Social protection, poverty and livelihoods, Nigeria

Who absorbs Nigeria's food price shocks: only consumers, or the farmers and traders too?

Not only consumers: the people in the middle take a share of the loss. In our pilot survey of farmers, suppliers and retailers, 82.6% of those who answered said price swings cut their profits and 1.1% said profits rose, while two-thirds of respondents earn under ₦500,000 a month.

By **James Lumowo**, Research Director. From our own fieldwork.

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In short

- Price swings cost most of them money. 82.6% of respondents who answered said price swings reduced their profits, 54.3% that their business shrank and 30.4% that running costs rose. Only 1.1% said profits went up.
- Fuel drives the costs our interviewees described. The average price of petrol rose from ₦189 a litre in August 2022 to ₦1,239 in April 2025. One Kano truck owner said his fuel costs rose from ₦10,000–15,000 to ₦50,000–60,000 after the subsidy ended.
- Margins are thin and incomes low. Kano wholesalers described a profit of ₦3,000–4,000 on a ₦50,000 bag of beans, about 6–8% of cost. Two-thirds of respondents (66.4%) earn under ₦500,000 a month, and 30.6% under ₦100,000.

The evidence

Each figure carries its source, its date and a label for how much weight it can bear. Open 'How we know this' for the method.

Survey estimate 2023–24

82.6%

of respondents who answered said food price swings reduced their profits. 1.1% said profits rose.

Nigeria Food Security Project pilot survey, delivered by Probatio Africa's founder for SCRIH

How we know this

Respondents could give more than one effect, so the shares overlap: at least a third reported both lower profits and a smaller business. The study files do not say whether farmers as well as suppliers and retailers were asked this question. A purposive pilot sample of 194 farmers, suppliers and retailers in six states and the FCT: it describes these respondents, not all of Nigeria's food producers and traders.

Survey estimate 2023–24

66.4%

of respondents earn under ₦500,000 a month, and 30.6% under ₦100,000.

Nigeria Food Security Project pilot survey, delivered by Probatio Africa's founder for SCRIH

How we know this

Self-reported, in income bands. Respondents may have given personal income or business takings; the question did not separate them. A purposive pilot sample of 194 farmers, suppliers and retailers in six states and the FCT: it describes these respondents, not all of Nigeria's food producers and traders.

✓ Record or count

2022 to 2025

₦189 to ₦1,239

was the rise in the national average price of a litre of petrol, from August 2022 to April 2025: more than six times higher.

National Bureau of Statistics, Petrol Price Watch, as reported

How we know this

The fuel subsidy ended in May 2023. By August 2023 the average price was ₦626.70. Read from news reports of the bureau's monthly Petrol Price Watch.

Modelled or projected

2023

About 6%

of Nigerians were covered by a social safety net, down from about 19% in 2018/19.

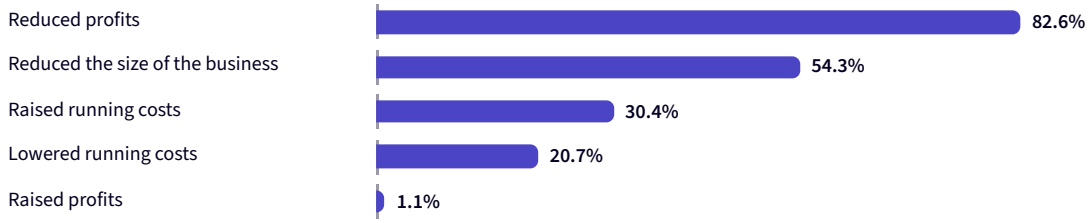
World Bank, The State of Social Safety Nets in Nigeria, 2025

How we know this

A World Bank estimate. Coverage fell because programmes lapsed or were suspended.

Price swings cut profits for most respondents; 1.1% reported higher profits

Share of respondents who answered reporting each effect of food price swings on their business; several answers allowed



Pilot survey of farmers, suppliers and retailers in six states and the FCT, 2023–24. A purposive sample: the shares describe the respondents, not all Nigerian traders.

Sources: 1.

What the data show

Respondents were asked how swings in food prices had affected their business, and could give more than one answer. 82.6% of those who answered said their profits fell and 54.3% that their business shrank; 30.4% said running costs rose and 20.7% that they fell. Only 1.1% said profits rose [1]. Because the answers overlap, at least 36.9% reported both lower profits and a smaller business.

Incomes leave little room to absorb a loss. Two-thirds of respondents (66.4%) earn under ₦500,000 a month, and 30.6% under ₦100,000 [1].

Fuel drives the costs they describe. The national average price of petrol rose from ₦189 a litre in August 2022 to ₦626.70 in August 2023, after the subsidy ended in May 2023, and to ₦1,239 in April 2025 [2,3]. In focus groups in Kano, one truck owner said his fuel costs rose from ₦10,000–15,000 to ₦50,000–60,000 after the subsidy ended, and another that fuel for a trip went from ₦8,000 to ₦30,000. A driver on the Kano–Lagos route said his charge for a load rose from ₦300,000 to ₦400,000–500,000 [1].

Margins are thin. Kano wholesalers described buying a bag of beans for ₦50,000 and adding ₦2,000 for transport and labour and ₦3,000–4,000 for profit [1]: a margin of about 6–8% on cost. A fall in price can hurt as much as a rise: a Kano tomato wholesaler bought at ₦10,000 a basket and had to sell at ₦6,000 [1].

What this means for decisions

- Safety nets barely reach this group. Safety-net coverage fell from about 19% of Nigerians in 2018/19 to an estimated 6% by 2023 [4], and 92.3% of employment is informal [5]. The ₦25,000 cash transfer now buys about half the food it bought in October 2023 [6].
- Support the middle of the chain, and consumers gain too. Cheaper storage, reliable price information and fewer levies lower costs for traders and buyers alike. Of the sources of price information respondents named, traders made up 52.5% and government agencies 3% [1].

- Easing inflation is not the end of the squeeze. Food inflation was 19.59% in September 2026, with food prices down 1.55% on the month [7]. For businesses this small, a sudden fall in price can hurt as much as a rise.
- Ask who social protection is for. Most programmes target poor households. Few treat small producers and traders as a group whose income needs protecting, through working capital, input support or price information.

Method

- A pilot survey of 194 farmers, suppliers and retailers in Benue, Borno, Edo, Kano, Lagos and Oyo and the FCT, delivered by Probatio Africa's founder in 2023–24 for the Supply Chain Research and Innovation Hub (SCRIH) and analysed in SPSS [1]. Shares are of the respondents who answered each question. Where a question allowed several answers, shares do not add up to 100%. The question on price swings allowed several answers.
- Focus groups with truck owners and drivers and with wholesalers in Kano, and interviews with retailers, a tomato wholesaler and a Kano–Lagos driver, coded by theme in ATLAS.ti [1].
- The 6–8% margin is our calculation from the wholesalers' example: ₦3,000–4,000 profit on ₦52,000 of cost. The 36.9% overlap is 82.6% + 54.3% − 100%, the smallest share that must have given both answers.
- Sources of price information are shares of all the sources respondents named, not shares of respondents.
- Petrol prices are the National Bureau of Statistics' national averages, as reported [2,3]. The value of the cash transfer is from our brief on it, which gives the arithmetic [6].

Limitations

- Respondents were chosen because they were available and fitted the study, not at random. The figures describe the people we reached, not all Nigerian farmers and traders.
- The study files do not say whether farmers as well as suppliers and retailers answered the question on price swings. The shares are of those who answered.
- Income was self-reported in bands and may mix personal income with business takings.
- Interview prices are what people recalled, not measured series.
- Fieldwork was in 2023–24. Fuel and food prices have moved since.

Sources

1. Probatio Africa's founder, for the Supply Chain Research and Innovation Hub (SCRIH) (2023–24). **Nigeria Food Security Project, pilot: survey of farmers, suppliers and retailers, with focus groups and interviews**. Unpublished study data, used with the client's consent. The study is summarised in our case studies.
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