



# **NIGERIA**

## **EU support to strengthening private sector adaptation to EU deforestation regulation and Corporate sustainability Due diligence directive (CS3D)**

### **Volume 1: Mapping of actors in cattle, cocoa, rubber, and timber value chains**

**Draft report**

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*The TPSDE Facility is an advisory service of the European Commission (EC) managed by Unit E2 in charge of Trade, Investment Climate, Entrepreneurship & Value Chains within the International Partnerships Directorate General (INTPA).*

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# Table of contents

Abbreviations.....	5
Introduction.....	8
Methodology .....	9
<b>Part 1.</b>	<b>10</b>
<b>Mapping of Actors in Cocoa Value Chain in Nigeria .....</b>	<b>10</b>
1. Global Cocoa Beans Production.....	11
2. Cocoa Production in Nigeria .....	14
3. Mapping of Actors in Cocoa Value Chain in Nigeria .....	16
3.1. Cocoa Farmers Association of Nigeria .....	17
3.2. Cocoa Association of Nigeria .....	17
3.3. Cocoa Beans Marketing Outlets .....	18
3.4 Cocoa Exporting Companies in Nigeria .....	19
3.5 Nigerian Export Promotion Council (NEPC) .....	20
4. Cocoa Export from Nigeria .....	20
5. Cocoa Price in the International Market .....	21
6. Some Initiatives in Public Private Dialogue .....	23
During the field mission, information was collected on initiatives in public private dialogue of interest for the EUDR implementation: .....	23
National Cocoa Management Committee (NCMC) .....	23
Traceability and Resilience in Agriculture and Cocoa Ecosystems (TRACE) Project .....	24
Public-Private Partnership Model for Establishment of 6 New Cocoa Estates in Cross-River State .....	24
Johnvents and the International Finance Corporation (IFC) Partnership .....	25
7. Feedback from stakeholders to support EUDR compliance .....	25
7.1 National database for cocoa farms and cocoa farmers .....	25
7.2 Re-classification of forest maps .....	25
7.3 Capacity building for updating forest maps.....	25
7.3 Capacity development of NCMC .....	26
7.4 Training of Local Buying Agents on Supply Chain System for Traceable and Marketable cocoa beans.....	26
7.5 Enhancing the capacity of Cocoa Research Institute of Nigeria (CRIN) to produce hybrid cocoa seedlings and facilitate access by farmers across the country .....	26
7.6 Capacity strengthening of producer association and its members .....	26
	27

<b>Part 2:</b>	27
<b>Mapping of Natural Rubber Value Chain in Nigeria</b> .....	27
1. Natural Rubber Production in the World .....	28
2. Natural Rubber Production in Nigeria .....	30
3. Rubber Value Chain in Nigeria .....	31
4. Major Companies exporting Rubber from Nigeria.....	33
4.1 Rubber Estate Nigeria Limited .....	33
4.2 Okomu Rubber Plantations .....	33
5. Natural Rubber Export from Nigeria in 2022 .....	35
6. Price of Rubber in the International Market .....	35
1. Sensitivity of the concerned value chains to the EU market	36
<b>Part 3:</b>	37
<b>Mapping of Wood Value Chain in Nigeria</b> .....	37
1. World’s Wood Production.....	38
2. Wood Production in Nigeria.....	39
3. Actors of the Wood Value Chain in Nigeria.....	41
4. Wood Export from Nigeria.....	43
5. Prices of Wood Products in the International Market ....	43
<b>Part 4:</b>	45
<b>Mapping of Cattle Value Chain including Hides and Skins</b> .	45
1. Global Production of Cattle, Sheep and Goats .....	46
2. Hides and Skins Production in Nigeria .....	47
3. Hides and Skins Value Chain Mapping .....	47
4. Hides and Skins Exports from Nigeria.....	49
5. Prices of Hides and Skins in the World Market in 2024..	50
6. Beef Production in Nigeria .....	51
7. Cattle Value Chain Actors in Nigeria .....	51
Annexe 1. Summary of value chain details .....	52
Annexe 2. List of Meetings.....	53

# Abbreviations

CAN	Cocoa Association of Nigeria
CFAN	Cocoa Farmers Association of Nigeria
CRIN	Cocoa Research Institute of Nigeria
CS3D	Corporate Sustainability Due Diligence Directive
DG	Directorate General (EC)
EC	European Commission
EU	European Union
EUD	EU delegation
EUDR	EU Deforestation Regulation
FAO	Food and Agriculture Organization
FRIN	Forestry Research Institute of Nigeria
GIS	Geographic Information System (Ministry of Environment of Nigeria)
HA	Hectare
IFC	International Finance Corporation
IITA	International Institute of Tropical Agriculture
ILRI	International Livestock Research Institute
INTPA	International Partnerships Directorate General
KG	Kilogramme
LBA	Local Buying Agent
MT	Metric Ton
NAPRI	National Animal Production Research Institute
NARPPMAN	National Rubber Producers, Processors and Marketers Association of Nigeria
NCMC	National Cocoa Management Committee
NEPC	Nigerian Export Promotion Council
NILEST	Nigerian Institute of Leather and Science Technology
RENL	Rubber Estates Nigeria Limited
RRIN	Rubber Research Institute of Nigeria
SFD	State Forestry Departments
SOCFIN	Société Financière des Caoutchoucs
TPSDE	Trade, Investment Climate, Entrepreneurship & Value Chains (Facility)
TRACE	Traceability and Resilience in Agriculture and Cocoa Ecosystem
TWEAN	The Wood Exporters Association of Nigeria

# Executive Summary

The Trade, Private Sector Development and Employment (TPSDE) Facility II is an advisory service of the European Commission (EC) managed by the Unit E2 in charge of Trade, Investment Climate, Entrepreneurship & Value Chains within the Directorate General for International Partnerships (INTPA).

The Facility is aimed at providing technical and support services to INTPA Headquarters and EU Delegations (EUDs) to increase their capacity in programming, designing, and implementing interventions to improve the business environment in partner countries. It is an ad hoc facility working on demand for the EUDs and HQ, supporting INTPA E2.

The EU delegation in Nigeria has requested a technical support from the TPSDE Facility related to a general assessment on cocoa, cattle (including leather), rubber and wood value chains, potentially more affected by the EU Regulation on Deforestation (EUDR), regarding the level of preparedness of their private sector to comply with the new requirements to be implemented in January 2025. The assessment will also cover the potential impact of the recently adopted Corporate Sustainability Due Diligence Directive (CS3D).

**This document presents the findings on the mapping of actors in cocoa, rubber, cattle (including leather) and wood value chains.**

## **Cocoa**

On an average Nigeria produces 250,000 tons of **cocoa** beans annually from a land area of about 1.4 million hectares. An estimated 300,000 to 350,000 farmers who are mostly small holders are engaged in the cultivation of the crop in dispersed settlements with 2.5 hectares as the average farm size and 0.31 ton as cocoa beans yield per hectare. Notable commodity associations in the value chain are Cocoa Association of Nigeria (CAN) and Cocoa Farmers Association of Nigeria (CFAN). Cocoa is the largest Nigerian non-oil or agricultural export and was valued at \$489 million in 2022 with the Netherlands, Indonesia and Malaysia as the major destinations. The Netherlands alone contributed 38.7% of the total cocoa beans export. As at June 2024, the price of cocoa beans in the international market was an all-time high of \$8.52 per kg.

The major activities in cocoa value chain include production, processing, marketing and trade. The main actors are small holder farmers, agricultural inputs and services providers, Local Buying Agents (LBAs), Cooperative Societies, processors, and local users including manufacturing firms that produce beverages. The key providers of agricultural inputs and services are the Cocoa Research Institute of Nigeria (CRIN), Ministry of Agriculture, State Agricultural Development Project and Agrochemical Companies.

The two major marketing outlets for cocoa beans among cocoa farmers in Nigeria are the Local Buying Agents (LBAs) and the Cocoa Farmers' Cooperatives. The LBAs buy cocoa beans from a huge majority of farmers and sell a larger portion of the produce to exporters for the export market and the remaining portion to processors in the country. It is estimated that about 80% of the available cocoa beans is bought by the LBAs while the cooperatives settle for the remaining 20%. Cocoa farmers prefer to sell their produce to the LBAs because they offer higher prices than what they can get from the cooperatives. The exporters and the processors are the

two buyers of cocoa beans from the LBAs. The exporters sell a greater percentage of available cocoa beans (about 70-80%) to cocoa companies in Nigeria for export while cocoa processors scramble for the remaining estimated 20 to 30% and process it into cocoa derivatives such as cocoa butter, cocoa powder and cocoa paste for the export market and local users. The local processors are not able to compete with the exporters in terms of price for available cocoa beans at the disposal of the LBAs. This ensures that the exporters are able to buy a large chunk of cocoa beans from the LBAs.

### **Rubber**

Rubber is cultivated on a land area of about 361,396 hectares while the annual output is estimated at 149,396 tons. The tree crop is grown mostly by smallholders on an average farm size of 3 hectares and latex production stands at 1,382 kg per hectare. About 30 million farmers and their families depend on rubber for their livelihood. In 2022, natural rubber export from Nigeria was valued at \$84.5 million and major destinations were Spain, France and Germany. The price of semi-finished natural rubber in the world market is \$1.87 per kg.

Major actors in the natural rubber value chain are: Rubber farmers, Rubber Tappers, Natural Rubber Producers, Processors and Marketers Association of Nigeria, Farm gate off-takers, State Ministry of Agriculture, State Ministry of Environment, Natural Rubber Processors, Farmers' Cooperatives, Manufacturers of Rubber Products and Exporters.

The key processes in the rubber value chain are input supplies, production, marketing, processing, consumption and export. Input suppliers, producers, marketers, processors, manufacturers, exporters and consumers are the major stakeholders. The direct stakeholders are cooperatives, farmers groups, rubber tappers, processors, local manufacturers and exporters while the indirect stakeholders are financial institutions and advisory services providers including the Rubber Research Institute of Nigeria, State Agricultural Development Project and Raw Material Research and Development Council.

### **Wood**

The annual production of wood is 9.7 million m<sup>3</sup>. Wood export from Nigeria is valued at \$ 14,900 with United Arab Emirates, Niger and Benin Republic as the major destinations. An estimated 5 million farm families and value chain employees depend on wood and wood products for their livelihood. The State Department of Forestry, Timber Contractors, Sawmillers, Chain-saw operators, wood products manufacturing companies and exporters are the major value chain actors.

### **Cattle and hides and skins**

In 2022, Nigeria produced 21 million cattle, 50 million sheep and 80 million goats. The output of hides and skins is estimated at 50 million skins per annum. Export of hides and skins from Nigeria is currently valued at \$92.96 million with Spain, Italy, India and China as the leading destinations.

# Introduction

## *Context, mission objectives and expected results*

The Trade, Private Sector Development and Employment (TPSDE) Facility II is an advisory service of the European Commission (EC) managed by the Unit E2 in charge of Trade, Investment Climate, Entrepreneurship & Value Chains within the Directorate General for International Partnerships (INTPA).

The Facility is aimed at providing technical and support services to INTPA Headquarters and EU Delegations (EUDs) to increase their capacity in programming, designing, and implementing interventions to improve the business environment in partner countries. It is an ad hoc facility working on demand for the EUDs and HQ, supporting INTPA E2.

The EUD in Nigeria has requested a technical support from the TPSDE Facility related to a general assessment on cocoa, cattle (including leather), rubber and wood value chains, potentially more affected by the EU Regulation on Deforestation (EUDR), regarding the level of preparedness of their private sector to comply with the new requirements to be implemented in January 2025. The assessment will also cover the potential impact of the recently adopted Corporate Sustainability Due Diligence Directive (CS3D).

The overall objective of the assignment is to support the EUD in Nigeria with a general assessment of the potential impact of EUDR and CS3D on the cocoa, rubber, cattle (including leather) and wood value chains and to provide recommendations to construct a strategy for the EUD to support the adaptation of the private sector, in particular MSMEs and small producers.

The specific objective of the assignment is to provide **updated information on the private actors in the cocoa, rubber, cattle (including leather) and wood value chains** using the methodology developed in former studies including the information collected and analysed in the ongoing assessment made by TPSDE experts in Africa at regional level.

The experts of the TPSDE mission have elaborated three different products, corresponding to the expected outputs of the assignment requested by the EU Delegation in Nigeria.:

1. Mapping of the four studied value chains (volume 1)
2. EUDR assessment on the four value chains (volume 2)
3. CS3D general assessment on the four value chains (volume 3)

## *Activities carried out by the consultant*

As foreseen in the ToRs of the mission, the consultants carried out the following activities:

**Phase 1: Kick off and preparation of the field mission.**

**Phase 2: Field mission.** The EUDR field mission took place in Lagos and Abuja between July 15<sup>th</sup> and 26<sup>th</sup>. The CS3D field mission dates were August 12<sup>th</sup>-16<sup>th</sup> and covered also Abuja and Lagos. Additional virtual meetings were organized before and after the field missions.

**Phase 3:** the final Final report has been elaborated and updated.

This document presents the **mapping of actors in cocoa, rubber, wood, hides and skins value chains.**



# Methodology <sup>1</sup>

The objective of this study is to provide updated information on the private actors in the cocoa, rubber, cattle (including leather) and wood value chains. In this regard the consultants carried out primary and secondary research including a mixture of desk study, face-to-face interviews, and virtual Key Informant and Focus Group Discussions with a wide range of stakeholders in the cocoa, rubber, wood and cattle (including hides and skin) value chains from the public, private and civil society sectors in the country. The respondents included producers, processors, exporters, farmers' cooperatives, Local Buying Agents, policy makers, intermediation services providers and industry experts. Among producers' associations the consultants had meetings with Cocoa Farmers Association of Nigeria, Cocoa Association of Nigeria and Natural Rubber Producers, Processors and Marketers Association of Nigeria.

Private companies that participated in the study include Sucedem Cocoa Nigeria Limited Lagos, Tulip Cocoa Nigeria Limited Limited, Gbemtan Investment Limited Akure Ondo State, Rubber Estate Nigeria Limited, Edo State and IRISSMART Abuja. In the public sector space the consultants had interviews with representatives of Federal Ministry of Agriculture and Food Security, Nigerian Export Promotion Council, National Cocoa Management Committee, Standard Organisation of Nigeria, Cross-River State Ministry of Agriculture and Irrigation, Federal Ministry of Environment, Department of Forestry and National Agency for Great Green Wall.

The consultants also interacted with New Initiative for Social Development in Ekiti and World Conservation Society, Cross-River from the civil society sector. The organisations are located in Abuja and 6 States across the country including Lagos, Ondo, Ogun, Ekiti, Cross-River and Edo. The interviews focused essentially on awareness of EUDR, value chain actors, assessment of preparedness for compliance with EUDR and recommendations to strengthen private sector adaptation to the EUDR and the Corporate Sustainability Due Diligence Directive.

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<sup>1</sup> The methodology presented here is based on that used in previous studies linked to the analysis of the impact of the two regulations concerned on selected value chains. Adaptations deemed necessary have been made for Nigeria on the basis of the available information gathered during the mapping phase and the specific characteristics of the value chains analyzed.

## **Part 1.**

# **Mapping of Actors in Cocoa Value Chain in Nigeria**

# 1. Global Cocoa Beans Production

Cocoa is a tropical evergreen tree cultivated for its seeds or beans which are processed into chocolate, cocoa butter and cocoa powder. <sup>2</sup>The trees thrive very well in hot, humid, tropical areas with evenly distributed rainfall all year long where temperature is between 20°C and 28°C. The minimum rainfall requirement is 100 cm, but the optimum range is from 150 to 200cm. A deep well drained soil that is porous and rich in humus is required for successful cocoa cultivation. Most of the cocoa that is cultivated in the world is on small labour-intensive farms of less than 2 hectares even though there are large plantations as well. Small farms in dispersed settlements are known to be less susceptible to hazards of disease and pests than large plantations. Notwithstanding, losses ranging from 30 to 100% due to disease are experienced by cocoa growers on small farms.

Cocoa is first grown from seeds of high yielding trees in nursery beds or plastic bags and then transplanted. The seedlings grow rapidly in few months and are ready for transplanting six months after sowing when they have two leaves. At this stage the young cocoa trees need shade and wind protection from other tree crops because of their shallow root system. <sup>3</sup>The mature cocoa trees start producing fruit in form of elongated pods after 4 to 5 years and this can continue for another 20 to 25 years even though the trees can remain for 200 years. Each tree can produce up to 70 pods in a year. The pods ripe in 6 months and each pod contains 20 to 60 beans covered with sweet or bitter sticky white pulp. Ripe pods are usually found on the trees at any time; however peak production occurs twice in a year. Expansion of cocoa cultivation in Africa is mainly achieved through increase in land area rather than through improving the yield per hectare thus leading to deforestation.

<sup>4</sup>In 2022, the world cocoa beans output was 4.83 million metric tons comprising of 3.6 million metric tons from Africa, 0.97 million metric tons from Americas and 0.265 million metric tons from Asia and Oceania. <sup>5</sup>About 95% of the world's cocoa is produced by 5 to 6 million smallholder farmers with an average farm size of 2-5 hectares. Cocoa bean output from Africa was 74% of the world's production followed by 20% from Americas and 5% from Asia and Oceania.

**Table 1. World and Regional Cocoa Beans Production**

Region	Cocoa Beans Production (Thousand Tons)	Percentage of Total
<b>Africa</b>	3,589	74
<b>Americas</b>	973	20
<b>Asia and Oceania</b>	265	5
<b>World</b>	4,826	

Source : International Cocoa Organisation Quarterly Bulletin of Cocoa Statistics, Vol 1, No 2 (2023-2024)

A breakdown of cocoa production from Africa shows that Cote d'Ivoire was the largest producer with 2.12 million tons while Ghana came second with 0.68 million tons. Cameroon accounted for 0.295

<sup>2</sup> <https://www.britannica.com/plant/Malvaceae>

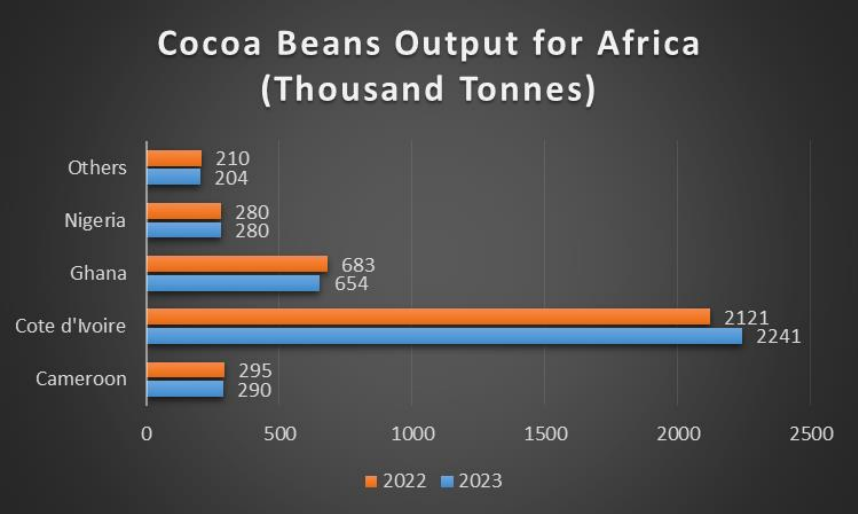
<sup>3</sup> <https://www.iita.org/cropsnews/cocoa>

<sup>4</sup> International Cocoa Organisation Quarterly Bulletin of Cocoa Statistics, Vol 1, No 2, Cocoa Year 2023-2024

<sup>5</sup> M. Kozicka, F.Tacconi, D. Horna, E. Gotor, Forecasting Cocoa Yields for 2050, 49, Biodiversity International, Rome, Italy, 2018

million tons to occupy the third position and the fourth position was taken by Nigeria with 0.28 million tons. Cote d'Ivoire, Ghana and Nigeria in the West African sub-region produced 3.084 million tons representing 64% of the world's cocoa beans output in 2022. The contribution of cocoa beans from Africa constituted 74% of the world's output.

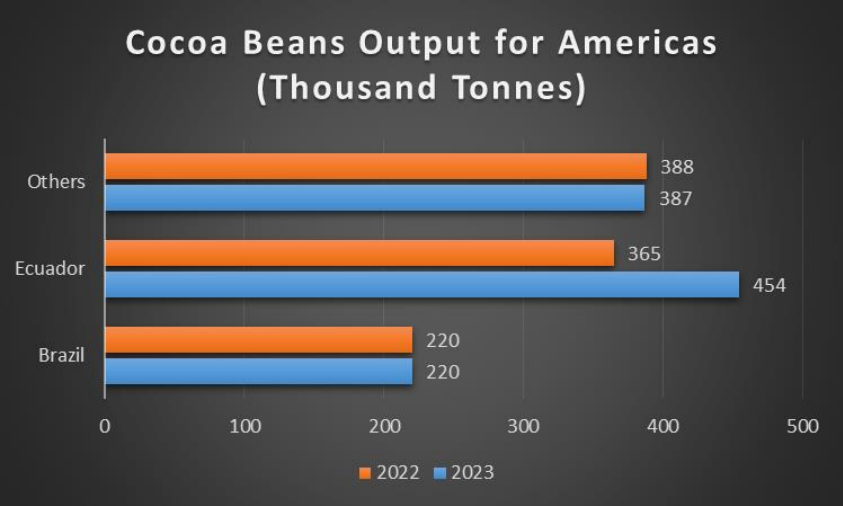
**Figure 1: Cocoa Beans Output for Africa**



Source : International Cocoa Organisation Quarterly Bulletin of Cocoa Statistics, Vol 1, No 2 (2023-2024)

The Americas accounted for 0.97 million tons representing 20% of the world's output. Ecuador and Brazil are the leading producers of cocoa beans in the Americas.

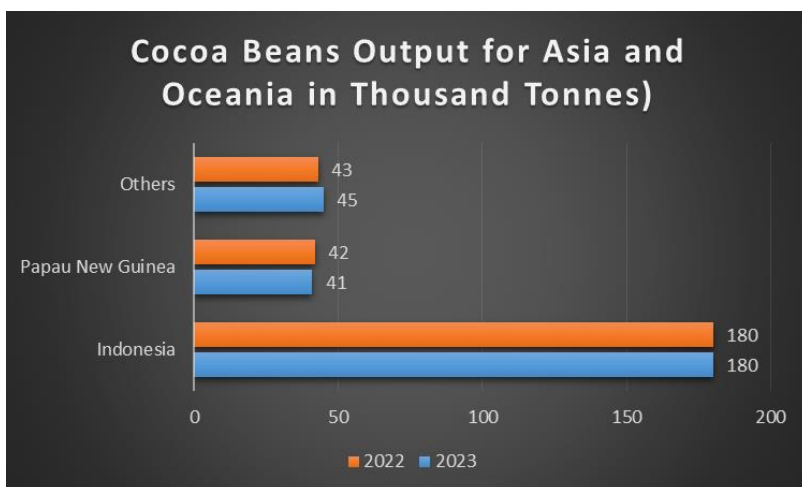
**Figure 2: Cocoa Beans Output for the Americas**



Source : International Cocoa Organisation Quarterly Bulletin of Cocoa Statistics, Vol 1, No 2 (2023-2024)

The contribution of Asia and Oceania was 5% of the world's output in 2022 and the primary producers are Indonesia and Papua New Guinea.

**Figure 3: Cocoa Beans Output for Asia and Oceania**



Source : International Cocoa Organisation Quarterly Bulletin of Cocoa Statistics, Vol 1, No 2 (2023-2024)

Globally the foremost cocoa beans producers are Cote d’Ivoire, Ghana, Ecuador, Cameroon, Nigeria, Brazil, Indonesia and Papua New Guinea. Cote d’Ivoire is the largest producer of cocoa in the world with 2.12 million tons or 43.9% of the global output.

**Table 2. Top Cocoa Producing Countries in the World (2022) <sup>6</sup>**

Rank	Country	Production (thousand tons)	Percentage of World’s Production
1.	Cote d’Ivoire	2,121	44
2.	Ghana	683	14
3.	Ecuador	365	8
4.	Cameroon	295	6
5.	Nigeria	280	6
6.	Brazil	220	5
7.	Indonesia	180	4
8.	Papau New Guinea	42	1
–	World	4,826	

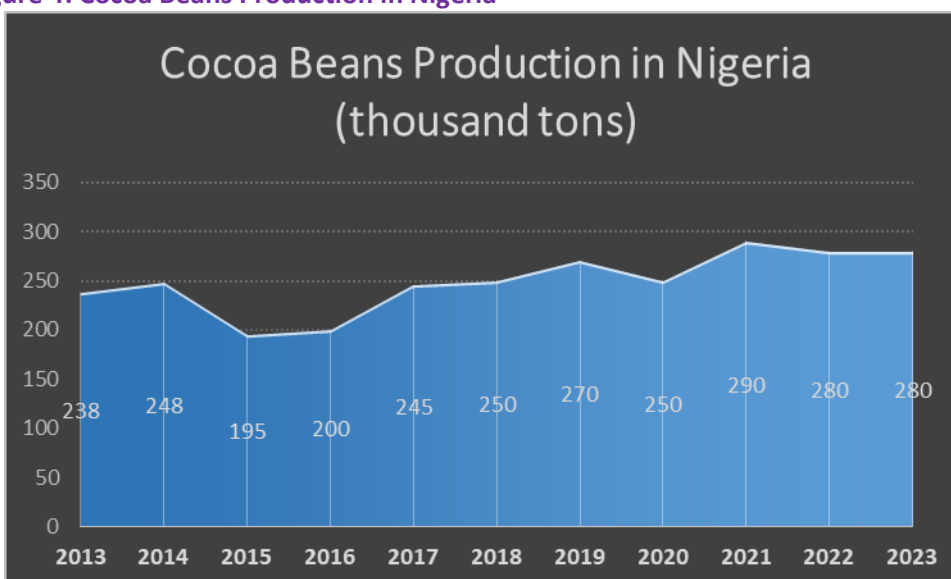
Source: International Cocoa Organisation Quarterly Bulletin of Cocoa Statistics, Vol 1, No 2 (2023-2024)

<sup>6</sup> Adapted from International Cocoa Organisation Quarterly Bulletin of Cocoa Statistics, Vol 1, No 2, Cocoa Year 2023/2024

## 2. Cocoa Production in Nigeria

Farmland under cocoa cultivation in Nigeria is about 1.4 million hectares<sup>7</sup>. Cocoa farmers in the country are primarily smallholders numbering 300,000 to 350,000 with an average production of 400 to 500 kg per hectare depending on the area, variety, agricultural practices applied, crop density and the age of the cocoa trees. <sup>8</sup>High yielding and early bearing varieties from the Cocoa Research Institute of Nigeria (CRIN) can produce between 1500 and 2000 kg of cocoa beans per hectare of farmland. <sup>9</sup>Cocoa beans production in Nigeria from 2013 to 2023 is presented in Figure 4. The national cocoa output was stable between 2022 and 2023. Within the period under review, the greatest dip in the output of cocoa beans was from 248,000 tons in 2014 to 190,000 tons in 2015 and the highest increase in production occurred in 2016 from 200,000 tons to 245,000 tons in 2017.

**Figure 4: Cocoa Beans Production in Nigeria**



Source: <https://www.statista.com/statistics/497865/production-of-cocoa-beans-in-Nigeria>

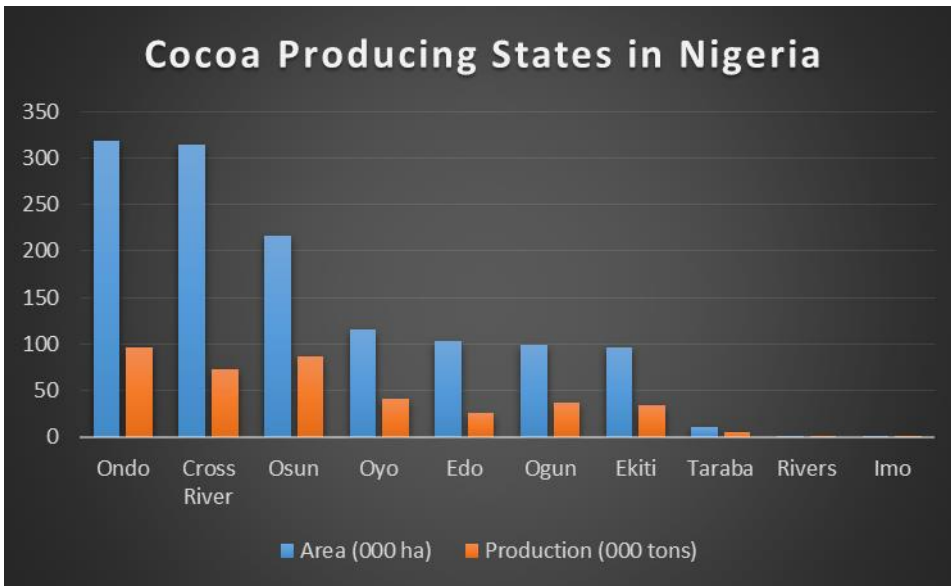
As per the National Bureau of Statistics, National Agricultural Sample Survey, the cocoa producing states in Nigeria in order of importance are Ondo, Osun, Cross River, and Oyo. Others are Ogun, Ekiti, Edo, Taraba, Rivers and Imo. In terms of farmland under cocoa cultivation Ondo is leading the group with 318,210 hectares followed by Cross River (313,930 hectares) and Osun (216,630 hectares). Imo State has the least farmland under cocoa cultivation (40 hectares). As regards production Ondo State has the highest output with 95,760 tons and is trailed by Osun with 87,240 tons and Cross River with 72,540 tons. The least cocoa output is from Imo State (20 tons).

**Figure 5: Cocoa Producing States in Nigeria**

<sup>7</sup> <https://nepc.gov.ng/importer/nigeria-product/cocoa>

<sup>8</sup> <https://independent.ng/its-high-time-govt-brought-back-commodity-boards-crin-ed/>

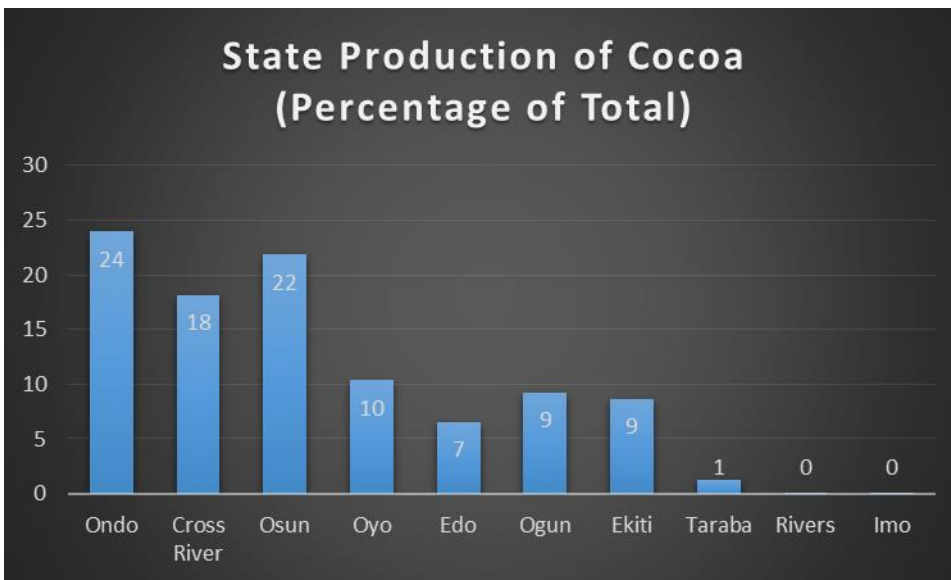
<sup>9</sup> <https://www.statista.com/statistics/497865/production-of-cocoa-beans-in-Nigeria>



Source: National Bureau of Statistics-National Agricultural Sample Survey (2010/2011)

Ondo State accounted for 24% of the total cocoa national output for the year under review while the contribution from Osun State is 22% and Oyo State has 9%. About 74% of cocoa production from Nigeria is from the South West States of Ondo, Osun, Oyo, Ogun and Ekiti.

Figure 6: Share of Cocoa Produced by States in Nigeria

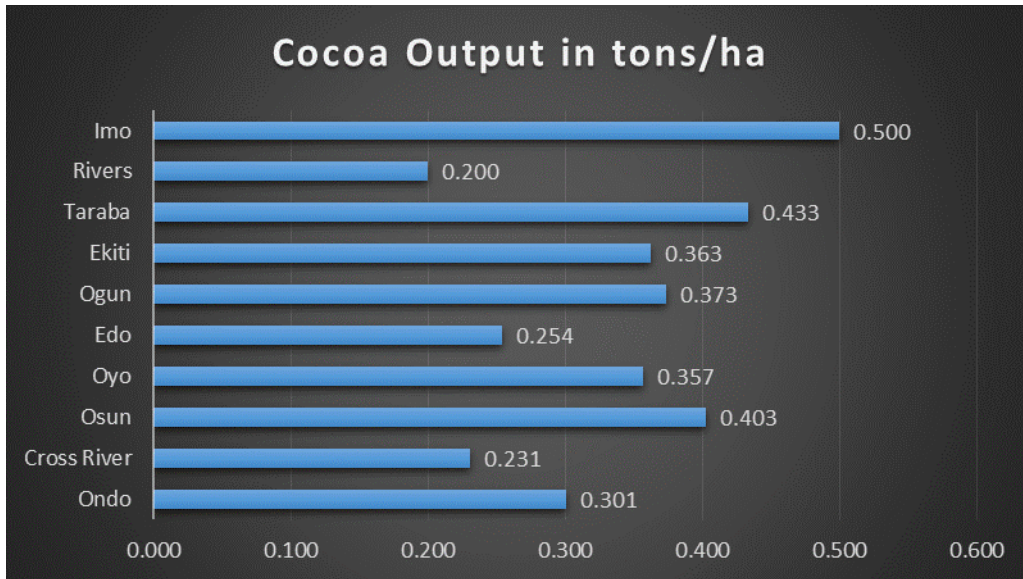


Source: National Bureau of Statistics-National Agricultural Sample Survey (2010/2011)

Cocoa production in Nigeria is to a large extent a function of increase in farmland rather than increase in productivity. Cocoa productivity is between 0.2 and 0.5 ton per hectare depending on the age of the trees, agronomic practices adopted and the institutional support received by the farmers. The average

national cocoa output per hectare is 0.31 ton and the States with productivity below the national average are Rivers, Cross River, Edo, and Ondo while the States above the national average are Imo, Taraba, Osun and Oyo.

**Figure 7: Productivity of Cocoa in States in Nigeria**



Source: National Bureau of Statistics-National Agricultural Sample Survey (2010/2011)

### 3. Mapping of Actors in Cocoa Value Chain in Nigeria

<sup>10</sup>It is estimated that about 300,000 to 350,000 farmers from 14 states across the country are involved in cocoa production mainly at the subsistence level in dispersed settlements such that harvest is done in small quantities. The major activities in cocoa value chain include production, processing, marketing and trade. The main actors are small holder farmers, agricultural inputs and services providers, Local Buying Agents (LBAs), Cooperative Societies, processors, and local users including manufacturing firms that produce beverages. The key providers of agricultural inputs and services are the Cocoa Research Institute of Nigeria (CRIN), Ministry of Agriculture, State Agricultural Development Project and Agrochemical Companies.

CRIN is known to have developed high yielding, early pod bearing and disease resistant varieties of cocoa for distribution to farmers across the country. The average output of cocoa in Nigeria is estimated at 0.31 ton per hectare. Farm size is considered to be 2.5 hectare on an average. Improved varieties of cocoa from CRIN can produce 1,500 to 2,000 kg per hectare with Good Agronomic Practices. However, poor access to improved cocoa seedlings and fertilizer, high incidence of pest and disease, ageing cocoa

<sup>10</sup> <https://nepc.gov.ng/importer/nigeria-product/cocoa>

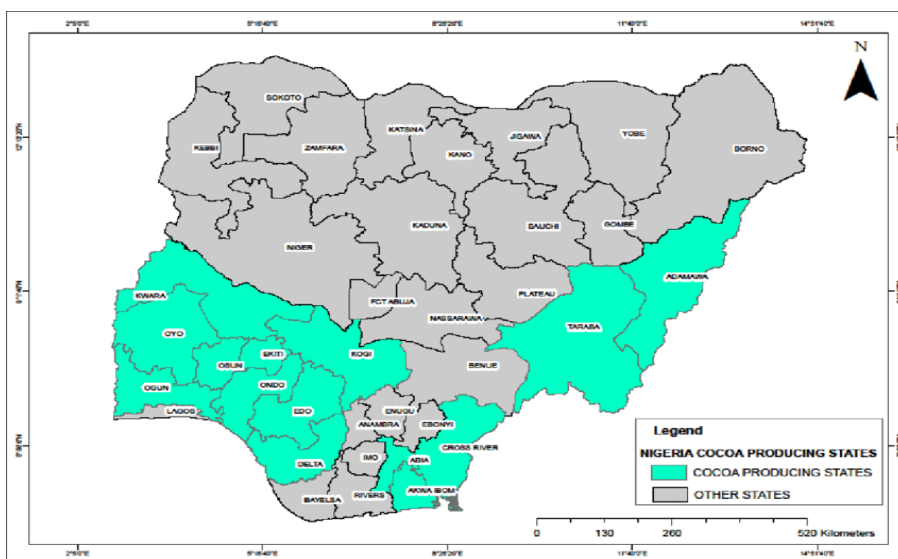


trees, land fragmentation and degradation, inadequate extension services, and limited opportunities for farm mechanization are responsible for low yield of cocoa. <sup>11</sup>In 2022, CRIN distributed 300,000 hybrid cocoa seedlings to farmers across 13 States in the country. The institute has an annual target of 500,000 cocoa hybrid seedlings for distribution.

### 3.1. Cocoa Farmers Association of Nigeria

<sup>12</sup>Cocoa Farmers Association of Nigeria (CFAN) is the umbrella body for the small holder cocoa farmers in all the cocoa growing communities, States and regions in Nigeria. The association was established in 1999 to provide a coordinating structure for cocoa farmers across the country to enhance cocoa productivity and the production of 100% sustainable premium cocoa and to discourage the use of unacceptable practices such as child labour, deforestation and application of unapproved pesticides among cocoa farmers in the country. CFAN is comprised of cocoa farmers from the cocoa growing States in the country including Ondo, Osun, Kwara, Cross River, Ekiti, Oyo, Abia, Kogi, Ogun, Akwa Ibom and Edo. The association is a member of the National Cocoa Management Committee.

Figure 8: Map of Nigeria showing cocoa producing States



Source: NCDC (2010) and Afolayan (2016)

### 3.2. Cocoa Association of Nigeria

<sup>13</sup>The Cocoa Association of Nigeria was inaugurated in 1986 by the Federal Ministry of Agriculture and incorporated as company Limited by Guarantee in 1988 with a mission to perform some of the monitoring and regulatory functions of the defunct Cocoa Marketing Board. The administrative system of the association is structured around six zones to cover all the cocoa growing States in the country. The six zones are:

<sup>11</sup> <https://thenewsnigeria.com.ng/2022/03/22/crin-distributes-over-300,000-hybridcocoa/seedlings/>

<sup>12</sup> <https://www.cfancocoa.org>

<sup>13</sup> <https://www.cocoaassociationofnigeria.com/>

**Table 3: Administrative Structure of Cocoa Farmers Association of Nigeria (CFAN)**

Zone	State
Zone 1	Ondo and Ekiti
Zone 2	Oyo and Osun
Zone 3	Lagos and Ogun
Zone 4	Delta, Edo and Southeastern States
Zone 5	Cross River and Akwa Ibom
Zone 6	Kwara, Kogi and Northern States

Source: <https://www.cfancocoa.org>

The membership of the association includes Cocoa Farmers Cooperatives, Registered Cocoa Farmers' Organisation, Cocoa Exporters, Cocoa Processors, Financial Institutions, Warehouse Agent, Shipping Agents and Honourary Members (By Award). The association networks with international stakeholders including International Cocoa Organisation (ICCO) London, Cocoa Association of London, Cocoa Merchants' Association of America, Malaysia Cocoa Growers Council, Nederlandse Cocoa Yereniging (Netherlands), Groupement des Export Café Cocoa de d'Ivoire, Abidjan, and European Cocoa Association (ECA) Belgium. The association is the **private sector representative of Nigeria in all international cocoa organisations**. There seems to be a need for a review of the operating system of the association to identify and address critical issues for capacity development. Cocoa Association of Nigeria is also a member of the National Cocoa Management Committee under the auspices of the Federal Ministry of Agriculture and Food Security.

### *3.3. Cocoa Beans Marketing Outlets*

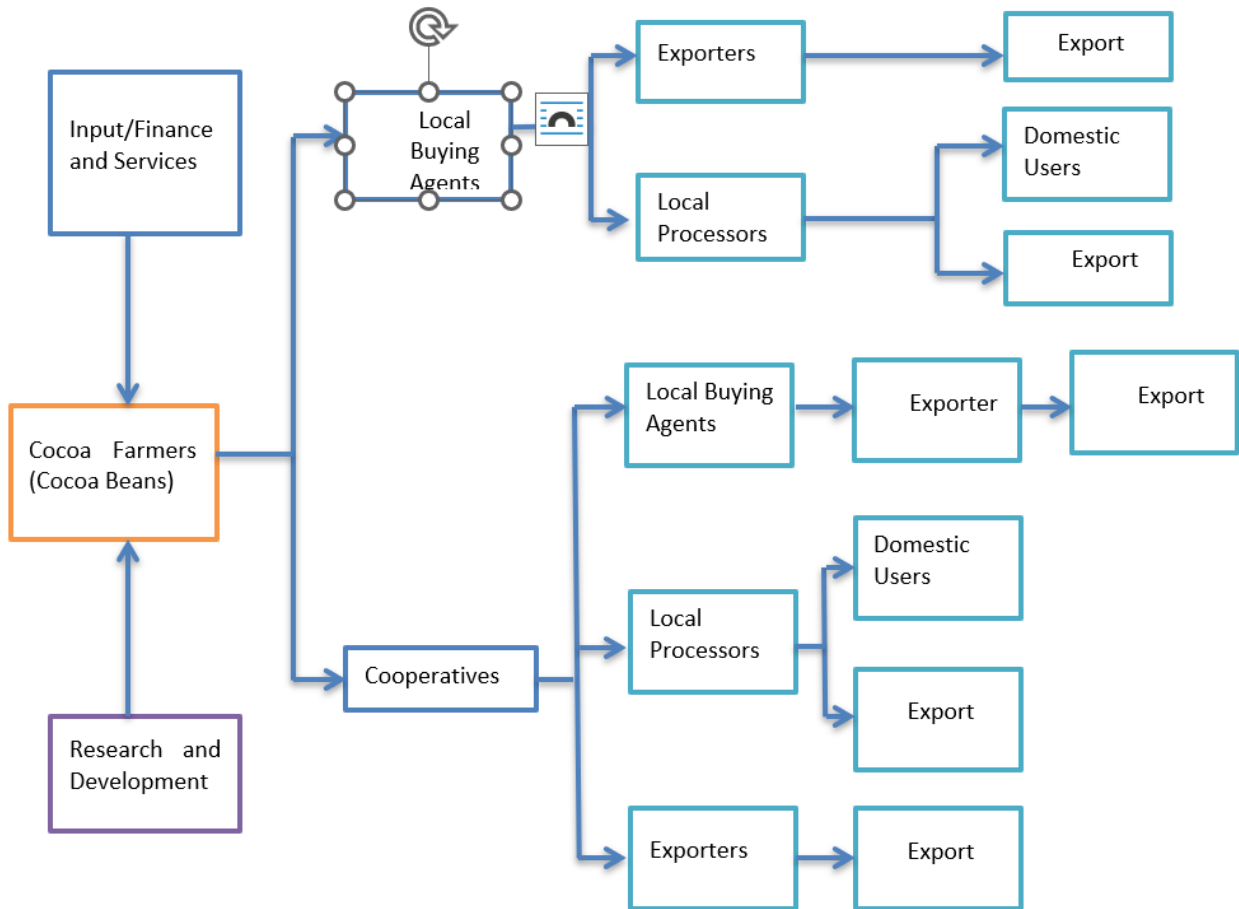
The two major marketing outlets for cocoa beans among cocoa farmers in Nigeria are the Local Buying Agents (LBAs) and the Cocoa Farmers' Cooperatives. The LBAs buy cocoa beans from a huge majority of farmers and sell a larger portion of the produce to exporters for the export market and the remaining portion to processors in the country. It is estimated that about 80% of the available cocoa beans is bought by the LBAs while the cooperatives settle for the remaining 20%. Cocoa farmers prefer to sell their produce to the LBAs because they offer higher prices than what they can get from the cooperatives. The exporters and the processors are the two buyers of cocoa beans from the LBAs. The exporters sell a greater percentage of available cocoa beans (about 70-80%) to cocoa companies in Nigeria for export while cocoa processors scramble for the remaining estimated 20 to 30% and process it into cocoa derivatives such as cocoa butter, cocoa powder and cocoa paste for the export market and local users. The local processors are not able to compete with the exporters in terms of price for available cocoa beans at the disposal of the LBAs. This ensures that the exporters are able to buy a very large chunk of cocoa beans from the LBAs.

Cocoa Farmers' Cooperatives are the other marketing outlet for cocoa beans at the farm gate and the 3 pathways involved in the outlet are the LBAs, local processors and exporters. In this case, the cooperatives sell cocoa beans to the LBAs, the local processors or directly to the exporters for the export market. The LBAs sell cocoa beans to the exporters for the export market while the processors process the cocoa beans into cocoa derivatives for the export market and also sell to local users. It should be noted that the fundamentals of cocoa beans marketing are presented above though there may be some variations in the pathways to the export market among the cocoa growing states in the country.

The LBAs seem to dominate the cocoa trade in that they have access to the majority of capital invested in the business and they are very close to the farmers. They also facilitate farmers’ training in the use of Good Agricultural Practices and other certification related issues. In addition, the LBAs give credit to farmers in form of agricultural inputs to enhance the adoption of recommended practices on cocoa production. Farmers also request financial aid from the LBAs at any time when there is an urgent need for money to take care of domestic issues with the common understanding that the farmers will pay back the money by selling their produce to the LBAs at the time of harvest.

The cooperatives have a small percentage in the cocoa beans business because they lack the financial capacity to compete with the LBAs. The cooperatives aggregate the cocoa beans from various cocoa farms and make arrangement for the LBAs to meet with them to bargain and agree on the price to pay for the produce. The LBAs buy a very large portion of cocoa beans from the farmers and also a small proportion from the cooperatives.

**Figure 9: Cocoa Value Chain Actors in Nigeria**



### 3.4 Cocoa Exporting Companies in Nigeria

Cocoa exporters are the bridge between the producers and the global consumers and manufacturers. Some of them have affiliations with other companies in Europe. The top destinations for Nigerian cocoa are the Netherlands, Italy, Germany, Belgium, and Spain. Notable cocoa exporters in Nigeria include, Olam Nigeria Cocoa, Johnvents Industries Limited, Sucden Nigeria Cocoa, Tulip Cocoa, Starlink Global and Ideal Limited, Olatunde International Limited, DUNE Nigeria Limited, and WACOT Limited. Some of them process cocoa beans into other products for the domestic market. They also provide the producers and the Local Buying Agents with technical support in Good Agricultural Practices and production of traceable and ethically sourced cocoa beans.

### *3.5 Nigerian Export Promotion Council (NEPC)*

<sup>14</sup>The **Nigerian Export Promotion Council** is playing a crucial role in the export of agricultural commodities from Nigeria. The organization provides a directory of exporters for international buyers of cocoa to enhance sourcing of information on reliable cocoa exporters. An electronic method of verifying the certificate of the exporter is also provided by the NEPC to enhance trust building. International cocoa buyers can have a firsthand view of where the produce is coming from through the display of geographical locations in States in Nigeria. The Nigerian Export Promotion Council organizes international trade shows periodically to facilitate face to face contact between cocoa exporters in Nigeria and international buyers.

To export cocoa beans and cocoa derivatives from Nigeria, the exporter must register with the Nigerian Export Promotion Council (NEPC) to obtain Registration Certificate which is the essential license for exporting from the country. The license is expected to be renewed every 18 months. An online application must be submitted to initiate the registration process. The documents required for obtaining the license include Certificate of Incorporation of the Company, Federal Inland Revenue Service Endorsed Memorandum of Association, Certified True Copy of Corporate Affairs Commission and Board Resolution to Register Company with the NEPC. The registration process is completed within 20 minutes and 36 hours.

## **4. Cocoa Export from Nigeria**

<sup>15</sup>Nigeria exported \$489 million in cocoa beans in 2022 making the country the fourth largest exporter in the world. The major importers of cocoa beans from Nigeria were the Netherlands, Indonesia, Malaysia, Canada and the United States.

The fastest growing cocoa beans export markets for Nigeria in the year 2021-2022 were Indonesia (\$35.5M), Singapore (\$10.5M), and Estonia (\$1.28M). The major exporting competitors for the same period were Cote d'Ivoire, Ghana and Ecuador.

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<sup>14</sup> <https://nepc.gov.ng/importer/nigeria-product/cocoa>

<sup>15</sup> <https://oec.world/en/profile/bilateral-product/cocoa-beans/exporter/nga>

**Table 4: Cocoa Exports from Nigeria**

Country	Export (USD Million)	Percentage of Total
Netherlands	189	38.7
Italy	10.66	2.18
Belgium	9.24	1.89
Germany	10.61	2.17
Spain	7.18	1.47
Canada	29.4	6.01
Indonesia	105	21.4
Malaysia	87.9	18
United States	16.9	3.46
Others	23.12	4.72
<b>Total</b>	<b>489</b>	

Source : <https://oec.world/en/profile/bilateral-product/cocoa-beans/exporter/nga>

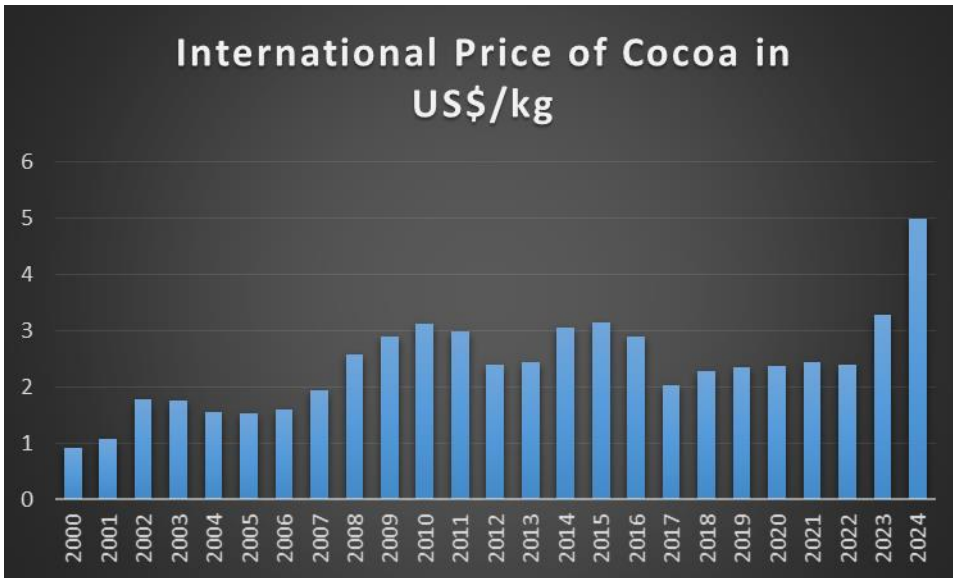
## 5. Cocoa Price in the International Market

<sup>16</sup>Between 2000 and 2024, the price of cocoa in the international market has increased from 0.91\$ per kg in 2000 up to \$5.9 in February 2024. Within this period, the highest increase in the prices of cocoa was in 2023 from \$3.28 to \$5.9 in February 2024. The lowest price recorded was \$0.91 per kg in 2000. The world's cocoa price was relatively stable between 2017 at \$2.03 and 2022 at \$2.39 per kg. Cocoa experienced a surge in price from \$2.39 in 2022 to \$8.52 in June 2024. The surge in the market price of cocoa has been attributed to supply side issues including spread of swollen shoot disease of cocoa, high cost of fertilizer, adverse weather condition and ageing cocoa trees.

**Figure 9: Price of Cocoa in the International Market**

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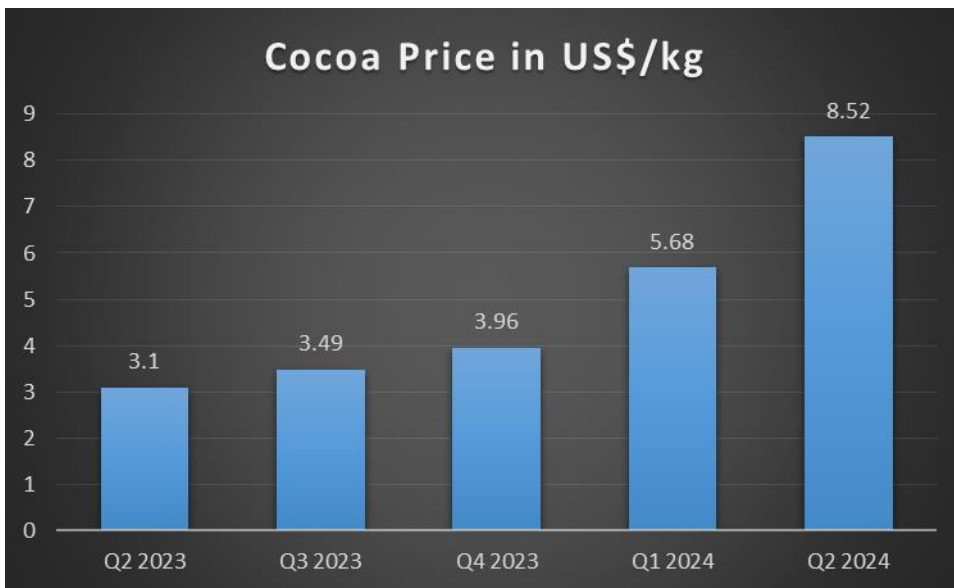
<sup>16</sup> <https://www.worldbank.org/commodities>



Source: <https://www.worldbank.org/commodities>

A closer look at the quarterly average price of cocoa in the international market between 2023 and 2024 shows that the price was \$3.01 per kg in Q2 of 2023 and it surged to \$8.52 per kg in Q2 of 2024.

**Figure 10: Cocoa Price in 2023/2024**



Source: <https://www.worldbank.org/commodities>

## 6. Some Initiatives in Public Private Dialogue

During the field mission, information was collected on initiatives in public private dialogue of interest for the EUDR implementation:

### National Cocoa Management Committee (NCMC)

Nigeria is adopting a national approach to compliance with EUDR and Corporate Sustainability and Due Diligence. In furtherance to this position, the Honourable Minister of Agriculture approved the establishment of a national coordinating body called **National Cocoa Management Committee (NCMC)** in August 2022 to facilitate traceability and sustainability in the cocoa value chain through the development of a national framework for the regulation and monitoring of activities in the industry. The committee is made up of members from the Federal Ministry of Agriculture and Food Security, Cocoa Research Institute of Nigeria, Federal Ministry of Industry, Trade and Investment, Ogun State Ministry of Agriculture, Ondo State Ministry of Agriculture, Cross-River State Ministry of Agriculture, Harvestfield Industries Limited, Cocoa Farmers Association of Nigeria, and Cocoa Association of Nigeria.

With support from the International Finance Corporation (IFC), the NCMC had a **hybrid technical roundtable discussion** in April 19, 2024 with over 100 stakeholders and value chain leaders from the public, private and international development sectors in attendance. The participants agreed that EUDR required an urgent action by stakeholders in cocoa industry.

To enhance national capacity for compliance with EUDR, the NCMC called for the development of a **national database** for the consolidation of information on registration of cocoa farms, cocoa farmers, cocoa processors and exporters, intermediation services providers, Local Buying Agents, and relevant Ministries, Departments and Agencies across the 22 cocoa producing States in the country. Currently there is insufficient and scattered information on traceability, certification, forest maps, legality and due diligence.

The committee has also recognized the **need for updating of national forest maps** particularly for cocoa producing States in the country to provide data on deforestation and non-deforestation free cocoa and cocoa products. In this regard, it is important for national forest maps to be updated and reclassified with geo-location of tree crops and other land matters for Traceability and legality. This is against the backdrop of the fact that about 30% of national cocoa production is from protected forest area which has turned into agricultural land due to encroachment and increasing opportunity for investment in cocoa production. The implication is that there may be a drop in the quantity of cocoa beans available for export from early next year when EUDR is implemented since an appreciable chunk of the produce will be cut off.

Research findings from field missions and desk review suggest there is an appreciable level of national capacity at the GIS unit of the Federal Department of Forestry and also at the Forestry Research Institute of Nigeria (FRIN) for the production of forest maps and assessment of loss of forest cover across the country. However, the ability of these agencies to validate or update existing forest data as well as forest and crop maps is stalled due to poor funding.

**Individual cocoa processing and export entities in the private sector are working out their own arrangements for compliance with EUDR.** In this regard, some appreciable level of traceability and certification has been accomplished. These companies are mainly operators with partnership or affiliation with firms in Europe. According to Forest Alliance and data from interviews with some cocoa companies in Nigeria, about 60% of all cocoa small holder farms in all cocoa producing areas outside of protected areas have already been mapped for traceability enhancement. However, data sets collected are being kept by the companies for their own use.

The NCMC has proposed the establishment of the National Cocoa Board through a draft bill which is about to receive legislative backing for implementation. Prior to the elimination of Cocoa Marketing Board in 1986, marketing of cocoa was highly regulated with the government controlling buying and selling of the produce and farmers not getting appropriate returns on their investment. The adoption of the cocoa market liberalization policy by the government has led to the increasing rise of value chain operators including Local Buying Agents (LBAs), cocoa farmers' cooperatives and exporters. This development has intensified the need for regulation of activities in the industry especially the aspect of producing traceable and sustainable cocoa.

However, the proposed re-emergence of the marketing cocoa board has raised some concern among stakeholders about government control on cocoa pricing. This has made the NCMC to settle for partial regulation which allows the private sector to take charge of buying and selling of the commodity without any interference from the government.

### Traceability and Resilience in Agriculture and Cocoa Ecosystems (TRACE) Project

<sup>17</sup>The \$22 million, five-year TRACE project is part of United States Department of Agriculture's Food for Progress that is aimed at assisting developing countries to improve agricultural productivity and expand agricultural trade. The project is being implemented by Lutheran World Relief in partnership with Federal and State government of Nigeria, the International Institute of Nigeria, and the Cocoa Research Institute of Nigeria and is geared towards promoting climate-smart agricultural practices and enhancing agricultural productivity in Nigeria's cocoa value chain to make it more traceable and marketable. TRACE is being implemented in six States in Nigeria including Abia, Ondo, Ekiti, Cross-River, Akwa-Ibom and Osun.

### Public-Private Partnership Model for Establishment of 6 New Cocoa Estates in Cross-River State

<sup>18</sup>The Cross-River State Government through the Ministry of Agriculture and Irrigation Development has developed plans to establish new cocoa estates in 6 selected Local Government Areas (LGAs) in the State. Each LGA will have 1 cocoa estate of 12, 000 hectares giving a total of 72,000 hectares of cocoa farmland. The LGAs that will benefit from the initiative include Akamkpa, Akpabuyo, Bekwara, Odukpani, Obubra and Ikom. The degraded land in the selected LGAs will be earmarked for the project.

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<sup>17</sup> <https://ng.usembassy.gov/usda-launches-22-million-five-year-project-to-make-nigerias-cocoa-more-marketable-and-traceable/>

<sup>18</sup> <https://businessday.ng/news/article/cross-river-to-establish-new-cocoa-farm-estates-in-six-lgas/>



The new cocoa estates will be developed in compliance with the European Union Deforestation Regulation thus ensuring that cocoa farms are not in protected forest areas and the cocoa beans that will be produced are traceable, socially acceptable and marketable locally and internationally. The Cross-River State Government will partner with the TRACE project for technical backstopping on deforestation, corporate sustainability and due diligence.

### Johnvents and the International Finance Corporation (IFC) Partnership

<sup>19</sup>Johnvents Industries Limited is one of the Nigeria's largest cocoa processing factories with a production capacity of 15,000 metric tons supplying premium cocoa products to markets in Africa, Europe and across the globe. Since 2021, the company has exported 20,000 metric tons of cocoa butter and cake to Europe and the United States. The company has 800 hectares of cocoa and a network of 150,000 suppliers. Johnvents has signed a partnership deal with IFC to increase its production capacity. The IFC's \$23.3 million financing will allow Johnvents to expand its cocoa processing plant in Ondo State to double its production capacity to 120 metric tons per day. As part of the partnership, IFC will help strengthen the company's ongoing sustainability and traceability programme and advise Johnvents on enhancing efficient digitization and sourcing of its current cocoa-based products, including butter, cake, and powder for chocolates, confectionaries, and health products.

## 7. Feedback from stakeholders to support EUDR compliance

Stakeholders from the cocoa value chain have mentioned some ideas to support EUDR compliance:

### 7.1 National database for cocoa farms and cocoa farmers

As Nigeria is adopting a national approach to EUDR compliance, there is a call for support to develop a national database on information about cocoa farms, cocoa farmers, processors, exporters and Local Buying Agents in the country to facilitate traceability and marketability.

### 7.2 Re-classification of forest maps

Another point raised by industry stakeholders is the need to update or reclassify the existing forest maps of cocoa producing States in the country as what used to be protected area in 1959 when the map was developed has now become agricultural land due encroachment by farmers.

### 7.3 Capacity building for updating forest maps

Stakeholders are of the opinion that capacity for updating of forest maps is available particularly at the GIS unit of the Department of Forestry, Federal Ministry of Environment and the Forestry Research Institute of Nigeria. There may be a need for capacity assessment of these institutions to determine the kind of support required for updating forest maps.

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<sup>19</sup> <https://www.johnvents.com>

### 7.3 Capacity development of NCMC

Many of the private cocoa companies are ahead of the National Cocoa Management Committee (NCMC) in the level of preparedness for EUDR compliance. It may be necessary to provide support to the NCMC to deliver on the plan to facilitate traceability and sustainability in the industry.

### 7.4 Training of Local Buying Agents on Supply Chain System for Traceable and Marketable cocoa beans

It is appropriate for Cocoa Farmers Association (CFAN) and Cocoa Association of Nigeria (CAN) to raise awareness of EUDR among the Local Buying Agents and also to acquaint them with systems and procedure being operationalized to produce traceable and ethically sourced cocoa beans. For example, the consortium of Johnvents Cocoa and Premium Cocoa Products organized comprehensive training sessions for the Licensed Buying Agents (LBAs) to raise awareness of the need to create a deforestation-free cocoa supply chain and to empower the LBAs with the knowledge to adopt best practices that are in line with global sustainability standards.

### 7.5 Enhancing the capacity of Cocoa Research Institute of Nigeria (CRIN) to produce hybrid cocoa seedlings and facilitate access by farmers across the country

Awareness of improved cocoa seedlings developed by CRIN is still low among cocoa farmers across the country even though ageing cocoa trees has been identified as an important productivity and sustainability challenge. In this regard, it may be necessary to better understand the position of CRIN on the production of improved cocoa seedlings and possible arrangements in place to enhance access by cocoa farmers.

### 7.6 Capacity strengthening of producer association and its members

As the umbrella body for cocoa farmers across the country, the capacity of Cocoa Farmers Association of Nigeria (CFAN) to raise awareness of EUDR among the membership should be enhanced. Moreover, the association should be strengthened to improve the knowledge base of its members in best practices including safe use of pesticides, opportunities for mechanization of primary farm gate cocoa processing and preservation.

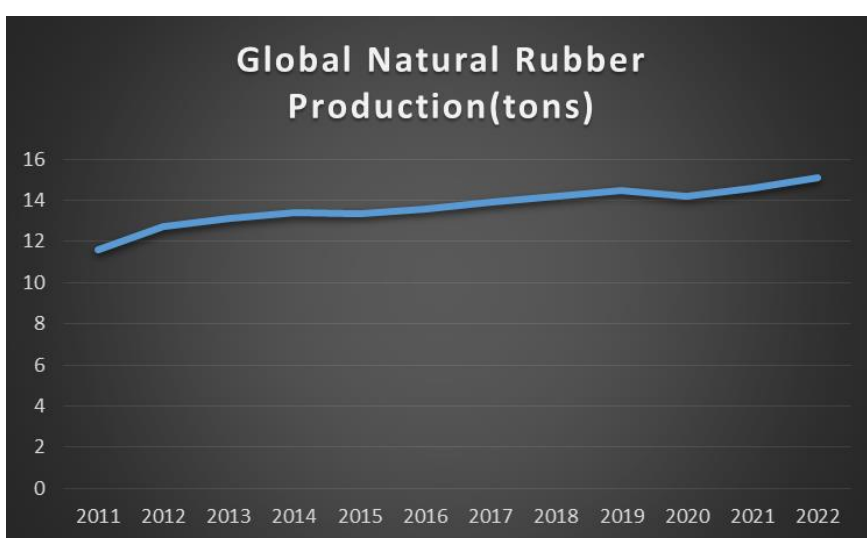
## **Part 2:**

# **Mapping of Natural Rubber Value Chain in Nigeria**

# 1. Natural Rubber Production in the World

Rubber has its origination in South America though its cultivation has spread to Southeast, Southwest and Central Africa. Selected materials obtained through grafting are used for the cultivation of rubber. <sup>20</sup>About 6 months before grafting, rootstocks are raised in nurseries and the small rubber seedlings are transplanted into the field with a plant population of 500 to 550 trees per hectare. The trees attain physiological maturity about 5 to 6 years after planting and harvesting is done by making a fine incision in the bark of the trees to extract the latex. The process of careful extraction of latex through controlled wounding on the bark is called rubber tapping. Natural rubber is obtained when the latex collected from the rubber trees coagulates. Rubber tapping is done in a liquid state every 3 to 4 days. The rubber trees produce latex for about 30 years and when the yield starts declining; the trees can then be used for furniture or pulp.

**Figure 11: Global Natural Rubber Output**



Source: <https://knoema.com/data/nigeria+agriculture-indicators-production+natural-rubber/>

<sup>21</sup>The global production of natural rubber rose from 11.6 million tons in 2011 to 15.1 million tons in 2022 and the land area under cultivation of the tree was 13.79 million hectares. Thailand is the largest producer of natural rubber in the world with a production of 4.83 million tons representing 31.9% of the global output. <sup>22</sup>Apart from Thailand, the other leading producers of rubber are Indonesia, Viet Nam, Côte d’Ivoire and China and the output from these countries account for 75.6% of the rubber produced in the world. <sup>23</sup>The top 15 natural rubber producers in the world including Cote d’Ivoire, Nigeria, Ghana and Liberia are presented in Table 1. The four African countries mentioned accounted for 11% of the world output in 2022 with Cote d’Ivoire contributing 8.5%.

<sup>20</sup> <https://renl.ng>

<sup>21</sup> FAO 2022

<sup>22</sup> <https://knoema.com/data/nigeria+agriculture-indicators-production+natural-rubber/>

<sup>23</sup> <https://knoema.com/data/nigeria+agriculture-indicators-production+natural-rubber/>

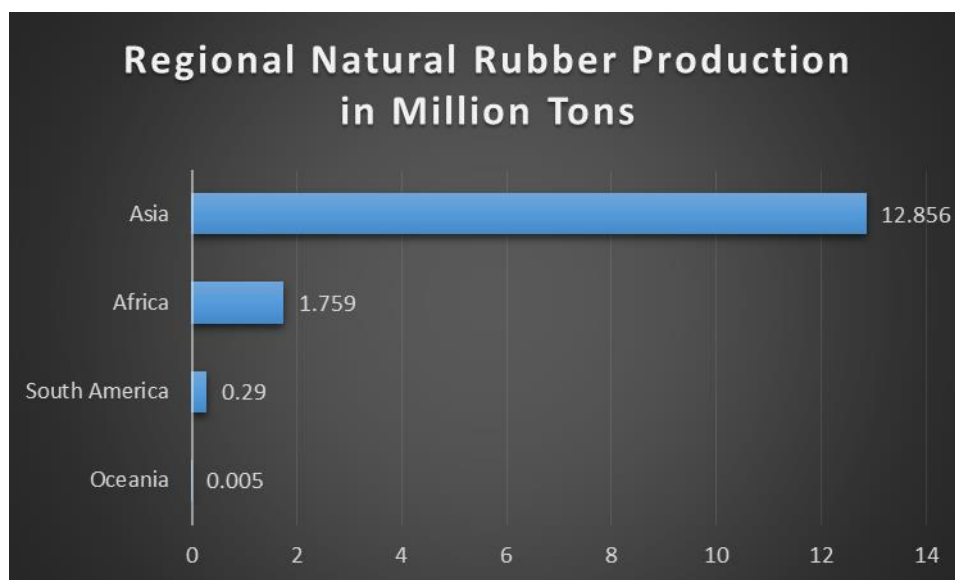
**Table 5. Leading Producers of Natural Rubber in the World in 2022**

Country	Rubber Production (Thousand Tons)	Percentage of Total	Position
Thailand	4,826	31.9	1.
Indonesia	3,135	20.7	2.
Viet Nam	1,400	8.9	3.
Cote d'Ivoire	1,286	8.5	4.
China	843	5.6	5.
India	843	5.6	6.
Philippines	415	2.7	7.
Cambodia	394	2.6	8.
Malaysia	377	2.5	9.
Myanmar	299	2.0	10.
Lao PDR	288	1.9	11.
Brazil	250	1.7	12.
Nigeria	149	1.0	13.
Ghana	117	0.8	14.
Liberia	107	0.7	15.

Source: <https://knoema.com/data/nigeria+agriculture-indicators-production+natural-rubber/>

A disaggregation of the world production of natural rubber in 2022 showed that Asia contributed 12.86 million tons or 85.1% followed by Africa with 1.76 million tons (11.66%), South America 0.29 million ton and Oceania 0.05 million ton.

**Figure 12: Regional Natural Rubber Production**

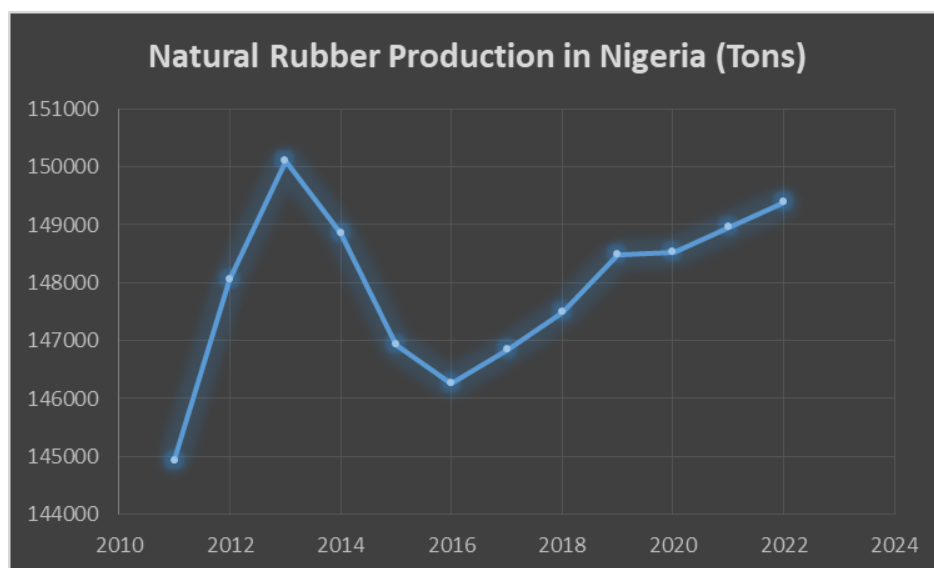


Source : FAO (2022)

## 2.Natural Rubber Production in Nigeria

Nigeria is the 13<sup>th</sup> largest producer of natural rubber in the world with 149,396 tons or just 1% of the global output.<sup>24</sup> In Africa, Nigeria is second to Cote d'Ivoire in rubber output. The land area under rubber cultivation increased from 209,600 hectares in 2012 to 361,396 hectares in 2022. However, the actual land area of rubber under tapping is much lower than area under cultivation knowing that rubber takes 5 to 7 years before it is physiologically ready for tapping. The national output increased from 144,937 tons in 2011 to 150,110 tons in 2013. There was a decline in rubber output from 150,110 tons in 2013 to 146,275 tons in 2016 followed by a gradual increase to 149,396 tons in 2022.<sup>25</sup> Latex yield per hectare is estimated at 1,382 to 1,480 kg. Rubber is grown in 11 States in Nigeria including Edo, Delta, Ondo, Ogun, Abia, Anambra, Akwa-Ibom, Cross-River, Rivers, Ebonyi and Bayelsa where the amount of rainfall is between 1800mm and 2000mm. The tree is cultivated in Nigeria for the purposes of raw material for agro-allied industries, source of foreign exchange and employment opportunity for rural dwellers. It is estimated that about 68% of 30 million rubber producers in Nigeria are small holder farmers living in rural areas and they sell 98% of what they produce as unprocessed rubber lump.

Figure 13. Natural Rubber Production in Nigeria



Source: <https://knoema.com/data/nigeria+agriculture-indicators-production+natural-rubber>

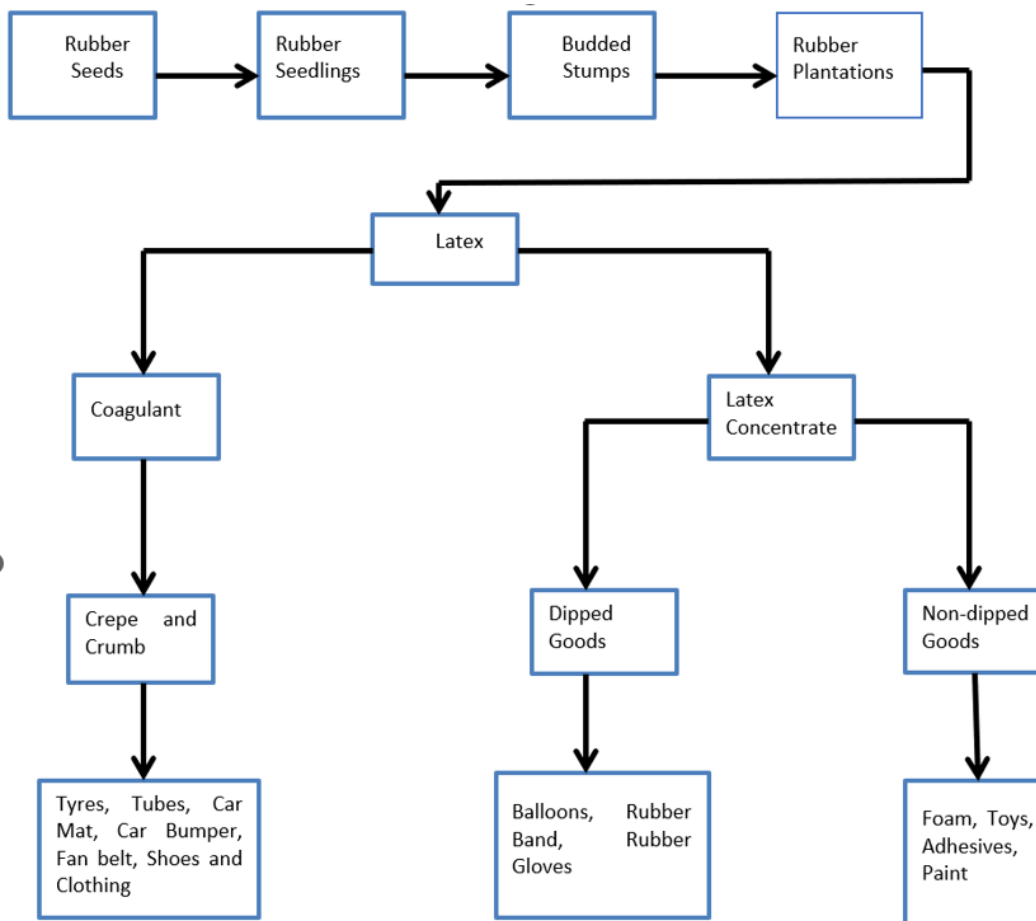
<sup>24</sup> <https://knoema.com/data/nigeria+agriculture-indicators-production+natural-rubber>

<sup>25</sup> Bisong, B.W., Asim, I.M., Edem, E.E., and Ayuk, E. (2017) Ecological Characteristics of Para Rubber (*Hevea Brasiliensis* Muell. Arg) Productivity in the Niger Delta Region of Nigeria. *International Journal of Plant and Soil Science* 14(4): 1-10, 2017

### 3. Rubber Value Chain in Nigeria

The key processes in the rubber value chain are input supplies, production, marketing, processing, consumption and export.<sup>26</sup> Input suppliers, producers, marketers, processors, manufacturers, exporters and consumers are the major stakeholders. The direct stakeholders are cooperatives, farmers groups, processors, local manufacturers and exporters while the indirect stakeholders are financial institutions and advisory services providers including the Rubber Research Institute of Nigeria, State Agricultural Development Project and Raw Material Research and Development Council. The input suppliers are the agencies involved in the provision of materials and other advisory services required for the production of natural rubber. They provide seeds, seedlings, budded stumps, herbicides, pesticides, fertilisers and farm tools.

Figure 14. Value addition in natural rubber, from seeds to rubber products<sup>27</sup>



<sup>26</sup> A. Nosa Betty (2018) Natural Rubber Value Chains: A game changer for small holders. 30<sup>th</sup> International Conference of Agricultural Economists, July 28<sup>th</sup>-August 2, 2018 Vancouver, Canada <https://ageconsearch.umn.edu/1237pdf>

<sup>27</sup> Adapted from A. Nosa Betty (2018), Natural Rubber Value Chains: a game changer for smallholders

Small holder farmers own an estimated 62% of rubber farms in the country while about 75% of the small holder farmers are found in Edo, Delta and Akwa-Ibom States.<sup>28</sup> Some small holder rubber farmers raise rubber seedlings and grow budded stump while others cultivate rubber trees with plantations that can be tapped. The average rubber farm size is between 3.2 and 3.6 hectares and the producers produce naturally coagulated, rubber latex, and rubber seeds.

The packing, storing, transportation, loading and unloading of the produce are done by the producer or the farm gate marketer and the means of transportation are mainly motorcycles and pick-up vans. About 15% of rubber farmers tap their rubber trees by themselves while an estimated 30% of the farmers also market their produce.

The rubber tappers are responsible for tapping, collection of latex, addition of acid for coagulation and transportation. On an average, 396 rubber trees are expected to be tapped per day. Some tappers have their own plantations while others tap rubber from plantations on lease. In some cases, rubber tappers are also involved in the marketing of the produce. There are 5 marketing channels for the natural rubber produced by the farmers depending on the volume of the unprocessed material to be sold, the proximity of the rubber farms to the marketing agencies and the price being offered by the off-takers. The marketing channels are the Farm Gate Marketers or Off-takers, the Wholesalers, the Processors, the Cooperatives, and Other Farmers.

The Farm Gate Off-takers aggregate rubber lump from individual farmers and sell to the wholesalers. It is estimated that the Farm Gate Off-takers are involved in about 50% of the total marketed rubber. Rubber farmers with large volume of unprocessed rubber are likely to sell to the wholesalers or directly to the processors. The Farm Gate Off-takers and the Wholesalers are the major buyers of rubber produce from the producers on account of their accessibility and availability at the village level. About 35% of rubber farmers sell their produce to cooperative societies while estimated 5% of the farmers sell to their fellow farmers.

The processors in the rubber value chain add value to the unprocessed rubber latex by converting it into crepe, crumb, ribbed smoked sheet and blocked rubber for export and they also sell the material to the manufacturers for producing materials for domestic use. About 40% of the processed products are sold locally to manufacturers while 60% are exported. Some manufacturers use dry rubber to produce tires, tubes, belts and rubber hoses while the others use wet rubber and convert it into gloves, rubber foam, and mattress.

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<sup>28</sup> Rubber Research Institute of Nigeria (2010)



## 4. Major Companies exporting Rubber from Nigeria

### 4.1 Rubber Estate Nigeria Limited

Rubber Estate Nigeria Limited (RENL) is a leading agro-allied company that is actively involved in the planting, maintenance, harvesting, processing and export of natural rubber.<sup>29</sup> The company is a public-private partnership between SIPH and the government of Ondo, Edo, Delta, and Ogun States. SIPH is a member of the Ivorian based agro-business conglomerate. Of the 18,949.19 hectares of land the company occupies, rubber cultivation takes about 15,570 hectares. As at September 2023, field production of rubber was 14,900.24 tons of dry rubber while factory production was 17,096 tons. RENL has 30,000 tons per annum capacity processing factory and the company operates currently in Edo, Ondo, Ogun and Delta States. The company is expanding its operations in Nigeria by acquiring more land under lease agreement to plant rubber trees.

RENL through the SIPH group affiliation has a traceability system of its supply chain. About 25% of supplies come from its plantations while 75% supplies are sourced from small holders and private farmers who are recorded specifically with most farms tracked via GPS, and key data concerning each of them. Most of the out-growers are provided with technical assistance to improve their performance and to ensure that good environmental, social and technical practices are respected. RENL has 430 out-growers of which only 13 are in protected areas. The company implements the Sustainable Procurement Charter and the Suppliers' Code of Conduct. SIPH seeks to achieve 100% traceability by 2022. As at 2023, the company has met the target and is ready for the EUDR by 2024. SIPH is Societe Internationale Des Plantations D'Hevea.

### 4.2 Okomu Rubber Plantations

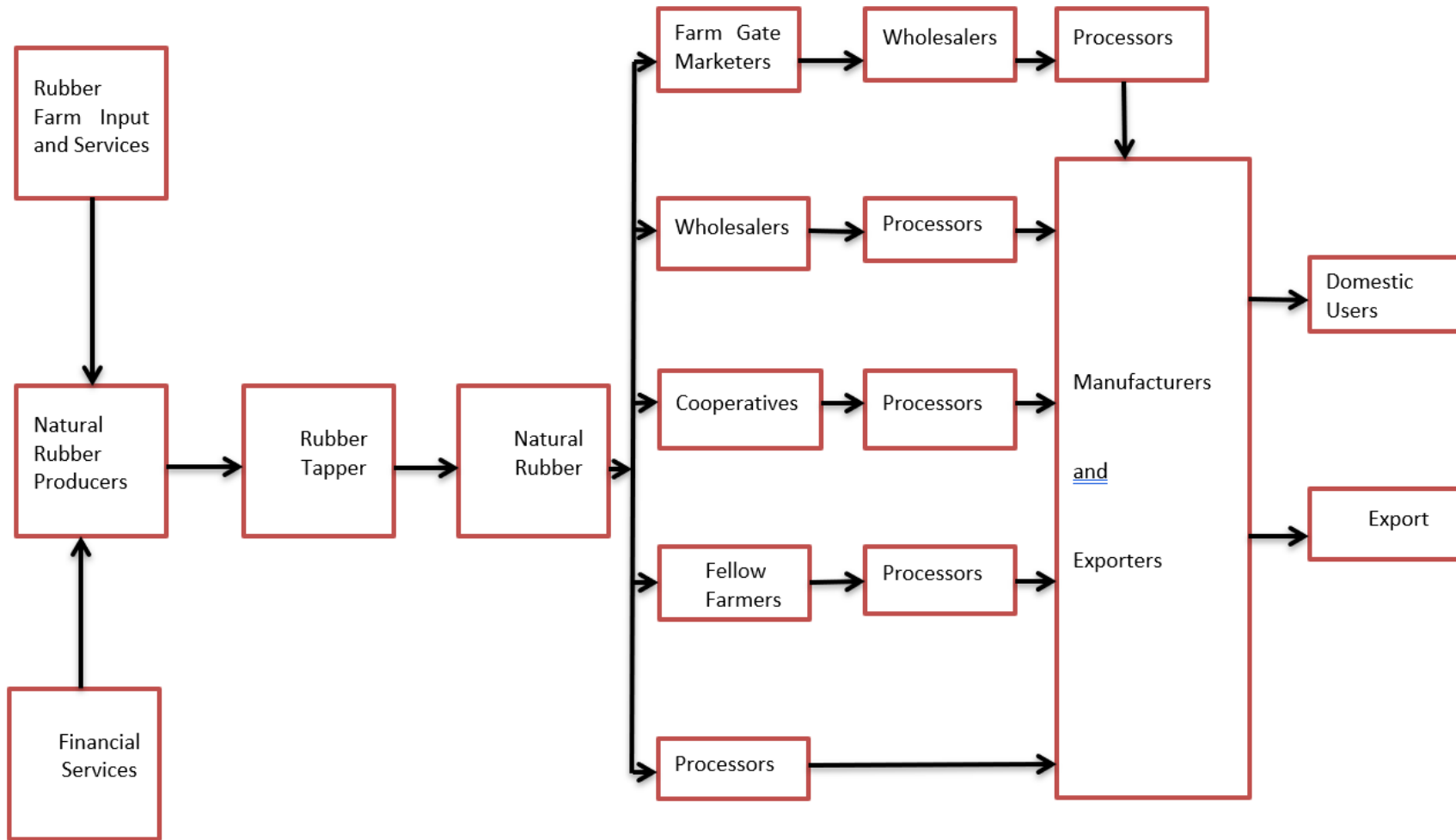
In 1976, the Federal Government of Nigeria established Okomu Plantations in a de-reserved area with an initial surveyed area of 15,580 hectares of which 12,500 hectares could be used for agricultural cultivation and the remaining land area under conservation. Okomu Plantation has a total size of 33,113 hectares comprising of 19,061 hectares under oil palm cultivation, 7,335 hectares of rubber plantation and 6,717 hectares of unplanted area. In 1990, SOCFIN Group became the management agent and majority shareholders of the oil palm and rubber project.<sup>30</sup> The SOCFIN Group is a major player in Africa and Asia in the production of palm oil for local market and natural rubber mainly for export to Europe and United States.

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<sup>29</sup> <https://renl.ng>

<sup>30</sup> <https://socfin.com/en/about/>

Figure 15. Natural Rubber Value Chain Actors in Nigeria



In 2022, Okomu plantations produced 7,492 tons of dry rubber and 636 tons of dry rubber was purchased from private farmers and out-growers. The company has 2.5 tons per hour rubber factory that processes rubber from the rubber plantations owned by the company into different products. All the company's rubber is exported by the SOC FIN's group. Okomu is a member of the Global Platform for Sustainable Natural (GPSNR) Rubber and actively participates in the development of standards for the sector.<sup>31</sup>The natural rubber production of the company increased from 7,248 tons in 2019 to 8,124 tons in 2022. Okomu's operations are already in line with international customers' standards regarding zero deforestation, no child labour and respect for human rights.

## 5.Natural Rubber Export from Nigeria in 2022

Nigeria exported \$84.5 million in Rubber in 2022 making it the 18<sup>th</sup> largest exporter of Rubber in the world and the 22<sup>nd</sup> most exported product in the country.<sup>32</sup> The destinations for Rubber exports from Nigeria include Spain (\$18.7 M), France (\$12.4 M), Italy (\$10.4 M), Germany (\$7.19 M) and South Africa (\$6.82 M). Spain accounted for 22.1% of the total export followed by France (14.7%) and Italy (12.3%). European countries contributed about 50% of the total export.

**Table 6. Natural Rubber Exports from Nigeria and Destinations in 2022**

Country	Export (\$ Million)	Per Cent of Total	Position
Spain	18.7	22.1	1
France	12.4	14.7	2
Italy	10.4	12.3	3
Germany	7.19	8.51	4
South Africa	6.82	8.07	5
India	6.03	7.46	6
China	5.52	6.53	7
Netherlands	3.45	4.08	8
Romania	2.10	2.49	9
Malaysia	1.36	1.61	10
Singapore	0.91	1.08	11
Others	10.53	12.46	
<b>Total</b>	<b>84.5</b>		

Source : <https://oec.world/en/profile/bilateral-product/rubber/reporter/nga>

## 6.Price of Rubber in the International Market

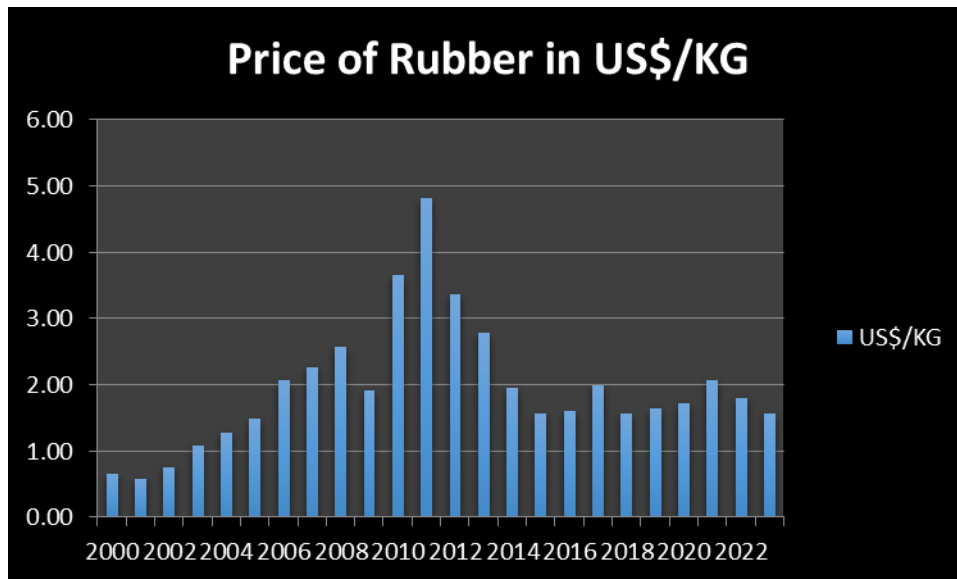
<sup>33</sup>Between 2000 and 2022 the highest price of rubber (\$4.82 per kg) was recorded in 2011 and the lowest price was \$0.58 in 2001. There was a gradual increase in the price of rubber from \$0.67 in 2000 to \$4.82 in 2011. From 2011 the price dropped steadily from \$4.82 to \$1.95 in 2014 and it stabilized between \$1.57 and \$1.87 from 2015 to 2022

<sup>31</sup> <https://okomunigeria.com/sustainability-report>

<sup>32</sup> <https://oec.world/en/profile/bilateral-product/rubber/reporter/nga>

<sup>33</sup> <https://www.worldbank.org/commodities>

Figure 16. Price of Natural Rubber



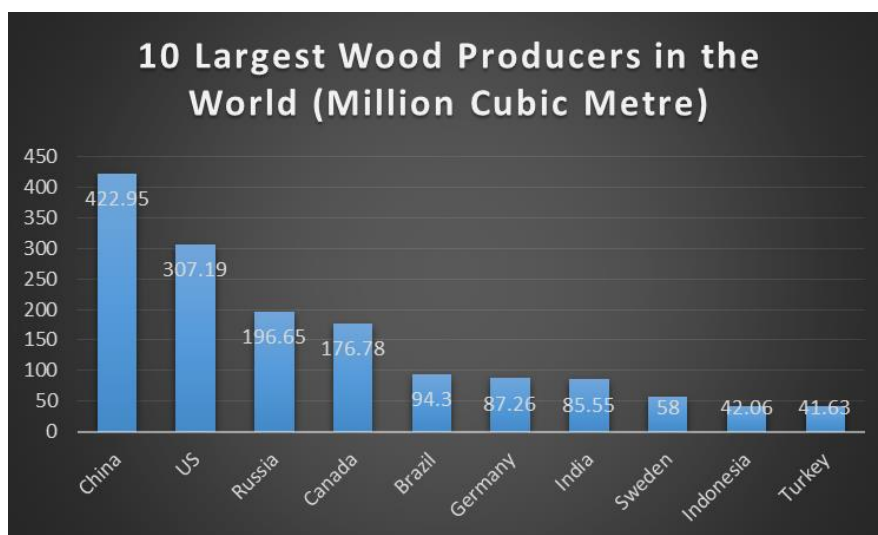
Source : <https://www.worldbank.org/commodities>

**Part 3:**  
**Mapping of Wood Value Chain in  
Nigeria**

# 1. World's Wood Production

Wood production for the international market includes sawlogs and veneer logs, sawnwood, wood-based panels and fibreboard. <sup>34</sup>The top 10 wood producers in the world in 2022 are China, United States, Russia, Canada and Brazil. Others are Germany, India, Sweden, Indonesia and Turkey. The largest wood producer in the world is China with 422.9 million m<sup>3</sup> comprising of sawlogs, sawnwood, wood-based panel and fibreboard. Second to China is the United States with 307.19 million m<sup>3</sup>. The third largest producer of wood in the world is Russia with 196.65 million m<sup>3</sup>.

**Figure 17. Ten Largest Wood Producers in the World**



Source: <https://www.statista.com/statistics/1426555/global-lumber-production-in-selected-countries-by-type/>

<sup>35</sup>In terms of forest area the leading countries with the largest area in the world are Russia, Brazil, Canada, United States, China, and Australia. Others are Democratic Republic of Congo, Indonesia, India and Peru. The country with the largest forest area is Russia with 810 million hectares followed by Brazil (497 million hectares) and Canada (347 million hectares).

**Table 7. Countries with the largest forest area in the world in 2020**

Country	Forest Area (Million ha)	Per Cent of Total
Russia Federation	815	20
Brazil	497	12
Canada	347	9
United States	310	8
China (Mainland)	220	5
Rest of the world	1870	46
Total	4,059	

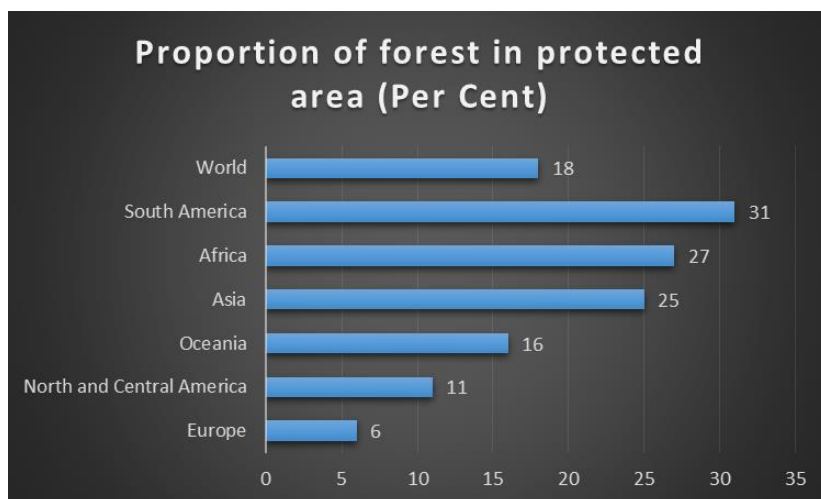
Source : FAO (2020) Forest Resources Assessment

<sup>34</sup> <https://www.statista.com/statistics/1426555/global-lumber-production-in-selected-countries-by-type/>

<sup>35</sup> <https://www.fao.org/interactive/forest-resources-assessment/2020/en/>

Forests cover 4.06 billion hectares or roughly one-third of land globally. About 54% of the world's forests are in only five countries including the Russian Federation, Brazil, Canada, the United States of America and China. <sup>36</sup>About 726 million hectares of forest are in legally protected areas all around the world with South America having the highest proportion (31%) followed by Africa (27%) and Asia (25%). The area of forest in protected areas worldwide has increased by 191 million hectares since 1990.

**Figure 18. Proportion of Forest in Protected Area**



Source : FAO (2020) Forest Resources Assessment

## 2. Wood Production in Nigeria

The forest area in Nigeria has been on a decline from 1990. In 1990, the forest area which was over 26 million hectares was down to about 22 million hectares in 2020 with a loss of over 4 million hectares.

**Table 8. Forest Area in Nigeria**

Year	Forest Area (1,000 ha)	Area of Naturally Regenerated Forest (1,000 ha)
1990	26,525	26,260
2000	24,893	24,644
2010	23,260	23,027
2020	21,627	21,411

Source: FAO (2020) Forest Resources Assessment.

Softwoods and hardwoods are the two types of woody plants that produce timber. <sup>37</sup> The vegetation in Nigeria is broadly classified as forest and savanna. Mangrove, fresh water swamps, and tropical rainforest are in the forest sub-group while sahel, sudan, northern guinea, southern guinea, and derived savanna constitute the savanna sub-group. This diversity in vegetation supports the growth of different species of tropical hardwood that are suitable for commercial and industrial purposes. Timbers for domestic consumption and export are mainly obtained from the forest region in the southern part of the country. Fuelwood and

<sup>36</sup> <https://www.fao.org/interactive/forest-resources-assessment/2020/en/>

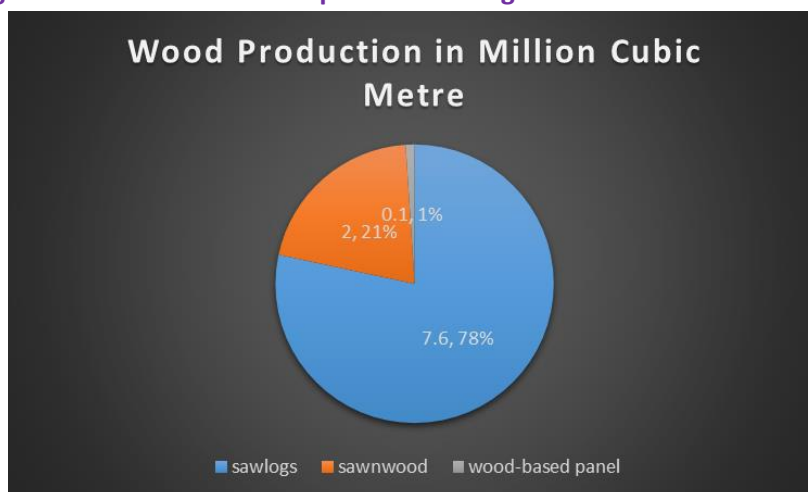
<sup>37</sup> <https://www.intechopen.com/chapters/82612>

forest products used for food, medicines and industrial raw materials come largely from the savanna region. <sup>38</sup>Apart from the national parks, the Federal Government does not have forests. All the State forest policies and laws are domesticated from the national forest policy and regulations. The specific regulatory activities of the forest activities of each State Government include giving of permits and licenses. It is compulsory that a license is issued before any tree is removed from any government reserve or

farmland. The State Forestry departments relate with timber contractors, logging companies, saw millers and furniture makers. Sometimes, the State Government supplies tree seedlings to raw millers and small holder farmers for planting on their farms. At harvest time, the State Government through the Department of Forestry regulates harvesting by issuing permits for the removal of trees. The Government also grants concession and permits to timber contractors and logging companies. Wood products for export and domestic use include roundwood, sawnlogs and veneer logs, particle board, sawnwood, wood-based panel, pulp and paper, safety matches, and fuel wood.

Nigeria is the 32<sup>nd</sup> largest producer of wood in the world with 9.7 million m<sup>3</sup> of wood in 2022 comprising of 7.6 million m<sup>3</sup> of sawlogs and veneer logs, 2.0 million m<sup>3</sup> of sawnwood, and 0.1 million cubic metre of wood-based panel. <sup>39</sup> Of the total wood produced, sawlogs/veneerlogs accounted for 78% while sawnwoods contributed 21% and the proportion of wood-based panel was 1%.

**Figure 19. Wood Products Exported from Nigeria**



Source: <https://www.statista.com/statistics/1426555/global-lumber-production-in-selectedcountries-by-type/>

<sup>38</sup> Popoola, L (2018) Public-Private partnerships in the forestry sector and sustainable livelihood development in Nigeria. AFF Report. African Forest Forum, Nairobi

<sup>39</sup> <https://www.statista.com/statistics/1426555/global-lumber-production-in-selectedcountries-by-type/>



### 3. Actors of the Wood Value Chain in Nigeria

The **actors in the wood value chain** in Nigeria include the State Government, Timber Contractors/Concessionaires, Processors and Manufacturers, Timber Wholesalers, Retailers, Domestic Users and Exporters.

The State Government, through the Department of Forestry, is the legal owner of forests in its territory and it issues permits for trees to be removed. Concession is also granted to timber contractors and logging companies for the harvesting of trees. Each log harvested is embossed with marks by designated government official to certify that the logs were legally harvested. The timber contractors and concessionaires sell the unprocessed wood to the wood processors and manufacturing companies in the cities.

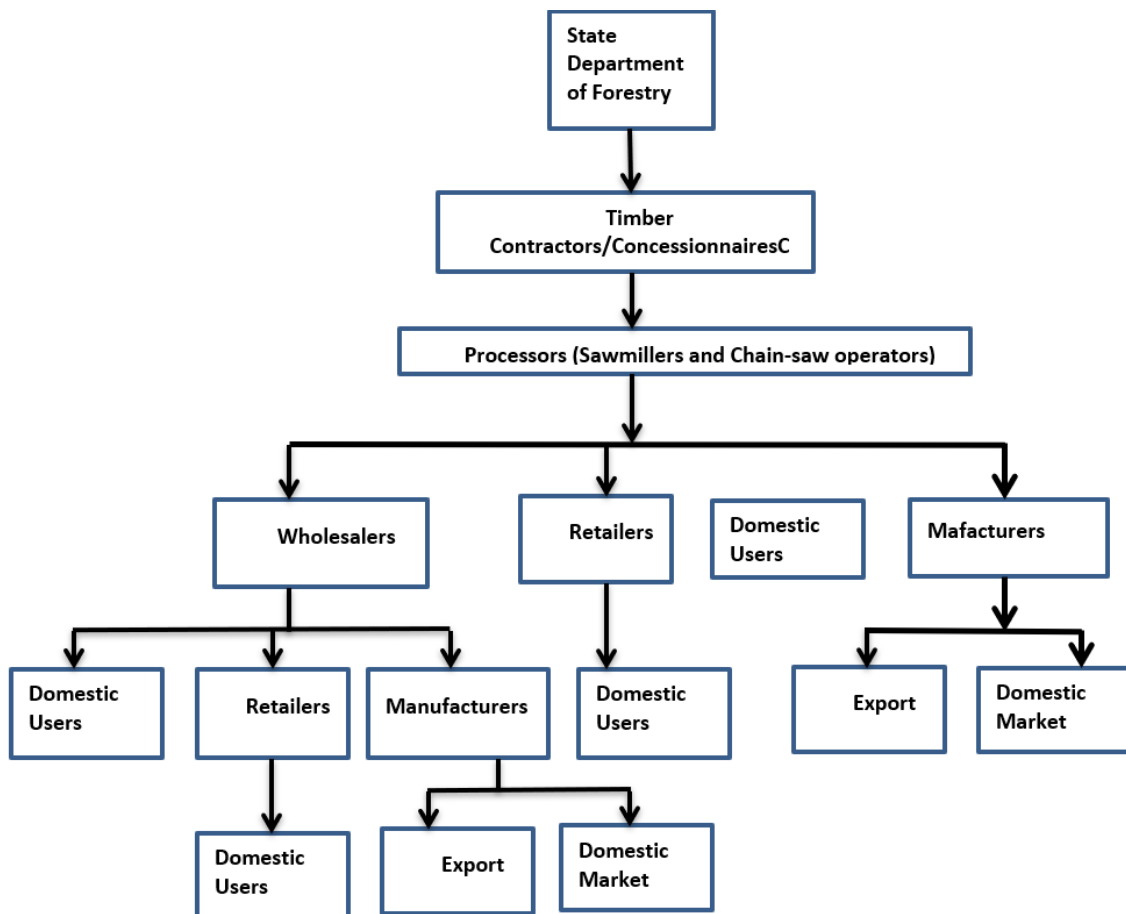
The processors are the large, medium or small-scale saw-millers and the chain-saw operators who facilitate the logging, processing and distribution of timber wood among their clients.

The five basic outlets for wood processed by the saw-millers are wholesalers, retailers, domestic users and exporters depending on proximity to the processors and the volume of wood to be purchased by each client. It is estimated that the wholesalers and the exporters buy the bulk of wood the processors sell. It is likely there is some competition for wood between the wholesalers and the exporters or manufacturers who make wood products both for the domestic and international markets. The processors sell a small proportion of wood to the retailers and the domestic users though the retailers buy more wood from the processors than the domestic users.

**Figure 20. Wood Value chain in Nigeria<sup>40</sup>**

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<sup>40</sup> Source: Adapted from Popoola, L (2018))



The three marketing outlets for the wholesalers are domestic users, retailers and exporters. The wholesalers mostly sell to the retailers and the wood exporters. Sometimes when the domestic users require huge volume of wood they prefer to buy directly from the processors to save cost. Invariably, the retailers and the exporters are the major clients of the wholesalers. The domestic users are the major client of the retailers. Most domestic users of wood buy from the retailers because they are more accessible and they sell wood at a scale that is commensurate with the requirements of the domestic users. In some instances the domestic users switch to the wholesalers when the volume of wood required is above the holding capacity of the retailers. The manufacturers boast of modern equipment and machinery that produce wood products for both international and domestic markets. About estimated five million Nigerians are engaged in the wood value chain in the country.

The building industry alone takes up about 80% of the total annual timber production in the country. With increasing population and overexploitation of forest resources, the country experienced a decline in wood supply. In July 2021, the export of wood and charcoal was suspended and shipping lines running services put on hold their activities. <sup>41</sup>The Wood Exporters Association of Nigeria announced that the ban on wood export from Nigeria was lifted in 2023 by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) leading to a rise in business activities in the industry. However, the Federal Ministry of Environment in a meeting with stakeholders in the industry reiterated that wood exporters are required to contribute to the programme of government on afforestation as stated in the policy guideline on wood export. The export of certain types of wood from the

<sup>41</sup> <https://shipsandports.com.ng/tropical-wood-exports-gaining-momentum-in-nigeria-says-twean>

country has been under suspension for about six years. The Department of Forestry under the Federal Ministry of Environment has issued new policy guideline for production, processing and export of processed wood. <sup>42</sup>According to the guideline, wood export from the country has been restricted to a maximum of 200 containers per year per company and charges for wood export by indigenous companies have been increased by 150% from N 100,000 to N 250,000 per container of 20 feet size. For foreign companies the charges have been increased by 350% from N 150,000 to N 500,000. In addition the Ministry will determine from time to time the amount of processed wood to be exported and the charges to be paid to the government. No permit will be issued by the government to any company for more than 200 containers per annum.

## 4. Wood Export from Nigeria

<sup>43</sup>In 2022, Nigeria exported shaped wood valued at US\$14,900 to United Arab Emirates, Niger, Benin Republic, Canada and Senegal. United Arab Emirate accounted for over half of the total export followed by Niger with 35%.

**Table 9. Shaped Wood Export from Nigeria**

Country	US\$	Percent of Total
United Arab Emirate	8,270	55.5
Niger	5,320	35.7
Benin	580	3.89
Canada	492	3.3
Senegal	243	1.63
<b>Total</b>	<b>14,900</b>	

Source: <https://oec.world/en/profile/bilateral-product/shaped-wood/reporter/nga>

## 5. Prices of Wood Products in the International Market

Between the year 2000 and 2023, the price of saw log was highest in 2008 with US\$578 per m<sup>3</sup> and lowest in 2002 when the commodity was sold for US\$236 per m<sup>3</sup>. In the case of sawnwood, the highest price of US\$958 was recorded in 2008 and the lowest price was US\$471 in 2001. There has been some stability in the prices of both sawlog and sawnwood in 2022 and 2023.

<sup>42</sup> <https://www.vanguardngr.com/2024/03/fg-increases-charges-on-wood-export-by-150-percent/>

<sup>43</sup> <https://oec.world/en/profile/bilateral-product/shaped-wood/reporter/nga>

Figure 21. Prices of Wood Products in the Global Market



Source: <https://www.worldbank.org/commodities>

## **Part 4:**

# **Mapping of Cattle Value Chain including Hides and Skins**

# 1. Global Production of Cattle, Sheep and Goats

The global population of cattle in 2022 was 1.55 billion with Africa contributing 382 million while Nigeria accounted for 21 million.<sup>44</sup> There were 1.2 billion sheep in the world in the same year and the share of Africa was 419 million.<sup>45</sup> Nigeria produced 50 million sheep in 2022.<sup>46</sup> The world's output of goats was 924 million for the same year and Africa had 506 million and 88 million was the output for Nigeria.<sup>47</sup> Hides and skins from cattle, sheep and goats are the raw materials for producing leather and leather goods in the world.

**Table 9: Production of cattle, sheep and goats**

Location	Production in 2022 (million)		
	Cattle	Sheep	Goat
<b>World</b>	1,550	1,200	924
<b>Africa</b>	382	419	506
<b>Nigeria</b>	21	50.3	88.04

Sources:

<https://www.statista.com/statistics/263979/global-cattle-population-since-1990/>

International World Textile Organisation (2022)

<https://www.statista/statistics/1297940/stock-of-sheep-in-nigeria/>

<sup>48</sup>In 2015, the global output of cattle hides and skins was 367 million with Africa contributing 42 million and Nigeria accounting for just 3.3 million pieces. The share of Africa in the global production of cattle hides and skins was 11.3% while Nigeria contributed 7.9% of the output from Africa. For the same period, the world's production of sheepskins and hides was 543,544 with Africa accounting for 113,242 or 21%. Nigeria produced 16.7 million representing 15% of the output from Africa. The global production of goat hides and skins in 2015 was 479 million of which Africa contributed 117 million or 24.3% of the global output. The share of Nigeria in the output for Africa was 21%

**Table 10: Production of hides and skins of cattle, sheep and goats**

Location	Production of Hides and Skins (1,000 pieces) in 2015		
	Cattle	Sheep	Goat
<b>World</b>	366,867	543,544	479,413
<b>Africa</b>	41,563	113,242	116,872
<b>Nigeria</b>	3,299	16,756	24,704

Source : <https://www.fao.org/economic/est-commodities/hides-skins/en/>

<sup>44</sup> <https://www.statista.com/statistics/263979/global-cattle-population-since-1990/>

<sup>45</sup> International World Textile Organisation (2022)

<sup>46</sup> <https://www.statista/statistics/1297940/stock-of-sheep-in-nigeria/>

<sup>47</sup> <https://www.statista/statistics/1297898/stock-of-goats-in-nigeria/>

<sup>48</sup> <https://www.fao.org/economic/est-commodities/hides-skins/en/>

## 2. Hides and Skins Production in Nigeria

Livestock producers are the source of hides and skins used to produce leather goods for both domestic and export markets. Hides and skins are obtained essentially from cattle, sheep and goats after slaughter. There is a huge demand for skins and hides of cattle especially in the southern part of the country where it has become an important part of the diet of the people such that the consideration for production of leather is secondary. This is seen as a setback for the growth of the leather industry meaning that the demand for hides and skins for the production of leather products can only be sourced from sheep and goats domestically and from importation.<sup>49</sup> It is estimated that over 88% of the hides and skins produced in the country is consumed by the human population. The food grade hides and skins are found to be cheaper than the other meat products and the demand is expected to rise with increasing urbanization and population growth in the country. Table 10 presents the numbers on cattle, sheep and goat hides and skins output in Nigeria.

## 3. Hides and Skins Value Chain Mapping

Hides and skins obtained from abattoirs are usually sold by butchers to women who process them to edible hides commonly called “Ponmo” or cow hide. However, sales of hides and skins to tanneries are also done through buying agents from what they buy from the butchers. The actors in the hides and skins value chain are Sheep and Goats Producers, Butchers or Processors, Marketers, Exporters, Service Providers, Service Regulators and Domestic Users.

The producers are resourced by Financial Institutions, Animal Health/Veterinary Professionals, Livestock Production Extension Agents, and Research and Development Institutions across the country. Relevant Research and Development Institutions in the hides and skins value chain include: National Animal Production Research Institute (NAPRI) in Zaria, Kaduna State; Nigerian Institute of Leather and Science Technology, (NILEST) Samaru, Zaria; National Veterinary Research Institute (NVRI), Jos. Plateau State; and Institute of Agricultural Research and Training (IAR&T), Ibadan, Oyo State.

NAPRI is responsible for conducting demand-driven research and training in animal production and disseminating technologies to animal producers, processors and marketers in an integrated value chain system for improved livelihood in the country. The mission of NILEST is to produce technologists and technicians with knowledge and skills to produce leather and leather goods. In addition, the institute also provides service support to leather industries. NVRI is responsible for producing vaccines of international quality and for offering services for the identification, control and eradication of economically important disease of livestock. IAR&T develops efficient management systems for livestock that are adapted to southern agro-ecologies.

Sheep and goats that are sold by the producers as a source of meat to the consumers are normally slaughtered in both private or public slaughter houses where the butchers separate the meat from the hides and skins that are now bought by the Local Buying Agents (LBAs). The

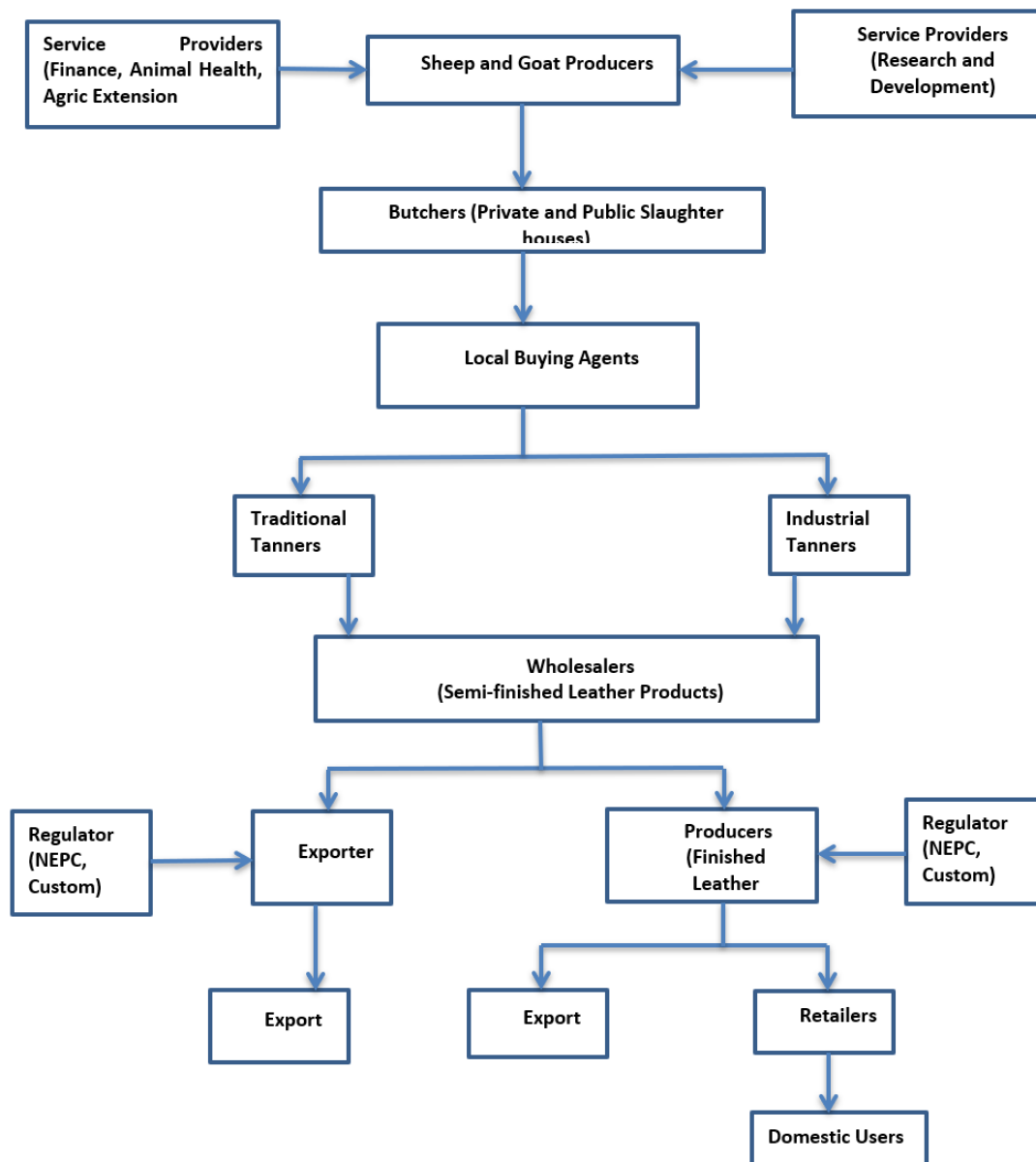
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<sup>49</sup> Ihuoma, A.A., Okezie, N.O. and Zubairu, Y. (2001) Current status of the Nigerian Leather Industry. Society of Leather Technologists and Chemists 85(5): 179-182

LBAs may have a contractual agreement with the industrial tanners and the artisanal tanners to supply them with raw hides and skins. Normally, the industrial tanners buy greater proportion of available hides and skins in the market due to better access to funds, use of modern technology and improved coordination of their supply chain.

Both traditional and industrial tanners are involved in the production of semi-finished leather products which the wholesalers buy and sell to the exporters and also to the producers of finished leather products for the export and domestic markets. The industrial tanners account for 90% of the exports leaving the remaining 10% for the traditional or artisanal processors. Both finished and semi-finished products are exported from the country. Efforts are being made by the Federal Government to create better enabling environment for the production of finished leather products for the international markets to discourage the export of semi-finished leather products.

**Figure 22. Value Chain of Hides and Skins in Nigeria**





The **Nigerian Export Promotion Council** is playing a crucial role in the export of agricultural commodities from Nigeria.<sup>50</sup> The organization provides a directory of exporters for international buyers of leather products to enhance sourcing of information on reliable exporters of leather products. An electronic method of verifying the certificate of the exporter is also provided by the NEPC to enhance trust building. International leathers buyers can have a firsthand view of where the produce is coming from through the display of geographical locations in States in Nigeria. The Nigerian Export Promotion Council organizes international trade shows periodically to facilitate face to face contact between leather exporters in Nigeria and international buyers.

To export leather products from Nigeria, the exporter must register with the **Nigerian Export Promotion Council** (NEPC) in order to obtain Registration Certificate which is the essential license for exporting from the country. The license is expected to be renewed every 18 months. An online application must be submitted to initiate the registration process. The documents required for obtaining the license include Certificate of Incorporation of the Company, Federal Inland Revenue Service Endorsed Memorandum of Association, Certified True Copy of Corporate Affairs Commission and Board Resolution to Register Company with the NEPC. The registration process is completed within 20 minutes and 36 hours.

## 4. Hides and Skins Exports from Nigeria

An estimated 40 to 50 million skins are tanned in Nigeria annually and shoes, belts, bags and folders are informally exported to many countries in Africa especially West Africa.<sup>51</sup> The leather and leather products industry employs an estimated 750,000 workers with about 500,000 employees in the finished leather goods sector. About 11 leather exporting companies are known to be active in the leather value chain. The States in Nigeria that are recognized for significant economic activities on leather products include Aba, in Abia , Kano, Sokoto, Akwa-Ibom, Ogun, Borno Taraba, Kaduna and Oyo.<sup>52</sup> It is estimated that the Aba shoe cluster in Abia State alone exports informally about 1 million pairs of shoes weekly to destinations within Africa.

<sup>53</sup>The **total export of hides and skins** from Nigeria was 92.96 million US\$ in 2021. The top destinations for the exports were Spain, Italy, India, China, and the United Arab Emirates. Of the total exports, Spain accounted for US\$55 million representing 59% followed by Italy with US\$17 million or 18%. The contribution of India was US\$ 14million (16%) and the export to UAE was US\$1.1 million.

It is important to highlight that the two leading destinations of hides and skins export from Nigeria are Member States of the European Union (Spain and Italy).

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<sup>50</sup> <https://nepc.gov.ng/importer/nigeria-product/leather/>

<sup>51</sup> <https://statehouse.gov.ng/news/generating-1billion-by-2025-leather-industry-is-a-game-changer-waiting-to-happen-in-nigeria-osinbajo>

<sup>52</sup> <https://www.leathermag.com/news/huge-potential-in-nigerian-leather-industry-8879382>

<sup>53</sup> <https://wits.worldbank.org>

Figure 23. Nigeria's Hides and Skins Export by country in 2021



Source: <https://wits.worldbank.org>

## 5. Prices of Hides and Skins in the World Market in 2024

Prices of hides and skins are dependent on the tanning process, the grade of the leather and the source of the material. Goatskins and hides are known to be more expensive than the other skins. <sup>54</sup>The prices of hides and skins from cattle, goat and sheep in 2022 and 2023 are presented in the Table below.

Table 11. Price of Hide and Skin

Type of Hide and Skin	Price per Square feet (USD) in 2022	Price Per Square feet (USD) in 2023
Cowhide	\$2.8	\$3 to \$10
Goatskin	\$1.5	\$5 to \$15
Sheepskin	\$1.25	\$3 to \$8

Source : <https://blackbirdleathers.com/leather-prices-in-the-usa/>

<sup>54</sup> <https://blackbirdleathers.com/leather-prices-in-the-usa/>

## 6. Beef Production in Nigeria

Beef consumption in Nigeria is on the rise due to increasing population growth and urbanisation. <sup>55</sup>It is estimated that about 360,000 tons of beef is produced annually while consumption is around 390,000 tons. <sup>56</sup>The demand for beef is projected to rise to 800,000 tons by the year 2030. Most of the beef consumed in the country is produced by herders using traditional system of production with the associated low productivity. Consequently, domestic production of beef lags behind annual consumption. Currently, there is no record of export of beef from Nigeria to any country. Beef is produced in the Northern parts of the country but the southern States remain the major consumers. During the dry season, the herders come down from the north to the south in search of water and pasture for their livestock. Several cases of conflicts between the herders and crop farmers in the south over access to land and water leading to destruction of crop fields, animals, and loss of lives have been reported.

## 7. Cattle Value Chain Actors in Nigeria

<sup>57</sup>The major channel for cattle producers to sell their live cattle is the live cattle markets even though they may sell to other value chain actors as well. The cattle wholesalers, butchers, and householders buy cattle from the cattle live markets. The cattle wholesalers buy cattle from the producers and live markets and sell to other actors in the value chain within the live markets , or directly to abattoirs, butchers and supermarkets. The abattoirs buy live cattle from local producers, live cattle markets and wholesalers, slaughter the cattle and sell the meat to supermarkets and butchers. The butcher receives cattle supply from local producers and the live markets, and fresh beef supply from the abattoirs and wholesalers. The fresh meat from the butchers is sold to the household, food vendors and restaurants.

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<sup>55</sup> <https://www.vanguardngr.com/2019/06/hunger-for-beef-offers-rewards-and-risks-for-nigerias-pastoralists-21/>

<sup>56</sup> FAO (2018) Africa Sustainable Livestock 2050

<sup>57</sup> Aboah, J., Enahoro, D., Dizyee, K., Ajeigbe, H., Shalander, K. and Rich, K.M. 2021 System dynamic and modelling of the cattle value chain in Nigeria. ILRI discussion paper 43. Nairobi, Kenya: ILRI

## Annexe 1. Summary of value chain details

S/No	Parameter	Cocoa	Rubber	Wood	Hides and Skins
1.	Annual Output	280,000 tons	149,396 tons	9.7 million m <sup>3</sup>	50 million skins
2.	Natural Resource used	1.4 million ha (land)	361,396 ha (land)	22 million ha (forest area)	159 million (cattle, sheep and goat)
3.	Productivity	0.31 ton per ha	1,382 kg per ha. (latex)	Not applicable	Not applicable
4.	Average farm size	2.5 ha	3.2 - 3.6 ha	Not applicable	Not applicable
5.	Value of export	\$489 million	\$84.5 million	\$14,900	US\$ 92.96 million
6.	Share of each export destination in total export	Netherlands - \$189 million Indonesia - \$105 million Malaysia - \$88 million Canada - \$30 million USA - \$17 million	Spain - \$18.7 million France - \$12.4 million Germany - \$7.19 million South Africa - \$6.82 million	UAE - \$8,270 Niger - 5,320 Benin - \$580 Canada - \$492 Senegal - \$243	Spain- \$55 million Italy - \$17 million India - \$15 million China - \$4 million United Arab Emirates -\$1.1 million
7.	No of farmers/value chain workers	300,000-350,000	30 million	5 million	500,000
8.	Commodity association	Cocoa Association of Nigeria (CAN)  Cocoa Farmers Association of Nigeria (CFAN)	Natural Rubber, Producers, Processors and Marketers Association of Nigeria	The Wood Exporters Association of Nigeria (TWEAN)	-
9.	Price of commodity in world market	\$8.52 per kg – June 2024	\$1.87 per kg	Sawlogs: \$407 per m <sup>3</sup> Sawnwood: \$715 per m <sup>3</sup>	Cowhide: \$6.5 per m <sup>2</sup> Goatskin: \$10 per m <sup>2</sup> Sheepskin: \$9.5 per m <sup>2</sup>
10.	Type of commodity	Cocoa beans	Semi-finished and finished rubber products	Sawlogs, Sawnwood and Wood-based panel	Semi-finished products
11.	Key value chain actors	Farmers, CFAN, CAN, State Ministry of Agric., LBAs, Cooperatives, CRIN, Financial Institutions, NEPC, Exporters, Manufacturers and NCMC	Farmers, NRPPAMAN, Farm Gate Off-takers, State Ministry of Environment, Processors, Cooperatives, RRIN, and Manufacturers, Exporters	State Ministry of Forestry, Timber Contractors, Chainsaw operators/Saw millers, Wood Processors, Exporters, Manufacturers	Sheep and Goat Farmers, Butchers, LBAs, Hides and Skins Processors, Exporters of semi-finished and finished products.

## Annexe 2. List of Meetings

Organisation	Contact Person
Cocoa Association of Nigeria (CAN)	– Mufutau Abolarinwa, President
Cocoa Farmers Association of Nigeria (CFAN)	– Adeola Adegoke, National President
Cocoa Research Institute of Nigeria (CRIN)	– Patrick Adebola, Executive Director
Cross River State Ministry of Agriculture and Irrigation Development	– Williams O. Ifere, State Director of Cocoa/
Federal Ministry of Agriculture and Food Security (NCMC)	– Mr Olutobaba Ajayi, Deputy Director/Cocoa Desk Officer
Federal Ministry of Environment, Department of Forestry	– Tijjani Ahmed Zakirai, Deputy Director
Federal Ministry of Industries, Trade and Investment	– Hajara Usman, Deputy Director, Trade and Investment
Ondo State Ministry of Agriculture	– Ayodele George, National Cocoa Management Committee
Federal Ministry of Livestock	– Columba Teru VAKURU, Director/Chief Veterinary Officer of Nigeria
Gbemtán Investment Limited	– Mufutau Abolarinwa, CEO
IRISSMART	– Salman Dantata – Roland Eteri
National Agency for the Great Green Wall	– Auwal Yunusa, General Manager
Natural Rubber Producers, Processors and Marketers Association of Nigeria (NARPPMAN)	– Prince Peter Igbinosun, President
Natural Rubber Producers, Processors and Marketers Association of Nigeria, Ogun State Chapter (NARPPMAN)	– Oladele Mike-Daniel, Chairman
New Initiative for Social Development	– Mr Osakuade, Forest Management Specialist
Nigerian Export Promotion Council (NEPC)	– Iyanu Ajayi, Trade Promotion Officer
Rubber Estate Nigeria Ltd.(RENL)	– Olivier Odoukou, Managing Director
Ondo State Cocoa Council (NCMC)	– Ayo Akinola, Technical Adviser
Ogun State Ministry of Agriculture (NCMC)	– Mr Joshua Oyeshola, Director of Tree Crops
Federal Ministry of Agriculture and Food Security	Iwara Edet, Director of Crop Production
SUCDEN Cocoa Nigeria Limited	– Banji Akinbinu, Country Manager – Dare Adeyemi, Warehouse Manager
Tulip Cocoa Processing Limited	– Aremo Oluwakayode
World Conservation Society	– Andrew Dunn, Country Director