commodities, but extrapolation is based on kernel sales.

Challenges and Opportunities

The institutional architecture for the cashew value chain in Nigeria is perceived by some stakeholders as being problematic. The National Cashew Association of Nigeria has an opportunity to balance its representation of all actors of the value chain, notably because actors in the cashew value chain in Nigeria play multiple roles at any given time. Nigerian cashew stakeholders are also reporting infrastructure challenges, as a cause of important delays in the domestic transport of RCN (roads in poor conditions), and exports (very congested ports).

The India and Vietnam experience has shown that the expansion of the cashew sector includes not only continuous improvements in production and an increase in regional or domestic processing, but also the promotion of domestic consumption (kernels and by-products) as well as the expansion of secondary processing (roasting, seasoning, niche markets).

In Nigeria, the considerable size of the domestic market is an opportunity for processors to invest in secondary processing (roasting), branding and packaging. Roasted and branded cashew kernels for final consumers can capture higher profit margins, as do cashew by-products for food production (confectionary, biscuits, paste, other processed foods). Demand for roasted nuts is expected to increase, due to the increased incomes of the growing middle class, changing consumer habits (e.g., using cashew nut as a snack or in social occasions), and the perceived cashew health benefits. Some processors in Nigeria are already exploring cashew oil, cashew butter, and other secondary product lines.