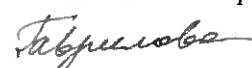


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**RESEARCH OF COMPETITIVENESS FACTORS OF COCOA BEAN  
PRODUCTION IN WEST AFRICAN COUNTRIES  
(A CASE STUDY OF THE FEDERAL REPUBLIC OF NIGERIA)**

Specialty 5.2.5 - World economy

**Author's abstract**  
of a thesis for the degree of  
Candidate in Economics

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**Rational.** Nowadays witness a clear shift of priorities in the economic model of the Global South's interaction with the Western countries; so from the traditional model of redistribution of goods and financial investments, a transition is noticeable to some new forms of a direct interaction. While manifesting itself in the establishment of the direct economic connections between the countries of the Global South, Russia and other BRICS countries, this shift shows a departure from the previous model, in frames of which the trade was done as follows: "Global South → Western countries → Global South". In view of these changes, the studying of the peculiarities of the African countries' economic activities becomes particularly relevant now. As Africa is the largest region of the Global South, this continent gives a path for a great potential for the development of the economic relations between diverse countries including Russia. The emerged opportunities for the cooperation in the energy sector, the trade, the security and the diplomacy make Nigeria and other African countries quite attractive for the partnership establishment.

And yet, despite its evident attractiveness, Africa is a specific continent, which makes it requiring an involvement of the global community's funds for its development. Already long ago, its economic position has gone beyond the continent and acquired a great importance for the global stability.

The studying of the specifics of the economic sphere of the African countries will enable to reveal the potential for the cooperation development and the mutually beneficial partnership establishment. The comprehension of the peculiarities of the economic processes taking place in this region will help to identify the directions for the interaction, where the greatest results and synergies can be achieved for the parties involved. A support from other countries and international organizations can assist to build up the global partnership, which in turn can contribute to a sustainable development in this region.

In general, the assistance to the African countries' development is a key element of the global solidarity and it can benefit not only the countries of the continent itself but also the entire world community. Specifically, as the largest economy in Africa and one of the most densely populated countries on the continent, Nigeria could be a country of a strategic interest to Russia.

The cocoa bean market is one of the typical sectors of the economy for the African countries and especially for the countries that – like Nigeria - have specialized in this industry traditionally due to the historical factors. However, despite the high potential of this market, there are serious problems affecting its development.

In this connection, it should be noted that Nigeria ranks first in Africa in terms of diversity and richness of its mineral deposits. In addition to the crude oil and the natural gas, there are tinnery, iron ore, coal, limestone, lead, zinc, marble, clay, gold, silver, gemstones, uranium and other valuable minerals. So the vast arable lands covered with the lush vegetation and in particular those cocoa trees plantations are not the only source of wealth in this region.

The characteristics studying of the cocoa bean market in the African countries will enable researchers to identify both the key challenges facing the industry and the opening up opportunities for the economic situation improvement. Also, the analysis of these issues will promote the cooperation and get a basis for the partnership strategies development between different countries so that to improve the production efficiency for the cocoa bean products and expand the markets for them. The experience accumulation in the Nigerian agricultural sectors reconstruction will be of immense importance not only in restoring of the production efficiency in various agriculture sectors in Nigeria itself but also as a showcase for the rest of the world at large.

In order to enhance the productivity in the cocoa sector in Nigeria to a satisfied level, there is an urgent need to find solutions able to meet the challenges that have arisen in the sector.

The cluster of the problems like this is not peculiar only to Nigeria but also it relates to other similar regions within the group of the developing countries. As a result of the industrialization of the extractive industries in these countries, there was lost the focus of attention on the industries producing important agricultural products including the cocoa beans. This had a negative impact on the level of the production diversification, on the economic sustainability and on the general efficiency of the economies of these countries.

Thus, in Nigeria, a successful addressing to the challenges of the cocoa production revitalizing and its products competitiveness increasing in the world market is indeed the important issue on the researches agenda in the subject area of the international economies. Besides, the research approaches applied here are going to reveal some important economic regularities in the development of both individual enterprises and complexes not only in the agriculture and not only in Nigeria but in the economies of the developing countries in Africa as a whole (using Nigeria as an example).

It is worthwhile to highlight the challenges of the cocoa production development at the different levels, global, regional and national. and then to assess their features in Nigeria from various points of view.

**Research purposes:** Studying of the economic regularities of the cocoa bean production in Nigeria in the context of the country's international competitiveness; developing of an apparatus including models and tools for description of th industry's dynamics with the view of an improvement of the international competitiveness of the agricultural production sectors of the African countries and to enhance their socio-economic prosperity.

**Objectives:** Taking the above-said goals into account, the need is evident to address to the following challenges:

1. \*To consider the theoretical basis of the concept of the countries and industries' competitiveness; \*Among theories of competitiveness, to select those ones containing provisions enabling an assessment of the current problems in

the cocoa sector, while taking into account the role and place of the cocoa products in the agricultural products trade in the world: \*To evaluate the composition and the structure of this market sector.

2. \*To analyze the challenges of the cocoa sector in Nigeria based on the theories of the competitiveness, and \*To create an apparatus containing both models and tools, which is able to describe adequately the problems and dynamics of the international competitiveness of the country on diverse markets.

3. \*To model the prospects for the cocoa bean production separately in the world, in West Africa and in Nigeria in particular, and \*To determine the Nigeria's position among others.

4. Based on the analysis of the existing agrarian policy in the country as well as on the identified problems of the industry development both at the global and country level: \*To propose a scenario for systemic conditions formation aimed at the recovery of the cocoa sector and at increasing of its competitiveness in order to develop the international economic cooperation including that with the BRICS countries (and with Russia in particular).

**Object** of this Thesis research: As the object of this Thesis, the global economic aspects were chosen of the cocoa bean production development in the Federal Republic of Nigeria.

**Subject** of this Thesis research is the set of the organizational and economic relations influencing the development of the cocoa sector in the Federal Republic of Nigeria, which should be examined in order to improve the Republic's international competitiveness.

**Compliance with the passport of the scientific specialty:** The chosen direction of research corresponds well to the items of the passport of the scientific specialty 'World Economy', the specialty code 5.2.5, the item 20: "Economics of foreign countries and regions (arrays of economic studies in both the country and the region). Comparative studies of national economies in the system of the world economic relations".

**Theoretical basis of the study:** As the theoretical basis of this Thesis research, the papers serve of both Russian and foreign scientists in the area of the international trade and the countries and industries' competitiveness; those papers are reviewed in detail by the author in the first part of the Thesis.

**The methodological basis of the study** is the applied systemic approach, which includes a set of the general scientific methods as follows: analysis, synthesis, analogy, modeling, concretization, review of bibliographic and documentary materials, etc. In order to perform the full-fledged analysis and forecasting, the following software tools were used: MS Excel and Gretl, which is the cross-platform software package for the econometric analysis. As special tools, the methods were used of the country and industry competitiveness analysis, the SWOT-analysis, the PETSE analysis as well as the statistical, probabilistic and possibility-related methods for expert assessments making.

**The informational and empirical base of the study** includes as follows:

– *The statistical data and reports of the following international institutions:* World Bank (WB); World Trade Organization (WTO); UN Conference on Trade and Development (UNCTAD); World Economic Forum (WEF); World Health Organization (WHO); Joint Agency of World Trade Organization and the United Nations; International Trade Center (ITC); ITC Trade Map; Food and Agriculture Organization of the United Nations (UNFAO); United Nations Development Program; US Agency for International Development (US AID); UN Specialized Agency for Education, Science and Culture (UNESCO); Organization for Economic Cooperation and Development (OECD); Non-Governmental International Anti-Corruption Organization; Transparency International; Organization of Petroleum-Exporting Countries (OPEC); International Labor Organization (ILO); Economic Community of West African States (ECOWAS); African Development Bank (AFD); and others;

– *Publications of specialized institutions and governmental bodies:* International Cocoa Organization (ICCO); World Cocoa Foundation (WCF); Regional Group “Cocoa Producers' Alliance” (COPAL); Cocoa Association of Nigeria (CAN); Cocoa and Forests Initiative (CFI); Federal Ministries of Nigeria, namely of agriculture and natural resources, trade and tourism, information and communications, education and youth development, environment, finance and economic development, health and social services; Central Bank of Nigeria; etc.;

– *Publications of the following major processors and manufacturers of the chocolate products:* Mars, Hershey, Nestlé USA, Cemoi, ETG (Cococonnect), Olam, ECOM, etc.;

– Collections of materials of international conferences, monographs, reference and monographic publications, articles of domestic and foreign scientific periodicals on agriculture including those devoted to the African countries.

**Scientific novelty** consists in the concept working-out of the dynamics monitoring of the competitiveness on the international level for the agricultural sector industries on the example of the cocoa industry in Nigeria; the concept was developed based on the synthesis of various theoretical approaches (including statistical indices, expert-rating assessments, the correlation & regression analysis, the SWOT-analysis with separation according to the PETSE model, the M. Porter's ‘National rhombus’ of competitive factors, etc.); in relation to the conditions of the West African countries on the example of Nigeria. This was done in relation to the conditions of the West African countries on the example of Nigeria, which allows to propose a more comprehensive and relevant description of the dynamics and regularities of the entire complex of the organizational and economic relations that emerge in the development of the cocoa sector in the Federal Republic of Nigeria as well as of the processes of its international competitiveness increasing. Based on the

proposed concept of the competitiveness assessment, the controllable socio-economic factors were defined. Knowing of these factors allows to build the model of management of the world-wide competitiveness of the industry aimed at formation of the state socio-economic policy of the African countries including the international economic cooperation and activities of specific entities being actors in the national economy.

**Main results.** Below, the study main results featured the novelty are laid out. Briefly stated in the following points, they were put forward for the Thesis defense:

1. The model for assessment of the competitiveness of the African countries' industries on the example of the cocoa bean industry in Nigeria was formed. The model development was done taking into account the synthetic approach combining a number of methods like as follows: the analysis of a country's position using the composite statistical indices; the expert-rating assessments; the correlation & regression analysis; the SWOT-analysis with separation according to the PETSE model; as well as the M. Porter's 'National Romb' of the competitive factors. This model is scalable and it can be used for analysis and description of other markets in different countries; also in future, it can be applied for analytical purposes and strategies development for many trade issues and for economic cooperation strengthening between Russia and other BRICS members and African countries.

2. In the paper, there is presented the author's approach to the assessment of the world-wide competitiveness of the cocoa industry on the example of Nigeria; the approach was developed on the basis of expert-rating assessments with laying-out of the quantitative and qualitative indicators describing the situation in the industry.

The generalized result of the assessment based on a set of methods shows that Nigeria has the potential to increase its competitiveness in the global cocoa market and to improve the economic conditions of its production due to its main



competitive advantages. These advantages are as follows: its geographical location due to the access to the Atlantic Ocean; its optimal climatic conditions for the cocoa bean cultivation; the expanding possibility of the area under the cocoa trees without deforestation; its huge demographic potential; and its relatively well-developed transportation infrastructure.

3. Nigeria's areas of concern and troublesome issues were identified. A number of recommendations were offered on the key factors identified in the course of the analysis of Nigeria's competitiveness in the global cocoa market. These recommendations include but are not limited to: the presence of the natural resources; the quite good infrastructure built up; the constant development of the human capital; the anti-corruption fight; the improvement of the political stability; the further development of the legal system; the general public participation; the diversification of the economy; the improvement of the business climate; the development of the financial sector; the state support for small and medium-sized businesses; and the attracting of foreign direct investments. Also, a number of investment schemes were proposed and the types were identified of investors, who could successfully interact with Nigeria.

4. The instrumental and methodological system was formed for the Nigeria's position assessment in the cocoa bean world market. This assessment system was developed with due consideration of the author's forecast for the demand growth taking into account both the geopolitical changes within the 2020s (for example, the factors of the COVID-19 pandemic) and the global industrial factors and challenges (for instance, the "chocolate boom" of 2024). Based on this model, the author proposes the key principles of the architecture of the "roadmap" for the cocoa industry in Nigeria from the point of view that such a detailed plan of activities should be implemented as a separate universal regulatory document, which includes solving of the problems of the cocoa products' production and sale. The author's assessment of the Nigeria's position in the global market was based on the use of the following public policy tools:

the quality improvement of the results evaluation; reviewing of approaches to monitoring of the goals achievement, establishing of the 'Farmer Assistance Centers' (meant for providing of social, educational and medical services as well as for dealing with the environmental protection issues). The proposed analytical tools can be used as a basis for the strategy development for Nigeria's trade and its economic cooperation in cocoa and other export commodities sale with Russia and other BRICS countries at the level of both federal and individual economic entities.

**The theoretical significance** of the paper consists in applying of the comprehensive approach to the description of the competitiveness rate of the national production complexes in the world market in the context of analyzing of the international economic relations.

**The practical significance** of the research represented by the Thesis is seen in the fact that it makes an essential contribution to the principles understanding of the competitiveness of the cocoa bean producing countries, of the reasons for the difficult functioning of the industry and of the situation forecasting in the cocoa bean production for the near future. Also, the practical significance consists in the fact that the source materials used in the course of the analysis as well as the obtained results, conclusions and proposals can be taken into account and used by various scientific institutions and governmental agencies. The above-said information could be of real importance to the Federal Republic of Nigeria, other West African States and the economic communities of the African continent as a whole. More to it, from the practical point of view, it can be important for other developing countries, too. Such information can be used in the economic programs development for strengthening of the food security, in the development of certain sectors of the agriculture including the cocoa industry, in the structural improvement of the economy as a whole and in the diversification of the exports, in particular, by increasing of the share of the agricultural goods in it.

The methods and methodical principles applied in this study may well be used in order to improve the Russian agriculture, too, because they can be useful for analysis of the state of both 'exotic' branches of the Russian agriculture (like cultivation of oil crops, coffee, natural rubber, etc.) and traditional agricultural industries (like crop and livestock production).

The findings and proposals made in the Thesis can also be useful for countries planning deepening of the economic cooperation with the African states and particularly with the West African countries including Nigeria. In addition, the author's research, calculations and practical conclusions can help other researchers in making of even more accurate forecasts and decisions for the industry progress.

The main points of the Thesis have been used in order to develop one of the subjects of the curriculum at the Russian-African Network University.

**Research Results Publishing.** The main results and conclusions of the study were brought to light by the author in 13 publications. These include 9 articles of 6.0 printed sheets in volume published in journals being on the list of the leading peer-reviewed scientific journals and editions defined by the State Commission for Academic Degrees and Titles (SCADT) of the Ministry of Education and Science of the Russian Federation. In addition, 4 articles of 1.8 printed sheets in volume were published in various conference proceedings cited in the *Scopus* abstract database.

**The structure of the Thesis.** The Thesis includes Introduction, 3 chapters, Conclusion. List of used sources and Appendices. The Thesis contains 30 illustrations, 32 tables, 6 Appendices and 315 literary sources. The volume of the work is 274 pages including 76 pages hold for the List of Sources and Appendices.

**In the first chapter of the Thesis,** the theoretical aspects relevant to the topic under study are discussed. The agriculture current state is reviewed in the SSA countries (i.e. sub-Saharan Africa). The world market of the cocoa products

is characterized. The main approaches to the definition of the concept of the national competitiveness are defined and the methods of its researching are described.

**Chapter two** of this paper investigates the international competitiveness of Nigeria. The country's position in the global market is analyzed. The analysis is carried out according to M. Porter's 'National Rombus'. Specifically, analyzed were the existing conditions in the cocoa bean industry and its factors of production, market and supporting structures. The conditions are described for the strategic development and the competition increase of this industry. The role of the government is defined in terms of the sustainability despite the competition.

**Chapter three** describes the main directions for the Nigeria's international competitiveness improvement and it provides the recommendations for the Nigeria's cooperation with the Russian Federation.

**In Conclusion**, the main conclusions of the study are presented.