

FAIR FOOD PRICES IN NIGERIA

EVIDENCE BRIEF

EXECUTIVE SUMMARY

After hitting an all-time high in March 2022, [food prices on global commodity markets](#) have been declining steadily ever since. Yet in that same period, [consumer food prices](#) in Nigeria have been rising rapidly, with monthly inflation hitting a 17-year high of 29.3% in August 2023.

There are clear signs that insufficient competition in our overconcentrated global and national food systems is enabling some market actors to make excessive profits, at the expense of overcharged consumers and underpaid farmers.

Consumer groups have therefore developed a new tool, the **Fair Food Price Monitor**, to act as an early warning system for potential unfair food prices in Nigeria. Through analysis of publicly available food price data, the Monitor shows that:

- For many food items, retail/consumer prices are rising substantially faster than wholesale/market prices.
- For example, the retail price of yams has increased by 74% since the start of 2022, while wholesale prices rose by just 60.3% in this time. Similarly, retail prices of maize grew by 19.2% through 2022, while wholesale prices fell by 4.1%.
- While rising fuel costs, currency fluctuation, and infrastructural challenges may have contributed to this divergence, there is also a strong risk of unfair pricing.

To tackle unfair food prices in Nigeria, we need:

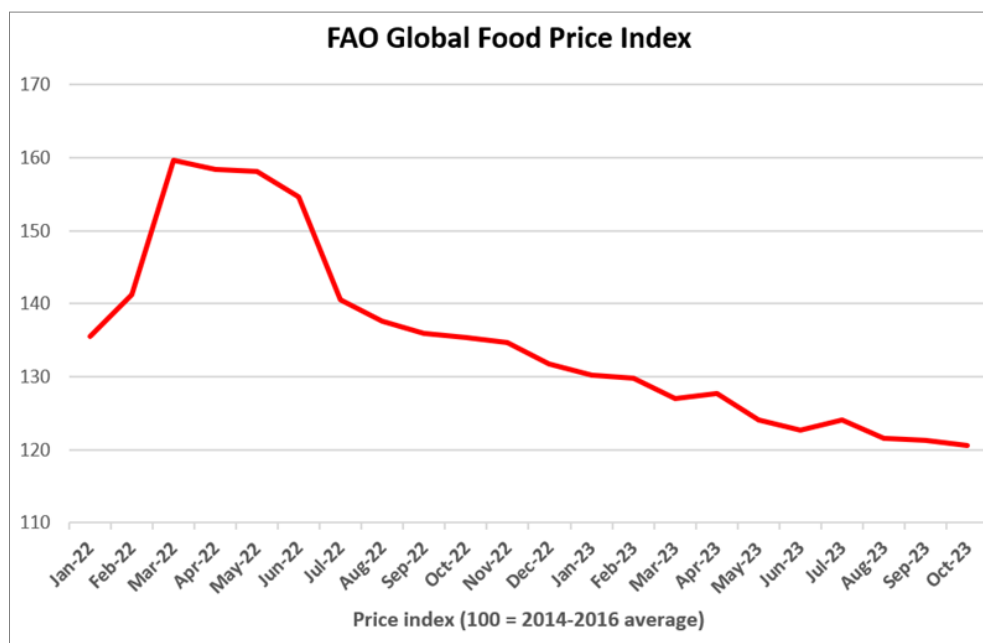
- More data, on prices and profits all throughout food supply chains.
- More enforcement, with competition authorities supported to investigate and act.
- More collaboration, through a multi-stakeholder coalition for Fair Food Prices.

A GLOBAL FOOD CRISIS

As of 1st November 2023, the [UN World Food Programme](#) reports that **87.1 million** Nigerians, **42.9%** of the population, have insufficient access to food.

Rising food prices are a significant driver of food and nutrition insecurity. According to the [National Bureau of Statistics](#), monthly food price inflation hit a 17-year high of **29.3%** in August 2023, and has exceeded **17%** every month of 2022 and 2023.

Yet since a significant spike at the start of 2022, global food commodity prices have been in steady decline, according to the UN Food and Agriculture Organization's [Global Food Price Index](#):



TACKLING UNFAIR FOOD PRICES

There are various reasons why food prices at consumer level are still rising in nearly every country across the world. Fuel costs, currency exchange rates, climatic conditions, seasonal variability, infrastructural challenges, and government policies such as subsidies, price controls, and trade tariffs all affect food pricing.

Yet there are also clear signs that high levels of market concentration, due to a lack of competition in our global and national food systems, are allowing a small number of dominant actors to profit excessively, resulting in **unfair food prices** for consumers and farmers alike.

This evidence brief shares the pilot outcomes of a new tool, the **Fair Food Price Monitor**, which uses publicly available data to track the relationship between food prices at different stages of the supply chain, and to highlight where authorities should consider further investigation – and ultimately intervention.

INTRODUCING THE FAIR FOOD PRICE MONITOR

[Consumers International](#) – the membership organisation for consumer groups around the world – has collaborated with partners in Nigeria to develop the **Fair Food Price Monitor**, with technical support from the [Bureau for Food and Agricultural Policy](#).

This is an early warning system for identifying potential cases of unfair food pricing – that is, when insufficient competition in the marketplace allows certain actors to set excessive prices for consumers or to underpay farmers, possibly through anti-competitive practices such as price fixing or price gouging.

At present, the Fair Food Price Monitor analyses prices at retail and wholesale level only, due to a lack of consistent, reliable data on farmgate prices. However, consumer groups are working with farmer associations to fill that gap, and hope to expand the scope of the Monitor in the near future.

FAIR FOOD PRICE MONITOR

November 2023: 

Retail price: x NGN/kg

Wholesale price: x NGN/kg

Margin: x NGN/kg

6-month average: x NGN/kg

Additional factors:

Fuel costs:






Exchange rate:





Global prices:



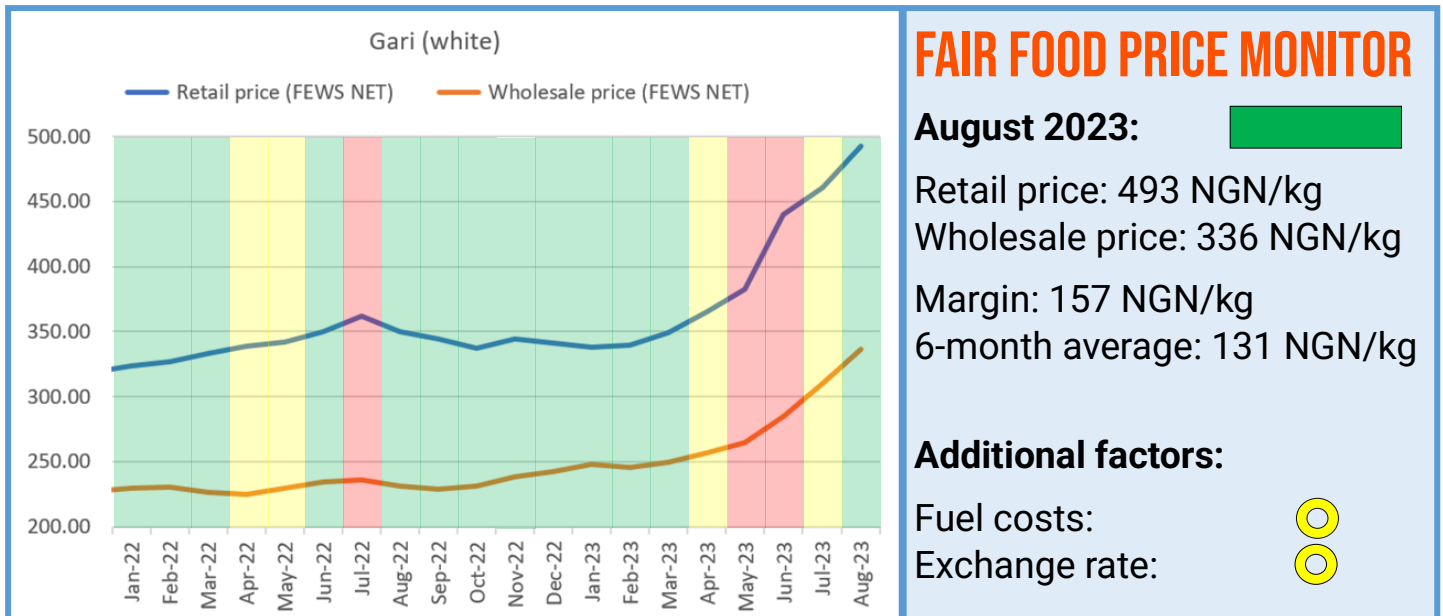
The Fair Food Price Monitor applies a two-stage analysis process. The first stage is a comparison of food prices over time, at different stages of the supply chain – in this evidence brief, focusing on retail/consumer level, and wholesale/market level.




The margin between retail and wholesale prices is compared each month to the six-month average. If this margin is within a typical range (i.e. one standard deviation), a  flag is shown. But if retail prices are rising excessively, a  (more than one SD) or  flag (more than two SDs) is shown.

The second stage is a preliminary exploration of the most likely explanations for this price divergence – such as fuel costs and exchange rate at national level, and changes in global market prices (for commodities where this is relevant). If these indicators are also unusually volatile – marked by a  or  – then this could explain a divergence in prices. When these factors do not clearly explain a divergence, authorities should consider further investigation into unfair prices.

FAIR FOOD PRICE MONITOR

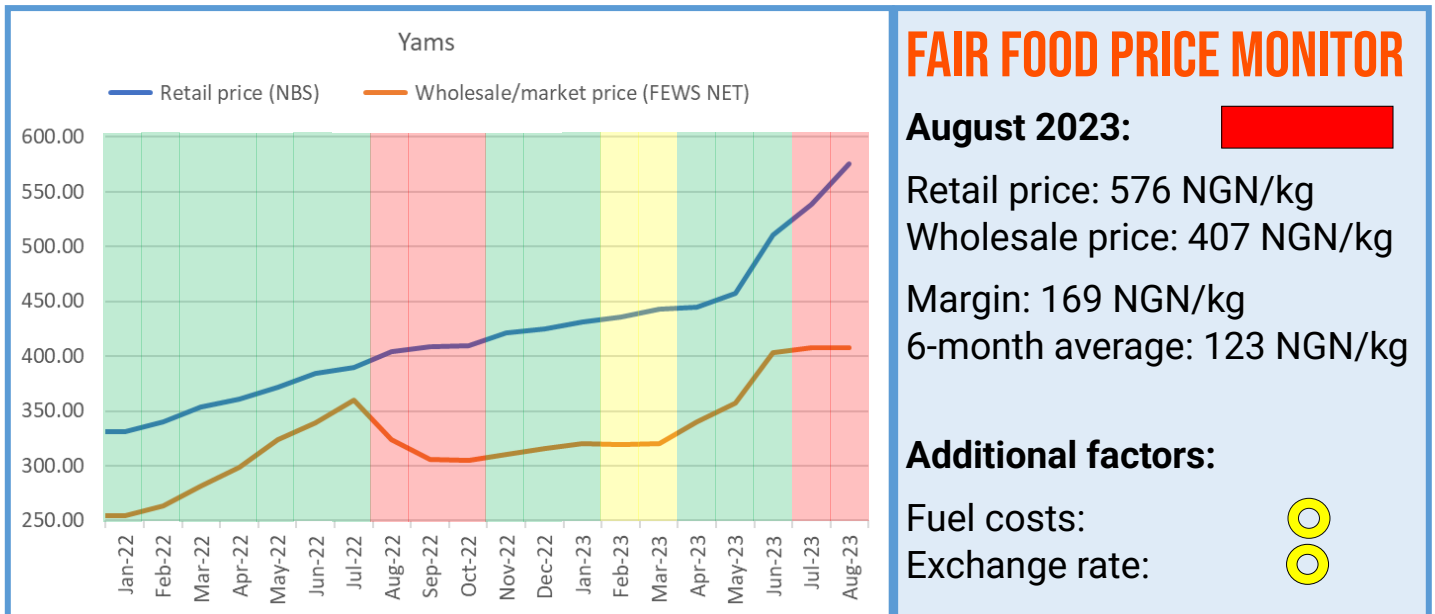
GARI



- Since January 2022, both retail and wholesale prices of gari (via [FEWS NET](#)) have increased significantly. The wholesale price of gari increased by **46.2%** in this period, while retail prices increased by **48.1%**.
- In a competitive marketplace, in a context of external food price shocks, we would hope to see wholesale prices rising faster than retail prices; this would mean consumers paying higher prices, but profit margins would also be decreasing slightly, sharing the impact between marketplace actors.
- The fact that profit margins have stayed consistent suggests that competition could be improved; however, it also implies that marketplace actors have not widely taken advantage of external shocks to engage in practices like price gouging.
- As a result, the Fair Food Price Monitor shows a  flag for August 2023, indicating that the retail-wholesale margin is in line with the average.
- However, consumers may still be paying unfair prices, if retail and wholesale prices diverged previously and never re-balanced – for instance, as indicated by the  and  flags in mid-2022 and 2023.
- This outcome does not necessarily mean consumer prices are unfair – there may be other, less easily measurable factors affecting prices. Nonetheless, it is clear that an investigation into gari prices could be beneficial for consumers.

FAIR FOOD PRICE MONITOR

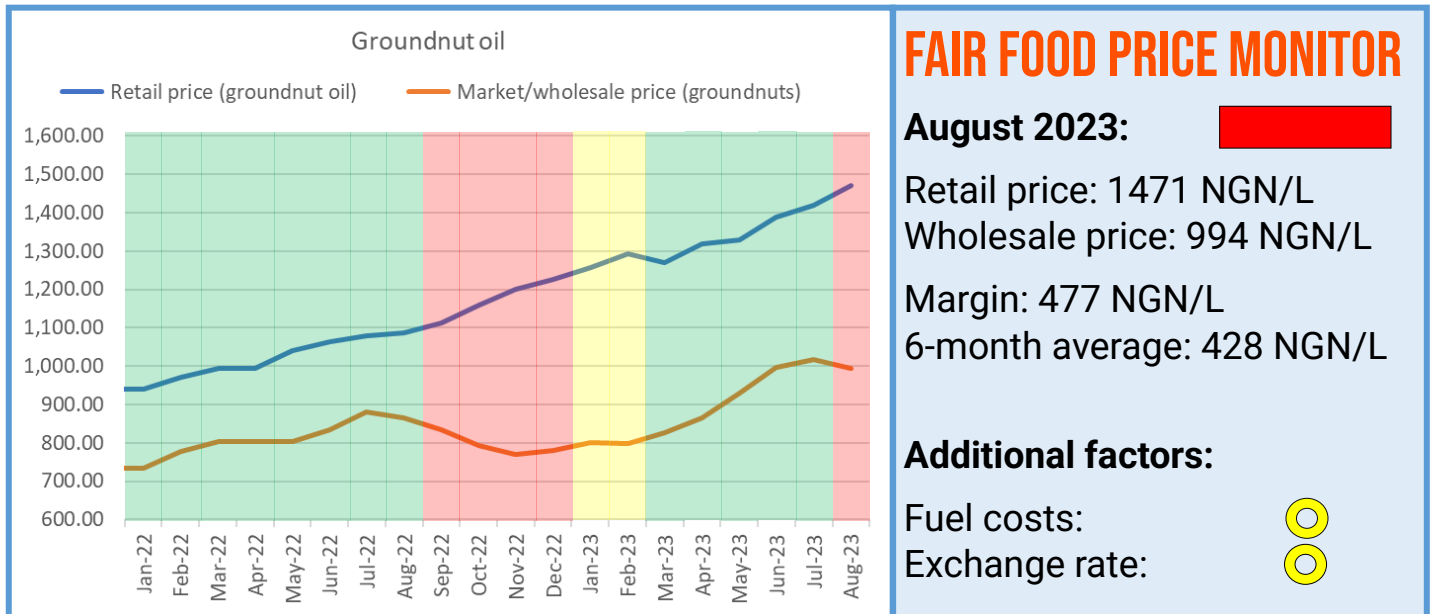
YAMS



- The retail price of yams (via [NBS](#)) has risen by **74%** since the start of 2022, while wholesale prices (via [FEWS NET](#)) have risen by just **60.3%** in this time. This is a more serious cause for concern, suggesting not only that external costs are being passed on entirely to the consumer, but that profit margins may even be increasing for certain marketplace actors.
- Both retail and wholesale prices increased in the first half of 2022; yet while wholesale prices began to decline from August, retail prices continued to climb, earning a series of ██████████ flags. Insufficient competition can mean there is little market pressure to reduce prices for consumers.
- Similarly, in the most recent data available, for July and August 2023, we can see that wholesale prices (which had been rising) are levelling off, yet retail prices are increasing faster than ever, again warranting ██████████ flags.
- This is not necessarily evidence of unfair pricing, or of anti-competitive practices; rising fuel costs in particular are a factor that could potentially increase the margin between retail and wholesale prices. However, these fuel costs, receiving a ⊙ flag, do not appear to be sufficient explanation for a divergence flagged as ██████████ – again, a closer investigation by the authorities appears to be needed.

FAIR FOOD PRICE MONITOR

GROUNDNUT OIL



FAIR FOOD PRICE MONITOR

August 2023: ██████████
 Retail price: 1471 NGN/L
 Wholesale price: 994 NGN/L
 Margin: 477 NGN/L
 6-month average: 428 NGN/L

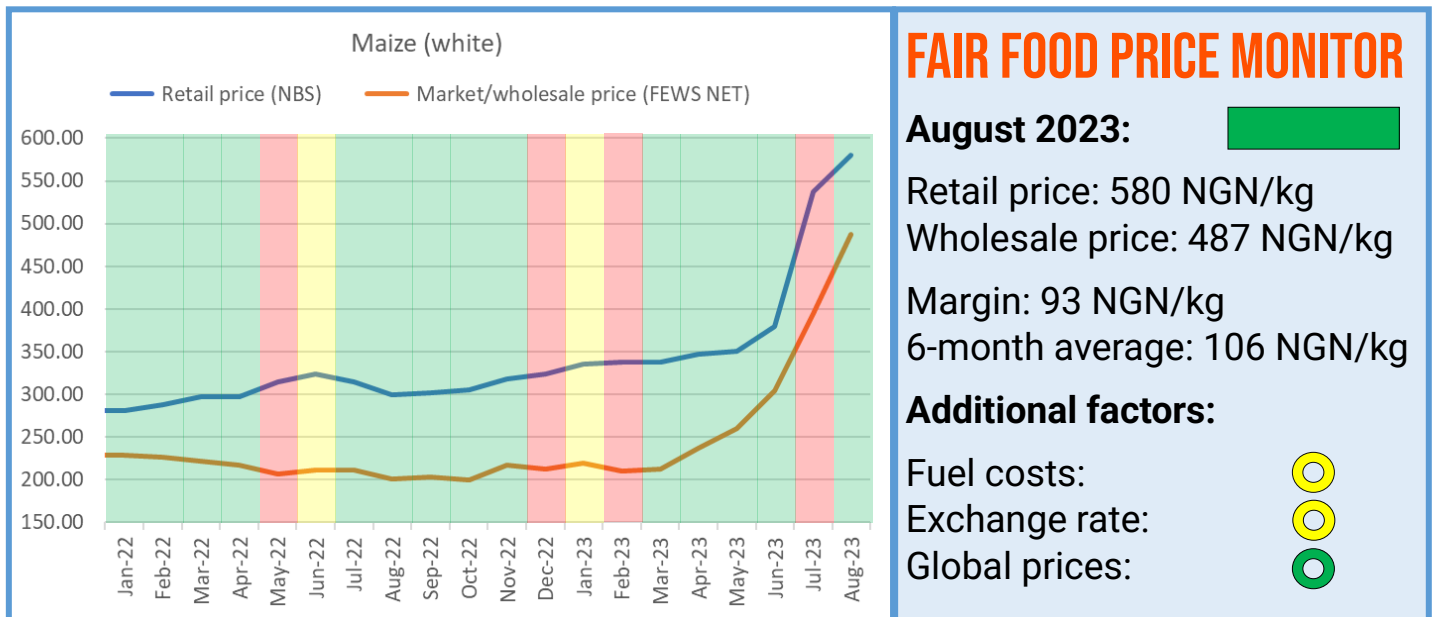
Additional factors:

Fuel costs: ⊙
 Exchange rate: ⊙

- Since the start of 2022, the retail price of groundnut oil (via [NBS](#)) has increased by **56.3%**, while the wholesale price of groundnuts (via [FEWS NET](#)), its basic ingredient, has increased by just **35.3%**.
- This example demonstrates another point along the supply chain where stronger competition could result in lower prices for consumers – the processing and manufacturing of food products.
- Retail and wholesale prices rose fairly proportionally through the first half of 2022; but while wholesale prices quickly reverted to their previous level, retail prices continued to climb steadily, earning several ██████████ flags.
- Wholesale prices for groundnuts started to increase again in early 2023, yet already there are signs that these prices are tailing off, while retail groundnut oil prices are rising at the same steady rate, again resulting in a ██████████ flag. Rising fuel costs, earning a ⊙ flag, are likely part of the reason, but do not appear to be sufficient explanation – especially given the way in which retail prices are increasingly steadily, despite fluctuations at wholesale level.

FAIR FOOD PRICE MONITOR

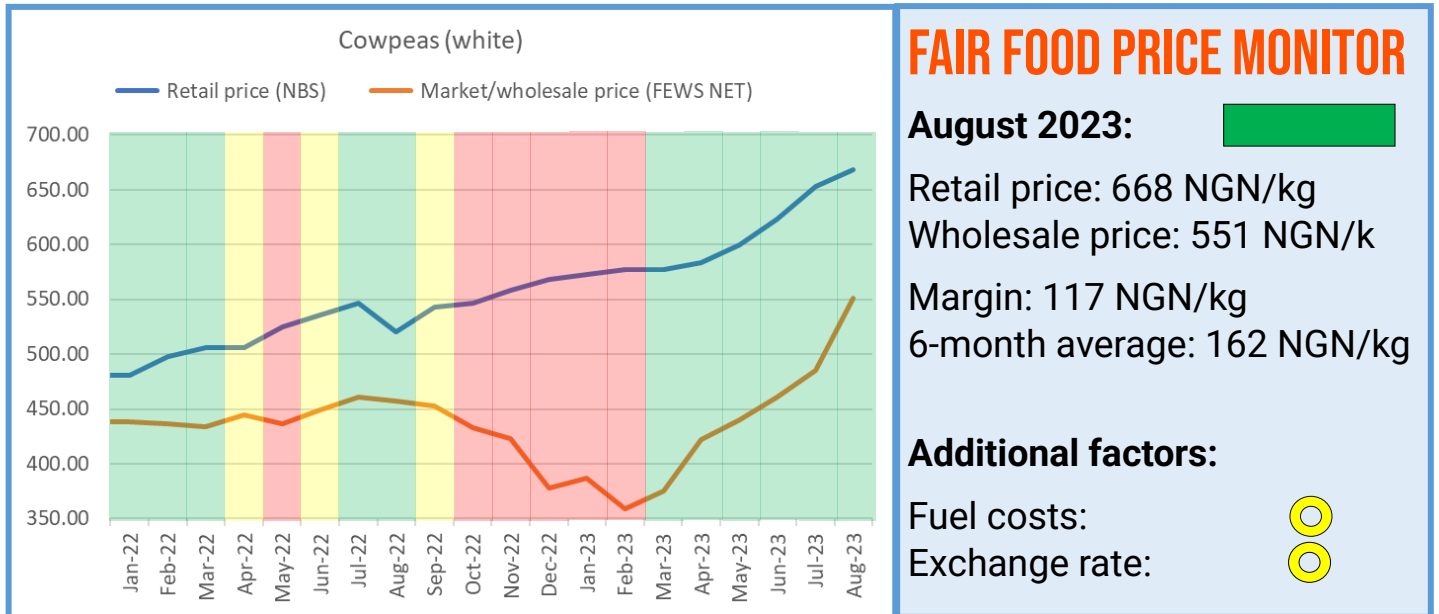
MAIZE



- The retail price of maize (via [NBS](#)) increased by **19.2%** throughout 2022, while wholesale prices (via [FEWS NET](#)) declined by **4.1%**. In the first eight months of 2023, retail prices increased by **106%**, and wholesale prices by **113%**.
- The steady increase in retail prices throughout 2022, while wholesale prices gradually fell, earned several and flags. This divergence can likely be explained in part by rising fuel costs, but a lack of competitive pressure to pass savings onto consumers may also have been significant.
- The data for 2023 sees wholesale prices surging from April/May, and retail prices following shortly afterwards. A flag in July 2023 is unlikely to be cause for concern, in a broader context of price convergence rather than divergence. However, once wholesale prices begin to decline again, it will be important to note whether retail prices follow, or continue to rise.
- It is also notable that while maize prices in Nigeria have increased dramatically throughout 2023, the price of maize on global commodity markets has in fact been falling steadily since March 2022, reaching the lowest level since the start of the COVID-19 pandemic.

FAIR FOOD PRICE MONITOR

COWPEAS



- Since the start of 2022, the retail price of cowpeas (via [NBS](#)) has increased by **38.9%**, and the wholesale price (via [FEWS NET](#)) by **25.6%**.
- Reliable and consistent price data is less widely available for food groups such as fruits, vegetables, and legumes, that are essential for a healthy diet. This lack of monitoring could increase the risk that consumers may be paying unfair prices for such products.
- The data for cowpeas suggests there is indeed cause for concern; retail prices climbed steadily throughout 2022 and 2023, in line with broader inflationary trends, despite the fact that wholesale prices dropped significantly from late 2022, earning a long series of flags.
- A spike in wholesale prices in recent months, likely explained in part by rising fuel costs, has gone some way towards restoring the balance; but the divergence between retail and wholesale prices remains substantial, and further investigation into unfair prices is clearly needed.

WHAT ARE THE SOLUTIONS?

1. We need more data

Improved data on food prices in Nigeria would enable the Fair Food Price Monitor to provide stronger evidence on the risk of unfair prices for consumers and producers.

Data on prices earlier in the supply chain (especially those received by farmers from aggregators and other distributors) could demonstrate additional points of unfairness in the food marketplace. Similarly, data on a wider range of food products – especially non-staple foods such as legumes, fruits, and vegetables, that are nonetheless essential for a nutritious diet – would enable analysis of these supply chains also.

Consumers International and partners are working to fill such data gaps, but stronger efforts are needed from many stakeholders to improve data availability in general.

2. We need more enforcement

Competition authorities are aware of the threat of fair food prices, but need further support to take action; this involves not just improved evidence, but also the financial resources and political mandate required to conduct more detailed monitoring and investigations into unfair food prices; and ultimately to intervene where needed, to protect consumers and farmers.

Other areas of government – from agriculture and trade ministries to the national assembly and presidency – must also engage more actively with the threat of unfair food prices, and the broader challenge of market concentration.

3. We need more collaboration

Delivering fair food prices will require collaboration between a wide range of stakeholders in Nigeria – including government authorities, consumer groups, food producers, traders, manufacturers, researchers and academics, civil society, and more – to identify and deliver the solutions required.

Consumers International and partners will continue to share monthly updates through the Fair Food Price Monitor. We will also continue to explore solutions for strengthening food price data, and for building collaborative solutions. If you would like to receive these monthly updates directly, or to join our coalition for Fair Food Prices in Nigeria, please contact DMinayo@consint.org