

USING DATA TO ALIGN PAYCHECKS WITH FOOD PRICES: LEVERAGING THE COST OF A HEALTHY DIET INDICATOR FOR MINIMUM WAGE POLICY REFORM IN NIGERIA



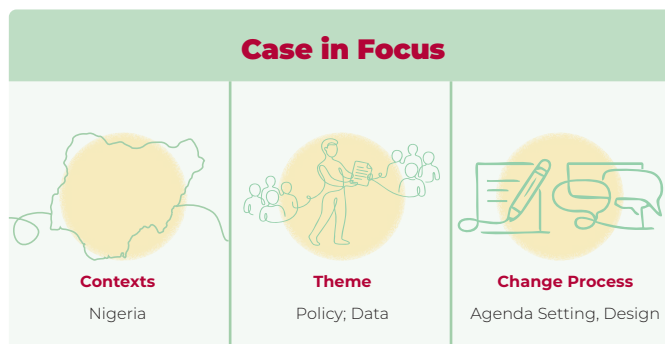
Data can play a powerful role in motivating action – including for food systems transformation – but only where it is relevant, known, and used. This case study examines the extent to which the Cost of a Healthy Diet (CoHD) indicator informed Nigeria’s 2024 national minimum wage policy reform. The study shows that while the CoHD indicator influenced early wage deliberations by highlighting the gap between statutory minimum wages and living wages, its impact was constrained by fragmented ownership, limited awareness among negotiating parties, and uneven understanding of the indicator. Despite these challenges, the experience demonstrated the potential of nutrition-informed economic data to shape decisions beyond the food sector. The findings underscore the value of embedding food affordability metrics into labour and social protection policies to improve economic access to healthy diets, reduce poverty, and sustain inclusive food systems.

Motivation

Data and evidence can be essential inputs into policymaking and can motivate action to address key challenges related to food systems transformation. However, for this to happen, key stakeholders need to have access to relevant, interpretable data – and to know that it exists and how it could be used to inform decisions.

One topic of current policy relevance is nutritious food affordability: a healthy diet is often unaffordable for most of the populations in low-and-middle income countries.

Policymakers can use several approaches to improve affordability of nutritious foods, including subsidies, taxes, food aid, school meals, and encouraging investment in underserved communities.¹ However, such policies may distort market outcomes and inadvertently decrease welfare. Alternatively, policymakers can raise incomes of low-income households. However, wage-setting processes do not necessarily consider food affordability. Instead, they may rely on macroeconomic indicators that may not capture the real cost of meeting basic nutritional needs. This case study examines the use of data on the cost of a healthy diet by policy influencers and policymakers in Nigeria, including the degree to which it swayed decisions around the determination of a new minimum wage.



Case Study Context

Affordable access to nutritious food remains a major challenge, which has gained increasing attention in recent years, including the development of a new indicator to track it. The Cost of a Healthy Diet (CoHD) indicator was developed by Herforth et al. (2022)² and has been published by the Food and Agriculture Organization of the United Nations in the State of Food Security and Nutrition in the World report since 2020 for global monitoring of economic access to adequate food. Some national governments also monitor the CoHD, including Nigeria, which was the first country to track the indicator as a national statistic. The indicator reflects the average minimum cost that individuals in a country must spend daily to purchase the least expensive, locally available foods needed to compose a healthy diet. Globally, it has been used to highlight the fact that 2.6 billion people cannot afford a healthy diet and bring greater attention to the issue of food affordability.³ CoHD represents a particularly interesting case study, as the indicator bridges two topics (nutrition and economics) normally addressed separately. However, there is limited evidence of it being used in national-level policy advocacy.

The topic is of high relevance in Nigeria, where rising food prices and low incomes constrain access to healthy diets for millions. In July 2024, the country approved a new national minimum wage, which increased from ₦30,000 (approximately US\$20) to ₦70,000 (approximately US\$47) per month. The CoHD data was cited as a key factor in the negotiations leading to the new national minimum wage.⁴ This process involved a tripartite committee comprising 37 members drawn from public-sector employers (including the federal government and sub-national authorities), private-sector employers drawn from various industry bodies, and two umbrella organisations for labour unions.

To empirically examine whether and how the CoHD indicator informed these negotiations, 14 key informant interviews were completed with respondents purposively identified based on their roles in the negotiations. These informants comprised policy stakeholders, who were members of the negotiating committee or key advisers to them, or technical informants who provided data and analytical support to policy stakeholders.

This case study was developed as part of the 'Exemplars of Food System Change' project of the Nourishing Food Pathways programme, which seeks to document examples of food system transformation in action and explore what enables and holds back change. While most Exemplars focus on 'positive' cases—i.e., where change was achieved or progress made as intended—we also include some 'negative' case studies, like this one, where useful lessons can be learned from cases that did not work out as planned or where there may have been missed opportunities for impact. You can access all the case studies here: <https://www.gainhealth.org/exemplars>

Triggers for Minimum Wage Review

The determination of a new national minimum wage in Nigeria in 2024 was triggered by multiple factors, both statutory and economic. The statutory framework was grounded in the guiding principles for minimum wage determination established by Conventions 26 (1928) and 131 (1970) of the International Labour Organisation (ILO), to which Nigeria is a signatory.⁵ These conventions provide member countries with flexibility to establish appropriate frameworks for setting wages, particularly for trades and skills associated with low wages. The ILO principles for wage setting rest on two data-driven pillars: an empirical assessment of workers' needs (living wages) and the prevailing economic factors over the wage cycle. Beyond this international framework, Nigeria's domestic legislation mandated a five-year review cycle (recently reduced to three years) in line with ILO conventions.⁶

Economically, reforms announced by the federal government in May 2023, including removal of subsidies on refined petroleum products and abolishing multiple foreign exchange rates, triggered spiralling consumer prices in Nigeria. One result was a rising cost of living – including through food inflation, which reached an all-time high of 40.87% in June 2024.⁷ This inflation was reflected in the CoHD increasing by 95% nationally between October 2023 and October 2024.⁸ Consequently, labour unions demanded a wage increase for workers. As one labour union informant noted, 'The rising cost of living arising from the many necessary reforms that the government initiated also necessitated a wage review'. The federal government acknowledged the need for a wage increase but emphasised that a wage increase would only benefit 7-8% of the labour force employed by the government and result in higher inflation. Since the minimum wage review was already due in the following year (2024), it was more practical to begin a full review rather than introduce an immediate wage increase.

Labour union representatives reported that they had developed (based on data provided by the National Bureau of Statistics (NBS)) a detailed computation of 'living wages' in accordance with ILO principles for wage setting. The proposed living wages were computed taking several types of data into account, including the consumer price index (CPI), the food inflation rate, the transport inflation rate, rental housing rate, and the COHD. Despite this comprehensive data-driven approach, an informant observed that Nigeria's minimum wage negotiations have historically lacked empirical rigor:



Private-sector representatives negotiated for ways the government could improve the ease of doing business, thereby reducing operating costs and avoiding personnel layoffs occasioned by higher wage costs. These included reducing multiple taxation; release of unified, market-driven, and floating foreign exchange rates by the Central Bank of Nigeria; and addressing transportation insecurity that stifled distribution of goods and services. As one informant noted, 'The federal government agreed to most of the proposed incentives but has so far not addressed them.'

Federal government representatives acknowledged the factors put forward by other parties but focused on four elements they saw as priorities, namely consolidating the economic reforms, stabilising the economy, ensuring affordability of wage increases for employers, and mitigating the risk of massive job layoffs:



The government looked at macroeconomic factors like inflation, foreign exchange rates, interest rates, etc., benchmarked with other jurisdictions ... Looked at public finance data, government expenditure outlay, need for investment in infrastructure, social safety nets, compared to just paying salaries and affordability.



Influence of the CoHD Indicator on Minimum Wage Negotiations

Given the use of data by labour unions and the focus on affordability and cost of living among all parties, there was thus a potential opportunity for CoHD data to inform the wage negotiation process. Indeed, the NBS interviewees reported that labour unions used CoHD data to compute living wages to support their negotiations. In addition, the labour union representatives reported that the use of the COHD data in the initial deliberations shifted the discussion from minimum wage to living wage.



Of all the variables that we sent to them, the cost of a healthy diet was the most compelling argument. And that was how we were able to influence the discussions to shift from just the minimum wage law to discussing living wages.



However, most policy stakeholders who participated in the negotiation process reported that, in practice, COHD data did not play any direct role in the final determination of the new minimum wage. Institutionally, the indicator lacked clear ownership within the negotiation process, remaining dispersed across actors and limiting its influence on collective decision-making. The labour unions requested and used the CoHD data from NBS, whereas the government relied on CPI data from NBS, creating a division in the indicators used. As a result, the COHD indicator was not universally adopted across tripartite actors and progressively lost salience as fiscal and political priorities took precedence:



At the beginning, negotiations were approached from the standpoint of data-based arguments supported by the [COHD] figures provided by NBS. But as the negotiations progressed, the government side, which had earlier promised to review the variables that [the] labour committee had laid out, failed to engage seriously on those figures. At some point, [the] Government side simply insisted that a living wage based on those numbers was unaffordable.



Tripartite Negotiations and the Minimum Wage-Affordability Trade-off

The increase in 2024 of the national minimum wage from a monthly earning of ₦30,000 (US\$20) to ₦70,000 (US\$47) was considered a welcome development by majority of the interviewed informants. However, informants from the labour unions opined that it fell far short of a living wage, citing the inability of the new minimum wage to cover basic meal expenses for a household with four children. They expressed frustration, having initially

demanded ₦500,000 (US\$307) per month and later lowered their demand to ₦250,000 (US\$154), while the federal government maintained an offer of ₦70,000 (US\$47). Labour union representatives described the final stage of negotiations as presenting a stark choice between accepting the government's offer or risking massive job losses.



“At the point where labour agreed to ₦70,000 as minimum wage it became a case of ‘accept our offer or agree to mass job losses’... [the] labour union had to settle for ₦70,000, but labour unions’ intention was at the very least [to] settle for ₦250,000.”

The private-sector informants reported that a majority (90%) of their members were nano, micro, or small businesses employing fewer than 20 persons, many of which qualified for exemptions under the Minimum Wage Act. However, among the private-sector actors to whom the legislation applied, only 58.4% had implemented the previous minimum wage. A representative from the National Association of Small and Medium Enterprises (NASME) expressed concerns that the new wage might result in job losses:



“It is not enough to meet public-sector wage demands without balancing private-sector realities because small businesses will be unable to afford the higher wages. Assenting fully to labour demands would result to massive worker layoffs in the private sector or non-compliance and industrial strife.”



From the federal government's view, the previous minimum wage of ₦30,000 (approximately US\$20) encountered implementation challenges, with only 86% of public-sector institutions, states, and local governments fully or partially implementing it. Five states did not implement it, citing revenue constraints. A representative from the Federal Ministry of Budget and Economic Planning underscored the feasibility concerns:




“The federal government was mindful of the affordability of any new wage across all tiers of employment. It sought to expand revenue sources and subventions for all levels of government to ensure they could manage the increased wage bill from the new national minimum wage.”

Challenges and Pathways for Integrating the CoHD Indicator into Minimum Wage Reviews

The integration of the CoHD indicator in Nigeria's minimum wage negotiations faced multiple challenges, which illustrate broader constraints encountered in efforts to use data to inform food system decision-making. A primary barrier was limited technical capacity and low awareness among stakeholders, many of whom lacked understanding of what the indicator measures or how it differs from conventional cost-of-living indices. ‘CPI has been existing for decades... [whereas COHD] is just starting,’ one informant explained ‘So, the level of awareness is very low.’

Timing and strategic positioning further constrained the indicator’s influence. Introducing CoHD during active wage negotiations meant stakeholders lacked prior exposure. As one interviewee admitted, ‘I just learned of the indicator in the negotiation process, and a great deal of sensitisation is required’. This was compounded by labour union representatives failing to adequately explain to other actors in the tripartite committee how CoHD data informed the proposed minimum wage, thereby constraining broader buy-in and shared ownership of the indicator.

The Cost of a Healthy Diet was not really used. Labour committee did not explain their data properly in the committee. If they had shown the figures clearly and explained how they arrived at them, there would have been better engagement.



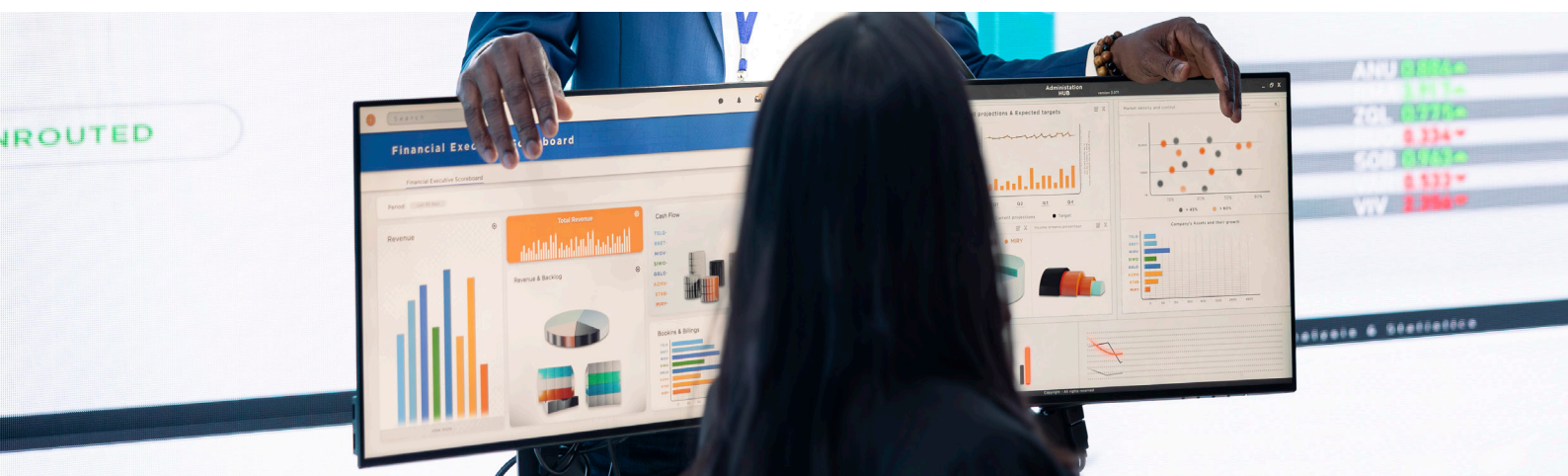
Despite its limited influence in the 2024 negotiations, the CoHD indicator retains considerable potential for advancing evidence-based minimum wage review in Nigeria. CoHD data produced by NBS and reported in monthly bulletins gives the indicator institutional legitimacy by embedding it within the established national statistical framework. Additionally, its inclusion in FAO annual reports presents a reliable, evidence-based method for tracking variations in national average prices and household incomes both within and across countries, rather than relying on ad-hoc measures.

Early stages of the negotiations also revealed the indicator’s persuasive potential. When introduced by labour union representatives, the CoHD indicator helped reframe discussions from narrow statutory compliance toward broader questions of living conditions. If clearly communicated and shared among all relevant actors in the future, the indicator could elevate wage debates to focus on substantive welfare outcomes linked to nutrition and productivity. CoHD has the potential to gain traction in other policy contexts, as well. An interviewee observed that the indicator is disaggregated by state and thus may enable sub-national decision-makers to better strategise on how to address food accessibility within their territories. This creates a strong foundation for expanding its use as a benchmark for assessing Nigeria’s progress on achieving food security goals. Interviewees also identified applications in agricultural planning, productivity monitoring, and public finance, suggesting that cross-sectoral engagement could enable different institutions to use the COHD indicator in a coordinated way to influence policy decisions.

BARRIERS AND ENABLERS TO CHANGE	
ENABLERS	BARRIERS
<p>The use of the CoHD indicator in the 2024 minimum wage review in Nigeria was facilitated by:</p> <ul style="list-style-type: none"> • <i>Economic reforms that triggered labour union agitation and wage review discussions</i> • <i>Alignment of labour union’s wage advocacy objectives with ILO principles</i> • <i>Institutional legitimacy through the routine production of CoHD data by NBS and publications by FAO</i> • <i>Labour’s strategic preparation with NBS-sourced variables, presenting CoHD as ‘the most compelling argument’ for minimum wage reviews</i> 	<p>Barriers faced included:</p> <ul style="list-style-type: none"> • <i>Low awareness and understanding among key stakeholders</i> • <i>Poor timing - introduction during active negotiations without prior stakeholder exposure</i> • <i>Sectoral fragmentation with different parties using different indicators</i> • <i>Poor strategic positioning of the indicator due to lack of ownership in the wage review negotiations</i> • <i>The primacy of other concerns, such as cost to employers, over technical arguments</i>

Conclusion

Using data and evidence to inform policies that cut across sectors and stakeholders is critical for advancing sustainable and equitable policy outcomes. This case study demonstrated how the CoHD indicator contributed to deliberations on the 2024 national minimum wage review in Nigeria. While the indicator showed early potential to shape discussions – reframing wage debates from statutory compliance toward broader considerations of living conditions and nutrition – its influence was constrained by persistent challenges, including fragmented ownership, low awareness, uneven understanding among tripartite committee members, and reliance on disparate data sources. These barriers limited the CoHD indicator’s integration into collective decision-making and prevented it from becoming a central reference point in the negotiations. However, opportunities exist to expand the CoHD indicator’s relevance across government agencies and other policy actors. Strengthened communication, sustained stakeholder engagement, and strategic positioning could enable the CoHD indicator to evolve from a peripheral reference into an institutionalised tool for evidence-informed policymaking, enhancing the rigor, legitimacy, and substantive outcomes of future minimum wage negotiations in Nigeria.



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The findings, ideas, and conclusions presented in this publication are those of the authors and do not necessarily reflect positions or policies of GAIN or any of the agencies mentioned above.

Resources:

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