

NIGERIA HALAL MARKETS REPORT 2023

LEADING THE HALAL ECONOMY
AGENDA FOR AFRICA

- FOOD
- FASHION
- COSMETICS
- PHARMACEUTICALS
- TRAVEL
- MEDIA & RECREATION
- ISLAMIC FINANCE



**NIGERIA
HALAL MARKETS
REPORT
2023**

NIGERIA HALAL MARKETS REPORT

2023



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Foreword



Foreword

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he halal market in Nigeria presents a significant opportunity for the country to establish itself as a leading player within the industry, both domestically and internationally.

Domestically, Nigeria is among the top halal consumer markets in the world, with Muslim spend across halal products and lifestyle sectors amounting to US\$107 billion, making it the eighth-largest in the world. In terms of international trade, Nigeria is the 11th largest exporter of halal products in Africa, with food exports accounting for 98% of the exports.

Nigeria is also a leader in Islamic finance, being the largest sukuk issuer in Africa with an issuance of US\$41.6 billion in sukuk.

Despite these strengths, there are still challenges that need to be addressed in order for Nigeria to fully capitalize on its potential in the halal market. These challenges include poor trade and logistics infrastructure, regulatory and policy challenges, quality challenges, and rising competition from other countries in the region.

This report aims to provide a comprehensive roadmap for policymakers, investors, and industry leaders to capitalize on the opportunities and mitigate the challenges facing Nigeria in the halal market. By identifying key strategies and initiatives, we hope to help Nigerian businesses participate actively in the growth and development of the halal market and, in turn, establish Nigeria as Africa's hub for halal trade.

At Dar Al Halal, our mission is to build the platform for Nigerian businesses to participate actively in the growth and development of the halal market by driving halal trade between Nigeria and the 56 OIC member states in partnership with DinarStandard. We believe that the potential of the halal market in Nigeria is immense, and with the right strategies and initiatives in place, the country can become a major player in the industry.

We would like to extend our gratitude to all those who contributed to the production of this report, and we hope that it serves as a valuable resource for all those interested in the halal market in Nigeria.

Muhammadu Dikko Ladan
CEO, Dar Al Halal Nigeria





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Executive Summary



Executive Summary

Driven by one of the largest global Muslim populations, Nigeria has become the world's eighth-largest domestic halal economy market. Domestic spending on halal economy products and services in Nigeria reached US\$107 billion in 2022, and it is expected to grow at a CAGR of 10.7% to reach US\$180 billion by 2027.

The *Nigeria Halal Economy Report 2023* aims to inspire and empower government entities in Nigeria, industries, and investors to grow Nigeria's presence in the global and regional halal economy. Simplifying trade regulations, enhancing production competitiveness, increasing consumer awareness, and fostering partnerships are some strategies that can help Nigeria develop and grow its halal economy. This report offers insights and recommendations to enable Nigeria to tap into the potential of its halal market and contribute to the growth of the global halal industry.

Overall, this report estimates Nigeria's halal economic opportunity to further boost its GDP by US\$1.6 billion annually (mid scenario) within the next four years through incremental exports, import substitution, and FDI opportunities. The report presents key sectors, markets, and overall strategic areas based on a National Halal Economy Strategy framework to expand trade and investment opportunities.

The Lucrative Opportunity Awaiting Nigeria: Leadership in Africa's Halal Economy

Globally, Muslim consumer spending on food, clothing, media and recreation, pharmaceuticals, cosmetics, and travel was worth US\$2.3 trillion in 2022. Nigeria's Muslim consumer spend totals US\$107 billion, accounting for 4.7% of the global spend and 22.7% of Africa's spend. Nigeria's Islamic finance assets were estimated to be worth US\$3.3 billion. This positions Nigeria as the second-largest halal market in Africa after Egypt.

Nigeria has a strong agriculture and media sector base and a developing Islamic finance ecosystem globally. It is the largest producer of cassava in the world, producing over 19% of global production. Nollywood is the world's second-largest film industry, which also opens opportunities for Islamic-themed movies. Regionally, Nigeria is the largest sukuk issuer in Africa, and Lagos has become West Africa's fashion capital.

In terms of trade, Nigeria is the 11th largest exporter of halal products to OIC within the African region. It exported a total of US\$379 million in halal products (food, pharma, and cosmetics) to OIC countries.

In Islamic finance, many opportunities exist to support the development of halal products and services. These include shariah-compliant, traditional, and alternative working capital finance and business asset finance for SMEs.



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The halal economy is increasingly being targeted by multinationals, startups, governments, and investors as a high-growth opportunity across multiple sectors. Nigeria has seen active investments in technology-driven businesses. In 2022, global investments in the halal economy were estimated at US\$15.7 billion. Nigeria accounted for 3% of that, or US\$448 million. Nigeria is among the rapidly growing ecosystems in the Islamic fintech market and is among the top 10 globally by volume of Islamic fintech (seven fintech firms).

In 2022, disclosed M&A, PE, and VC investments in the halal economy of Nigeria were worth US\$448 million across nine deals. In Africa, Nigeria ranked second for the number of deals but first in terms of the value of those deals.

In the Global Islamic Economy Indicator (GIEI), in 2021, Nigeria ranked 34 out of the 81 countries measured in the indicator. This is the sixth-largest among African countries.

Nigeria's Consumers Drive the Halal Economy Opportunity

Around 90% of Nigeria's Muslim population resides in the country's northern region. Given that, Muslim consumers tend to assume meat from local markets to be halal, lacking awareness of the need for halal certification. Consumers also lack awareness of halal pharmaceuticals, with traditional medical practices influencing behavior. Halal cosmetics are not yet available, but natural and imported luxury products are popular, with social media influencing consumer behavior. The modest fashion market is emerging with a trend toward ready-to-wear clothing. The hospitality sector offers halal services, but dedicated halal travel services are needed. Nollywood offers opportunities for Islamic-themed media, with Kannywood being popular among Muslims in northern Nigeria.

The Under-Addressed Trade and FDI Opportunity

In halal products, Nigeria can boost its GDP by US\$1,486 million through incremental trade (export and import substitution) and an additional US\$124 million in FDI opportunity.

Export potential: Nigeria's exports of halal products to OIC in 2021 totaled US\$379 million. Of this, US\$240 million are products that require some degree of halal compliance in Muslim countries. This is 0.1% of the global halal exports to OIC. Almost 50% of OIC countries are from the African region. Nigeria exports US\$59 million to these countries (1.4% of African halal exports to OIC).

If Nigeria can increase its share of exports to OIC from 2% to 6% (mid-scenario) in the next four years, its exports to OIC can increase from US\$240 million to US\$788 mil-

lion, **boosting Nigeria's GDP by US\$548 million. This will increase Nigeria's share of global halal exports to 0.4% and African halal export share to 4.2%.**

Some key products Nigeria should prioritize for exports include cocoa and cocoa preparations, meat and edible meat offal, sugars and sugar confectionery, live animals, and animal fodder.

Domestic production: Nigeria heavily relies on imports, accounting for 70-80% of its goods consumed. It exports raw materials, but imports finished goods. Nigeria is a net importer of halal products (food, pharma, and cosmetics traded to and from the world), with net imports totaling US\$5,393 million in 2021. Of the 30 products analyzed, 28 are import-dependent products valued at US\$6.26 billion in imports by Nigeria in 2021. Through decisive import substitution strategies, if Nigeria can reasonably reduce these imports by 15% (mid-scenario), **it will increase the GDP by US\$938 million in the next four years.**

Investment opportunity: Nigeria generated US\$448 million in investment in the halal economy in 2022. If Nigeria can increase its share of global investments in the halal economy from 3% to 10% (mid-scenario), **its investments in the halal economy can increase to US\$1,178 million.**

The Strategic Path Forward

Shortcomings: Closer cooperation is needed between industry players and the government to build a halal economy strategy and regulations to efficiently meet the local and regional demand for halal products and services. This would also attract investments from the region and globally, positioning Nigeria as a leader in Africa's halal economy. The first priority should be the emerging sectors of Islamic finance and halal food, where further investment could help build scalable companies addressing robust domestic demand. There is also a lack of consumer and industry awareness around other halal economy sectors, such as halal cosmetics and halal pharmaceuticals.

Strategy:

In this report, we recommend 16 comprehensive strategic priorities for Nigeria to cement its leadership potential in the regional halal economy, based on DinarStandard's National Halal Economy Development framework. Some key strategic priorities covered in this report include:

- Becoming a top halal exporter through targeting high-value OIC countries and prioritizing halal product segments.
- Government and local companies to expose the halal market opportunity to international investors.
- Invest in the adoption of technologies to improve agricultural yield, reduce losses, and improve traceability.
- Increase regional exports through intra-Africa trade deals, where Nigeria should adopt a leading role.

Nigeria Halal Market Overview

Leveraging Nigeria's strong agriculture and media sector base and a developing Islamic finance ecosystem, its halal economy can add US\$1.6 billion in GDP in 4 years

NIGERIA IS THE 2ND LARGEST CONSUMER MARKET FOR HALAL PRODUCTS AND SERVICES IN AFRICA PROJECTED TO GROW AT 10.7% CAGR (2022-2027)

2022-2027
CAGR%

US\$ BILLION

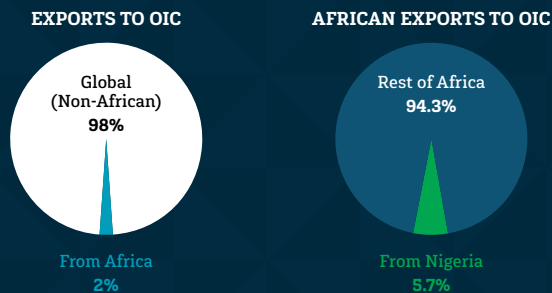


US\$107 billion

The size of Nigeria's consumer market for halal products and services in Africa

Nigeria exports cover only 5.7% of Africa's US\$4.2 billion halal products exports to OIC

IN 2021



Nigeria's top export categories to OIC

CATEGORIES	NIGERIA'S EXPORTS TO OIC US\$ Million
Cocoa and cocoa preparations	\$194.8
Oil seeds and oleaginous fruits	\$35.5
Coffee, tea, maté, and spices	\$16.2
Animal fodder	\$12.8
Soups, sauces, and other processed foods	\$7.2

NIGERIA'S REGIONAL LEADERSHIP

- 11TH LARGEST EXPORTER OF HALAL PRODUCTS IN AFRICA
- LARGEST SUKUK ISSUER IN AFRICA
- LAGOS HAS BECOME WEST AFRICA'S FASHION CAPITAL

CHALLENGES TO OVERCOME

- LOGISTICS ISSUES INCREASE PRICES SUBSTANTIALLY
- FRAGMENTED FOOD ECOSYSTEM WITH HIGH IMPORT DEPENDENCE
- LIMITED ECONOMIC STRATEGY TO PROMOTE ISLAMIC FINANCE

All estimates by DinarStandard Research & Advisory except for Islamic Finance sector, provided by Refinitiv Islamic Finance Development Indicator 2022 data. Muslim consumer spend estimates & analysis by DinarStandard leveraging World Bank's ICP 2017 consumer data as baseline reference. Halal trade data is based on ITC Trademap 2021 data. Projections are baselined on data from IMF Outlook from October 2022. Investments (figures and individual deals) are based on a detailed scan of databases from CapitalIQ, Crunchbase and DinarStandard analysis from 1st January 2022 to 31st December 2022. See appendix for detailed methodology.

IN HALAL PRODUCTS, NIGERIA CAN BOOST ITS GDP BY US\$1,486 MILLION THROUGH INCREMENTAL TRADE

Annually to be achieved within 4 years, mid scenario

Halal Trade Opportunity Impact on GDP



Top Prioritized Export Categories



Target Export Markets

- | | | | |
|--|--|--|---|
| <p>AFRICAN OIC</p> <ul style="list-style-type: none"> • Egypt • Morocco • Algeria • Libya • Mauritius • Sudan | <p>NON-AFRICAN OIC</p> <ul style="list-style-type: none"> • Indonesia • Iran • Malaysia • Morocco | <p>AFRICAN NON-OIC</p> <ul style="list-style-type: none"> • Pakistan • Saudi Arabia • Türkiye • UAE | <p>AFRICAN NON-OIC</p> <ul style="list-style-type: none"> • South Africa • Angola • Congo • Ethiopia • Ghana • Kenya |
|--|--|--|---|

IN HALAL LIFESTYLE SECTORS

US\$13 billion consumer spend is growing at 16.8% CAGR, investment in media can have a knock-on effect

INVEST IN FILM AND MEDIA TO GROW HALAL LIFESTYLE SECTORS



IN ISLAMIC FINANCE

Many opportunities exist to support the development of halal products and services

- Shariah-compliant working capital finance
- Shariah-compliant asset finance for SMEs
- Islamic fintech products for individual investment

16 STRATEGIES PRESENT A COMPREHENSIVE NATIONAL HALAL ECONOMY FRAMEWORK FOR NIGERIA

Strategic Goal: Boost GDP by US\$1.6 billion through incremental exports, FDI and import substitution

OIC IN 2021

OPPORTUNITY SCOPE AND REALIZATION

GLOBALLY & REGIONALLY DIFFERENTIATED PROPOSITION



- Target key export markets
- Focus on value-added products
- Promote unique halal lifestyle

DOMESTIC PROPOSITION



- Import substitution of products that also have export potential
- Investment in local development
- Attracting international investors

ENABLING PILLARS

GOVERNMENT COMMITMENT



- Streamline regulations
- Favorable tax incentives

PRODUCTION CAPABILITIES



- Invest in agritech
- Develop a regional excellence hub for F&B

OPERATIONAL SUPPORT ECOSYSTEM



- Create a dedicated halal fund
- Increase exports through intra-Africa trade

Key Stakeholders: Government, Large & Medium Corporates, Industry Associations, SMEs & Corporates Investors

These are select strategic goals. Complete 16 strategies are in the relevant chapter.

Dar Al Halal
Nigeria

NIGERIA'S BRIDGE TO THE GLOBAL ISLAMIC ECONOMY

THE TIME FOR HALAL IN AFRICA IS NOW

WE BELIEVE THAT

- HALAL IS A LIFESTYLE.*
- HALAL IS THE DEFAULT.*
- HALAL IS A BRAND.*
- HALAL IS A MARKETPLACE.*
- HALAL IS GLOBAL.*



WE ARE PROUD TO PRESENT

OUR SERVICES

WE HELP CLIENTS IDENTIFY, DEVELOP, AND INVEST IN BANKABLE PROJECTS ACROSS MAJOR HALAL-ORIENTED INDUSTRIES IN NIGERIA.



FAMILY-FRIENDLY TRAVEL & TOURISM



ISLAMIC FINANCE & INVESTMENTS



HALAL PHARMACEUTICALS & COSMETICS



AGRICULTURE



ISLAMIC-THEMED MEDIA & ENTERTAINMENT



MODEST FASHION

Dar Al Halal Nigeria is an advisory, consultancy, trade and investment company registered in Nigeria to promote Halal trade in Nigeria and the 56 OIC member states.

We identify ethical business opportunities for clients by leveraging on our relationship in the public and private sectors of the Nigerian economy.

NIGERIA CAN BE AFRICA'S HUB TO THE GLOBAL ISLAMIC ECONOMY

3



The Global Halal Market Trade & Investment Opportunity

“I can see deliberate efforts at branding and marketing towards popularizing their products (Malaysia and Arab countries) within Islamic society. Any practicing Muslim cannot ignore that Halal stamp on a product and would like to associate with it.”

ENGR. SULEIMAN HUSSAINI ADAMU,
MINISTER, FEDERAL MINISTRY OF WATER RESOURCES







The Global Halal Market Trade & Investment Opportunity



3.1. DEFINING THE GLOBAL HALAL ECONOMY

Defining 'Halal'

The word 'halal' originates from Arabic and means allowed or permissible in Islamic law, the opposite of which is 'haram.' These laws are derived from two sources: the Qu'ran, Muslims' central religious text, and the Sunnah, which is a record of the traditions or sayings of the Prophet Mohammed (peace be upon him).

While references typically relate to food and drink, halal directly impacts any product consumed or applied, such as cosmetics and pharmaceuticals. It's also important to note that Islamic values also extend beyond halal. There is also an increasingly important emphasis on Tayyib, which means pure or wholesome and applies to broader ethical considerations across all of the core halal economy sectors, from organic food to ethically sourced and manufactured products.



MARKUS SPISKE/JUNSPASH



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Defining the Halal Economy

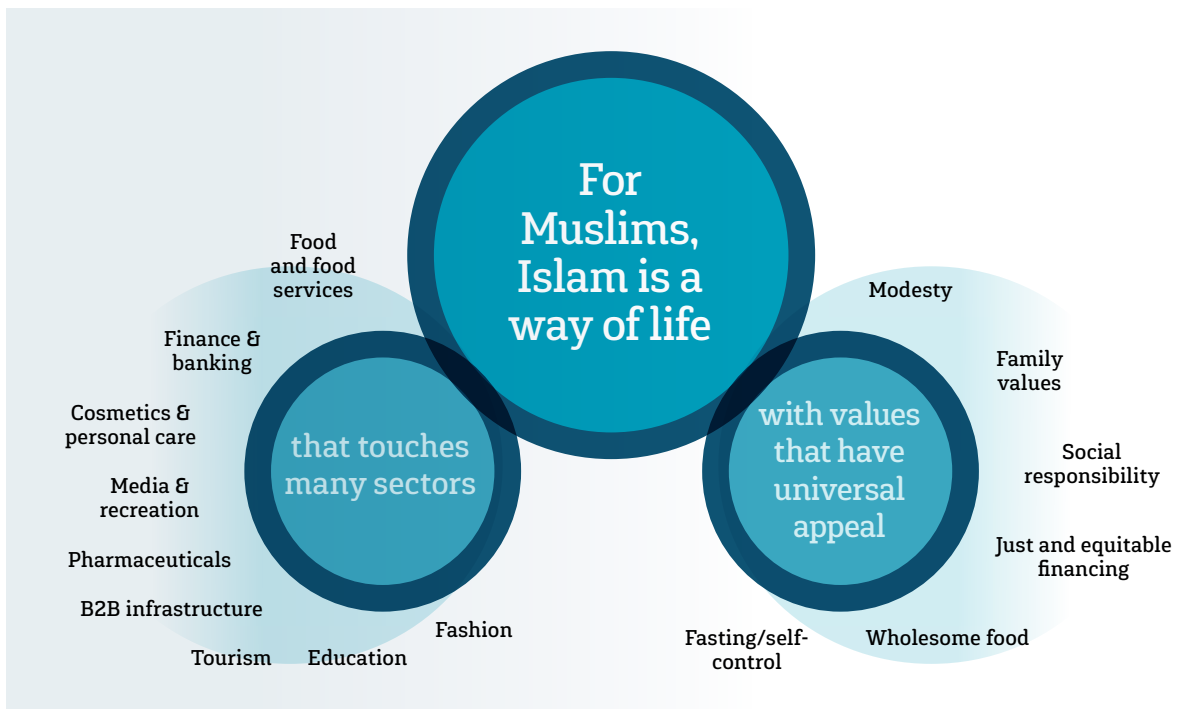
DinarStandard defines the halal economy (also known as the Islamic economy) as follows:

The Islamic economy is anchored around the Islamic faith-inspired ethical needs of Muslims. These are the principles and values they adopt as a “way of life.”

The halal economy comprises sectors, the core products and services of which are structurally affected by Islamic

law, value-driven consumer lifestyles, and business practices. Sectors included within the core halal economy opportunity, which is the focus of this report, are halal food, halal pharmaceuticals, halal cosmetics, modest clothing, Islamic finance, halal travel and tourism, and Islamic-themed media and recreation.

While each sector is ordinarily distinct, common faith-based values bring them together as an intrinsic whole, serving the same ethical consumer base, with a variation in shariah compliance by sector, as exhibited in the below figure.



3.2. THE GLOBAL HALAL ECONOMY OPPORTUNITY

Introducing the Muslim Consumer

Muslims represent the world's largest faith-based consumer base. Muslims represented 1.9 billion or almost 25% of the global population in 2021 and are projected to reach 2 billion by 2030.¹ Consumers are tied together by their core Islamic values, which dictate their way of life and translate into their purchasing behavior.

Muslims predominate among the global youth in all major religious groups. In 2022, 350.8 million, i.e., 29% of the Muslim population, represented the youth and young adults (ages 15-29), which is expected to rise to 471 million by 2050.² This demographic window of opportunity, in addition to the increased spending patterns of young people, especially through the use of digital platforms, will play a key role in developing the halal industry in many OIC countries.³

The report measures the size of the halal economy opportunity through Muslim consumer spending on products and services, trade in halal products, and investments made in the OIC across products and services.

Global Muslim Consumer Spend on Key Halal Economy Sectors

IN US\$ BILLION, 2022

	2022	2027	5-YEAR CAGR%
Food	\$1,397	\$1,974	7.2%
Fashion	\$312	\$413	5.8%
Pharmaceuticals	\$107	\$146	6.4%
Cosmetics	\$83	\$126	8.6%
Travel & Tourism	\$137	\$178	5.4%
Media & Recreation	\$255	\$367	7.6%
Islamic Finance	\$3,958	\$5,954 (2026 F)	8.5%

F: FORECAST

The Global Halal Economy Market Opportunity

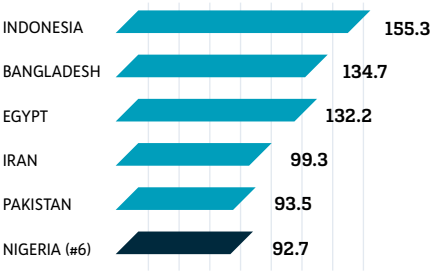
The halal economy presents a vast opportunity worth trillions of dollars, focused on meeting the spending needs of Muslim consumers who prioritize faith-based products and services. This economy encompasses a range of sectors influenced by Islamic values, including halal food and beverage, halal cosmetics, halal pharmaceuticals, modest fashion, and various services such as Muslim-friendly travel, Islamic-themed media, recreation, and Islamic finance. This report details these sectors, highlighting their significance within the larger halal economy.

Across the core halal economy sectors, Muslims spent an aggregate of US\$2.3 trillion in 2022 on lifestyle products (food, fashion, travel, media/recreation, pharmaceuticals/cosmetics). However, Muslim spending in these sectors is expected to regain momentum and grow by 6.9% CAGR, reaching US\$3.2 trillion in 2027. Islamic finance assets, currently at US\$3.958 trillion in 2022, are also expected to rise steadily over the next five years with a CAGR of 8.5%, reaching US\$5.9 trillion worth of assets by 2027.⁴

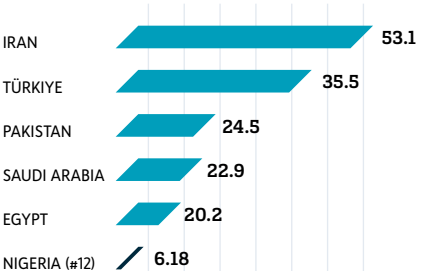
* The Organisation of Islamic Cooperation (OIC) is the second largest inter-governmental organisation after the United Nations, with the membership of 57 states, covering four continents.

By Sector Opportunity

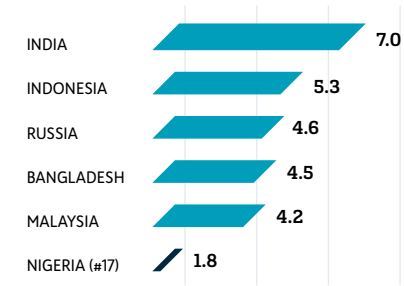
FOOD SECTOR

Market Opportunity	2022 (US\$ BILLION) \$1,397	2027 (US\$ BILLION) \$1,974	5-YEAR CAGR% (2022-27) 7.2%														
Core Overview	<p>Food and beverage represent the largest sector by spend in the halal economy, with Indonesia, Nigeria, and Bangladesh as the top halal food consumer markets in the OIC. Representing 17% of global spend on food, and despite sizeable companies addressing the opportunity, a substantially fragmented market remains ripe for investment and consolidation.</p>																
Landscape	<p>Select key producers</p> <ul style="list-style-type: none"> • BRF (Brazil, Meat) • Danone (France, Dairy) • PT Sreeya Sewu (Indonesia, Poultry) 	<p>Select key brands</p> <ul style="list-style-type: none"> • Nestlé (Switzerland) • Al Islami (United Arab Emirates) • Saffron Road (USA, Halal/Organic) 	<p>Select key retailers</p> <ul style="list-style-type: none"> • Carrefour (France, Grocery) • Lulu (United Arab Emirates, Grocery) 														
Key Countries	<p>TOP 5 MUSLIM CONSUMER SPEND MARKETS FOR FOOD IN US\$ BILLION, 2022</p>  <table border="1"> <thead> <tr> <th>Country</th> <th>Spend (US\$ Billion)</th> </tr> </thead> <tbody> <tr> <td>INDONESIA</td> <td>155.3</td> </tr> <tr> <td>BANGLADESH</td> <td>134.7</td> </tr> <tr> <td>EGYPT</td> <td>132.2</td> </tr> <tr> <td>IRAN</td> <td>99.3</td> </tr> <tr> <td>PAKISTAN</td> <td>93.5</td> </tr> <tr> <td>NIGERIA (#6)</td> <td>92.7</td> </tr> </tbody> </table>		Country	Spend (US\$ Billion)	INDONESIA	155.3	BANGLADESH	134.7	EGYPT	132.2	IRAN	99.3	PAKISTAN	93.5	NIGERIA (#6)	92.7	<p>GLOBAL ISLAMIC ECONOMY INDICATOR (GIEI) RANKING 2022 HALAL FOOD</p> <ol style="list-style-type: none"> 1. Malaysia 2. Indonesia 3. Türkiye 4. Russia 5. UAE 69. Nigeria
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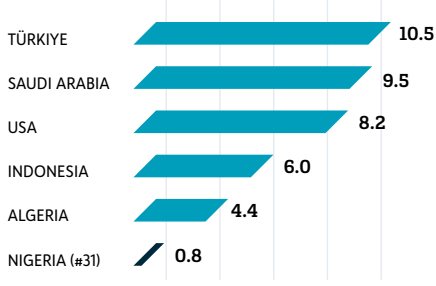
FASHION SECTOR

Market Opportunity	2022 (US\$ BILLION) \$312	2027 (US\$ BILLION) \$413	5-YEAR CAGR% (2022-27) 5.8%														
Core Overview	<p>Clothing and apparel represent one of the largest sectors of spend in the halal economy, with the Islamic Republic of Iran, Türkiye, and Pakistan the top consumer markets in the OIC. Representing 13.9% of global spending on clothing.</p>																
Landscape	<p>Select key producers</p> <ul style="list-style-type: none"> • Uniqlo (Japan) • H&M (Sweden) 	<p>Select key brands</p> <ul style="list-style-type: none"> • Nike (USA) • Adidas (Germany) 	<p>Select key retailers</p> <ul style="list-style-type: none"> • Zara (Spain) • GAP (USA) 														
Key Countries	<p>TOP 5 MUSLIM CONSUMER SPEND MARKETS FOR FASHION IN US\$ BILLION, 2022</p>  <table border="1"> <thead> <tr> <th>Country</th> <th>Spend (US\$ Billion)</th> </tr> </thead> <tbody> <tr> <td>IRAN</td> <td>53.1</td> </tr> <tr> <td>TÜRKIYE</td> <td>35.5</td> </tr> <tr> <td>PAKISTAN</td> <td>24.5</td> </tr> <tr> <td>SAUDI ARABIA</td> <td>22.9</td> </tr> <tr> <td>EGYPT</td> <td>20.2</td> </tr> <tr> <td>NIGERIA (#12)</td> <td>6.18</td> </tr> </tbody> </table>		Country	Spend (US\$ Billion)	IRAN	53.1	TÜRKIYE	35.5	PAKISTAN	24.5	SAUDI ARABIA	22.9	EGYPT	20.2	NIGERIA (#12)	6.18	<p>Global Islamic Economy Indicator (GIEI) Ranking 2022</p> <ol style="list-style-type: none"> 1. UAE 2. Türkiye 3. Indonesia 4. China 5. Spain 36. Nigeria
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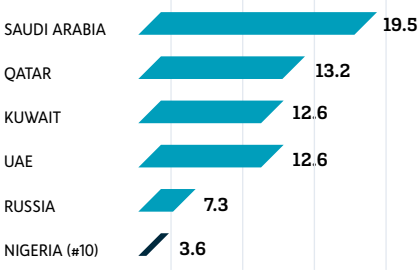
COSMETICS SECTOR

Market Opportunity	2022 (US\$ BILLION) \$83	2027 (US\$ BILLION) \$126	5-YEAR CAGR% (2022-27) 8.6%														
Core Overview	Cosmetics represent one of the largest sectors of spend in the halal economy, with India, Indonesia, and Russia as the top global Muslim consumer markets. Muslim spending in this sector represents 8.6% of global spending on cosmetics. ⁵																
Landscape	Select key producers <ul style="list-style-type: none"> Procter & Gamble (USA) Estée Lauder Companies (USA) 	Select key brands <ul style="list-style-type: none"> Wardah (Paragon) (Indonesia) Maybelline (USA) 	Select key retailers <ul style="list-style-type: none"> Mikyajy (UAE) Sephora (France) 														
Key Countries	TOP 5 MUSLIM CONSUMER SPEND MARKETS FOR COSMETICS IN US\$ BILLION, 2022  <table border="1"> <thead> <tr> <th>Country</th> <th>Spend (US\$ Billion)</th> </tr> </thead> <tbody> <tr> <td>INDIA</td> <td>7.0</td> </tr> <tr> <td>INDONESIA</td> <td>5.3</td> </tr> <tr> <td>RUSSIA</td> <td>4.6</td> </tr> <tr> <td>BANGLADESH</td> <td>4.5</td> </tr> <tr> <td>MALAYSIA</td> <td>4.2</td> </tr> <tr> <td>NIGERIA (#17)</td> <td>1.8</td> </tr> </tbody> </table>		Country	Spend (US\$ Billion)	INDIA	7.0	INDONESIA	5.3	RUSSIA	4.6	BANGLADESH	4.5	MALAYSIA	4.2	NIGERIA (#17)	1.8	Global Islamic Economy Indicator (GIEI) Ranking 2022 <ol style="list-style-type: none"> Singapore Malaysia Netherlands Belgium France 61. Nigeria
Country	Spend (US\$ Billion)																
INDIA	7.0																
INDONESIA	5.3																
RUSSIA	4.6																
BANGLADESH	4.5																
MALAYSIA	4.2																
NIGERIA (#17)	1.8																

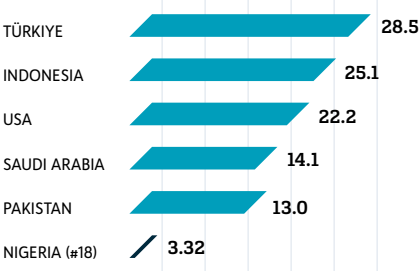
PHARMACEUTICALS SECTOR

Market Opportunity	2022 (US\$ BILLION) \$107	2027 (US\$ BILLION) \$146	5-YEAR CAGR% (2022-27) 6.4%														
Core Overview	Pharmaceuticals represent one of the largest sectors of spend in the halal economy, with Türkiye, Saudi Arabia, and the United States as the top global Muslim consumer markets. Muslim spending in this sector represents 7% of global spending on pharmaceuticals. ⁶																
Landscape	Select key producers <ul style="list-style-type: none"> Abbott (USA) AJ Pharma (Malaysia) 	Select key brands <ul style="list-style-type: none"> Advil Ambien 	Select key retailers <ul style="list-style-type: none"> CVS Health (USA) Walgreens Boots Alliance (USA) 														
Key Countries	TOP 5 MUSLIM CONSUMER SPEND MARKETS FOR PHARMACEUTICALS IN US\$ BILLION, 2022  <table border="1"> <thead> <tr> <th>Country</th> <th>Spend (US\$ Billion)</th> </tr> </thead> <tbody> <tr> <td>TÜRKIYE</td> <td>10.5</td> </tr> <tr> <td>SAUDI ARABIA</td> <td>9.5</td> </tr> <tr> <td>USA</td> <td>8.2</td> </tr> <tr> <td>INDONESIA</td> <td>6.0</td> </tr> <tr> <td>ALGERIA</td> <td>4.4</td> </tr> <tr> <td>NIGERIA (#31)</td> <td>0.8</td> </tr> </tbody> </table>		Country	Spend (US\$ Billion)	TÜRKIYE	10.5	SAUDI ARABIA	9.5	USA	8.2	INDONESIA	6.0	ALGERIA	4.4	NIGERIA (#31)	0.8	GLOBAL ISLAMIC ECONOMY INDICATOR (GIEI) RANKING 2022 <ol style="list-style-type: none"> Singapore Malasia Netherlands Belgium France 61. Nigeria
Country	Spend (US\$ Billion)																
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NIGERIA (#31)	0.8																

TRAVEL AND TOURISM SECTOR

Market Opportunity	2022 (US\$ BILLION) \$137	2027 (US\$ BILLION) \$178	5-YEAR CAGR% (2022-27) 5.4%														
Core Overview	Muslim spend on travel was valued at US\$137 billion in 2022 and is forecast to grow to US\$178 billion by 2027. The digitalization of Muslim-friendly tourism has been particularly active, with contactless travel becoming increasingly commonplace and travel businesses diversifying their offerings to create new revenue streams, from e-commerce to food delivery. Muslim spending in this sector represents 12.26% of global spending on travel and tourism.																
Landscape⁷	Select key leading global hospitality companies <ul style="list-style-type: none"> • Marriott (USA) • Shaza (UAE) 																
Key Countries	TOP 5 MUSLIM CONSUMER SPEND MARKETS FOR TRAVEL AND TOURISM <small>IN US\$ BILLION, 2022</small>  <table border="1"> <thead> <tr> <th>Country</th> <th>Spend (US\$ Billion)</th> </tr> </thead> <tbody> <tr> <td>SAUDI ARABIA</td> <td>19.5</td> </tr> <tr> <td>QATAR</td> <td>13.2</td> </tr> <tr> <td>KUWAIT</td> <td>12.6</td> </tr> <tr> <td>UAE</td> <td>12.6</td> </tr> <tr> <td>RUSSIA</td> <td>7.3</td> </tr> <tr> <td>NIGERIA (#10)</td> <td>3.6</td> </tr> </tbody> </table>		Country	Spend (US\$ Billion)	SAUDI ARABIA	19.5	QATAR	13.2	KUWAIT	12.6	UAE	12.6	RUSSIA	7.3	NIGERIA (#10)	3.6	GLOBAL ISLAMIC ECONOMY INDICATOR (GIEI) RANKING 2022 <ol style="list-style-type: none"> 1. Malaysia 2. Singapore 3. Türkiye 4. Bahrain 5. UAE 46. Nigeria
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UAE	12.6																
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NIGERIA (#10)	3.6																

MEDIA AND RECREATION SECTOR

Market Opportunity	2022 (US\$ BILLION) \$255	2027 (US\$ BILLION) \$367	5-YEAR CAGR% (2022-27) 7.6%														
Core Overview	Muslim spend on media and recreation was valued at US\$255 billion in 2022 and is forecast to grow to US\$367 billion by 2027. Media and Recreation captures a broad array of activities – spanning lifestyle needs such as education, matrimony, and prayer times, to media viewing across television, magazines, and online channels. Muslim spending in this sector represents 6% of global spending on media and recreation.																
Landscape	Select key leading producers and distributors <ul style="list-style-type: none"> • Peace TV (UK) • Iqra (Saudi Arabia) • Al Huda (Egypt) • Muslim Pro (Singapore) 																
Key Countries	TOP 5 MUSLIM CONSUMER SPEND MARKETS FOR MEDIA AND RECREATION <small>IN US\$ BILLION, 2022</small>  <table border="1"> <thead> <tr> <th>Country</th> <th>Spend (US\$ Billion)</th> </tr> </thead> <tbody> <tr> <td>TÜRKIYE</td> <td>28.5</td> </tr> <tr> <td>INDONESIA</td> <td>25.1</td> </tr> <tr> <td>USA</td> <td>22.2</td> </tr> <tr> <td>SAUDI ARABIA</td> <td>14.1</td> </tr> <tr> <td>PAKISTAN</td> <td>13.0</td> </tr> <tr> <td>NIGERIA (#18)</td> <td>3.32</td> </tr> </tbody> </table>		Country	Spend (US\$ Billion)	TÜRKIYE	28.5	INDONESIA	25.1	USA	22.2	SAUDI ARABIA	14.1	PAKISTAN	13.0	NIGERIA (#18)	3.32	GLOBAL ISLAMIC ECONOMY INDICATOR (GIEI) RANKING 2022 <ol style="list-style-type: none"> 1. Malaysia 2. Singapore 3. UAE 4. China 5. Türkiye 42. Nigeria
Country	Spend (US\$ Billion)																
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NIGERIA (#18)	3.32																

ISLAMIC FINANCE SECTOR

Market Opportunity	2022 (US\$ BILLION) \$3,958	2027 (US\$ BILLION) \$5,954	5-YEAR CAGR% (2022-27) 8.5%														
Core Overview	The Islamic finance industry was estimated to be worth US\$3.958 trillion in 2022 and is forecast to grow to reach US\$5.954 trillion by 2026. ⁸ Islamic finance is a rapidly growing industry, attracting not only Muslims but a broader set of ethical finance stakeholders. While the geographic scope of industry leaders has traditionally been limited, with the slow adoption of recent technological advances, the past year has seen substantial improvements.																
Landscape	Select key leading producers and distributors <ul style="list-style-type: none"> • HSBC (UK) • Al Rajhi Bank (Saudi Arabia) 																
Key Countries	TOP 5 ISLAMIC FINANCE MARKETS <small>IN US\$ BILLION, 2021</small> <table border="1" style="margin-top: 10px;"> <thead> <tr> <th>Country</th> <th>Value (US\$ Billion)</th> </tr> </thead> <tbody> <tr> <td>IRAN</td> <td>1,234.5</td> </tr> <tr> <td>SAUDI ARABIA</td> <td>895.7</td> </tr> <tr> <td>MALAYSIA</td> <td>649.6</td> </tr> <tr> <td>UAE</td> <td>251.5</td> </tr> <tr> <td>QATAR</td> <td>186.2</td> </tr> <tr> <td>NIGERIA (#23)</td> <td>3.3</td> </tr> </tbody> </table>		Country	Value (US\$ Billion)	IRAN	1,234.5	SAUDI ARABIA	895.7	MALAYSIA	649.6	UAE	251.5	QATAR	186.2	NIGERIA (#23)	3.3	Global Islamic Economy Indicator (GIEI) Ranking 2022 <ol style="list-style-type: none"> 1. Malaysia 2. Saudi Arabia 3. Bahrain 4. Kuwait 5. UAE 17. Nigeria
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NIGERIA (#23)	3.3																



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The Global Halal Economy Trade Opportunity

Trade represents a key component of Muslim spending, with *food, fashion, pharmaceuticals, and cosmetics* being the core sectors affected by halal requirements. Imports by the 57 OIC member countries are presumed to be imports of halal products (that may or may not have certification), as these countries have the largest number of Muslim consumers. Some have implemented regulations for trade in halal products. Hence, these product sectors are referred to as 'halal products' within the report.

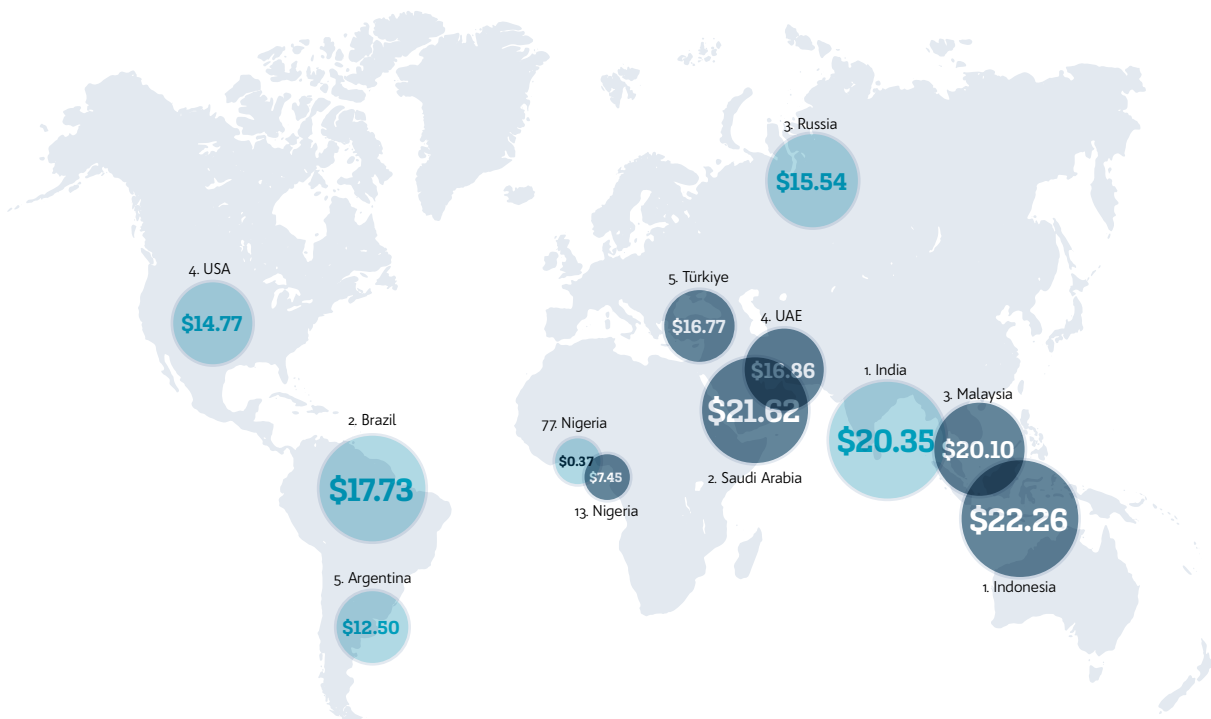
The total imports of halal products by OIC are estimated to be US\$371 billion in 2021 (food, pharma, cosmetics, fashion). Across these four sectors, food represents the largest category of OIC imports at US\$261 billion in 2021. This is followed by pharmaceuticals (US\$61 billion in imports), fashion (US\$33 billion in imports), and cosmetics (US\$16 billion in imports).

The figures below show the top OIC importing and top supplying markets for OIC for food and beverage, fashion, pharmaceuticals, and cosmetics.

TOP OIC HALAL FOOD & BEVERAGE* EXPORTERS & IMPORTERS

IN US\$ BILLION, 2021

- Top 5 source markets (31% of total)
- Top 5 importers (37% of total)



US\$261 billion TOTAL F&B IMPORTS INTO OIC MARKETS; **15%** GLOBAL SHARE

SOURCE: DINARSTANDARD SYNTHESIS AND ANALYSIS; ITC TRADE MAP STATISTICS
 *IMPORTS INTO ISLAMIC COUNTRIES ASSUMED TO BE SUBJECT TO HALAL COMPLIANCE AT SAME LEVEL

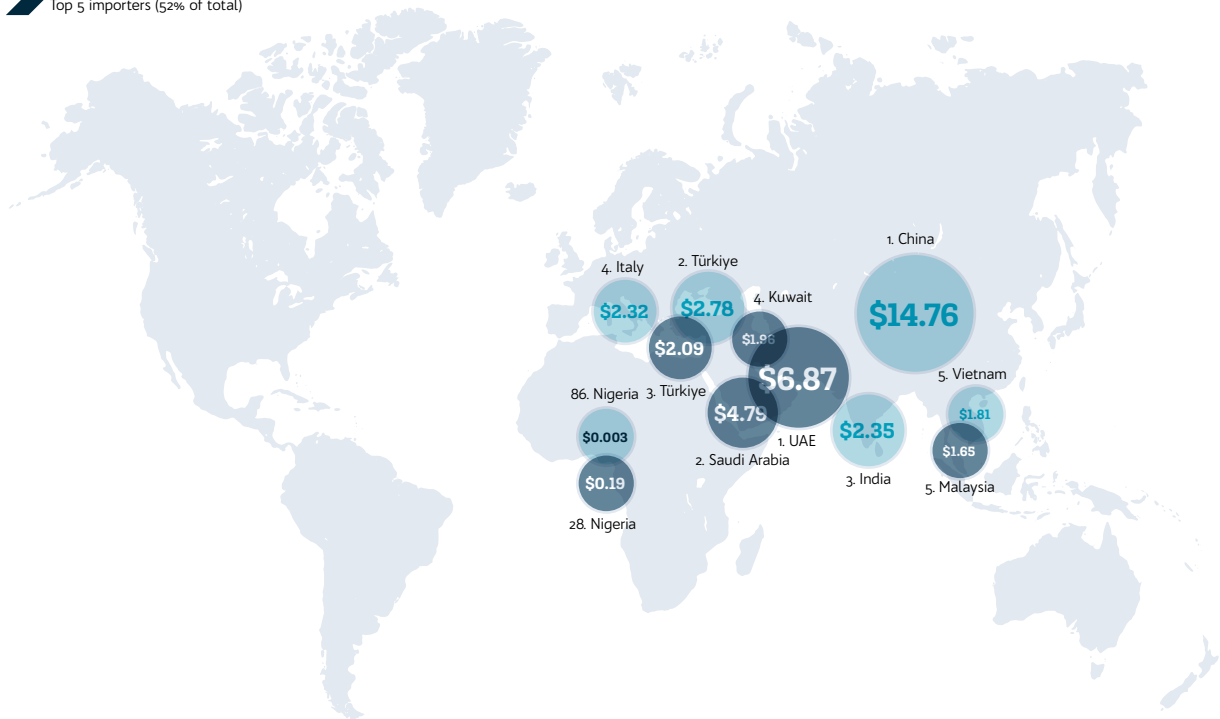


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TOP OIC HALAL CLOTHING & ACCESSORIES EXPORTERS & IMPORTERS

IN US\$ BILLION, 2021

- Top 5 source markets (71% of total)
- Top 5 importers (52% of total)



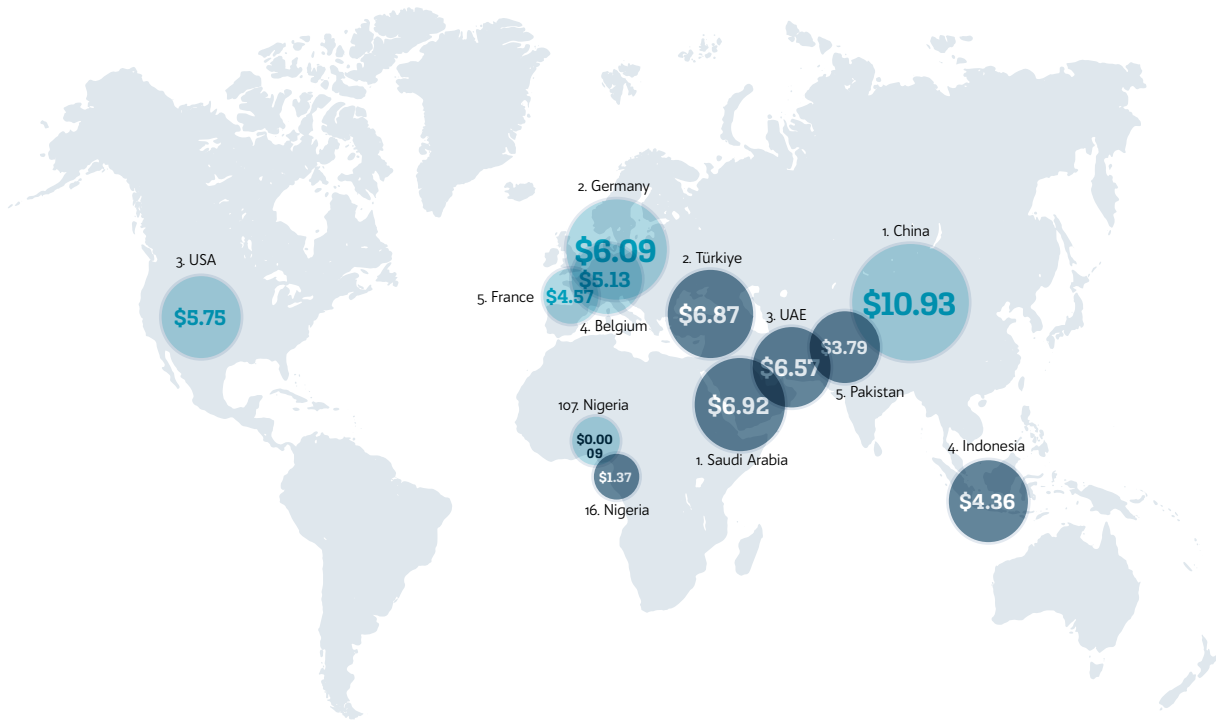
US\$33 billion TOTAL CLOTHING & ACCESSORIES IMPORTS INTO OIC MARKETS;
5.7% GLOBAL SHARE

SOURCE: DINARSTANDARD SYNTHESIS AND ANALYSIS; ITC TRADE MAP STATISTICS

TOP OIC PHARMACEUTICALS EXPORTERS & IMPORTERS

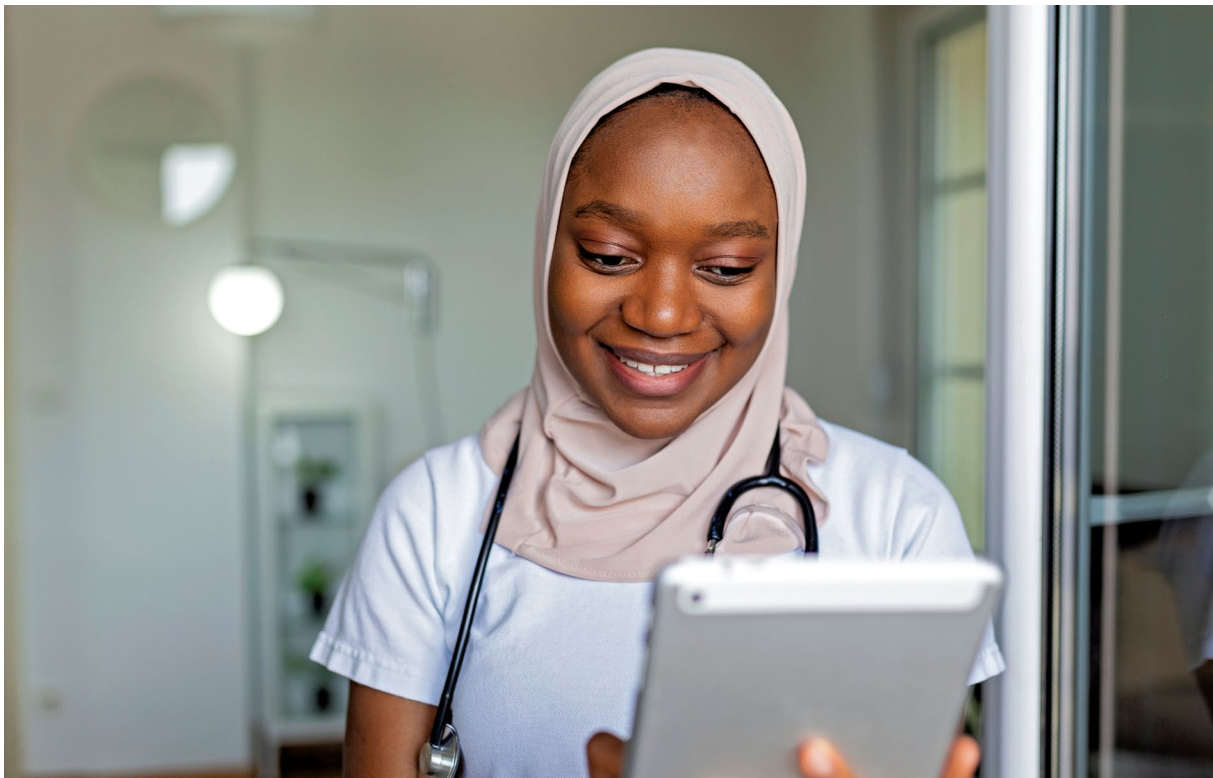
IN US\$ BILLION, 2020

- Top 5 source markets (54% of total)
- Top 5 importers (47% of total)



US\$61 billion TOTAL PHARMACEUTICAL IMPORTS INTO OIC MARKETS; **7%** TOTAL SPEND

SOURCE: DINARSTANDARD SYNTHESIS AND ANALYSIS; ITC TRADE MAP STATISTICS



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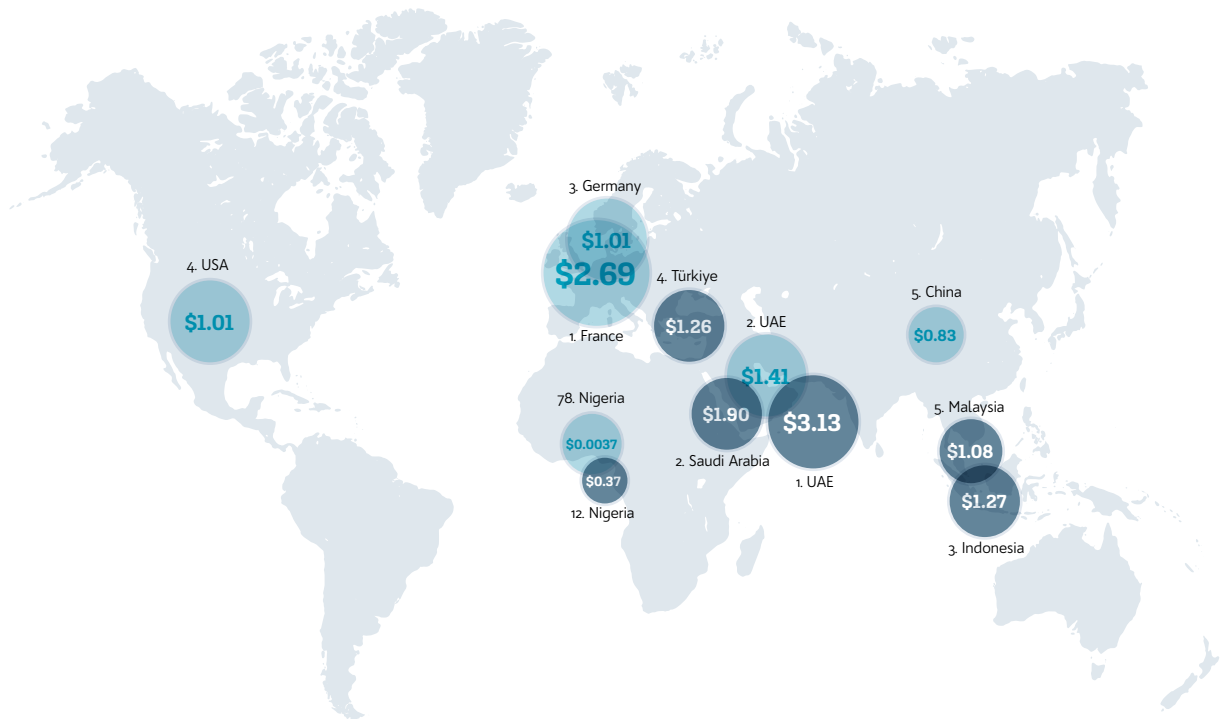


CHRISTIN HUME/UNSPASH

TOP OIC COSMETICS EXPORTERS & IMPORTERS

IN US\$ BILLION, 2021

- Top 5 source markets (44% of total)
- Top 5 importers (54% of total)



US\$16 billion TOTAL COSMETICS IMPORTS INTO OIC MARKETS; **9.5%** GLOBAL SHARE

SOURCE: DINARSTANDARD SYNTHESIS AND ANALYSIS; ITC TRADE MAP STATISTICS

THE GLOBAL HALAL ECONOMY INVESTMENTS OPPORTUNITY

Disclosed Merger & Acquisition (M&A), Private Equity (PE), and Venture Capital (VC) investments in the global halal economy in 2022 decreased by 39% to US\$15.7 billion from US\$25.7 billion in 2021. However, there were 196 disclosed deals recorded in 2022 compared to 172 in 2021. The slowdown in growth reflects the global investment market, which also saw declines across M&A, PE, and VC investments. In the OIC, Venture Capital deals were worth US\$5 billion, with just more than half of that being invested in the finance-related industry. Overall, finance and food-related deals accounted for 78% of the total investment value.

About 28% of all deals were targeted at Indonesia, which equated to a value of US\$2.9 billion. Most of these deals were targeted at the finance and food sectors.

Top 10 countries by number of disclosed investment deals in 2022

COUNTRY	TOTAL DEALS IN 2022 (M&A/PE/VC)
Indonesia	55
United Arab Emirates	26
Malaysia	19
Saudi Arabia	13
Türkiye	12
Pakistan	11
Egypt	11
Nigeria	9
United States	8
Jordan	6

By Sector Opportunity:

	NUMBER OF DISCLOSED DEALS (PE/VCS/M&A)	INVESTMENTS IN US\$ BILLIONS (2022)	TOP 3 COUNTRIES BY NUMBER OF DEALS	SELECT GLOBAL INVESTORS (PE/VCS/M&A)
Islamic Economy Aggregate	196	\$15,671.6 million		
Food	35	\$4,601.2 million	1. Indonesia 2. UAE 3. Saudi Arabia	<ul style="list-style-type: none"> Hormel Foods Corporation (NYSE:HRL) Cargill, Incorporated; T; Givaudan SA (SWX:GIVN); Abu Dhabi Growth Fund
Pharmaceuticals	27	\$1,479.6 million	1. Indonesia 2. UAE 3. United States	<ul style="list-style-type: none"> The Rise Fund The Invus Group, LLC
Cosmetics	6	\$117.1 million	1. Indonesia 2. UAE 3. Türkiye	<ul style="list-style-type: none"> Golden Gate Ventures Prosus Ventures, Sequoia Capital India
Clothing and Apparel	4	\$61 million	1. Indonesia 2. Türkiye 3. UAE	<ul style="list-style-type: none"> Global Finance Knuru Capital
Media and Recreation	15	\$739 million	1. Indonesia 2. Malaysia 3. Türkiye	<ul style="list-style-type: none"> Institutional Venture Partners; Index Ventures SA Kora Capital LLC; Makers Fund
Islamic Finance	104	\$7,615.6 million	1. Indonesia 2. UAE 3. Egypt	<ul style="list-style-type: none"> The Saudi National Bank (SASE:1180) PT Bank Negara Indonesia (Persero) Tbk (IDX:BBNI); PT Bank Mandiri (Persero) Tbk (IDX:BMRI); PT Bank Rakyat Indonesia (Persero) Tbk (IDX:BBRI); Discre YKP BRI
Travel	5	\$1,058 million	1. Türkiye 2. Saudi Arabia 3. Bangladesh	<ul style="list-style-type: none"> Saudi Arabia's Public Investment Fund Vision Ventures

*1 JANUARY – 31 DECEMBER 2022



3.3. DRIVERS OF THE GLOBAL AND REGIONAL HALAL ECONOMY OPPORTUNITY

Growing Muslim population

The Muslim population is a rapidly growing demographic, with an estimated 1.9 billion individuals in 2022, accounting for nearly 25% of the world's population. By 2030, the number of Muslims is predicted to reach 2.2 billion, and by 2060, it is projected to increase by 70%. In 2022, 29% of the Muslim population (350.8 million) represented the youth and young adults (ages 15-29), which is expected to rise to 471 million by 2050.⁹

Muslim nations set to grow faster than the global average in the next six years

The OIC economy is predicted to have a higher compounded annual growth rate of 7% between 2020-2026, compared to the global average of 6.4%. Many OIC countries are growing faster than both emerging market developing economies and advanced economies. GDP per capita is also higher than the global average for some OIC countries, including all six GCC countries and Brunei Darussalam, indicating the growing wealth of the global Muslim population.

Regionally, Africa's pre-Covid-19 top five performing economies are projected to grow by more than 5.5% on average in 2023-2024 and to reclaim their position among the world's 10 fastest-growing economies. Three of the top five performers are OIC members, viz. Côte d'Ivoire (7.1%), Benin (6.4%) and Ethiopia (6.0%), with the remaining non-OIC countries being Rwanda (7.9%) and Tanzania (5.6%).

Other African countries are projected to grow by more than 5.5% in the 2023-24 period. They are the Democratic Republic of Congo (6.8%), The Gambia (6.4%), Mozambique (6.5%), Niger (9.6%), Senegal (9.4%), and Togo (6.3%).¹⁰

Islamic values driving choices for halal products and services

As religious devotion grows, demand and spending on halal products and services by Muslim consumers have been steadily increasing, as shown

by the findings of this report. Worldwide, more people are now in favor of a greater role for religion in their countries than they were 20 years ago, with Muslim-majority countries such as Indonesia (85%) and Nigeria (88%) having some of the highest percentages in favor.¹¹

Digital connectivity and the rise of e-commerce

In 2022, 66% of the world's population (approximately 5.3 billion people) are estimated to have used the internet, with a growth rate of 6.1% from last year.¹² Many OIC countries from the MENA region had higher internet penetration rates compared to the global average. The GCC countries had approximately 70% internet penetration, while the Asia-Pacific and African regions saw an increase with rates of 64% and 40% respectively.¹³ E-Commerce has surged as a growing trend since the COVID-19 pandemic. The growth in e-commerce retail sales worldwide was estimated at US\$5.7 trillion in 2022 and is expected to grow up to 10.4% to US\$6.3 trillion in 2023.¹⁴

In Africa, revenue from e-commerce is expected to show an annual growth rate between 2023 and 2027 of 13.53%, resulting in a projected market volume of US\$6.778 billion by 2027. This growth rate is higher than the global average of 11.51% over the same period.¹⁵



The Muslim population is a rapidly growing demographic, with an estimated 1.9 billion individuals in 2022, accounting for nearly 25% of the world's population.

Government regulations working as enablers

OIC governments increasingly scrutinize the halal integrity of products imported into the region through halal certification requirements. In many Islamic countries, designated national bodies, such as the UAE's ESMA, Saudi Arabia's SFDA, Indonesia's BPJPH, and Malaysia's JAKIM, monitor and provide accreditation to halal certification bodies. Many Muslim-majority countries, particularly those heavily reliant on oil, like Saudi Arabia, the UAE, Indonesia, and Malaysia, are turning to the halal economy for diversification and new sources of growth.

Role of Islamic finance in wealth creation

Islamic finance is a key driver of the overall ecosystem. Capital continues to flow both across and into the OIC countries, from early-stage funding to sovereign wealth

levels. The year 2021 was another record year for sukuk, with issuances amounting to US\$188 billion compared to US\$175 billion in 2020.¹⁶ Eco-friendly and sustainable sukuk is gaining more traction globally, backed by increased support from the Islamic Development Bank (IsDB) and commitment from the OIC member countries.

Participation of top global food brands

Leading global companies are entering the expanding Islamic economy, offering innovative products and services across different sectors. Companies like Nestlé, Cargill, and BRF in halal food, H&M in modest fashion, and Daewoong in halal pharmaceuticals are producing halal-related products worldwide. The participation of these big global brands in the Islamic economy highlights the increasing consumer demand, which has been noticed by multinational corporations.



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4



Nigeria Current Halal Market Landscape

“Although Nigeria's agriculture ecosystem is not yet fully developed, the country is transitioning from traditional to mechanized farming, which requires a significant amount of technology. This presents a unique opportunity for AgriTech companies to invest in areas such as irrigation, economy services, and monitoring using drones and satellites.”

CHIEF KOLA AKOSILE,
NATIONAL VICE-PRESIDENT NATIONAL CHAMBER OF COMMERCE, INDUSTRY,
MINES AND AGRICULTURE (NACCIMA)



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Nigeria Current Halal Market Landscape



4.1. NIGERIA'S ROLE IN THE GLOBAL AND REGIONAL HALAL ECONOMY

MARKET SIZE – LIFESTYLE & PRODUCTS SECTOR

Globally, Muslim consumer spending on food, clothing, media and recreation, pharmaceuticals, cosmetics, and travel was worth US\$2.3 trillion in 2021. 20.9% of this spend was by Muslim consumers in Africa. Nigeria accounts for 4.7% of global spend and 22.7% of African spend.

The Nigerian halal economy is the 8th largest globally by Muslim consumer spend. 48% of all the country's consumer spending is by Muslim consumers. The large and fast-growing Muslim population has created a significant demand for halal economy sectors like food and modest clothing, where Nigerian Muslim consumer spend is within the top 20 highest spends globally.

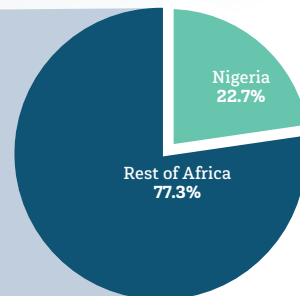
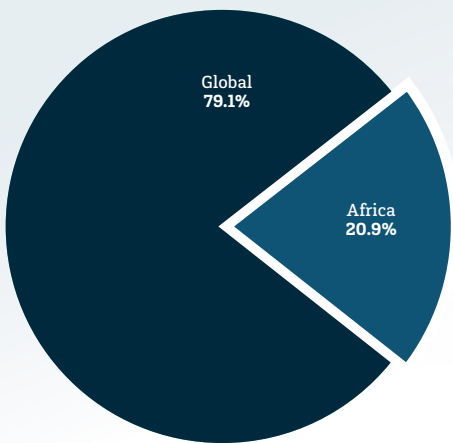


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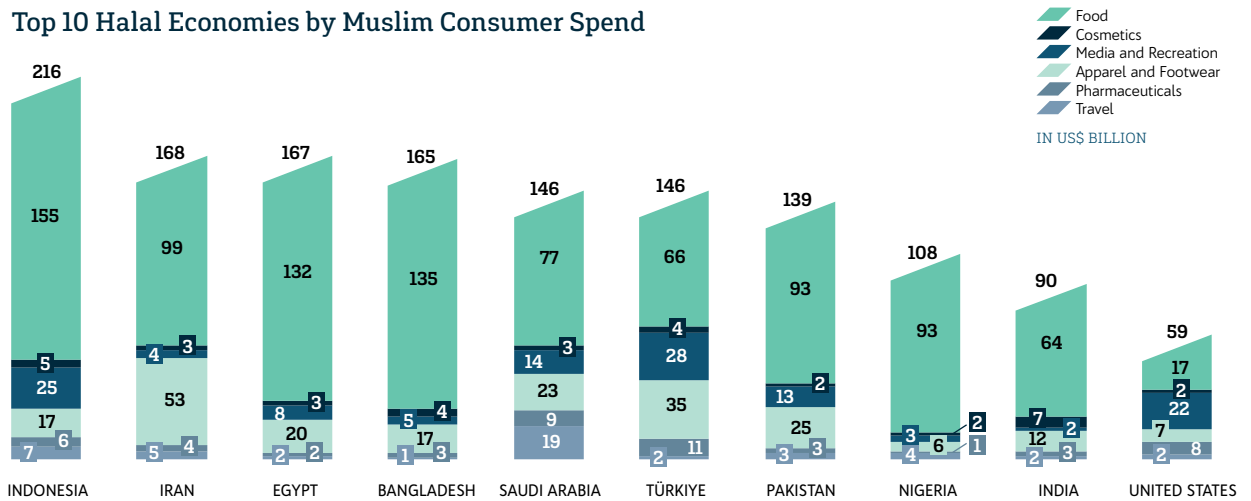
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Africa Halal Economy as Part of the Global Halal Economy



SOURCE: DINARSTANDARD ANALYSIS

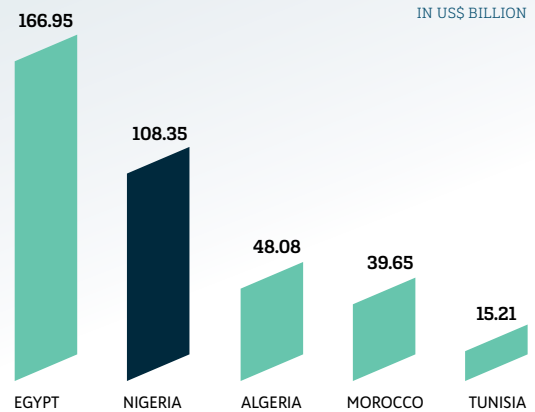
Top 10 Halal Economies by Muslim Consumer Spend



SOURCE: DINARSTANDARD ANALYSIS

In Africa, Nigeria is the second-largest halal economy after Egypt. Both Egypt and Nigeria are also among the top 10 halal economies globally. Nigeria's Muslim consumer spend is over two times that of Algeria, which has the 3rd largest Muslim consumer spend in the region.

Top 5 Halal Economies by Muslim Consumer Spend in Africa

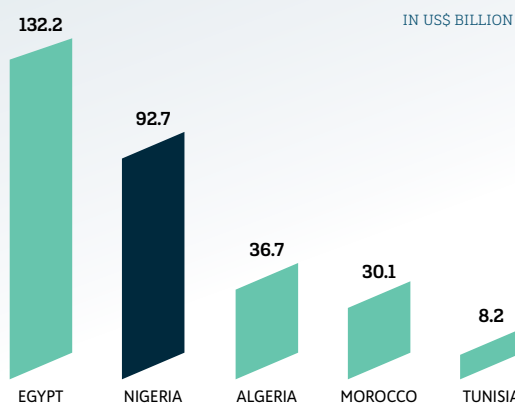


SOURCE: DINARSTANDARD ANALYSIS

FOOD

NIGERIA MUSLIM SPEND, 2022 US\$ Billion	GLOBAL RANK	REGIONAL RANK	NIGERIA MUSLIM SPEND FORECAST, 2027 US\$ Billion
93	6th	2nd	148

Top 5 Countries by Muslim Consumer Spend on Food in Africa



SOURCE: DINARSTANDARD ANALYSIS

Nigerian Muslim consumer spend on food in 2022 is forecasted to amount to US\$93 billion (7% of the total global Muslim spend on food). This is a 19% increase from the US\$78 billion spent in 2021. By 2027, this is expected to reach US\$148 billion, growing at a CAGR of 9.9%.

Nigeria is the second-largest Muslim consumer market in Africa. The top three African countries have significantly larger spends than those below them. Nigeria accounts for 24.4% of African Muslim consumer spend on food.

Consumer behavior: Muslim consumers in the country, particularly in the northern region, tend to buy meat from local markets, assuming it to be halal. Consumers and industry players still lack awareness of the need for halal certification, and the ecosystem with regulators is still not in place.

PHARMACEUTICALS

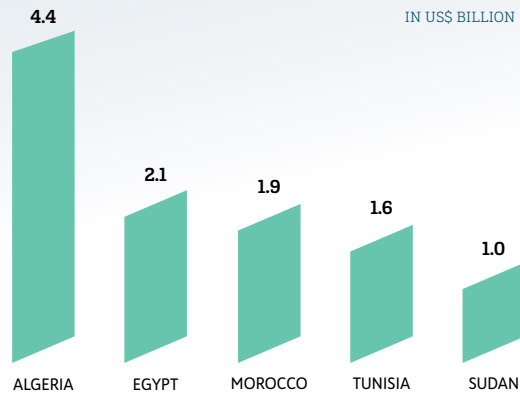
NIGERIA MUSLIM SPEND, 2022 US\$ Billion	GLOBAL RANK	REGIONAL RANK	NIGERIA MUSLIM SPEND FORECAST, 2027 US\$ Billion
0.76	31st	6th	1.1

Muslim consumer spend on pharmaceuticals in Nigeria in 2022 is estimated to amount to US\$757 million (0.7% of the total global Muslim spend on pharmaceuticals). This is an increase of 6.5% from US\$711 million spent in 2021. By 2027, this is expected to reach US\$1.1 billion, growing at a CAGR of 7.9%.

Consumer behavior: Nigeria has the 6th largest Muslim consumer spend on pharmaceuticals in Africa. Algeria has the largest spend in the region, which is double that of second-ranked Egypt. Nigeria accounts for 4.8% of African Muslim consumer spend on pharmaceuticals.

Consumer behavior: Consumers in Nigeria lack awareness of halal pharmaceuticals. Orthodox medicines are more prevalent. Cultural beliefs and traditional medical practices also influence consumer behavior. There are chemists or prophetic medicine practitioners who prescribe mostly organic solutions, like black seed oil and prophetic medicine.

Top 5 Countries by Muslim Consumer Spend on Pharmaceuticals in Africa

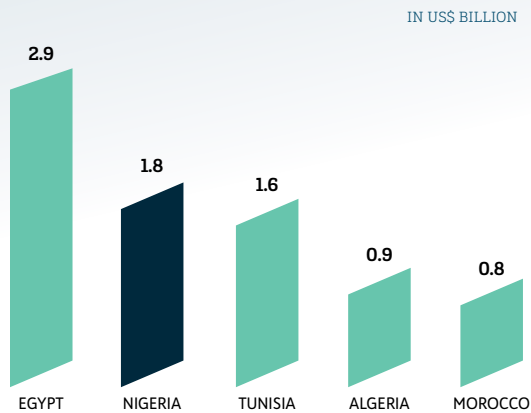


SOURCE: DINARSTANDARD ANALYSIS

COSMETICS

NIGERIA MUSLIM SPEND, 2022 US\$ Billion	GLOBAL RANK	REGIONAL RANK	NIGERIA MUSLIM SPEND FORECAST, 2027 US\$ Billion
1.8	17th	2nd	2.8

Top 5 Countries by Muslim Consumer Spend on Cosmetics in Africa



SOURCE: DINARSTANDARD ANALYSIS

In 2022, Muslim consumer spend on cosmetics in Nigeria is estimated to amount to US\$1.8 billion (2% of the total global Muslim spend on pharmaceuticals). This is an increase of 9.5% from US\$1.6 billion spent in 2021. By 2027, this is expected to reach US\$2.8 billion, growing at a CAGR of 9.7%.

Nigeria has the second-largest Muslim consumer spend on cosmetics in Africa. Nigeria accounts for 17.2% of African Muslim consumer spend on cosmetics.

Consumer behavior: Halal cosmetics have not yet hit the Nigerian market. Natural and organic products are becoming increasingly popular among Nigerian consumers. However, there is also a market for imported and luxury cosmetics, particularly among the affluent population. Social media platforms also play a significant role in influencing consumer behavior, as consumers often turn to influencers and online reviews for product recommendations and information.

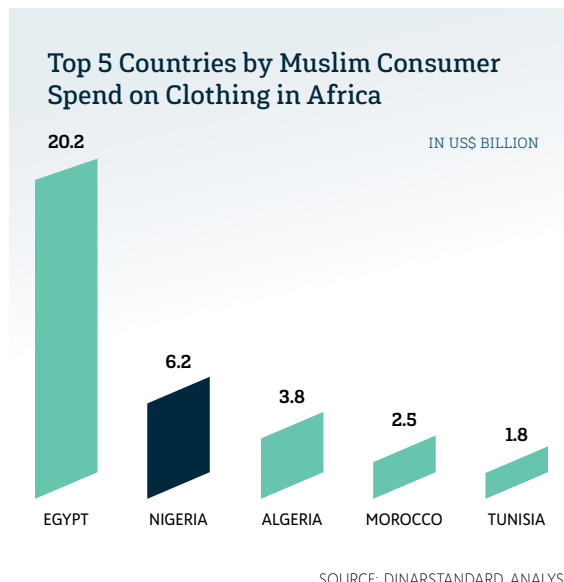
MODEST CLOTHING

NIGERIA MUSLIM SPEND, 2022 US\$ Billion	GLOBAL RANK	REGIONAL RANK	NIGERIA MUSLIM SPEND FORECAST, 2027 US\$ Billion
6.2	12th	2nd	9.8

In 2022, Nigerian Muslim consumer spend on clothing is forecasted to amount to US\$6.2 billion (2% of the total global Muslim spend on clothing). This increased from US\$5.6 billion in 2021, a 9.5% increase. By 2027, this is expected to reach US\$9.8 billion, growing at a CAGR of 9.7%.

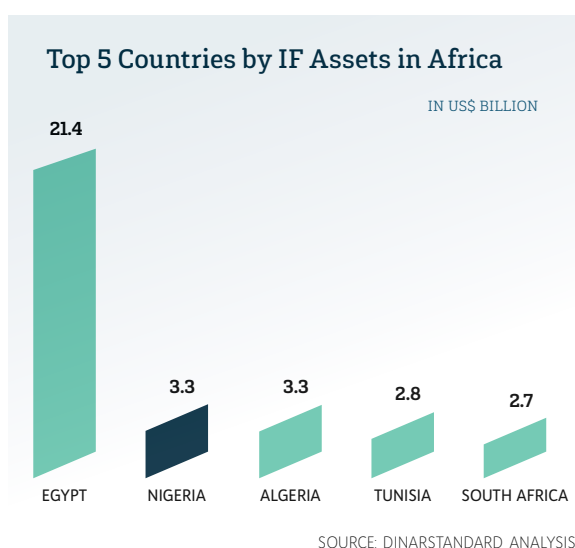
Within the OIC MS, Nigeria ranked 9th in terms of Muslim consumer spend on clothing. Nigeria has the second-largest Muslim consumer spend on clothing in Africa. Egypt has the largest spend and is over three times as large as the Nigerian consumer spend. Nigeria accounts for 14.0% of African Muslim consumer spend on clothing.

Consumer behavior: Modest fashion in Nigeria is rapidly emerging, though the market is fragmented with startups. While consumers prefer to select their own fabrics and have custom garments made, there is now a trend toward ready-to-wear clothing.



ISLAMIC FINANCE

NIGERIA MUSLIM SPEND, 2022 US\$ Billion	GLOBAL RANK	REGIONAL RANK
3.3	23rd	2nd



In 2022, Nigerian Islamic finance assets were estimated to be worth US\$3.3 billion (accounting for 0.08% of the total global IF assets). This is an increase of 98% from US\$1.7 billion in 2021. Among the OIC, Nigeria ranked 19th in terms of IF assets and 2nd in Africa.

Consumer behavior: There are currently two dedicated Islamic banks and other commercial banks offering Islamic finance services. There is an increasing awareness among Muslims and non-Muslims of Islamic finance services. Governments are issuing sukuk bonds to fund infrastructure projects.

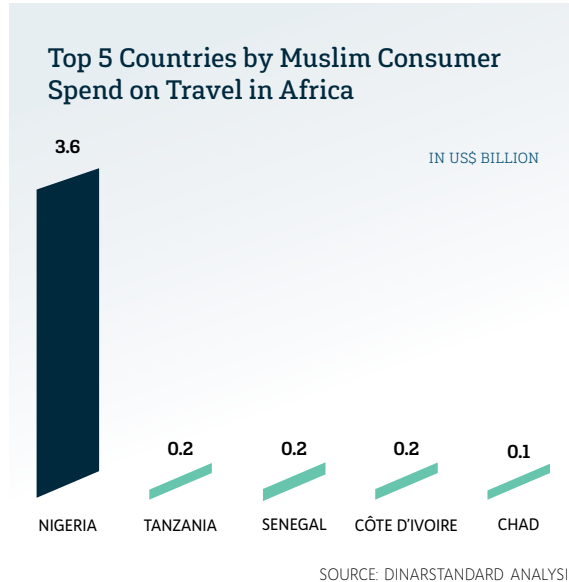
TRAVEL

NIGERIA MUSLIM SPEND, 2022 US\$ Billion	GLOBAL RANK	REGIONAL RANK	NIGERIA MUSLIM SPEND FORECAST, 2027 US\$ Billion
3.6	10th	1st	12.1

In 2022, Nigerian Muslim consumer spend on travel was estimated to amount to US\$3.6 billion (2.7% of the total global Muslim spend on travel). This is an increase of 50.4% from US\$2.4 billion spent in 2021. By 2027, this is expected to reach US\$12.1 billion, growing at a CAGR of 27.5%.

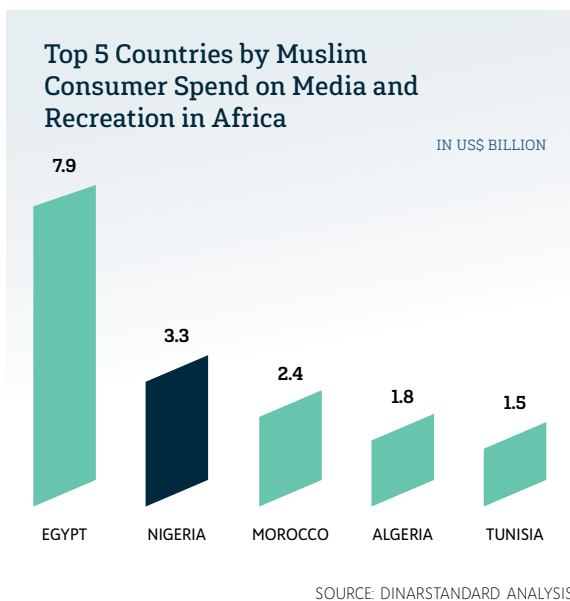
Nigeria has the largest Muslim consumer spend on travel in Africa. Nigerian Muslim consumer spend on travel is over 17 times larger than the 2nd ranked country, Tanzania.

Consumer behavior: There are a growing number of hotels and resorts in Nigeria that offer halal services, such as halal food, prayer facilities, and segregated swimming pools. However, there is still a need for more dedicated halal travel services, such as tour operators and travel agencies that cater specifically to the needs of Muslim travelers.



MEDIA AND RECREATION

NIGERIA MUSLIM SPEND, 2022 US\$ Billion	GLOBAL RANK	REGIONAL RANK	NIGERIA MUSLIM SPEND FORECAST, 2027 US\$ Billion
3.3	18th	2nd	6.6



Muslim consumer spend on media and recreation in Nigeria in 2022 is estimated to amount to US\$3.3 billion (1.3% of the total global Muslim spend on media and recreation). This is an increase of 21.4% from US\$2.7 billion spent in 2021. By 2027, this is expected to reach US\$6.6 billion, growing at a CAGR of 14.8%.

Nigeria has the second-largest Muslim consumer spend on media and recreation in Africa. Nigerian Muslim consumer spend on media and recreation account for 15.4% of African Muslim consumer spend in the sector.

Consumer behavior: Nollywood is the world's second-largest film industry and brings many opportunities for Islamic-themed media. Kannywood is more prominent among Muslims in northern Nigeria, featuring cultural and religious values.

TRADE PRODUCTS SECTOR

Nigeria exported a total of US\$379 million in categories linked to the halal economy to OIC countries in 2021, of which 98% of exports accounted for food and beverage products, representing a real opportunity for Nigeria's agro-food industry. Pharmaceutical, cosmetics, and fashion products account for 2% of exports.

The top OIC markets for Nigeria's aggregate halal product exports are Malaysia, Indonesia, Türkiye, Morocco, the UAE, and Côte d'Ivoire, which make up almost 91% of the total Nigerian exports to OIC.

Regional Outlook

The 55 African countries comprise 18.6% of the total global exports to OIC countries. Nigeria is the 11th largest exporter among these African countries. The top three exporters in the region are Egypt (US\$4.46 billion), South Africa (US\$2 billion), and Kenya (US\$1.58 billion).



IWARIA

NIGERIA EXPORTED **US\$379 billion** TO OIC COUNTRIES IN 2021

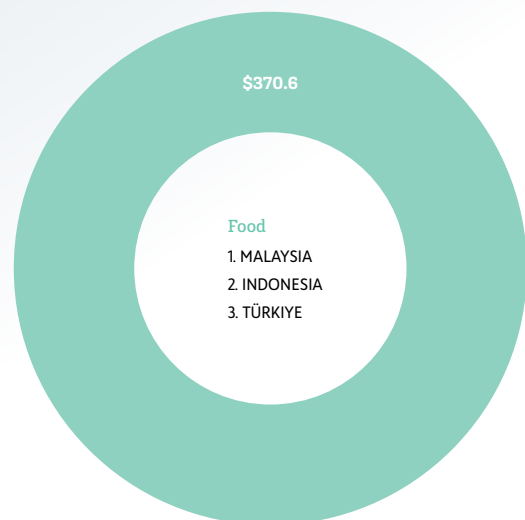
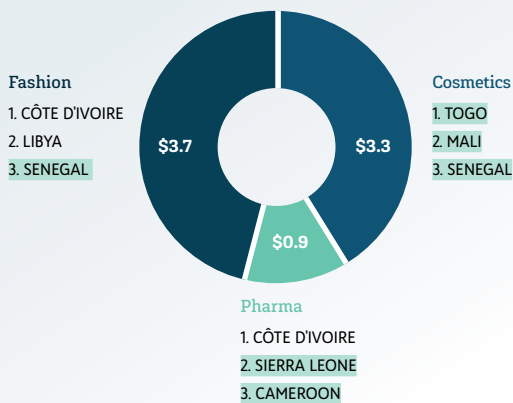
81st
exporter globally

25th
exporter among OIC

11th
exporter among OIC

Nigeria's Halal Products Exports and Top 3 OIC Destinations in 2021

African countries
US\$ MILLION



SOURCE: NATIONAL BUREAU OF STATISTICS, ITC TRADEMAP

Top Export Categories

SECTOR	TRADE CODE (HS Code)	SIMPLIFIED NAME	NIGERIA'S EXPORTS TO OIC US\$ Million
Food	18	Cocoa and cocoa preparations	\$194.8
Food	12	Oil seeds and oleaginous fruits	\$35.5
Food	9	Coffee, tea, maté, and spices	\$16.2
Food	23	Animal fodder	\$12.8
Food	21	Soups, sauces, and other processed foods	\$7.2
Food	8	Edible fruit and nuts	\$6.0
Food	22	Beverages	\$3.7
Cosmetics	33	Essential oils and cosmetics	\$2.7
Food	6	Live trees and other plants	\$1.9
Food	10	Cereals	\$1.5



IWARIA

INVESTMENTS

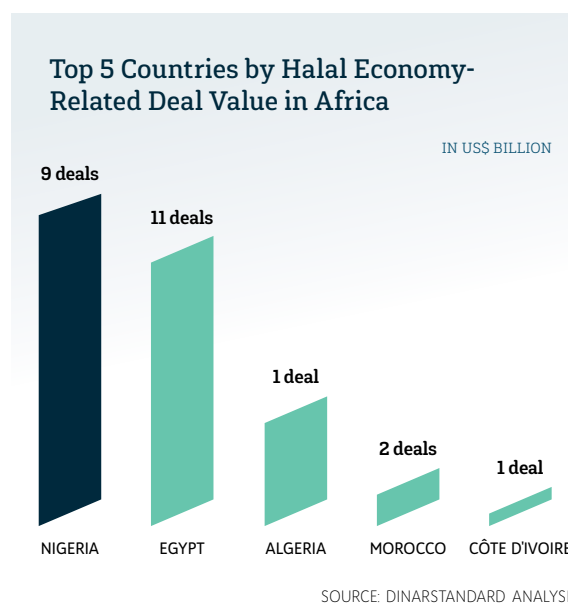
In 2022, disclosed M&A, PE, and VC Investments in the halal economy of Nigeria were worth US\$448 million across nine deals. These were predominantly in the finance sector, specifically in fintech-related ventures. Seven out of the nine deals were VC investments. One deal was an M&A transaction, and the other PE.

SECTOR/ SUB-CATEGORY	TARGET	DEAL VALUE, US\$000S	INVESTOR(S)
Islamic Finance	Polaris Bank	\$114,596	Ponglomerape Limited
Islamic Finance	Interswitch	\$110,000	LeapFrog Investments, Tana Africa Capital
Islamic Finance	Moove	\$65,000	AfricInvest, FJ Labs, Kreos Capital, Latitude, Left Lane Capital, MUFG Innovation Partners, NBK Capital, Speedinvest, Thelatest.ventures
Islamic Finance	TeamApt	\$50,000	Bossanova Investimentos, Lightrock, Novastar Ventures, QED Investors
Halal Pharmaceuticals	Reliance Health	\$40,000	AAIC Investment Pte Ltd, Arvantis Social Foundation Impact, General Atlantic, Laerdal Million Lives Fund, M3, P1 Ventures, Partech, Picus Capital, Tencent
Halal Food	Vendease	\$30,000	GFR Fund, Hack VC, Hustle Fund, Kairos Angels, Kube VC, MAGIC Fund, Partech, TLcom Capital Partners, VentureSouq
Islamic Finance	Bamboo	\$17,402	Tiger Global Management, Y Combinator, MAGIC Fund, Saison Capital, Rebel Fund
Islamic Finance	Bamboo	\$15,000	Daft Capital, Greycroft, Michael Seibel, Motley Fool Ventures, Saison Capital, The Chrysalis Capital, Tiger Global Management
Halal Pharmaceuticals	AfyA Care	\$6,000	Spiral Ventures, ACA Investments

In Africa, Nigeria ranked 2nd for the number of deals but 1st in terms of the value of those deals. Egypt had the largest number of halal economy-related deals in Africa.

GIEI RANKING

The Global Islamic Economy Indicator (GIEI) looks at the performance of each sector across several areas, such as sector exports to the OIC, governance factors, awareness of the sector, social impact of the sector, and innovation activity. In 2021, Nigeria ranked 34 out of the 81 countries measured in the indicator. This is the 6th largest among African countries. South Africa and Sudan ranked 16th and 18th, respectively. Nigeria mostly ranked highest in the Islamic Finance sector through strong governance and awareness scores. Nigeria's exports to OIC were low, which led to Nigeria's ranking. Awareness of the sectors, which considers events and training related to the sectors, can also be further improved to increase the country's ranking.





IWARIA

4.2. NIGERIA HALAL ECONOMY LANDSCAPE

Nigeria's halal economy is still nascent and gradually seeing awareness among consumers. The Islamic finance sector is the only rapidly growing sector with three national Islamic banks: Jaiz bank, Taj bank, and Lotus bank. The government is also actively exploring sukuk for infrastructure development. Halal food is another evolving sector, although regulations are still being developed. Most consumers prefer buying meat from local markets, where Muslim consumers (especially in the northern part of the country) presume the meat slaughtered to be halal, given they follow Islamic practices. Consumers and industry players still lack awareness of the need for halal certification, and the ecosystem with regulators is still not in place. Hence we do not find any companies leading in sectors such as halal pharmaceuticals and halal cosmetics.

Nonetheless, modest fashion is emerging and has been a focal part of Nigerian culture. Several startups led by young fashionistas are doing really well in the market. These entrepreneurs need to be encouraged through financial and marketing support to help them expand locally and get international traction as well.

Finally, other halal service sectors are coming up as well. The recent facilitation of Umrah services has created a great opportunity for Muslim-friendly travel. Hotels, especially in the north that hosts the majority of Muslims, also cater to the needs of Muslims by providing halal food and other facilities. Nollywood being the second-largest film industry in the world brings a lot of opportunities for Islamic-themed media. Nollywood has its dominance in the southern part of Nigeria (predominantly Christians), while Kannywood has its dominance in the northern part of Nigeria (predominantly Muslims). Religion plays a key role in both industries. Religion, particularly Islam, plays a significant role in Kannywood movies, featuring themes of morality and upholding Islamic values, such as modesty, respect for elders, and the importance of family.

This section highlights some of the leading and emerging industry players in the halal economy sectors in Nigeria. International companies of similar revenue sizes or which are industry leaders are provided as a benchmark.

Please note that these companies are selected arbitrarily, with no commercial consideration.

Nigeria's halal economy players and global benchmark

ISLAMIC FINANCE

SECTOR OVERVIEW

Islamic finance assets in Nigeria were worth US\$3.33 billion in 2021 (0.08% of the global Islamic finance assets). There are currently three large Islamic banks (commonly known as non-interest banks) in Nigeria. Currently, sukuk has become perhaps the most popular non-interest asset known to Nigerian investors. As consumers become more aware of Islamic finance, the demand for other products will continually increase.

NIGERIA'S SELECT KEY PLAYER



Taj Bank
(Nigeria)

HQ: Abuja, Nigeria
Revenue: US\$15.8M (= NGN 7.2B in 2021)¹⁷
Employees: 327 employees¹⁸
Product Focus/Range: Private banking, business banking, retail banking, and development finance.
Global Presence: Only in Nigeria, with branches across Abuja, Kano, Lagos, and Kaduna (by the end of the year).

Taj Bank was able to increase its annual revenue up to 112% in 2021.¹⁹ It targeted to record more than 300% profit before tax in 2022. Taj bank also issued the first private sector sukuk in the country with over 110% subscription.

GLOBAL BENCHMARK



Wahed (USA)

HQ: New York, USA
Revenue: US\$35.1M²⁰
Employees: 251 employees²¹
Product Focus/Range: Financial services, wealth & asset management, fintech.
Global Presence: Malaysia, UK, and US.

Wahed offers digital financial services to retail customers globally, starting with ethical wealth management. The company's app enables users to easily invest locally and internationally with minimal transaction fees. They have 11 offices and over 200,000 customers in over 100 countries. Investment options include global stocks, emerging market stocks, sukuk, real estate, and gold.

KEY LEARNING

There is excellent value in a simple user interface, specifically when dealing with concepts that are inherently challenging or perceived as more complex. The app's simplicity and a ready selection of shariah-approved stocks to invest in have made the company successful. Showcasing halal certification from a recognized authority builds user trust and attracts new customers.



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HALAL FOOD

SECTOR OVERVIEW

Nigerian Muslim spending on food is estimated to be US\$93 billion, 7% of the global Muslim spend on food. The country is rich in agriculture and endowed with arable land suitable for growing a variety of crops, both for domestic consumption and exports. In terms of halal-certified goods, there is still a lack of awareness among both consumers and industry players. Muslim consumers prefer to go to local markets than shop at supermarkets for food products, which they assume to be halal in local markets. There is no local regulating body to oversee halal certification and implementation, although a national standard for halal food has been developed.

NIGERIA'S SELECT KEY PLAYER



Bua Foods PLC
(Nigeria)

HQ: Lagos, Nigeria
Revenue: US\$724M (NGN 333.67B)²²
Employees: 2,000 employees²³
Product Focus/Range: Processing, manufacturing, and distribution of food products and packaged food. Divided into five divisions: Sugar, Flour, Pasta, Rice, and Edible Oils.
Global Presence: Only in Nigeria, but strong potential for expansion in West Africa.
Halal Compliance: BUA Foods has received "Halal Certification Sugar" from Halal Certification Authority.²⁴

BUA Foods raised capital from Africa Finance Corporation worth US\$200 million in 2021. In 2021, BUA Foods Limited converted into a public limited liability company and changed its name to BUA Foods Plc. It now weighs about 4.68% in the Nigerian Stock Exchange equity market.²⁵ The company was able to increase its annual sales up to +25.22% in 2022.²⁶

GLOBAL BENCHMARK



Danone (France)

HQ: Paris, France
Revenue: US\$27.661B²⁷
Employees: 101,911
Product Focus/Range: Essential dairy and plant-based products, water, early life nutrition, and medical nutrition.
Global Presence: Present in over 120 countries, with 46% of sales in Asia-Pacific, Latin America, Middle East, Africa, and C.I.S.
Halal Compliance: Most Karicare and Aptamil products are halal-certified. AQUA as a pioneer of Bottled Drinking Water (AMDK) in Indonesia since 1973, was awarded the "Halal Award - Halal Top Brand 2019" (after previously being entitled to the same in 2016 and 2018).

France-based Danone is one of the leading global food and beverages multinational companies. It is recognized as a market leader in advanced medical nutrition in Europe and the #2 worldwide player in early life nutrition.

KEY LEARNING

Danone is one of the few major corporations with a significant proportion (30%) of subsidiaries B Corporation Certified²⁸. Certified B Corporations are businesses that meet the highest standards of verified social and environmental performance and public transparency. They are accelerating a global culture shift to redefine success in business and build a more inclusive and sustainable economy.²⁹ These are the values that companies in the halal economy can easily adapt to, and halal certification would assist in showcasing that.



IWARIA



SHUTTERSTOCK

IWARIA

MODEST FASHION

SECTOR OVERVIEW

Modest fashion in Nigeria is rapidly emerging, though the market is fragmented with startups. There is no brand yet selling modest wear that is popular among consumers. Modest clothing popularly includes hijabs, abayas, kaftans, and maxi dresses. Consumers mostly prefer choosing their own fabrics and having them tailor-made. However, that narrative is now gradually shifting toward ready-to-wear clothes.

Nigeria had been actively organizing modest fashion shows, but since the COVID-19 pandemic, no further shows have been organized.

NIGERIA'S SELECT KEY PLAYER



Persia Regal Attire
(Nigeria)

HQ: Abuja, Nigeria

Revenue: US\$100,000

Employees: 20 employees³⁰

Product Focus/Range: Embroidered traditional clothing made from sustainable fabrics, scarves, dresses, caps.

Global Presence: Mainly in Nigeria, with exports to Canada, the UK, and the UAE.

Persia Regal Attire increased its annual revenue from US\$10,000 in 2019 to US\$100,000 in 2023. Persia Regal Attire manufactures its own products but also provides manufacturing services to some companies. Most of the sales are done through direct communication on social media (such as Instagram).

GLOBAL BENCHMARK

HIJUP

Hijup (Indonesia)

HQ: Jakarta, Indonesia

Revenue: US\$4M³¹

Employees: 121³² employees

Product Focus/Range: Products are exclusively for Muslim women: hijab, accessories, clothing.

Global Presence: Ships internationally.

HIJUP is an omnichannel retailer that provides a digital platform for local brands and designers from across Indonesia, with 14 physical stores and one international store. HIJUP has also leveraged apps and social media channels for marketing and sales, a concept commonly known as social commerce.

KEY LEARNING

HIJUP represents a successful case of a modest fashion e-commerce startup, leveraging an omnichannel strategy and social commerce concepts to efficiently meet consumer demands and go global. Nigerian fashion brands can partner with digital marketplaces to increase sales and visibility.

ISLAMIC-THEMED MEDIA & RECREATION

SECTOR OVERVIEW

All media channels in Nigeria have to comply with media regulations. The media regulations in Nigeria are fair toward Islamic channels; they are able to present their content without any restrictions. The majority of television viewers in Nigeria are women and elderly people.

NIGERIA'S SELECT KEY PLAYER



Sunna TV
(Nigeria)

HQ: Nigeria
Revenue: Donation-based media
Employees: 40 employees

Sunna TV has around 40 million viewers, of which 70% viewership originates from Nigeria (estimate). The remaining 30% are all across Hausa-speaking African countries. The channel mainly broadcasts religious programs (worship, transactions, culture) and social programs. They estimate to have about 40% market share, while the remaining 60% is split between Africa TV and Minara TV. They aim to improve equipment and expertise. They also plan to expand into new areas (agricultural and medical fields).

GLOBAL BENCHMARK



Peace TV
(USA)

HQ: New York, USA
Revenue: US\$172.1M³³
Employees: 895 employees³⁴

Peace TV has a global presence, broadcasting in four languages: English, Urdu, Bangla, and Chinese. It has over 200 million viewers. The channel collaborates with over 60 renowned Islamic English speakers worldwide. Sister channels of the Peace TV network include Peace TV Urdu, Peace TV Bangla, Peace TV Albanian, and Peace TV Chinese.

KEY LEARNING

Nigerian Islamic channels can start by increasing their regional presence by broadcasting in multiple regional languages (all the main West African languages for Sunna TV). They can collaborate with local scholars from neighboring countries such as Senegal, Mali, Burkina Faso, and others. Peace TV network has successfully attracted international audiences by increasing its social media presence (with recorded and live broadcasting on platforms such as YouTube).



SHUTTERSTOCK

Technology Case Study - Agritech

FOOD INSECURITY IN NIGERIA

Nigeria faces several food insecurity issues affecting millions of people nationwide. Some of these issues include:

1. Climate change: Climate change has adversely affected agricultural productivity in Nigeria, leading to reduced crop yields and livestock production.

- Widespread flooding in 2022 damaged over 676,000 hectares of farmland.³⁵
- Climate change could result in longer and more severe droughts in the northern regions of Nigeria.

2. Inadequate infrastructure: Nigeria's poor infrastructure, including poor road networks, inadequate storage facilities, and unreliable power supply, makes it difficult for farmers to transport their products to markets and store them properly. Poor land management practices affect the productivity of the land, leading to post-harvest losses and impacting food supply and pricing.

3. Poverty: Poverty is a significant factor contributing to food insecurity in Nigeria. Many people cannot afford to buy enough food, and they often rely on less nutritious options or skip meals altogether.

- Nearly 17 million Nigerians were at risk of facing hunger in 2022, expected to rise to 25 million in 2023.³⁶
- An estimated 2.9 million are critically food insecure people in the northwest region.³⁷

ROLE OF AGRITECH IN ADDRESSING FOOD INSECURITY

Agritech is crucial in addressing food insecurity issues in Nigeria by increasing **agricultural productivity and efficiency**, improving **supply chain management**, and promoting **sustainable farming practices**. Mobile and internet-based platforms can give smallholder farmers access to information on weather patterns, market prices, and best farming practices, enabling them to make more informed decisions about their crops. Additionally, agritech solutions can facilitate the distribution of food and agricultural products by improving logistics and supply chain management, reducing post-harvest losses, and ensuring that products reach consumers in a timely and cost-effective manner.

Following is a case study of one of the emerging agritech companies in Nigeria that actively seeks to combat food insecurity issues in Nigeria:

NIGERIA'S SELECT KEY PLAYER



ALZIRA'A TECH
AGRITECH-ITSOLUTION-AUTOMATION

Al Zira'a Tech
(Nigeria)

HQ: Kaduna, Nigeria
Revenue: US\$434,000 (NGN 200M)
Employees: 22 employees

Product Focus/Range: Provide innovative tech solutions, smart automation technology training, and best practice guidance for farmers.

Global Presence: Currently operating in Nigeria (Kaduna State only) but plan to expand their services and products soon to the UAE and KSA and to four new Nigerian states. There are offices in Abuja, Kano, and Dubai.

1. Al Zira'a Tech has a customer base of 120-130 farmers in Nigeria, where the solutions have already been implemented with results. Farm-to-you app enables farmers to sell farm produce directly to consumers.
2. Currently building a database for best practices for farmers. It will give farmers a step-by-step daily schedule starting from pre-cultivation. Plan to launch by 2024.
3. It is also working with three universities in Nigeria with 15-20 students doing research on integrated farming and precision.



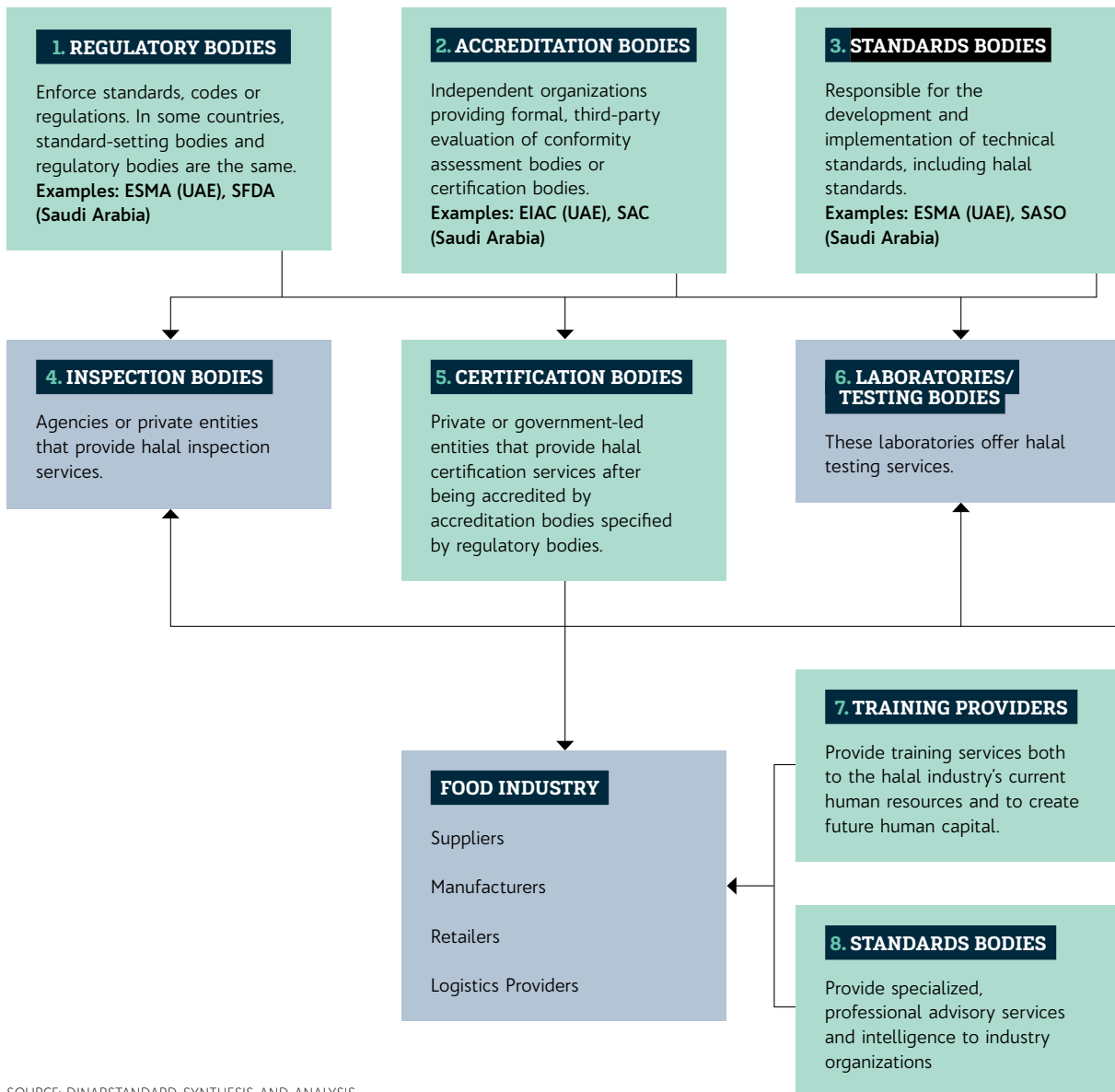
IVARIA

4.3. NIGERIA HALAL COMPLIANCE ECOSYSTEM

Global Halal Regulatory Landscape

The governments of Muslim-majority countries have appointed standard-setting bodies to develop halal standards enforced by regulatory organizations. In many markets, regulatory bodies appoint accreditation bodies to approve halal certifying bodies (“certifiers”) while also requiring that certifiers obtain approval from regulatory bodies.

Halal Food Regulatory Landscape



SOURCE: DINARSTANDARD SYNTHESIS AND ANALYSIS



SHUTTERSTOCK

Nigeria's Halal Regulatory Landscape

The halal regulatory landscape in Nigeria is still developing. Islamic finance is a much more coordinated market than the other sectors. Islamic banking is regulated by the Central Bank of Nigeria.

Key players: Standards Organization of Nigeria (SON) is the primary driver for halal initiatives with the support of other agencies such as the Federal Ministry of Industry, Trade, And Investment, the National Agency for Food and Drug Administration and Control (NAFDAC) and the Nigeria Supreme Council of Islamic affairs. SON has also established a Halal Technical Committee to oversee the developing and implementation of halal standards in Nigeria.

The Federal Ministry of Industry, trade, and investment established a committee that has been mandated to study various models used by other successful countries to develop a tailor-made strategic framework for the halal economy in Nigeria, including trade diversification.

Halal standards: The Halal Technical Committee of SON has published a standard and a guideline for halal food:

1. National standard for halal food
2. Guideline for use of term halal

SON became a member of the Standards and Metrology Institute for the Islamic Countries (SMIIC) in 2019. The collaboration aims to promote standardization and conformity assessment activities between Nigeria and SMIIC member countries, including establishing a mutual recognition agreement on halal certification. SON is in the process of adopting these standards and establishing national standards.

However, there is still a lack of clear and consistent standards for halal certification across various industries in the country. Additionally, there are private halal certification bodies in Nigeria, but their standards and practices may vary. Overall, there is a need for more standardized and

widely recognized halal certification practices in Nigeria.

Benchmarks

Indonesia - Indonesia serves as a model for a sustainable halal compliance ecosystem, where no single entity monopolizes the regulatory system. There are three key stakeholders operating independently but in collaboration with each other and the relevant government ministries. The key stakeholder is the Halal Product Guarantee Agency (BPJPH), which issues halal certification and works with external auditors (LPH), such as LPPOM, and fatwa body MUI, as part of the halal certification process. Halal certification in Indonesia is mandatory for certain products, such as food and beverages, pharmaceuticals, cosmetics, and textiles. The Indonesian government has made significant efforts to develop and promote its halal industry, including establishing the Indonesia Halal Lifestyle Center and the Halal Park Industrial Zone.

Malaysia - Malaysia has a comprehensive halal regulatory ecosystem that includes several government agencies and bodies. The Department of Islamic Development Malaysia (JAKIM) is the main agency responsible for halal certification and accreditation. JAKIM oversees the entire halal industry and sets the standards for halal certification. Another organization, the Halal Industry Development Corporation (HDC), is responsible for the overall development of the halal industry.

Malaysia also has a Halal Science Center at the International Islamic University Malaysia (IIUM) that conducts research and development on halal-related issues. Furthermore, the Malaysian government has established a Halal Hub in Kuala Lumpur to attract international halal industry players to invest in Malaysia.

Türkiye - The Standards and Metrology Institute for Islamic Countries (SMIIC), based in Türkiye, plays a significant role in developing the halal economy by promoting

standardization, accreditation, and conformity assessment of halal products and services. SMIIC works to develop and harmonize halal standards across Islamic countries and establish a common platform for halal certification

and accreditation. This helps to enhance the credibility and acceptance of halal products and services in the global market, leading to increased trade and investment opportunities for the halal industry.

4.4. DOMESTIC CONSUMER DRIVERS

Nigeria has a consumer market driven by various factors, including population growth, urbanization, and rising incomes. These factors have widely contributed to the growth of Nigeria's consumer economy and have made it an attractive market for both domestic and international businesses. According to the World Trade Organization (WTO), Nigeria is the largest economy in Africa and the 26th largest economy in the world (2021).

Growing Muslim Population

With a population of over 213.4 million people in 2021 and 218.5 million in 2022, and a growth rate of 2.46%,³⁸ Nigeria is the most populous country of any African nation. Nigeria has the 5th largest Muslim population in the world, and has one of the largest Muslim populations in Africa estimated at 53.5%.³⁹ The relatively young population, with a median age of 18 years, creates potential for economic growth in Nigeria as more people enter the labour force and become consumers. Population growth and rural-urban migration have led to the creation of higher urban agglomeration and the production of goods and services at a larger scale and low cost, which has benefited the country's low-income consumers.⁴⁰

Urbanization

As more and more people move from rural to urban areas to find jobs and acquire the services available there, the demand for goods and services increases. This has led to the growth of Nigeria's urban centers and the emergence of a more modern and sophisticated consumer market. According to The World Bank, the urban population in Nigeria was 56% in 2021, the highest value recorded so far.⁴¹ Since Nigeria has a mixed economy, it represents an increasingly important market and manufacturing center for the African consumer product sector.

Growth in Income

Nigeria has a burgeoning middle class of around 50 million people⁴² with a real GDP of US\$534 billion (2022).⁴³ The 2023 International Monetary Fund (IMF) World Economic Outlook projects that Nigeria's real GDP growth will rise from 3.0% in 2022 to 3.2% in 2023.⁴⁴ This has resulted in rising incomes, particularly in the middle class, leading to increased disposable income used for purchasing goods

and services. Agriculture and general commerce currently have the highest consumer demand growth, and there is a growing demand for halal products and certification due to religious and health reasons.

Active Trade Agreements

Nigeria has the potential to be a hub for the halal economy in Africa, thanks to its bilateral, regional, and multilateral trade agreements. Ratification of these agreements strengthens their trade and investment opportunities with other countries. One example is Nigeria's membership within the African Continental Free Trade Area (AfCTA), which creates a single marketplace for merchandise and services across 54 countries, allowing the free movement of business travelers and investments. The agreement aims to build a continental union, streamline trade, and attract long-term investment.⁴⁵

FinTech

Nigeria's finance sector is adopting fintech like NFTs, Bitcoins, and Metaverse and embracing the "Bank 4.0" concept, with several banks and financial institutions incorporating digital technology into their services.⁴⁶ The Nigerian Export Processing Zones Authority (NEPZA) and Binance Crypto Exchange collaborate to create a virtual free zone focused on blockchain and the digital economy. Last year, the eNaira carried out transactions worth 4 billion naira (US\$9.2 million), and its potential is expected to boost long-term economic growth in the fintech industry.⁴⁷

Rising E-commerce Trends

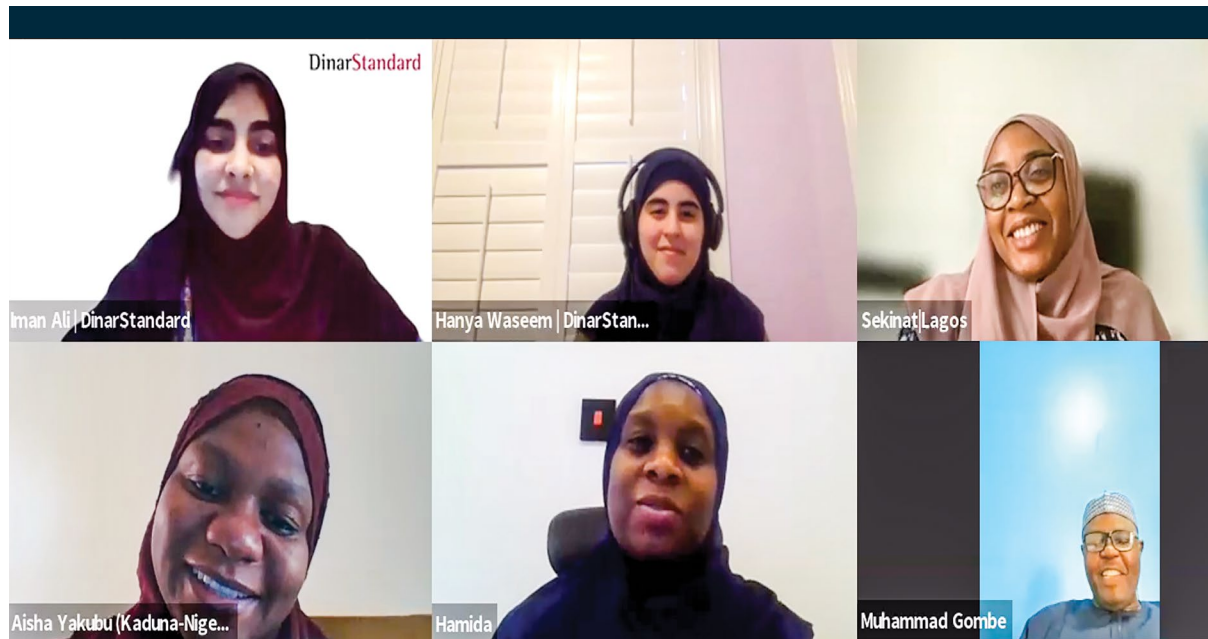
The e-commerce industry in Nigeria has grown significantly in recent years, driven by the rise of the internet and online transactions. As of today in 2023, the majority of internet users in Nigeria are shoppers, with 89% purchasing through online transactions.⁴⁸ Social commerce, which involves the use of smartphones and social media platforms for various needs, is also on the rise, with Nigeria's social commerce GMV expected to grow by 46% annually, reaching US\$1,156.1 million in 2023.⁴⁹ Additionally, the increased use of emergent digital technologies, such as AI, IoT and blockchain, in personalizing customized user experiences is a significant growth factor and trend for the e-commerce market in Nigeria.⁵⁰



SHUTTERSTOCK

4.5. NIGERIAN CONSUMER PERSPECTIVE ON THE HALAL ECONOMY

Focus Group Discussion with Nigerian Consumers



DinarStandard held a focus group discussion with halal consumers based in Nigeria to understand their views and experiences on the halal economy. Each of their views is categorized by the halal economy sectors, including their experiences regarding the availability of halal products and services, as well as their suggestions for the halal industry. These consumer perspectives help to provide valuable insights for industry players to evaluate the needs of Muslims in Nigeria.

SECTOR 1 - HALAL FOOD

The challenges faced by many Nigerian consumers in terms of halal food vary among the respondents and the wider Muslim consumer population in different regions. When it comes to food, most people frequent open markets and vendors, knowing the source of most foods they buy from family, friends, and work colleagues. When buying meat, most consumers generally ask if they are halal or assume they are halal unless it is known to be pork. Additionally, when eating out at public restaurants, Muslims often have to ask and ensure that the food served is halal. According to the respondents, halal awareness and certification are definitely things that can be improved upon.



AMINA ZAKARI
Jigawa, 62
Pharmacist/
Administrator



AISHA YAKUBU
Kaduna, 39
Development
Practitioner



In South Eastern Nigeria, one is concerned with the type and quality of meat, so we keep to fish. Another challenge is not being sure of the nature of slaughtering of frozen chicken, etc.”

“Some vendors are associated with other colleagues at work, or family and friends, that sell all of these things, so we tend to patronize them. Basically, we have an idea of the source where all these things are coming from and whether it is halal or not.”

SECTOR 2 - ISLAMIC FINANCE

Even though Islamic banks are currently present in Nigeria, many Muslims face multiple issues with their services, with most deciding to switch to conventional banks that offer better services. One challenge most commonly faced by the respondents is the quality of customer service offered in Islamic banks. Whether approaching the bank online or in person to complain about issues faced, mainly ranging from network failure to accessibility of online and offline services, most issues raised by the customers are not resolved quickly enough or even at all. Additionally, all of the respondents commonly suggested that Islamic banks educate people that subscribe to their services, as many Muslims in Nigeria may not be familiar with the rulings of Islamic finance.



HAMIDA KOGUNA
Kaduna, 39
Biomedical Scientist/
Homemaker



MUHAMMAD MUSA GOMBE
Gombe, 40
Media Practitioner

The services in Islamic banks are not up to par. And when you complain, you never get anything out of it. You'd have to visit the bank maybe at least twice a week to sort out one issue, and it's very time-consuming in this day and age of everything being online at the tip of your fingers."

"They need to open additional banks, especially in rural Nigeria, because most of them are concentrated in urban areas. I think with enlightenment, education, and a lot of publicity, people will be more aware."

SECTOR 3 - MUSLIM-FRIENDLY TRAVEL

When asked about Muslim-friendly travel, most of the respondents had never heard of travel being termed as “Muslim-friendly.” Many Muslims traveling often have to think and plan their journey ahead of time, from praying salat to halal food. However, many offered suggestions for how airports and airline services in Nigeria could be improved to create a safe and comfortable journey for Muslims. In most airports, there is a lack of proper public spaces for Muslims, especially Muslim women, to pray or even perform ablution in public. Another obstacle faced is the lack of handheld bidets in washrooms, making it difficult for Muslims to use washrooms in public settings. Additionally, some respondents agree that since the majority of people boarding international flights to Nigeria are Muslims, it should be a default for airlines to provide only halal foods.



AISHATU ALLAH-KAYI
Nasarawa, 38
Human Resource
Practitioner



**NABILAH NASIR
ADAMU**
Jigawa, 39
Programme Analyst



It is a big plus when there are Muslim-friendly amenities. I mostly look out for security, food, facilities, sightseeing, etc.”

“I would suggest for the travel industry to make toilets with water sprayers attached to the WCs, creating lots of awareness about halal foods and cosmetics, and creation of prayer rooms across airports.”

SECTOR 4 - HALAL COSMETICS

For many Muslim consumers in Nigeria, especially women, it has never crossed their minds that cosmetics could be identified as halal or haram. Similar to how food is bought, cosmetics are avoided if they are known to have any haram ingredients. Although many look for organic and natural products, the respondents suggested that labeling and awareness of halal cosmetics would be beneficial for Muslims. This would help identify which products are permissible and which ones should be eliminated from the market.



HAMIDA KOGUNA
Kaduna, 39
Biomedical Scientist/
Homemaker



SEKINAT ALAO
Lagos, 30
Operations Manager/
Entrepreneur

There are many vendors here now in Nigeria, and on Instagram, you can even find western cosmetics. You can purchase all of these things online, and there are some up-and-coming entrepreneurs who are now creating their own cosmetics brands, and they're becoming very popular."

"I think where the focus is right now is organic and natural. I don't think we have gotten to that level of halal cosmetics, but I think we are still getting there. But the focus right now is on organic or natural products compared to chemicals or other things."

SECTOR 5 - HALAL PHARMACEUTICALS

According to the respondents, the majority of Nigerian consumers are not heavily focused on whether the medicines they use are halal. Instead, more focus is on getting better healthcare. However, many agreed that halal pharmaceutical products and services would serve as an additional benefit for Muslims. In addition, they also mentioned that public awareness platforms in the form of apps could be an added benefit for those looking to buy and search for halal products.



MUHAMMAD MUSA GOMBE
Gombe, 40
Media Practitioner

It would be an excellent idea if we could have halal medicine, which is an excellent opportunity for the Muslim world. But, for now, I doubt that anyone who is sick would think about halal or haram. All they would want is to get well."



AISHA YAKUBU
Kaduna, 39
Development Practitioner

"Around us, there are actually chemists or prophetic medicine practitioners who prescribe mostly organic, like black seed oil, and prophetic medicine."



AISHATU ALLAH-KAYI
Nasarawa, 38
Human Resource Practitioner

"I expect halal pharma brands to organize health wellbeing events, make products easily accessible, and ensure quality standards."

SECTOR 6 - MODEST FASHION

Although traditional Nigerian clothing follows Islamic customs and traditions, modest fashion is not very widespread. Depending on the region, there are also different ways in which modest clothes are bought or even made. While most Muslim consumers located in the southern region of Nigeria buy modest ready-made clothes, the north opts for custom-made clothes. The general consensus agrees that modest fashion in Nigeria is very subjective. Even though it is not common to have clothes labeled as halal or modest, most respondents agreed that the modest fashion industry should conform to Islamic rulings and become more widespread through advertising and public awareness.



AMINA ZAKARI
Jigawa, 62
Pharmacist/
Administrator



**NABILAH NASIR
ADAMU**
Jigawa, 39
Programme Analyst



“The halal logo, rather than rules, will be a good idea for those ignorant of the rules and can be guided. But dress code rules have been introduced in universities and offices without an issue.”

“By advertising their modest fashion products through social media, this will go a long way for major modest fashion brands in reaching their targeted consumers.”

SECTOR 7 - ISLAMIC-THEMED MEDIA

Respondents also have varying opinions regarding what Islamic-themed media should represent or include. Most Muslims in Nigeria face difficulty accessing Islamic-themed media, often searching for online sources, resulting in a greater need for Muslim consumers to make it more widespread and create more services around it. Nigerian Muslim consumers also emphasize obtaining media related to their needs and which reflects their culture.



SEKINAT ALAO
Lagos, 30
Operations Manager/
Entrepreneur



HAMIDA KOGUNA
Kaduna, 39
Biomedical Scientist/
Homemaker

I focus more on what my children watch and consume than myself. However, the majority of the population does not have the privilege of access. So they need to pay attention to affordability and access so that it's able to go more widespread and more mainstream."

"It is very difficult to streamline in a country as multicultural as Nigeria. If there are investors that are available and interested in halal media, they should make themselves known, put their products out there, and advertise to catch the attention of Muslims so that we would have options. But it's not easy in a place such as Nigeria."

5

The background features a repeating geometric pattern of dark blue and gold triangles. A large, stylized gold cross is centered in the upper half of the image. The text is centered in the lower half.

Nigeria Halal Market Trade & Investment Opportunity

“We provide support and incentives for foreign investors to produce locally, including exemptions on the importation of machinery in areas of strategic importance. This is where investors can leverage the benefits of the African Continental Free Trade Area (AfCFTA).”

AMB. MARIAM YALWAJI KATAGUM,
HONOURABLE MINISTER OF STATE FOR INDUSTRY, TRADE AND INVESTMENT

“Given the role of NEXIM bank as an export credit agency and export development bank, it is supporting processing and exporting of value added goods through investment and not just exports of raw produce.”

ABUBAKAR ABBA BELLO,
CEO, NIGERIA EXPORT IMPORT BANK (NEXIM BANK)







Nigeria Halal Market Trade & Investment Opportunity

This section estimates Nigeria's halal trade and investment opportunities in halal products and the Islamic finance sector in the coming four-year period. Opportunities in the halal lifestyle sectors are also explored.

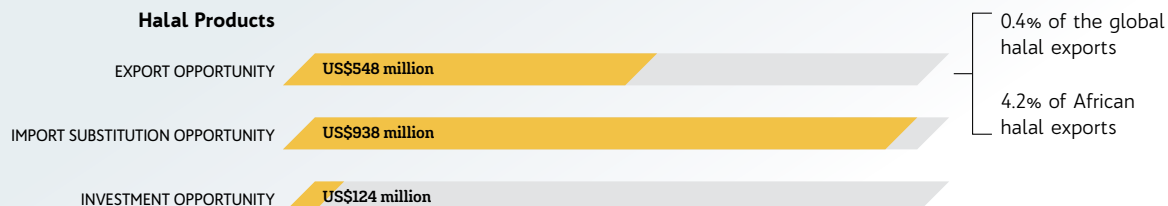
By implementing a comprehensive halal economy strategy that builds on Nigeria's existing capabilities, Nigeria can substantially boost its production of products linked to the halal economy and contribute an additional US\$1,610 million to the economy (annually to be achieved within 4 years, mid scenario).



SHUTTERSTOCK

Summary of Halal Market Trade and Investment Opportunity in Nigeria

IN HALAL PRODUCTS, NIGERIA CAN BOOST ITS GDP BY US\$1,486 MILLION THROUGH INCREMENTAL TRADE (EXPORT AND IMPORT SUBSTITUTION) AND AN ADDITIONAL US\$124 MILLION IN FDI OPPORTUNITY.






TARGET EXPORT CATEGORIES: COCOA, MEAT, SUGAR, LIVE ANIMALS, ANIMAL FODDER, ANIMAL/VEGETABLE FATS, AND OILS

US\$1,610 million Impact on GDP

Note: The impact figures are mid-case scenarios. Details in the chapter.

HALAL LIFESTYLE SECTOR OPPORTUNITIES

	Travel and Tourism	<ul style="list-style-type: none"> Hajj and Umrah travel services are expected to grow Abundance of natural beauty
	Media and Recreation	<ul style="list-style-type: none"> Opportunity in Kannywood for Islamic content for kids Nollywood's global exposure (second-largest film industry)
	Modest Fashion	<ul style="list-style-type: none"> Adopted by Nigerians as part of tradition Strong cotton industry ripe for domestic investment

ISLAMIC FINANCE OPPORTUNITIES

	Shariah-compliant working capital finance
	Shariah-compliant asset finance for SMEs
	Islamic fintech products for individual investment

SOURCE: ITC TRADEMAP, DINARSTANDARD SYNTHESIS AND ANALYSIS



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5.1. HALAL PRODUCTS OPPORTUNITY

NIGERIA EXPORT OPPORTUNITY

This section provides an export opportunity for Nigeria in the next four years – which product categories are ripe for export growth and the impact of incremental trade capture opportunity from the OIC and regional African trade on Nigeria’s economy.

Prioritization of Sectors & Geographies for Export

Current State

Global exports of halal products to OIC in 2021 totaled US\$370,509 million. Of this, **US\$203,058 million are products that require some degree of halal compliance** in Muslim countries. These exclude inherently halal products (such as fruits and vegetables) and those that do not yet require any halal compliance/certification (such as fashion products).

Nigeria’s exports of halal products to OIC in 2021 totaled US\$379 million. Of this, US\$240 million are products

that require some degree of halal compliance in Muslim countries.

Nigeria captured 0.1% of the global halal exports in 2021. This section will evaluate Nigeria’s export opportunity of the US\$240 million halal products.

Export Growth Categories

Below are the top 10 prioritized export growth categories, led by cocoa and cocoa preparations. The other most attractive export sectors are meat, sugar, live animals, animal fodder, and animal/vegetable fats and oils.

These categories are scored and ranked by five metrics: products most imported by OIC, fastest-growing categories over the past five years, most exported by Nigeria, requiring some degree of halal compliance, and OIC-trade intersection opportunity – halal trade flowing over Nigeria with potential to capture halal product trade (refer to methodology section for details).

Top 10 Prioritized Export Categories for Nigeria

SECTOR	TRADE CODE (HS Code)	SIMPLIFIED NAME	NIGERIA PRIORITIZED FINAL SCORE
Food	'18	Cocoa and cocoa preparations	0.71
Food	'02	Meat and edible meat offal	0.54
Food	'17	Sugars and sugar confectionery	0.51
Food	01	Live animals	0.51
Food	'23	Animal fodder	0.50
Food	'15	Animal or vegetable fats and oils	0.48
Pharma	'3004	Medicaments (for retail sale)	0.38
Food	'21	Soups, sauces & other processed foods	0.38
Food	'05	Other products of animal origin	0.36
Food	'04	Dairy products	0.36

NOTE: FULL LIST OF RANKINGS AND METHODOLOGY IN APPENDIX

SOURCE: ITC TRADEMAP, DINARSTANDARD ANALYSIS

Export Opportunity Impact

A substantial amount of halal economy trade is happening in Nigeria or its close proximity within OIC countries. If Nigeria can capture even 6% of that trade, it can significantly contribute to its GDP and presence with Muslim countries and within the African region. In this section, this potential value of capture through Nigeria is quantified.

OIC Incremental Export Opportunity

Assessing five halal trade routes (five OIC importers and their five suppliers), about US\$13,136 million worth of halal trade happens over Nigeria or in its close proximity, including Nigeria's exports to OIC. Currently, Nigeria exports around

US\$240 million in halal products to OIC countries, which is 2% of the total halal trade happening over Nigeria (from OIC).

If Nigeria can increase its share of exports from 2% to 4%, 6% or 10% of the US\$13,136 million halal trade in the next four years, **its exports to OIC can increase to US\$525 million, US\$788 million, and US\$1,314 million, respectively. This will boost Nigeria's GDP by US\$285 million up to US\$1,074 million.**

Global export impact: This will increase Nigeria's share of global halal product exports from 0.1% to 0.3%-0.6%.

Nigeria's Global Halal Product Export Opportunity Impact

HALAL TRADE OVER NIGERIA (INCLUDING NIGERIA EXPORTS) US\$ Million	CURRENT NIGERIA EXPORTS TO OIC FOR HALAL PRODUCTS* 2021 US\$ Million	4% SHARE OF TRADE OVER NIGERIA US\$ Million	6% SHARE OF TRADE OVER NIGERIA US\$ Million	10% SHARE OF TRADE OVER NIGERIA US\$ Million
\$13,136	\$240 (2% share of trade over Nigeria)	\$525	\$788	\$1,314
Impact on GDP		\$285	\$548	\$1,074
0.1% of the global halal exports		0.3% of the global halal exports	0.4% of the global halal exports	0.6% of the global halal exports

*Halal products exclude categories that are inherently halal (such as fresh vegetables) and categories identified haram.

SOURCE: DINARSTANDARD ANALYSIS



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Africa Incremental Export Opportunity

Of the US\$13,136 million halal trade that happens over Nigeria or in its close proximity, 6% is by OIC African countries (US\$847 million).

Currently, Nigeria exports around US\$59 million in halal products to these OIC African countries, which is 7% of the total halal trade happening over Nigeria (from these OIC African countries).

If Nigeria can increase its share of exports to 14%, 21%, or 35% of the US\$847 million halal trade in the next four years, **its exports to OIC African countries can increase to US\$118 million, US\$177 million, and US\$295 million, respectively.**

Africa export impact: This will increase Nigeria's share of the total regional African exports of halal products to OIC from 1.4% to 2.8%-7%. Africa's exports to OIC in 2021 totaled US\$4,229 million.

Nigeria's Regional Halal Product Export Opportunity Impact

HALAL TRADE OVER NIGERIA – THROUGH OIC AFRICAN COUNTRIES (INCLUDING NIGERIA EXPORTS) US\$ Million	CURRENT NIGERIA EXPORTS OF HALAL PRODUCTS* TO OIC AFRICAN COUNTRIES 2021 US\$ Million	14% SHARE OF TRADE OVER NIGERIA US\$ Million	21% SHARE OF TRADE OVER NIGERIA US\$ Million	35% SHARE OF TRADE OVER NIGERIA US\$ Million
\$847	\$59 (7% share of trade over Nigeria)	\$118	\$177	\$295
	1.4% of African halal exports	2.8% of African halal exports	4.2% of African halal exports	7% of African halal exports

*Halal products exclude categories that are inherently halal (such as fresh vegetables) and categories identified haram.

SOURCE: DINARSTANDARD ANALYSIS

Prioritized Export Categories and Key Markets

SECTOR	TRADE CODE (HS Code)	PRIORITIZED EXPORT CATEGORIES (Simplified Name)	TOP OIC IMPORT MARKETS	TOP AFRICAN IMPORT MARKETS
Food	'18	Cocoa and cocoa preparations	Malaysia Indonesia Türkiye	South Africa (non-OIC) Egypt Morocco
Food	'02	Meat and edible meat offal	Egypt Saudi Arabia UAE	Egypt Ghana (non-OIC) South Africa (non-OIC)
Food	'17	Sugars and sugar confectionery	Indonesia Malaysia Saudi Arabia	Nigeria Sudan Algeria Morocco
Food	01	Live animals	Saudi Arabia Indonesia Egypt	Egypt South Africa (non-OIC) Algeria
Food	'23	Animal fodder	Indonesia Türkiye Malaysia	Morocco South Africa (non-OIC) Egypt
Food	'15	Animal or vegetable fats and oils	Malaysia Pakistan Iran	Ethiopia (non-OIC) Egypt Algeria
Pharma	'3004	Medicaments (for retail sale)	Saudi Arabia UAE Egypt	Egypt South Africa (non-OIC) Nigeria Algeria
Food	'21	Soups, sauces & other processed foods	Saudi Arabia Malaysia UAE	South Africa (non-OIC) Nigeria Egypt Algeria
Food	'05	Other products of animal origin	Indonesia Morocco Türkiye	South Africa Morocco Ghana (non-OIC)
Food	'04	Dairy products	Saudi Arabia UAE Indonesia	Algeria Egypt Nigeria

SOURCE: ITC TRADEMAP, DINARSTANDARD ANALYSIS

NIGERIA DOMESTIC PRODUCTION OPPORTUNITY

In 2021, Nigeria exported a total of US\$880 million in halal products (food, pharmaceuticals, cosmetics) globally, and imported US\$6,273 million worth of halal products, hence a **net importer of halal products**, with net imports totaling US\$5,393 million in 2021.

This section discusses the product categories that Nigeria heavily relies on for imports to meet its consumer demands but which have the potential to be replaced by domestic production. The impact on GDP of substituting such imports with local production is also estimated in the section.

Import Dependency and Domestic Production

Nigeria heavily relies on imports, accounting for 70-80% of its goods consumed. It exports raw materials but imports finished goods. For instance, Nigeria is a net exporter of

cocoa (US\$612 million in net exports in 2021) but imports chocolate into the country. The government is working to reduce import dependency and add value to manufactured goods.

In the past, Nigeria's food industry relied heavily on imports or informal producers. However, recent years have shifted toward import substitution and formalization, improving quality and job creation. During the pandemic, Nigeria's self-sufficiency in food production proved crucial for its survival. The current industry challenges are not supply-chain-related but rather due to inflation and fuel prices. The scarcity of grains due to the Ukraine crisis has not impacted Nigeria significantly, as has inflation in petroleum prices and exchange rate differentials that create pressure on the currency (Naira) and hinder importability.

The following is a list of halal products (requiring some level of halal certification in Muslim countries) that Nigeria is import dependent on. The list excludes two products that Nigeria is a net exporter of cocoa and cocoa preparations (HS 18) and preparations for use on the hair (HS 3305).

Nigeria is a major importer of medicaments for retail sales and palm oil, which is one of the most imported products from the OIC as well. It also relies on imports of products like sugar and fish that it can easily produce locally. Nigeria has about 100 dams and a lot of fish that can substitute many other things.

Nigeria's Import-Dependent Halal Product Categories

SECTOR	HS CODE	SIMPLIFIED NAME	TOTAL NIGERIA EXPORTS OF HALAL PRODUCTS, 2021 US\$ 000	TOTAL NIGERIA IMPORTS OF HALAL PRODUCTS, 2021 US\$ 000	TRADE BALANCE (EXPORTS FEWER IMPORTS) 2021 US\$ 000
Pharma	3004	Medicaments (for retail sale)	450	1,115,419	(1,114,969)
Food	17	Sugars and sugar confectionery	1,049	987,121	(986,072)
Food	03	Fish and other aquatic invertebrates	49,958	873,950	(823,992)
Food	15	Animal or vegetable fats and oils	17,212	659,884	(642,672)
Food	04	Dairy products	2,645	507,072	(504,427)
Food	11	Products of the milling industry	2,044	455,138	(453,094)
Food	19	Cereal, pasta & bakery products	4,772	367,995	(363,223)
Food	21	Soups, sauces & other processed foods	24,840	327,169	(302,329)
Cosmetics	3302	Odoriferous substances	0	298,674	(298,674)
Pharma	3002	Vaccines	0	201,261	(201,261)
Food	20	Preparations of vegetables, fruit, nuts	980	71,252	(70,272)
Food	23	Animal fodder	85,082	130,939	(45,857)
Food	22	Beverages and vinegar	9,976	51,623	(41,647)
Cosmetics	3306	Oral care	1,180	33,624	(32,444)
Pharma	3006	Pharmaceutical preparations	1,132	26,725	(25,593)
Food	13	Vegetable saps and extracts	2,645	21,645	(19,000)
Cosmetics	3304	Makeup & skincare	1,700	19,070	(17,370)
Pharma	3003	Medicaments (not for retail sale)	648	16,956	(16,308)
Food	09	Coffee, tea, maté, and spices	38,907	53,860	(14,953)
Pharma	3005	Adhesive dressings	0	9,283	(9,283)
Cosmetics	3307	Personal care	64	9,006	(8,942)
Cosmetics	3301	Essential oils	0	5,683	(5,683)
Food	16	Preparations of meat, fish, or other aquatic invertebrates	102	4,494	(4,392)
Cosmetics	3303	Perfumes and eau de toilette	1,434	3,487	(2,053)
Food	05	Other products of animal origin	977	1,968	(991)
Food	02	Meat and edible meat offal	168	377	(209)
Pharma	3001	Dried glands and other organs	0	196	(196)
Food	01	Live animals	1,161	1,264	(103)

Import substitution opportunity impact

The 28 import-dependent halal product categories totaled US\$6.26 billion in imports by Nigeria in 2021. Through decisive import substitution strategies, if Nigeria can reasonably reduce these imports by 10%, 15%, or 20%, it will increase the GDP from US\$626 million to US\$1,251 million in the next four years.

Import Substitution Impact on Nigeria's GDP

TOTAL NIGERIA IMPORTS OF IMPORT-DEPENDENT CATEGORIES, 2021 US\$ Million	IMPORT REDUCTION BY 10% US\$ Million	IMPORT REDUCTION BY 15% US\$ Million	IMPORT REDUCTION BY 20% [BEST CASE SCENARIO] US\$ Million
\$6,255	\$5,630	\$5,317	\$5,004
Impact on GDP	\$626	\$938	\$1,251

SOURCE: DINARSTANDARD ANALYSIS

NIGERIA INVESTMENT OPPORTUNITY

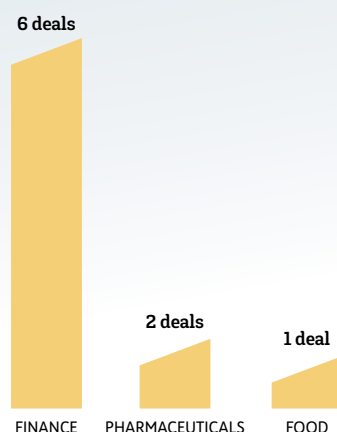
Nigeria generated US\$448 million in investment in the halal economy in 2022. This mostly consisted of investments in the fintech industry. Nigeria presents a high potential opportunity for investors in the halal economy with its large Muslim population and abundant natural resources.

In 2022, global investments in the halal economy with a disclosed value were valued at US\$15.7 billion. Nigeria accounted for 3% of that, or US\$448 million, across nine deals. Two VC investments are made in the pharmaceutical industry and one in the food industry. The remaining seven are in the financial sector. All these investments are related to technology-driven businesses.

Nigeria holds a great opportunity for investors in the halal economy. Nigeria is the largest economy in Africa and has a significant potential for further growth. There is an abundance of natural resources, especially in agriculture. However, more investments are needed to fully utilize them. Africa has the majority of the global Muslim population and is set to become one of the world's largest regions by Muslim population by 2050. This is also evident in Nigerian Muslim consumer spend, which is the eighth largest globally.

The government has implemented multiple policies and programs to improve the ease of doing business in the country. These include the Business Environment Council, chaired by the Vice President, which focuses on streamlining the various processes involved in setting up a company in Nigeria and putting regulations in place that allow businesses to repatriate 100% of their profits out of the country. Several free-trade zones also run in partnership with the private sector to further facilitate investment from international companies.

Nigeria's Current Halal Investments by Sector 2022



SOURCE: DINARSTANDARD ANALYSIS

Investment opportunity impact

Nigeria accounts for 3% of the US\$15.7 billion global investments in the halal economy (US\$448 million).

If Nigeria can increase its share of global investments in the halal economy to 5%, 10%, or 15%, **its investments in the halal economy can increase to US\$785 million, US\$1,570 million, and US\$2,355 million, respectively.**

Impact on halal product investment: Increasing Nigeria's total halal economy investment share by 10%, for instance, can increase investments in pharmaceuticals and cosmetics up to US\$51 million and US\$33 million, respectively. Hence total halal product investments can rise from US\$76 million to US\$84 million in the next four years. **This entails that the increment in halal product investments can increase Nigeria's GDP by US\$8 million.**

Nigeria's Halal Product Investment Opportunity Impact

HALAL PRODUCT SECTORS	NIGERIA'S CURRENT INVESTMENTS IN HALAL PRODUCTS US\$ Million	5% SHARE OF GLOBAL HALAL INVESTMENTS US\$ Million	7.5% SHARE OF GLOBAL HALAL INVESTMENTS US\$ Million	10% SHARE OF GLOBAL HALAL INVESTMENTS US\$ Million
Total Nigeria's Halal Economy Investments	\$448 (3% Share of Global Halal Investment)	\$785	\$1,178	\$1,570
Halal Pharmaceuticals	\$46	\$81	\$121	\$161
Halal Food	\$30	\$53	\$79	\$105
Total Halal Product Investments	\$76	\$133	\$200	\$266
Impact on GDP		\$57	\$124	\$190

SOURCE: DINARSTANDARD ANALYSIS



IVARIA

5.2. HALAL LIFESTYLE OPPORTUNITY

This section assesses the opportunities in lifestyle sectors, including travel and tourism, media and recreation, and modest fashion. Modest fashion is ripe for growth, while halal media and travel are nascent.

TRAVEL AND TOURISM

Domestic tourism opportunities

- Muslim-friendly hotels are emerging, mainly in the north, with a few in the southwestern parts of Nigeria. By developing the local halal compliance ecosystem, more hotels and restaurants will become halal compliant to cater to the Muslim population, which currently accounts for more than 50% of the population.
- Hajj and Umrah travel services are expected to grow, owing to a growing middle class.

International tourism opportunities

- In spite of its natural potential, insecurity, poor infrastructure, and poor communication have combined to cost Nigeria a slot among the most visited countries in Africa.
- In 2021, Niger and India were the most common countries of origin of tourists in Nigeria, with 9% and 5% of the total arrivals that year, respectively. USA and Benin followed at 3% each.
- Overall inbound tourist expenditure in 2021 in the country decreased compared to the preceding year. In 2021, Nigeria's total inbound tourism expenditure amounted to US\$265 million. This was a significant decrease from the peak in expenditure achieved in 2017, at over US\$2.6 billion.⁵¹

MEDIA AND RECREATION

Local media consumption

- A new study by Research and Markets shows that Nigeria will contribute about 10 million (21.2%) pay television subscribers to Africa's 47.26 million pay-TV base by 2025.⁵²
- While Nollywood has gained popularity among adult audiences (featuring cultural and religious values), there is an opportunity in the market for Islamic content for kids in Nigeria.

Media export opportunities

- Nigeria's media and entertainment industry is one of the fastest-growing creative industries in the world. It has the potential to become the country's greatest export in services, with a projected annual growth rate of 8.6% and a compound annual growth rate (CAGR) of 19.3% from 2018-2023.⁵³ Although this is largely representative

of the Nollywood media industry, this growth could have an impact on the Kannywood, primarily consumed by Nigerians in the north of Nigeria.

- Hausa content has made its way into Netflix,⁵⁴ and a platform called Northflix reportedly has over 100,000 subscribers in 85 countries.⁵⁵

MODEST FASHION

Domestic production opportunities

- With most of the country being Muslim or Christian, coupled with consumer preferences, modest clothing in Nigeria is not exclusively for Muslims.
- Although customers still prefer selecting their fabrics and having tailored garments, there is currently a growing inclination toward the purchase of pre-made clothes.

Modest fashion export opportunities

- In just the past few years, Lagos, Nigeria, has become West Africa's fashion capital.⁵⁶
- Nigeria exports US\$1.12 million in fashion products (apparel and footwear), of which it exports 38% to OIC countries (US\$0.43 million).
- Nigeria has one of the best goat leathers. Italy is among the top exporters of Nigerian leather.
- Nigeria imports a significant number of fabrics, including cotton, wool, silk, and synthetic fibers, but the country has a strong cotton industry and could produce more of these materials locally.



PEKELISOTTUN ABDULMALIK

5.3. ISLAMIC FINANCE OPPORTUNITY

Nigeria's halal economy is still nascent and gradually seeing awareness among consumers. The Islamic finance sector is the only rapidly growing sector. High investment opportunities in Islamic fintech in Nigeria.

Nigeria's Islamic Finance Market Size

Islamic Finance (IF) Assets:

In 2022, Nigeria's IF assets were estimated to be worth US\$3.3 billion, 0.08% of the total global IF assets. Among the OIC, Nigeria ranked 19th in terms of IF assets. In Africa, it

ranked second, following Egypt at US\$21.4 billion in IF assets.

In the 2022 GIEI ranking for IF, Nigeria ranked 17th. The IF ranking scores for five metrics: financial, governance, awareness, social, and innovation. The top three countries in the ranking are Malaysia, Saudi Arabia, and Bahrain.⁵⁷

Global and Islamic Fintech:

Global Fintech: Growth in financial services across Africa is not uniform. Ghana and francophone West Africa are expected to grow the fastest, at 15% and 13% per annum, respectively, until 2025. Nigeria and Egypt follow, each with an expected growth rate of 12% per annum over the same period.⁵⁸



Islamic Fintech: Nigeria is among the rapidly growing ecosystems in the Islamic fintech market. According to the Global Islamic Fintech Report 2022, Nigeria is among the top 10 by volume of Islamic fintech (seven fintech firms).⁵⁹ Nigeria secured among the top 20 in GIFT ranking (19th) and is the only country from Africa on the list. The top three markets on the list are Malaysia, Saudi Arabia, and Indonesia.

Nigeria's Islamic Finance Landscape and Programs

Islamic Banking:

Nigeria's halal economy is still nascent and gradually seeing awareness among consumers. The Islamic finance sector is the only rapidly growing sector in the halal economy with three national Islamic banks (commonly known as non-interest banks): Jaiz Bank, Taj Bank, and Lotus Bank. Islamic finance is a much more coordinated market than the other sectors. Islamic banking is regulated by the Central Bank of Nigeria.

SEC Master Plan Incorporated Islamic Finance:

The Securities and Exchange Commission (SEC) aims to make Nigeria a hub in Africa for Islamic capital-market products as part of the government's 'Revised Plan 2021-2025.' SEC targets 50 listings of shariah-compliant products with a market capitalization of at least US\$11 billion by 2025.

Sukuk Bonds:

The government is actively leveraging sukuk bonds for infrastructure development. Roads would have large sign boards that read "Sukuk funded section." Currently, sukuk has become perhaps the most popular non-interest asset known to Nigerian investors.

- **Nigeria is the largest sukuk issuer in Africa:** Nigeria houses the largest sukuk market in Africa with an outstanding issuance of US\$41.6 billion, albeit small by global comparison.⁶⁰
- At least 300% of subscriptions for sukuk.
- Last year also saw Taj Bank Limited's launch of a US\$222 million mudaraba sukuk program in 2022 to raise tier 2 capital.

Training:

IF training is provided by the International Institute of Islamic Banking and Finance (IIIBF), Bayero University, Kano (BUK) in Nigeria. The institute offers various courses, programs, and workshops in Islamic finance for professionals, academics, regulators, and students. The IIIBF also conducts research and consultancy services in Islamic finance, has partnerships with other institutions and organizations in the industry, and offers an Executive Masters in Islamic Finance program.

Islamic Finance Opportunity

Islamic finance opportunities are related to opportunities within halal products and lifestyle sectors. There has not yet been any convergence of other halal economy sectors with Islamic finance, however, Nigeria is seeking to adopt and learn from countries like Malaysia and Indonesia, which have well-established Islamic finance ecosystems.

1. **Demand for other Islamic finance products:** There is an increasing awareness among Muslims and non-Muslims of Islamic finance services. As consumers become more aware of Islamic finance, the demand for other products will continually increase.
2. **Shariah-compliant fintech products:** Nigeria's strength in fintech ecosystems, and broader tech ecosystem, is a key area to attract investment, specifically in shariah-compliant fintech products that have model-scale potential beyond Nigeria. Fintech product areas that can stimulate local development as well as attract foreign investment are:
 - Shariah-compliant, traditional, and alternative working capital finance for SMEs.
 - Shariah-compliant, traditional, and alternative business asset finance for SMEs.
 - Islamic fintech products for individual investment.⁶¹

6



Nigeria Halal Market Opportunity Assessment

“With the various regulatory interventions to support backward integration, we are building more and more in terms of our manufacturing facilities locally and shying away from being an import dependent business.”

FAROUK GUMEL,
EXECUTIVE VICE CHAIRMAN – AFRICA, TROPICAL GENERAL INVESTMENTS
(TGI) GROUP / BOARD CHAIRMAN, UNION BANK OF NIGERIA /
BOARD CHAIRMAN, NSIA: NIGERIA SOVEREIGN INVESTMENT AUTHORITY

“The Securities and Exchange Commission, which regulates Nigeria's capital market, has included Islamic finance as part of its master plan for the market's growth. This integration represents a significant opportunity for the country's Islamic finance sector to expand.”

DR BASHIR ALIYU UMAR,
DEPUTY CHAIRMAN, FINANCIAL REGULATION ADVISORY COUNCIL
OF EXPERTS (FRACE), CENTRAL BANK OF NIGERIA





Nigeria Halal Market Opportunity Assessment

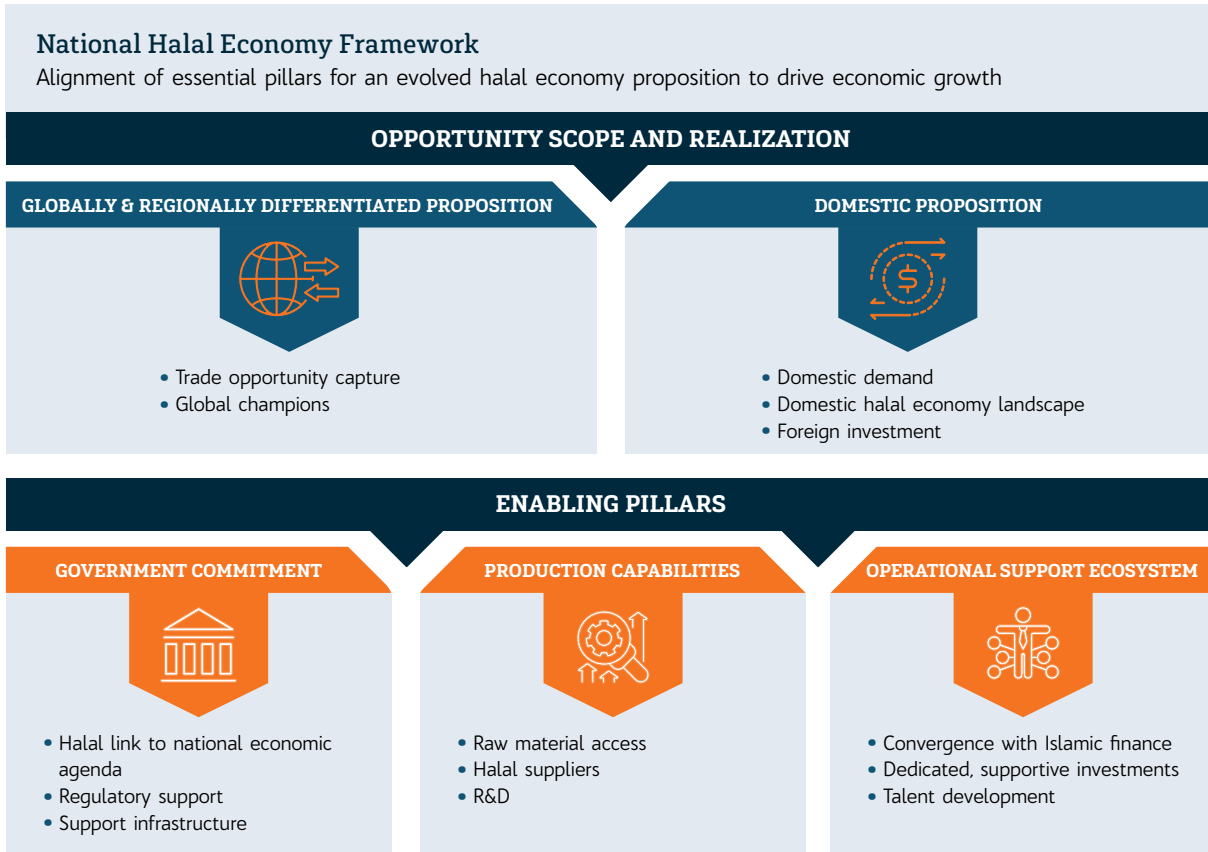
This section introduces a comprehensive framework that assesses Nigeria's current performance against key criteria and identifies the essential building blocks for developing a vibrant halal economy strategy.



ESSENTIAL BUILDING BLOCKS FOR THE HALAL ECONOMY

The National Halal Economy framework by DinarStandard is a tool that links a nation's halal economy to economic growth, an important foundation for any successful macroeconomic halal economy strategy. The framework

looks at all applicable factors, such as the size of addressable demand, domestic and global competitiveness, current and potential capture of trade, and prioritized opportunities to address in a comprehensive strategy.



SOURCE: DINARSTANDARD NATIONAL HALAL ECONOMY FRAMEWORK

The framework incorporates two fundamental premises, five pillars, and 14 sub-pillars that underline success and leadership in the halal economy. Its application can help countries identify their strengths and development areas in building scaled propositions that address the core global halal economy opportunity. The two core areas can be summarized as follows:

1. Opportunity Scope and Realization: There is a sufficiently sizeable halal economic opportunity that is being fully addressed by a country's natural and productive resources.

Pillar 1: Globally & Regionally Differentiated Proposition: Identifies the robust capture of substantial international trade opportunities in the halal economy. Identifies global and regional champions with a unique, differentiated proposition.

Pillar 2: Domestic Proposition: Identifies opportunities from domestic demand for halal products, domestic halal industry and ecosystem landscape, and foreign investment.

2. Enabling Pillars: A meaningful mix of enabling pillars exists in place to support the development of multiple scaled, domestic and global champions addressing the global halal economy opportunity.

Pillar 3: Government Commitment: Identifies halal link to national economic agenda, regulatory support to the halal economy, and related support infrastructure.

Pillar 4: Production Capabilities: Identifies access to raw materials, halal suppliers, and R&D facilities to support halal economy advancement.

Pillar 5: Operational Support Ecosystem: Identifies convergence with Islamic finance, dedicated investment opportunities, and talent development for the halal economy.



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6.1. GLOBAL AND REGIONAL PROPOSITION

To help Nigeria prioritize growth opportunities and markets, an assessment is conducted on its current global and regional position, considering the key internal and external challenges it faces and its core market competencies.



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Core Competencies

- 1. Among the top halal consumer market in the world:** Nigeria is the eighth largest halal consumer market, with a combined US\$107 billion Muslim spend across halal products and lifestyle sectors (food, clothing, media and recreation, pharmaceuticals, cosmetics, and travel), and 4.7% of the global halal economy spend. Regionally, it is the second-largest Muslim consumer market in Africa after Egypt.
- 2. Food exports account for 98% of halal product exports:** Nigeria is the 11th largest exporter of halal products in Africa. Exporting a total of US\$379 million in halal products to OIC countries in 2021, of which 98% of exports accounted for food and beverage products.
- 3. Largest agriculture producer in the world:** Nigeria is the largest producer of cassava in the world, producing over 54 million metric tons, 19% of the global production (FAO, 2020). Cassava is an important staple crop in Nigeria and is used for various purposes, including food, animal feed, and industrial uses such as biofuel production.
- 4. The region's fashion capital:** Modest fashion is rooted in the culture, while Lagos has become West Africa's fashion capital.
- 5. Nigeria is the largest sukuk issuer in Africa:** Nigeria houses the largest sukuk market in Africa, with an outstanding issuance of US\$41.6 billion.
- 6. Attracting investments in Islamic fintech:** Nigeria is the second-largest market of Islamic finance assets in Africa (after Egypt), with US\$3.3 billion in assets. It is a rapidly developing sector in the halal economy in Nigeria, and most investments were geared towards Islamic fintech in 2022, worth US\$372 million in investments over nine deals.
- 7. Growing media industry:** Nigeria's media and entertainment industry is one of the fastest-growing creative industries in the world. Nollywood is the second-largest film industry globally.

Internal Challenges

- 1. No domestic champions:** Domestic champions' global reach and exposure are limited.
- 2. Logistics issues increase prices substantially:** There has been a huge backlog of shipping activity since the COVID-19 lockdown. To get current orders on the priority list, a premium has to be paid, increasing prices up to 200-300% depending on where it is imported from.
- 3. Poor trade infrastructure:** Lack of proper storage, logistics, power, and roads causes some output to be lost, impacting production, logistics, tourism, and media distribution.
- 4. Regulatory and policy challenges:** Too many agencies involved in the export value chain, making ease of doing trade cumbersome.
- 5. Security challenges impacting inbound tourism:** The Nigerian government has been taking steps to address the security challenges, but the impact on the tourism industry is still significant.
- 6. Nigeria faces challenges with copyright piracy:** Counterfeiting and piracy constitute major hindrances to the development of intellectual property rights in Nigeria while hindering the growth of the media industry.



External Challenges

- 1. The cost of exporting has grown:** Since the COVID-19 crisis, volatility in the global commodities market has meant prices are constantly changing, especially in Asia where most of Nigeria's exports go to.
- 2. Quality challenges hinder export growth:** Destination markets reject exports from Nigeria based on quality issues. The government is addressing quality challenges through controlled measures and capacity building for SMEs.
- 3. Competition is rising as other countries industrialize:** Many countries in the region and globally are already reforming their industrial sectors, such as through diversification of economies or through special economic zones to attract foreign investments.

Growth Opportunities

- 1. Prioritized export categories bring opportunity for food processors:** A large proportion of these categories are processed food products. Since these processors already have to comply with comprehensive halal certification rules, this would position them well when entering the global market for halal food.
- 2. Halal development strategy to increase adoption in travel, tourism, and food services:** A key halal market in the region, Nigeria is in the best position to build on its proposition through halal economy strategies.
- 3. Leverage image as the fashion capital of West Africa:** To increase local production and exports of modest fashion.

HIGHLIGHTED ANALYSIS

Summarizing Nigeria's Muslim Consumer Market



African Continental Free Trade Area (AfCFTA)

About: The African Continental Free Trade Area (AfCFTA), established by the African Union (AU) in 2018, is a multilateral agreement among 55 African countries to promote trade and economic integration. These 55 member states have a combined GDP valued at US\$3.4 trillion, and trade under AfCFTA could potentially increase Africa's exports by US\$560 billion. Africa officially started to trade under the AfCFTA in 2021. The multilateral intra-African trade agreement will ensure one marketplace for merchandise and services across member states, enabling the free movement of business travelers and investments and boosting trade, especially intra-African agricultural trade.

Current Status: Two years after the signing of the agreement, there has not been any substantial trade that has happened, not only from Nigeria but across Africa, with some reasons being disagreements over rules of origin and resistance from least-developed countries that rely on

revenue from tariffs and duties. While most countries are preparing, there has not been substantial progress.

Future for Nigeria: The trade agreement provides a key regulatory tool for the free trade area, which has helped enhance competition and consumer choice within the region. It has also helped create export opportunities for Nigerian manufacturers, thereby increasing employment in the economy through the expansion of market access for businesses.

Afreximbank Opens First African Quality Assurance Centre (AQAC) in Nigeria

The initiative aims to ensure that Made-in-Africa products comply with international standards and technical regulations to promote exports and facilitate intra and extra-African trade. First-class quality infrastructure is considered critical in facilitating trade under the African Continental Free Trade Agreement (AfCFTA).⁶²



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6.2. DOMESTIC PROPOSITION

Nigeria is among the top five countries with a large Muslim population, of which most are young, Millennials, and GenZ. The Islamic finance sector is maturing while sectors like halal food and modest fashion are emerging. Key internal and external challenges need to be addressed, with a focused effort on Nigeria's core competencies and growth opportunities to address these untapped opportunities and markets.

Core Competencies

- 1. Largest Muslim population:** Nigeria has the largest Muslim population in the world. It covers more than 50% of the 213 million people (as of 2021). Most of the total population is represented by youth, with a median age of 18 years and a growing middle class.
- 2. Largest halal consumer market:** Nigeria is the eighth-largest Muslim consumer market globally, owing to its large Muslim population.
- 3. Increasing usage of internet and mobile:** Internet penetration in Nigeria stood at 55.4% in 2022, while around 87.7% of the population used smartphones end of the year.⁶³ This technology trend has led to growth in e-commerce and fintech.
- 4. Positive GDP outlook:** The country's GDP (adjusted for inflation) has already reached its pre-crisis level, and the third quarter of 2022 marked the eighth consecutive quarter of positive growth despite continued challenges in the oil sector.⁶⁴
- 5. Distribution channels in the domestic market are increasing and diversifying:** E-commerce is most prominent for fashion and CPG, while traditional markets work well for F&B and other products.

Internal Challenges

- 1. Limited knowledge of halal cosmetics and pharmaceuticals:** Many consumers and local companies are not aware of the need for halal in cosmetics and pharmaceuticals; hence these sectors remaining low in penetration compared to other halal economy sectors.
- 2. Limited number of scaled participants:** Food and Islamic finance sectors are key areas where further investment could help build scalable companies addressing a robust domestic demand.
- 3. Poor patronage of 'Made in Nigeria' goods:** Factors contributing to the poor patronage of locally made goods include poor quality, high cost of production, and lack of adequate marketing and distribution channels.
- 4. Logistics challenges have significantly raised prices:** As a result of a large backlog of shipping activity, importers have to pay a premium which could increase prices by 200-300%.
- 5. Inadequate trade infrastructure:** Including insufficient storage facilities, poor logistics, inadequate power supply, and substandard road networks leads to losses in production and affects the distribution of goods and services.



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External Challenges

1. **Higher food prices threaten import-dependent products:** The past year has seen a 33% increase in world food prices, increasing the risks of inflation and shipping costs.
2. **Dumping of inferior or secondhand goods in Nigeria, impacting local production:** It is often cheaper to import finished goods than to produce them locally, but this can lead to a lack of investment in local industries and a reliance on imports. Inferior goods can also harm local industries by undercutting prices and reducing demand for locally produced goods.
3. **Nigeria is among the countries with the lowest food security:** It has been adversely affected by the spillover effects of the Ukraine crisis, primarily through higher domestic food prices. This has exacerbated the scarring effects of the COVID-19 pandemic, especially on the most vulnerable segments of society.

Growth Opportunities

1. **Increase domestic production of most imported halal products:** Nigeria, with its rich natural resources, is in the best position to increase the domestic production of some of its most imported products, such as cocoa and sugar.
2. **Sukuk for other economic sectors:** Given the successful subscription and use of government sukuk bonds for financing infrastructure, sukuk can be leveraged to support other economic sectors as well.
3. **Diversification of Islamic finance products:** There is an increasing demand from consumers and businesses to utilize Islamic finance. Nigeria can invest in developing more shariah-compliant banks that offer a wide range of Islamic finance products.
4. **Local Islamic content for kids:** Given the prevalence of Nollywood and the growth of Kannywood, there is an opportunity for Nigeria to produce more religiously driven content and diversify to Islamic content for kids.
5. **Collaboration among key government agencies:** The Federal Government, through the Central Bank of Nigeria, has been providing infrastructure on financing that will support the halal economy sectors, domestically and in trade. Agencies involved are: Development Finance Institutions, NEXIM bank, infrastructure development finance institutions, Bank of Agriculture, and Bank of Industry, among others.

HIGHLIGHTED ANALYSIS

Determining potential of domestic production using production complexity.

The Product Complexity Index (PCI) ranks the diversity and sophistication of the productive know-how required to produce a product.⁶⁵ Products with a high PCI value (the most complex products that only a few countries can produce) include electronics and chemicals. Products with a low PCI value (the least complex product that nearly all countries can produce) include raw materials and simple agricultural products.

By analyzing products that Nigeria is a net importer of and the corresponding PCI rating of each, an opportunity of US\$19 billion exists just by reducing import dependency on the following products: Products of the milling industry, animal or vegetable fats and oils, and fish and other aquatic invertebrates.

SECTOR	HS CODE	SIMPLIFIED NAME	TOTAL NIGERIA EXPORTS OF HALAL PRODUCTS, 2021 US\$ 000	TOTAL NIGERIA IMPORTS OF HALAL PRODUCTS, 2021 US\$ 000	TRADE BALANCE (EXPORTS FEWER IMPORTS) 2021 US\$ 000	PRODUCT COMPLEXITY INDEX (PCI)
Food	'11	Products of the milling industry	2,044	455,138	-453,094	-1,95
Food	'15	Animal or vegetable fats and oils	17,212	659,884	-642,672	-1,66
Food	'09	Coffee, tea, maté, and spices	38,907	53,860	-14,953	-1,57
Food	'03	Fish and other aquatic invertebrates	49,958	873,950	-823,992	-1,43
Food	'16	Preparations of meat, fish, or other aquatic invertebrates	102	4,494	-4,392	-1,43
Food	'05	Other products of animal origin	977	1,968	-991	-1,4
Food	'02	Meat and edible meat offal	168	377	-209	-1,4
Pharma	'3001	Dried glands and other organs	0	196	-196	-1,4
Cosmetics	'3301	Essential oils	0	5,683	-5,683	-1,36
Food	'20	Preparations of vegetables, fruit, nuts	980	71,252	-70,272	-1,24
Food	'01	Live animals	1,161	1,264	-103	-1
Food	'13	Vegetable saps and extracts	2,645	21,645	-19,000	-0,97
Food	'23	Animal fodder	85,082	130,939	-45,857	-0,73
Food	'21	Soups, sauces & other processed foods	24,840	327,169	-302,329	-0,698
Food	'17	Sugars and sugar confectionery	1,049	987,121	-986,072	-0,59

Food	'19	Cereal, pasta & bakery products	4,772	367,995	-363,223	-0,531
Food	'04	Dairy products	2,645	507,072	-504,427	-0,382
Food	'22	Beverages and vinegar	9,976	51,623	-41,647	-0,01
Pharma	'3005	Adhesive dressings	0	9,283	-9,283	0,001
Cosmetics	'3307	Personal care	64	9,006	-8,942	0,001
Cosmetics	'3306	Oral care	1,180	33,624	-32,444	0,18
Cosmetics	'3302	Odoriferous substances	0	298,674	-298,674	0,202
Cosmetics	3304	Makeup & skincare	1,700	19,070	-17,370	0,505
Cosmetics	'3303	Perfumes and eau de toilette	1,434	3,487	-2,053	0,505
Pharma	3004	Medicaments (for retail sale)	450	1,115,419	-1,114,969	0,68
Pharma	3003	Medicaments (not for retail sale)	648	16,956	-16,308	0,68
Pharma	'3006	Pharmaceutical preparations	1,132	26,725	-25,593	0,8
Pharma	'3002	Vaccines	0	201,261	-201,261	1,7



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6.3. GOVERNMENT COMMITMENT

As a key ecosystem player, the government can provide industry players with regulatory and infrastructure support to enable companies to build on their core competencies and overcome internal and external challenges.

Core Competencies

- 1. Largest sukuk market with outstanding issuance of US\$41.6 billion:** The government is actively leveraging sukuk bonds for infrastructure development. Nigeria is the largest sukuk issuer in Africa.
- 2. Building strategic framework for halal economy:** A committee established by the Federal Ministry of Industry, Trade, and Investment has been tasked with studying models used by successful countries to develop a tailored strategic framework for Nigeria's halal economy, which includes trade diversification.

Internal Challenges

- 1. No dedicated halal economy strategy:** There exists no clear plan for a comprehensive halal economy strategy. Islamic finance is the only formalized sector, but it also requires streamlined standards and regulations.
- 2. Lack of halal regulations impact trade with OIC:** Nigeria has a low trade volume with Islamic countries, apart from oil, one of the reasons being the lack of proper halal regulation. For example, there is demand for Nigerian carcass and poultry products in the Middle East, but trade has not picked up due to the absence of halal certification.

External Challenges

- 1. The lack of trade regulations as per global standards, especially around processed food, is impacting the halal economy:** Therefore, there is a need to reform other regulations impacting the export of goods in general.

Growth Opportunities

- 1. Partnering with international halal bodies:** Nigeria became part of SMIIC (in 2019). This will enable Nigeria to carry out standardization and conformity assessment activities between Nigeria and SMIIC member countries, including establishing a mutual recognition agreement on halal certification.

HIGHLIGHTED ANALYSIS

Halal link to national economic agenda.

The main difference between GCC countries and some predominantly Muslim countries, such as Nigeria and other African countries, is that the institutions in GCC countries automatically align with halal principles and drive the Islamic economy through organizations like the Halal Development Corporation in Malaysia. In contrast, many African countries with Muslim populations are secular, so the institutions must take proactive steps to push the market in the halal direction.

Industry has a larger role than government in pushing the halal economy.

Nigeria is a secular society, with the ratio between Christians and Muslims being 45% and 55%, respectively.⁶⁶ Hence, the government has created trade and commerce institutions, and it has been left to the country's halal industry to push for certain approvals the government is

willing to support. The industry must also encourage the entire Nigerian business sector to understand that they do not have to be Muslim to make halal products.

Government initiative to overcome food insecurity.

Livestock productivity resilience support (LPRS) is a six-year project initiated in 2019 by the Federal Government

of Nigeria and the International Fund for Agricultural Development (IFAD) to improve livestock productivity, resilience, and commercialization of selected value chains and to strengthen the country's capacity to respond to an eligible crisis or emergency. It also focuses on strengthening the capacity of small-scale livestock producers and their organizations, particularly women and youth, to effectively participate in and benefit from livestock value chain activities.

6.4. PRODUCTION CAPABILITIES

Nigeria has a strong agricultural sector, which contributes considerably to the GDP. However, the production of halal products (that require some degree of halal compliance), like cocoa and cocoa products, can be improved. The percentage

of SMEs in Nigeria's industry landscape is significant (around 60% of the industry) and is a major focus of government policies to support entrepreneurship and small business development.

Core Competencies

- 1. Primary production: Nigeria is endowed with arable land suitable for growing a variety of crops,** both for domestic consumption and exports. It is rich in natural resources such as animal/vegetable oil and cotton.
- 2. The ecology in the northern part of the country makes it famous for livestock keeping:** The region experiences prolonged dry seasons and short rainy seasons, which create grazing conditions for various types of livestock.
- 3. Plentiful surface and underground water resources:** According to the Nigeria Integrated Water Resources Management Commission, Nigeria has a renewable freshwater potential of 267 billion cubic meters per year, of which only about 25% is currently utilized. The northern part of Nigeria has abundant surface and underground water resources, including rivers, streams, and lakes, which provide water for livestock and irrigation for crop production.

Internal Challenges

- 1. Inadequate financing:** Stakeholders across the value chain struggling to access affordable financing and capital result in limited scale and low productivity.
- 2. Food insecurity:** Currently, the sector has a fragmented food ecosystem with high import dependence, resulting in food insecurity and malnutrition.
- 3. Poor farming practices and weak infrastructure hinder the agriculture sector's growth:** Including limited opportunities for developing industry linkages, especially to the manufacturing sector and export markets.
- 4. Secondary production: Insufficient processing capability.** Food processing (and manufacturing in general), which is a significant portion of the value chain, is often pushed outside of the country owing to a multitude of factors, including infrastructure challenges, lack of continuous power supply, and a shortage of skilled labor.
- 5. Deforestation:** Nigeria's forest ecosystems are threatened by rapid population growth and economic activities, with the annual deforestation rate ranging between 0.72% - 2.38% (FAO, 2018).

External Challenges

1. **Climate change:** Climate-related natural disasters like floods affect agricultural productivity.
2. **Competition is rising as other countries industrialize:** Many countries in the sub-region and globally are already reforming their industrial sectors.
3. **Dumping of inferior or secondhand goods in Nigeria, impacting local production:** It is often cheaper to import finished goods than to produce them locally, but this can lead to a lack of investment in local industries and a reliance on imports. Inferior goods can also harm local industries by undercutting prices and reducing demand for locally produced goods.

Growth Opportunities

1. **Potential to be #1 in Africa and globally in agriculture products.** Nigeria is already a leading producer of cassava and rice globally. It has the potential to lead in several other agriculture products, such as fish and fish products, cocoa, maize, and others.
2. **Attract investments as East Asia labor costs begin to rise:** Nigeria, with its abundant natural resources, large and growing population, and strategic location, can potentially be an attractive destination for companies looking for alternative locations to set up their operations.
3. **Opportunities in agritech:** Enhanced agriculture productivity through adaptation of new technologies and innovations.



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HIGHLIGHTED ANALYSIS

Nigeria is rich in natural resources but needs to overcome challenges to increase production efficiency.

Nigeria, in addition to its huge population, is endowed with significant agricultural, mineral, marine, and forest resources. Its multiple vegetation zones, plentiful rain, and surface and underground water resources allow for the production of diverse food and cash crops.⁶⁷

CONSUMER USE	INDUSTRIAL USE	EXPORT ORIENTED
Over 60% of the population is involved in producing food crops such as cassava, maize, rice, yams, various beans and legumes, soya, sorghum, ginger, onions, tomatoes, melons, and vegetables.	Local industrial use includes cocoa flour and butter, rubber crumb, vegetable oil, cotton fiber, and dywam. The rainforests have been well exploited for timber and wood products from exotic and popular species.	The main cash crops are cocoa, cotton, groundnuts, oil palm, and rubber, whose extractions are export-oriented.

The industry landscape in Nigeria is diverse, with a mix of multinational corporations and domestic companies.

MULTINATIONALS	LOCAL MEGA BUSINESSES	SMALL AND MEDIUM ENTERPRISES (SME)	MICRO ENTERPRISES
Large companies with operations in multiple countries, e.g., Shell, Chevron, Unilever, and Nestle. Although relatively small in number, they have a significant impact on Nigeria's economy.	Large companies headquartered in Nigeria with significant presence and operations in multiple industries. Examples include Dangote Group and TGI Group. Although the percentage of local mega businesses in Nigeria's industry landscape is small, they are key economic players.	These companies make up the majority of Nigeria's industry landscape, with fewer than 250 employees and less than US\$5 million in annual revenue. The percentage of SMEs in Nigeria's industry landscape is significant, and they are a major focus of government policies aimed at supporting entrepreneurship and small business development.	Very small businesses with less than five employees, run by individuals or families. Involved in retail, services, and agriculture, found in urban and rural areas. They are a significant percentage of Nigeria's industry landscape and an important source of employment and income.



IWARIA

6.5. OPERATIONAL SUPPORT ECOSYSTEM



Core Competencies

- 1. Islamic finance is gaining popularity in Nigeria:** Driven by factors such as emerging awareness among younger people, demand for various Islamic financial products, and government promotion through initiatives like sukuk bonds.
- 2. The Nigerian government has made efforts to improve the ease of doing business:** This has attracted foreign investment, which includes regulations allowing businesses to repatriate their profits.
- 3. The tech start-up ecosystem in Nigeria has been rapidly growing:** A number of successful start-ups are emerging in various sectors, including fintech, e-commerce, healthtech, and agritech. Lagos, Nigeria's commercial capital, has emerged as the main hub of the country's start-up scene, with a number of tech incubators, accelerators, and co-working spaces located in the city.

Internal Challenges

- 1. Low penetration of the Islamic banking (non-interest banking) sector:** Consumer and industry awareness about using Islamic banking products is still low and needs to advance.
- 2. Gap in meeting the needs of the industry remains:** Companies are interested in seeking Islamic finance, but tools are limited. Islamic banks are not very large yet, and so they face difficulty in meeting debt financing.
- 3. There is no economic strategy to promote Islamic finance:** Despite the growth of Islamic finance in the country, the lack of a specific government framework for Islamic finance has been noted as a hindrance to its further development. However, the Nigerian government has taken some steps to promote Islamic finance, such as issuing sukuk bonds for infrastructure projects.

External Challenges

- 1. Increasing migration threatens economic growth:** If migration of skilled workers from the country increases, it will result in more brain drain and decreased workforce productivity, ultimately contributing to a slowdown in economic growth.

Growth Opportunities

- 1. Sukuk bonds are used to fund infrastructure:** The Federal Government is leveraging sukuk bonds to finance infrastructure, such as highway projects.
- 2. Conventional banks are gaining interest in providing Islamic finance:** While there are currently two conventional banks in Nigeria providing Islamic banking services, interest among other banks is also increasing, and more banks are expected to open Islamic financial windows.
- 3. The Nigerian government is seeking collaboration with OIC intergovernmental agencies:** The government is speaking with the Islamic Development Bank (IsDB) and Saudi EXIM Bank to enable the expansion of the Islamic finance sector in the country and to facilitate intra-OIC trade of products and services.
- 4. Free trade zones will attract more foreign investment:** Freezones, such as the Lekki Economic Zone and the Aba Economic City, will give Nigeria an opportunity to be the hub of halal trade within the region.



IVARIA





Promotion Strategy for Nigerian Halal Trade & Investment

“We are looking at how we can carefully identify the kind of projects that the investment public would be interested in and see how we can expand Sukuk beyond funding roads to funding other projects of government that we think the public would like to be associated with.”

**ZAINAB SHAMSUNA AHMED
MANAGING DIRECTOR, MINISTRY OF FINANCE, BUDGET AND NATIONAL PLANNING**



SHUTTERSTOCK





Promotion Strategy for Nigerian Halal Trade & Investment

With the largest economy in Africa and the second-largest Muslim consumer market in Africa, Nigeria can play an influential role in shaping the halal agenda for the continent.



7.1 THE HALAL ECONOMY STRATEGY: LAYING THE GROUNDWORK

Strategic recommendations are based on analysis from prior sections and are formulated based on a **four-year view**.

To realize its full potential and underpin Nigeria's halal strategy, there are two clear goals and five supporting pillars, which correspond to the national halal economy framework introduced in the previous section.

The goal has been calculated based on analysis from previous sections and is made up of a GDP contribution

target, showing **what** Nigeria can achieve, and an enabler outcome target, which provides an aspiration of the enabling environment required to achieve the GDP contribution target.

Pillars 1 and 2 will propose **where** this value can be unlocked, providing a view on which products, geographies, customers, and channels, from a global and domestic perspective, will inform the choices that need to be made and where efforts should be applied.

Pillars 3, 4, and 5 provide a view of **how** Nigeria can unlock value and will focus on the enabling environment.

Goal 1: Boost GDP by US\$1,610 million through incremental exports, FDI, and import substitution (annually to be achieved within 4 years, mid scenario).

- **Pillar 1:** Globally Differentiated Proposition: Nigeria should focus on exporting halal products and promoting halal lifestyle sectors to high-growth markets.
- **Pillar 2:** Domestic Proposition: Nigeria should focus on import substitution and domestic production of food and beverage products, invest in infrastructure, and promote the halal market opportunity to international investors through shariah-compliant fintech products and the development of various Islamic securities instruments and products.

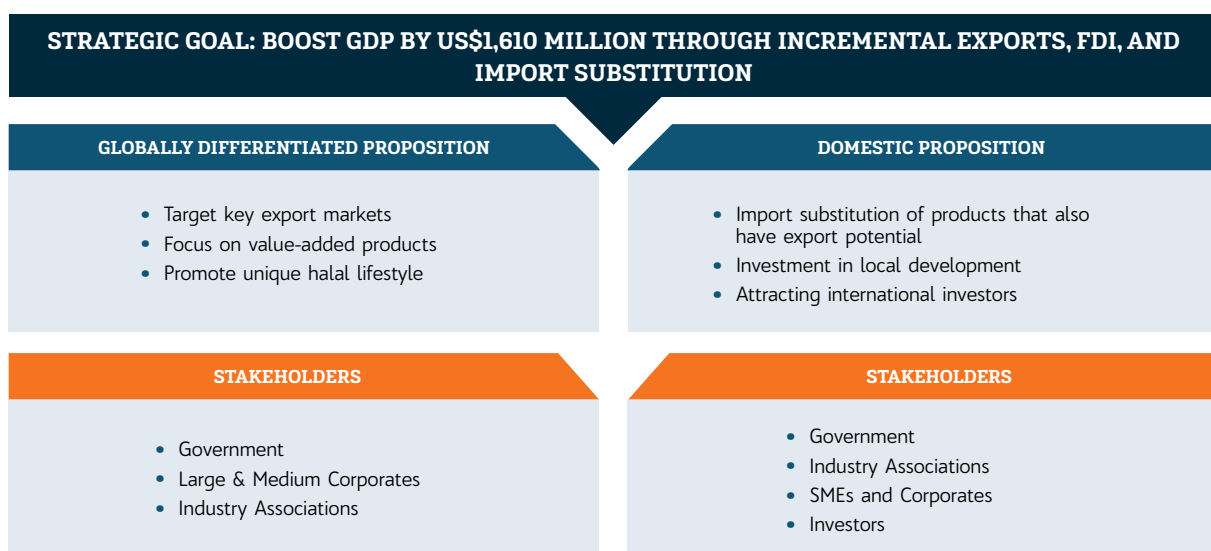
Goal 2: Develop enabling pillars that will help the full economic potential of the halal economy materialize.

- **Pillar 3:** Government Commitment: To improve exports,

Nigeria needs to streamline regulations and agencies to simplify procedures and create favorable tax policies and incentives for businesses operating in the halal sector that are positioned for exports.

- **Pillar 4:** Production Capabilities: Nigeria should invest in adopting technologies to improve agricultural yield, reduce losses, and improve traceability to create a more efficient supply chain and increase productivity, ultimately driving higher output.
- **Pillar 5:** Operational Support Ecosystem: Nigeria should create a dedicated halal fund to direct foreign investments into halal economy companies and increase regional exports through the African Continental Free Trade Agreement while promoting trade through regional and international halal and general trade shows to unlock new markets.

A potential incremental value of US\$1,610 million can be achieved (annually to be achieved within 4 years, mid scenario) by addressing critical internal and external challenges, focusing on prioritized growth opportunity sectors and markets by leveraging Nigeria’s core market competencies.



GOVERNMENT COMMITMENT	PRODUCTION CAPABILITY	OPERATIONAL SUPPORT ECOSYSTEM
<ol style="list-style-type: none"> 1. Streamline regulations and agencies to minimize challenges in exporting goods 2. Good tax incentives for processing businesses 	<ol style="list-style-type: none"> 1. Adopt technologies in agriculture and agri-processing 2. Developing local technical skills 3. Develop a regional halal excellence hub and trade zone 4. Partner with leading brands to develop local manufacturing capability 5. Create centralized manufacturing facilities for products with high complexity 	<ol style="list-style-type: none"> 1. Create a dedicated halal fund 2. Play a leading role in intra-Africa trade deals 3. Promote trade through regional and international halal and general trade shows
KEY STAKEHOLDERS		
Government, industry associations	Government, investors, industry associations, large corporations	Government, investors, industry associations, investors

7.2 GLOBALLY DIFFERENTIATED PROPOSITION

Key stakeholders and strategic priorities for the globally differentiated proposition

STRATEGIC PRIORITIES	Target key export markets	Focus on value-added products	Promote unique halal lifestyle
STAKEHOLDERS	Government, Large & Medium Corporations, Industry Associations		

1. Companies to increase marketing efforts and scale up production to target high-growth halal export markets

Domestic companies (led by large corporates) should leverage the target market priorities identified in this report and chart international paths that span high-value OIC and non-OIC countries with large Muslim populations.

There are several steps to further activate and grow export propositions, the most important of which would be expanded international marketing budgets and strategies:

- Attending regular global trade events focused on the halal economy or related sector events in target markets (e.g., the GulfFood annual event or others in target markets).
- On-the-ground marketing presence and awareness building will be crucial to securing a global footprint and building essential relationships.
- Strengthening quality controls, and investing in quality assurance, to meet export requirements.

To achieve the US\$548 million incremental export opportunity, select target markets to export prioritized halal products (food, pharmaceuticals, fashion, and cosmetics sectors) include:

- Priority 1: Africa OIC: Egypt, Morocco, Algeria, Libya, Mauritius, and Sudan.
- Priority 2: Non-African OIC: Indonesia, Islamic Republic of Iran, Malaysia, Morocco, Pakistan, Saudi Arabia, Türkiye, and the United Arab Emirates.
- Priority 3: African non-OIC: South Africa, Angola, Congo, Ethiopia, Ghana, and Kenya.

2. Companies focus on value-added product development for exports

Existing domestic leaders in halal food and beverage products and pharmaceuticals are well-positioned to evolve their product offerings to address high-value categories, as highlighted in the previous section.

Top export potential categories under each halal product

sector include:

- Animal fodder
- Meat and edible meat offal
- Sugars and sugar confectionery
- Cocoa and cocoa preparations
- Animal or vegetable fats and oils
- Medicaments

Halal pharmaceuticals, although relatively small compared to food, represent a high-growth opportunity. To act on this in the short term, leading local businesses should expand from food processing into pharmaceutical-grade ingredients, which can be derived from animals, plants, and petroleum.

Similarly, halal cosmetics are a long-term opportunity and will require substantial investment to build capability.

By playing further down the value chain, Nigerian companies can capture greater value through higher-value exports.

3. Promote halal lifestyle sectors that are anchored in film and media

The Nigerian film and media industry has provided it with global recognition, and it can thus be used as an effective tool for advancing halal lifestyle sectors. The tourism and fashion industries can grow through an effective film and media strategy that opens Nigeria's halal lifestyle to the world.

This approach will involve coordination between industry players, the government, and halal lifestyle businesses.



7.3 DOMESTIC PROPOSITION

Key stakeholders and strategic priorities for the domestic proposition

STRATEGIC PRIORITIES	Import substitution of products that also have export potential	Investment in local development	Attracting international investors
STAKEHOLDERS	Government, Industry Associations, SMEs and Corporations, Investors		

1. Increase local production through import substitution, strategically focusing on categories that could provide potential export opportunities

Domestic companies (led by large corporations) should increase production domestically to reduce trade deficits, thus increasing their contribution to GDP.

Top substitution potential categories, based on the size of the deficit and the complexity of the manufacturer, that are all food and beverage-related include:

- Products of the milling industry
- Animal or vegetable fats and oils
- Fish and other aquatic invertebrates
- Cocoa and cocoa preparations
- Soups, sauces and other processed foods
- Sugars and sugar confectionery
- Cereal, pasta and bakery products
- Dairy products

2. Government to invest in infrastructure to resolve production capability issues

Although the government has taken steps to improve power reliability and infrastructure, considerable gaps still need to be addressed before advanced manufacturing capabilities can be realized.

3. Government and local companies to expose the halal market opportunity to international investors

Given Nigeria's growing prominence for international investors, its domestic halal market opportunity, as well as its regional reach, should be promoted to international investors.

Nigeria's strength in fintech ecosystems and the broader tech ecosystem, is a key area to attract investment, specifically in shariah-compliant fintech products that have model-scale potential beyond Nigeria. Fintech product areas that can stimulate local development as well as attract foreign investment are:

- Expand government sukuk investments beyond funding roads to other sectors that the public would like to be associated with (such as the water sector, power

sector, education, etc.).

- Shariah-compliant, traditional, and alternative working capital finance for SMEs.
- Shariah-compliant, traditional, and alternative business asset finance for SMEs.
- Islamic fintech products for individual investment.

The government can foster greater investor participation and build a more diverse non-interest capital market. There is a need for a coordinated effort to develop a variety of Islamic securities instruments and products that would cater to bespoke investor needs and preferences. The SEC is strategically positioned to organize and coordinate this effort.

Currently, the sukuk has become perhaps the most popular non-interest asset known to Nigerian investors. However, many more varieties of Islamic finance products and instruments are already being used in other parts of the world that can be developed and made available to the Nigerian investing public. This includes the Mudaraba, Musharaka, and so many others. There is also a wider range of shariah-compliant collective investment schemes that can be developed to help grow the Nigerian capital market. The SEC, through the Non-interest Capital Market Technical Committee, can facilitate the pooling of resources from various stakeholders to boost the development of these various shariah-compliant products.

7.4 GOVERNMENT COMMITMENT

Key stakeholders and strategic priorities for the globally differentiated proposition

STRATEGIC PRIORITIES	Streamlining regulations and agencies for easier export	Favorable tax incentives for processing businesses
STAKEHOLDERS	Government, Industry Associations, SMEs and Corporations	

1. Streamline regulations and agencies to minimize challenges in exporting goods

Nigeria has significant potential for exporting various products and services, but the current export processes are too cumbersome, hindering the ease of doing trade. Several agencies are involved in the export value chain, making regulations and procedures overly complicated for businesses seeking to export products, especially unprocessed foods, which require certification and standards from different agencies. Roadblocks also impede the movement of goods across borders, further complicating the process. To improve exports, Nigeria needs to streamline its regulations and agencies and harmonize procedures across different agencies. Reviewing policies and implementing new ones to

simplify processes will also be crucial in achieving a more efficient and effective export system.

2. Favorable tax incentives for processing businesses

The government should create favorable tax policies and incentives for businesses operating in the halal sector that are positioned for exports, such as tax incentives, investment grants, and subsidies. This will encourage foreign and local businesses to invest in the halal sector, create jobs, and stimulate economic growth. In the medium term, the government should look at modernizing customs administration, rationalizing tax incentives, and raising tax rates to the levels of the Economic Community of West African States (ECOWAS).



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7.5 PRODUCTION CAPABILITY

Key stakeholders and strategic priorities for the globally differentiated proposition

STRATEGIC PRIORITIES	Invest in agritech	Invest in developing local technical skills	Develop a regional excellence hub for F&B	Partner with leading global/local brands	Centralized manufacturing facilities for halal pharma and cosmetics
STAKEHOLDERS	Government, Industry Associations, Large & Medium Corporations, Investors				

1. Invest in the adoption of technologies to improve agricultural yield, reduce losses, and improve traceability

Investing in the adoption of technologies to improve agricultural yield, reduce losses, and improve traceability will help to create a more efficient supply chain and increase productivity, ultimately driving higher output. The IMF highlighted the importance of improving the performance of the agricultural sector for job creation and food security.⁶⁸

Furthermore, traceability is an important part of halal compliance and will enable Nigeria to access markets with strict traceability requirements.

2. Invest in developing local technical skills for manufacturing industries (primary focus) and creative industries (secondary focus)

To capture more of the value chain for processed products, Nigeria will need to invest in developing technical skills. This will include creating training programs and establishing partnerships with local technical institutions. The focus should primarily be on supporting the food and beverage sector, which is adjacent to pharmaceuticals and cosmetics. Including a greater portion of the value in the chain within Nigeria will enable access to higher-value goods for the global halal economy.

A secondary focus should be on the creative sector in developing technical skills related to the creative industry, such as animation, visual effects, and technical skills related to the production and transmission of content, to support the local creative industry. Islamic-themed content has the potential to gain

3. Develop a regional excellence hub and trade zone for food and beverage

manufacture, anchored by halal certification

Nigeria has a strong position globally and regionally in food and beverage manufacturing and can leverage this to establish a regional center of excellence (COE). This will aggregate and attract skills and improve trade related to food and beverage manufacturing. By anchoring this COE and trade zone with a dedicated halal compliance support ecosystem support center, Nigeria will realize a multiplying effect on exports, where halal compliance advisory can reduce barriers to certification and help unlock new markets for existing players.

4. Partner with leading brands to develop local manufacturing capability

Partnering with global and local brands will help Nigeria develop local manufacturing capabilities and improve the quality of its products. Furthermore, businesses can further develop local talent by providing bursaries, training, and internships. The government can do this by providing incentives for partnerships and creating a conducive business environment. Special consideration should be given to businesses with existing halal-certified products in global markets to benefit from existing supply agreements.

5. Create centralized manufacturing facilities to facilitate contract manufacturing for pharmaceuticals and cosmetics

Pharmaceuticals and cosmetics are highly complex products to manufacture, requiring specialized skills and facilities. It is recommended that centralized processing facilities be established that are halal-compliant and can then service businesses both domestically and regionally. Centralized manufacturing facilities will help businesses reduce production costs and increase efficiency. The government can do this by incentivizing businesses to establish manufacturing facilities in specific locations.

7.6 OPERATIONAL SUPPORT ECOSYSTEM

Key stakeholders and strategic priorities for the globally differentiated proposition

STRATEGIC PRIORITIES	Create a dedicated halal fund	Increase regional exports through intra-Africa trade deals	Trade promotion through regional/global events
STAKEHOLDERS	Government, Industry Associations, Large & Medium Corporations, Investors		

1. Create a dedicated halal fund

The government must provide direct financial support to the industry and determine how best this can be done through a sovereign wealth fund, which can play a transformational role in hastening the development of the halal-economy. One way is to establish a dedicated halal fund to direct foreign investments into halal economy companies and provide capital to private equity managers with a clear mandate.

2. Increase regional exports through intra-Africa trade deals, where Nigeria should adopt a leading role

Since its inception, the African Continental Free Trade Agreement has struggled to gain traction. Nigeria, as Africa's largest economy, can not only play a leading role in driving the adoption of the AfCFTA, but it can also use this as an instrument to unlock growth for the region through accessing global markets. There are several ways the AfCFTA can be used to unlock value:

- Use the AfCFTA to create regional value chains: Nigeria needs to engage in regional value chains to take advantage of the economies of scale and create jobs. This will involve working with other African countries to produce goods and services that can be sold within the AfCFTA market. Products that require complex manufacturing, such as pharmaceuticals and cosmetics, can be manufactured regionally, with a value chain spanning multiple geographies.
- The trade deal can be used to facilitate OIC trade with other African countries.
- The deal could be used to access OIC markets through other African countries where existing trade routes exist.

However, to realize the full benefit of this trade deal, Nigeria must address key challenges preventing its adoption, such as infrastructure deficiencies, addressing customs procedures, and improving relations with other African countries.

3. Trade promotion through regional and international halal and general trade shows

The government should facilitate access for micro, small, and medium businesses through trade shows, both locally and globally. Marketing of halal products is becoming increasingly competitive, and businesses will need assistance to unlock new markets. It is important to attend regular global trade events focused on the halal economy or related sector events in target markets (e.g., the GulfFood annual event or others in target markets), along with on-the-ground marketing presence and awareness building, which will be crucial to securing a global footprint and building essential relationships.



IVARIA

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Epilogue



Acknowledgements

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he Nigeria Halal Markets Report 2023 is an initiative of Dar Al Halal Nigeria and DinarStandard. This comprehensive report provides crucial insights into the halal industry in Nigeria,

and it would not have been possible without the valuable contributions of numerous stakeholders, including industry experts, halal businesses, and government officials. We extend our sincere appreciation to everyone who supported this initiative and helped us produce this report, which we believe will prove to be an essential tool for all stakeholders interested in the halal markets in Nigeria.

Dar Al Halal

Dar Al Halal Nigeria is an advisory, consultancy, trade, and investment company registered in Nigeria to promote halal trade in Nigeria and between the 56 OIC member states. Its vision is to open Nigeria to the global halal economy.

Dar Al Halal's main focuses are to deliver high-impact Nigeria halal markets management consulting to all key Nigerian and international stakeholders, as well as to provide market intelligence on domestic and international halal products and services to key stakeholders in Nigeria. Dar Al Halal also positions itself to strengthen Nigeria's core competencies through training, events, and protecting industry players' rights. Finally, Dar Al Halal supports Nigeria's industry growth through infrastructure financing and investments, access to Islamic finance, business planning, and marketing financial services.

www.daralhalal.com

DinarStandard

DinarStandard™ is a growth strategy research and execution management firm, empowering organizations for profitable and responsible global impact. DinarStandard specializes in government innovation, the global halal/ethical economy, and the social impact space.

Since 2008, DinarStandard has supported over 30 government entities, investment institutions, industry leaders, and multilaterals from over 12 countries worldwide. Its unique value proposition is rooted in delivering original facts and foresight-driven client impact grounded in excellence and ethics.

With passion, belief, and a focus on innovation and excellence, the DinarStandard team has made a significant contribution to making the Islamic ethical economy an investable global market.

As the world economy shifts to the east, and with dire global social challenges (climate change, tech disruption of jobs, social fabric), there is a need for a new top-tier consultancy, one that is rooted in driving economic value with strong ethical principles and innovative delivery platforms. God willing, we see DinarStandard leading this charge and, in doing so, becoming a top-tier, values-driven global consultancy.

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Report Purpose and Methodology

REPORT PURPOSE

The **Nigeria Halal Markets Report 2023** aims to provide a comprehensive view of the Islamic/halal markets opportunity and roadmap for Nigeria to build awareness with stakeholders (government agencies, investors, industry) to realize its full potential.

MARKET SIZING METHODOLOGY OVERVIEW

KEY STEPS IN CALCULATION (SUMMARY)		KEY EXTERNAL SOURCES
1. Global lifestyle spend by sector (excl. Finance) (in US\$ billions)		
x	Comprises: (by country) <ul style="list-style-type: none"> • Food & Beverage • Footwear & Clothing • Pharma & Cosmetics • Media & Recreation 	National databases: International Comparison Programs (2017 baseline), UN World Trade Organization, World Bank, DS Analysis and estimations
2. Muslim multiplier		
=	Based broadly on: (by country) <ul style="list-style-type: none"> • Muslim % of population • Relative income levels • Average family size 	Census data: DS Analysis and estimations

Overall, the Islamic economy sector estimates are based on the potential universe of opportunity and focused on its core audience of Muslim consumers globally. **This number does not represent the actual value of the global Islamic or halal-certified products economy, but more broadly, the total spend value that Muslims provide to the referenced sectors.** Islamic finance estimates are based on the ICD Refinitiv Islamic Finance Development Indicator (IFDI). Banking estimates are based on central bank data and assume full regulatory support in the core Islamic finance markets (OIC countries) and 100% Muslim demographic penetration.

Global Muslim market estimates are applied based on DinarStandard's Muslim population estimates per country, adjusted for income disparities. Projections were determined primarily by regressing historical annual growth of the relevant industry metrics on GDP growth for each country, in many cases showing a high correlation, while also comparing to external estimates by national statistics agencies and global industry forecasts to triangulate historical and projected growth.

Metrics used to calculate Muslim Spend for individual sectors

MUSLIM MARKET	GLOBAL SPEND METRIC, BY COUNTRY	SOURCES USED
Muslim spend on food and beverage	Spend on food and non-alcoholic beverages	Baselined from the latest International Comparison Program values (2017), adjusted to more recent values from national statistics agencies and GDP evolution
Muslim spend on apparel and footwear	Spend on clothing and footwear	
Muslim spend on media and recreation	Spend on culture and recreation	
Muslim travel spend	Spend on outbound travel	2010-2020 World Bank data; UNWTO forecasts for the effects of COVID-19 on the number of arrivals to countries
Muslim spend on pharmaceuticals and personal care products	Spend on pharmaceuticals and Cosmetics	National statistics agencies; industry associations

AFRICA DATA IS INCLUSIVE OF 51 OUT OF THE 55 AU MEMBER COUNTRIES. DATA FOR THE REPUBLIC OF CONGO, SAO TOME & PRINCIPE, SOUTH SUDAN, AND THE SAHRAWI REPUBLIC WAS NOT AVAILABLE.

INVESTMENTS METHODOLOGY

An extensive list of investments made in the OIC and Islamic economy-specific investments outside the OIC over the period January 2022 to December 2022, covering the Food, Pharmaceuticals, Cosmetics, Islamic Finance, Media and Recreation, Apparel, and Travel sectors, was compiled based on research carried out across multiple databases, including CapitalIQ and Crunchbase. This research was supplemented by DinarStandard's own research and a scan of subsequent transactions identified by Salaam Gateway and other news publications in January 2023.

Investments analyzed include mergers/acquisitions, private equity, and venture capital transactions. Where the nature of investment wasn't clear, deal values above US\$15 million were assumed to be private equity transactions based on trends observed in previous years' data, while those with deal values between US\$500,000 and US\$15 million were assumed to be venture capital transactions.

Financial services companies operating in both conventional and Islamic finance were also assumed to belong to the Islamic finance category.

TRADE METHODOLOGY

All trade data has been sourced from ITC Trademap and using DinarStandard's synthesis and analysis.

Prioritized categories for export:

30 categories from food, pharmaceuticals and cosmetics were ranked based on 5 weighted metrics. Any categories identified as haram, or not requiring any level of halal certification have been excluded. Metrics for ranking include: (1) Nigeria Intersection score [30%], (2) OIC Imports Growth Rank Score [17.5%], (3) OIC Import Value Rank Score [17.5%], (4) Nigeria Exports to OIC Value Rank Score [17.5%], (5) Halal Compliance Score [17.5%].

Nigeria Intersection score:

Geographic intersection of halal trade flow with Nigeria. The closer Nigeria lies geographically to the trade flow, the stronger the opportunity to capture higher exports. The scores are 1 (strong opportunity), 0.5 (moderate opportunity), 0 (weak opportunity).

Impact assessment: Export opportunity impact

There is a significant amount of halal economy trade that is flowing over or in proximity to Nigeria that is not being captured by Nigeria yet. For example, Nigeria geographically intersects Côte d'Ivoire's export of cocoa and cocoa preparations to Malaysia, and can potentially gain some benefit from the trade. Such area of trade opportunity is the halal trade intersection opportunity for Nigeria. More than 700

key trade relationships have been examined across 30 halal product categories, to estimate the Nigeria's incremental export opportunity.

Currently, Nigeria captures 2% of the halal trade that happens over Nigeria. Three scenarios have been calculated (4%, 6% and 10% share of trade over Nigeria) to ascertain the incremental export opportunity for Nigeria, with 6% being the mid-scenario used to calculate the potential GDP impact.

Regional export opportunity:

Of the total halal trade that happens over Nigeria, only trade relations with African OIC countries was pulled out. From this, Nigeria captures 7% of the halal trade that happens over Nigeria. Three scenarios have been calculated (14%, 21% and 35% share of trade over Nigeria) to ascertain the incremental export opportunity for Nigeria.

Note: For regional analysis throughout the report, 55 African countries (that are also part of the African Union) have been assessed.

Impact assessment: Import substitution opportunity

28 net importing categories in Nigeria's halal economy sectors. Validated from expert insights. Three scenarios have been calculated: 10%, 15% and 20% reduction of imports of 28 categories, with 15% being the mid-scenario used to calculate the potential GDP impact.

Impact assessment: Investment opportunity

Using DinarStandard's extensive database of halal economy investments made in the OIC and Islamic economy-specific investments outside the OIC over the period 1st January 2022 through 31st December 2022, covering the food, pharmaceuticals, cosmetics, Islamic finance, media and recreation, apparel, and travel sectors. Investments (figures and individual deals) are based on a detailed scan of databases from CapitalIQ, Crunchbase and DinarStandard analysis. Financial services companies operating in both conventional and Islamic finance were also assumed to belong to the Islamic finance category. Nigeria specific investments was pulled from this database to derive potential opportunity.

Three scenarios have been calculated (5%, 7.5% and 10%) to ascertain the incremental investment opportunity for Nigeria's halal product sectors, with 7.5% being the mid-scenario used to calculate the potential GDP impact.

INTERVIEWS

Ministries & Government Bodies	<p>Engr. Suleiman Hussaini Adamu: Minister, Federal Ministry of Water Resources</p> <p>Amb. Mariam Yalwaji Katagum: Honourable Minister of State for Industry, Trade, and Investment; Federal Ministry of Industry, Trade, and Investment</p> <p>Dr. Mohammad Mahmood Abubakar: Minister, Ministry of Agriculture</p> <p>Zainab Shamsuna Ahmed: Honourable Minister, Ministry of Finance, Budget and National Planning</p> <p>Abubakar Abba Bello: National Vice President, Nigeria Export Import Bank (NEXIM Bank)</p>
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