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More Inclusive Business Models for Cold Chain Logistics: Challenges and Opportunities

WP2 Nigeria

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The Rationale.....

Efficiency

- Operations, including resource use & time management
- Customer relationships, including service delivery and integration through training

Better Business Knowledge

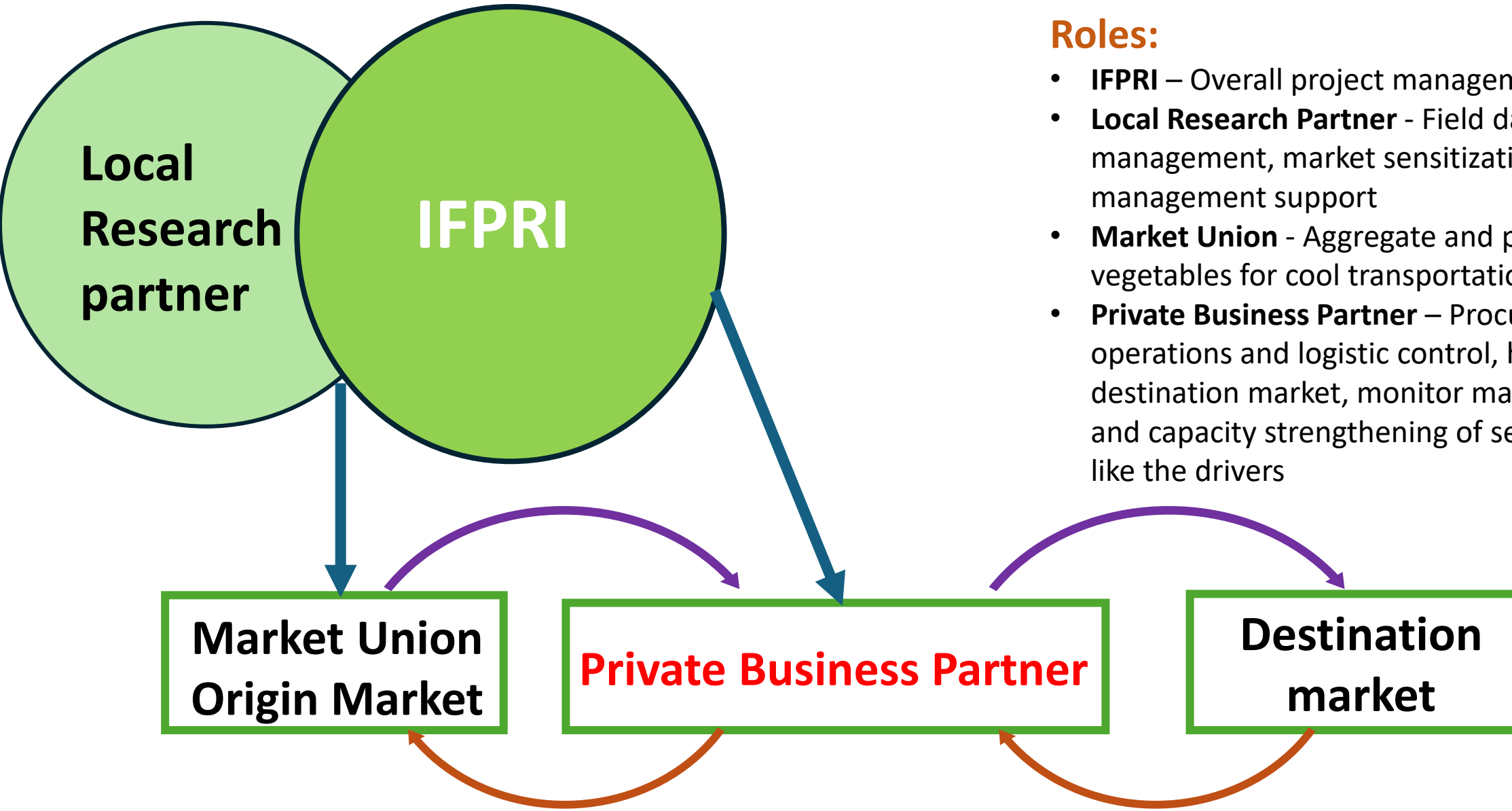
- Market dynamics – prices and spatial demand
- Infrastructure, including use of IT Platform

Research – Business Nexus

- Understand core research objective
- Research – business integration

Exclusive Private Partnership Model

Business Setup: Exclusive Private Partnership Model



Roles:

- **IFPRI** – Overall project management
- **Local Research Partner** - Field data management, market sensitization, project management support
- **Market Union** - Aggregate and provide vegetables for cool transportation
- **Private Business Partner** – Procurement, operations and logistic control, haulage to destination market, monitor market dynamics, and capacity strengthening of service providers, like the drivers

Did This Model Work? The Pitfalls.....

Divergent objectives

Partner exclusion

Inefficient management

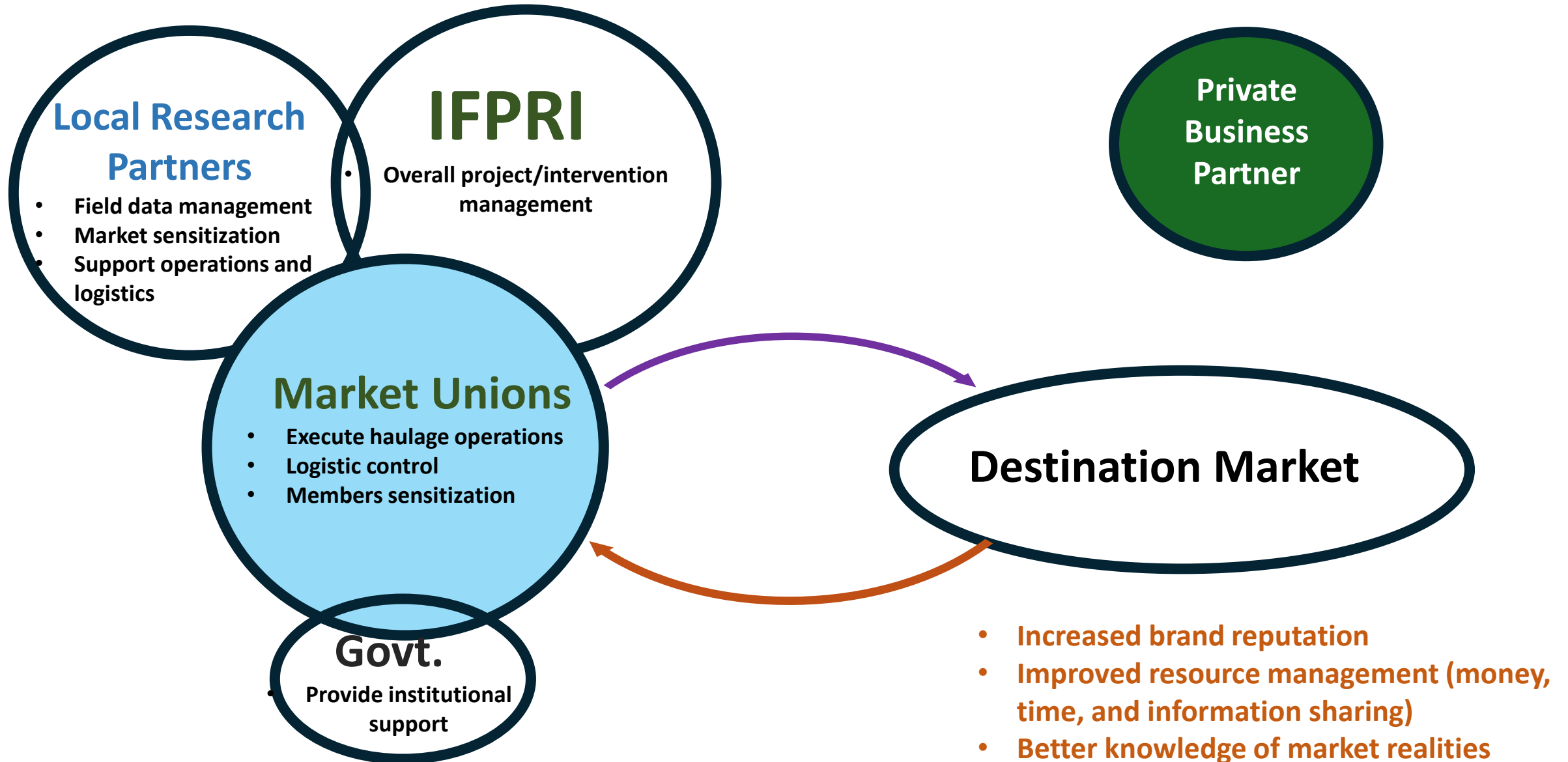
Poor communication

Technical inefficiency

Moral hazard (lack of transparency)

**Exclusive Private
Partnership Model**

More Inclusive Vertical Operational Business Model



❖ **Operational**

- Infrastructure – related issues
 - Inadequate and poor-quality roads (~30% of paved road, World Bank, 2024)
- Production issues
 - Mostly rainfed (w. limited irrigation)
 - Short growing time (~3-4months)
 - Seasonal variation (nearly zero production between March and July) and surplus in other months
- Insecurity

❖ **Policy**

- Multiple (federal and sub-national) taxation - produce permits
- High import duty and associated complications
- Bureaucracy in government institutions
- Finance – limited access and high interest rate

❖ **Macroeconomic issues**

- Volatile exchange rate
- High inflation
- Fuel subsidy removal

Opportunities

Policy support

- National Agricultural Technology and Innovation Policy (NATIP), 2022 – 2027 (Tomatoes)
- Nigeria's Medium Term National Development Plan, 2021 - 2025 (tomatoes, poultry, fisheries & dairy VC)
- Renewed Hope Agenda for Agriculture and Food Security: Boost nutritious foods production and construct cold storage facilities.
- Government support/buy-in (*including possible scalability*) (RFM Workshop Nigeria, 2024)

Economic Policy

- **Tax cut/subsidy for cooling, incl refrigerating trucks** (they are not only transporting, but importantly reducing food loss & preserving food quality)

Large market

- **Large population** (~ estimated at 234million)
- **Demand** (~2.45million MT) – **supply gap** (~1.8million MT)
- Most **commonly** used vegetable in diets (~18% of daily vegetable consumption); Dietary and health awareness of nutritious foods

More invests in nutrition-focused horticulture interventions

- Horti Nigeria

Limited # actors within cold transportation business

Thank you for listening