United Nations Conference on Trade and Development

13th Multi-Year Expert Meeting on Commodities and Development

10-12 October 2022, Geneva

Adding value to local commodities: The beer industry in Nigeria

By

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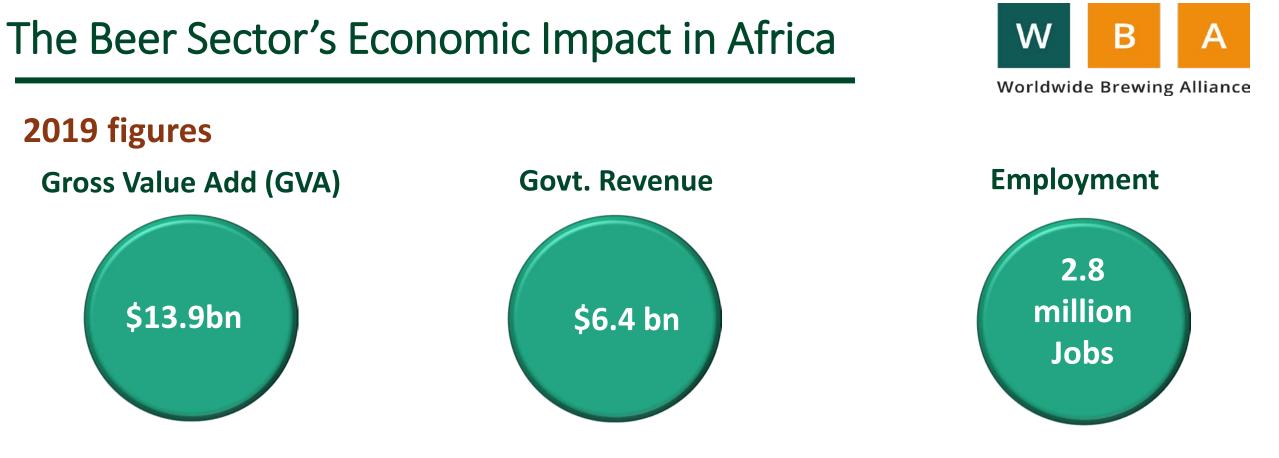
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Adding Value to Local Commodities: The Beer Industry in Nigeria

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\$11 bn -> Brewers' GVA \$2.6 bn -> Downstream supply chain \$1.8bn -> Brewers \$2bn -> Tax on beer sales 0.2% - 3.7% of national employment 1 Brewery job creates 93 jobs

*Oxford Economics: Beer's Global Economic Footprint (January 2022)

The beer journey begins with local farmers growing raw materials such as sorghum, cassava, barley & hops. The beer industry is a major contributor to the domestic manufacturing industry, with significant innovation and investment.

Beer is 90% water: it is

and fragile, needing protection from light,

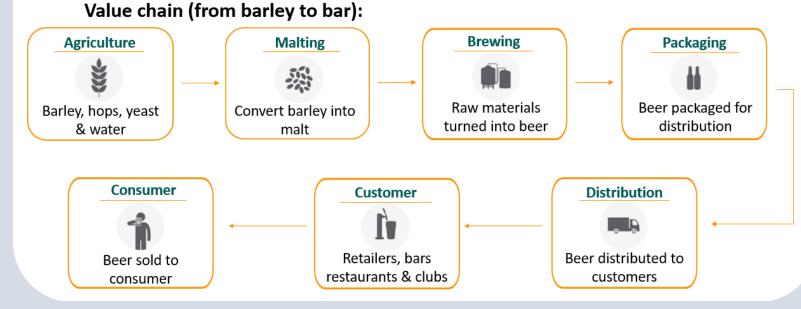
heat, and oxygen.

bulky, heavy, perishable,

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89% of Economic activity happens where the beer is produced

The brewing industry







Beer in Africa: The Potential for Commodities

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Scope for Economic Impact



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Agricultural Impact



Agriculture is Africa's largest economic sector. More than 60 percent of the population of sub-Saharan Africa is smallholder farmers, and about 23 percent of sub-Saharan Africa's GDP comes from agriculture*.



The Beer industry has a proven track record of investing in the agricultural sector to maximize this potential and develop responsible agricultural supply chains. Partnering with local suppliers brings benefits for everyone including:

- Providing access to training, improved farming practices and drought resistant crops increases profitability and productivity;
- Creating a formal markets and sustainable source of income for smallholder farmers;
- Replacing imports with local production stimulates the economy and brings FOREX savings to business.

W В Α

Case Study: Nigerian Breweries' Sorghum Story Worldwide Brewing Alliance

1999



13-17

NB builds a robust supply chain system around sorghum **Development of Third-Party** Maltsters

NB pioneers research and development in sorghum and sorghum malting in Nigeria

Ban on Barley importation lifted

92-99

1992

1990

the Federal government

Barley importation is banned by

Federal Government of Nigeria

places high tariffs on barley

importation

NB ventures into farming of sorghum after its identification as a suitable substitute raw material, with a farm in Gbakogi

1988

Development and Release of first NB's sorghum varieties(CSR01 and CSR02)

08-12

10-12

Development and Release of other sorghum varieties- hybrid CSR03H and CSR04H)

Beer Industry Value-Add to Sorghum Development

Cassava Value Chain

development and use

SMS development and use

- **Research & Development**
- **Provision of inputs**
- **Contract farming** ٠
- Production of Sorghum Maltose Syrup (SMS)
- Higher yields & greater commercialization

Challenges with optimizing local commodities

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*Farmers



Climate Change



Technology



Education



Finance



Infrastructure

Challenges with optimizing local commodities

Industry

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POLICY





Key Takeaways

- There is ample scope for adding value to local commodities
- There are challenges, but these can be addressed

Opportunities to enhance value include:

- Policy and regulatory interventions
- Infrastructure and financing support for farmers
- Elimination of Barriers to Trade



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Thank you!