



GIEWS Country Brief Nigeria

Reference Date: 01-February-2017

FOOD SECURITY SNAPSHOT

- Above-average cereal harvest gathered in 2016
- Coarse grain prices remained at high levels driven mostly by weak local currency
- Food security situation deteriorated significantly in Borno State due to impact of civil conflict

Above-average cereal harvest gathered in 2016

Harvesting of the 2016 cereal crops was completed in January 2017. In spite of the late onset of the 2016 rainy season in the middle and northern parts of the country, above-average and well-distributed rainfall from mid-July benefited crop development in the major producing states of the country. Moreover, an enhanced Government support to the agricultural sector and higher commodity prices supported areas and yields increases in some regions. In the northeast, however, the Boko Haram conflict has had a huge impact on agriculture as a result of the large-scale population displacement and the restrictions imposed on agriculture activities, leading to a sharp drop in planted areas in some states, notably in Borno. Overall, the country's aggregate cereal output in 2016 was tentatively estimated at about 22.6 million tonnes, 5 percent higher than the 2015 above-average level.

Food and fuel prices remain high driven by weak currency and civil insecurity

Good supplies from the new 2016 harvest contained the strong food prices upward trend of the previous months. However, the weak local currency and insecurity in some areas limited the decline and kept food prices well above their year-earlier levels, particularly those of sorghum. In northern Nigeria's largest city, Kano, coarse grains prices remained more than twice their year-earlier levels. The high food prices are driven mostly by the steep depreciation of the local currency. The Nigerian Naira (NGN) has depreciated by more than 50 percent since early 2016, seriously affecting regional price trends and trade flows. Nigerian cereal exports to regional markets have increased, putting pressure on domestic food supplies. The weak currency has also suppressed Nigerian demand for imports from neighbouring countries, affecting household income and food security particularly in the Sahel countries that usually export livestock and cash crops to Nigeria.

The Central Bank of Nigeria decided to allow the Naira to float against the US dollar as of mid-June 2016. The change in policy

| Nigeria | | | | |
|-------------------|----------------------|---------------|------------------|---------------------|
| Cereal production | | | | |
| | 2011-2015 average | 2015 | 2016 forecast | change 2016/2015 |
| | 000 tonnes | | | percent |
| Maize | 9 899 | 9 540 | 9 598 | 1 |
| Sorghum | 6 330 | 5 663 | 6 461 | 14 |
| Rice (paddy) | 4 660 | 4 750 | 4 950 | 4 |
| Others | 1 503 | 1 617 | 1 588 | -2 |
| Total | 22 392 | 21 570 | 22 597 | 5 |

Note: percentage change calculated from unrounded data.
Source: FAO/GIEWS Country Cereal Balance Sheets



was aimed at harmonizing the official and parallel exchange rates. The measure follows the critical foreign currency shortages and a significant depreciation of the Naira on the parallel market caused by the decline in international oil prices. According to the International Monetary Fund, international crude oil prices fell by 25 percent over 2015, leading to a 40 percent drop in Nigerian exports and doubling the Government deficit. Domestic fuel prices increased by about 67 percent. Prices of imported and local foods also rose significantly.

High import dependency persists

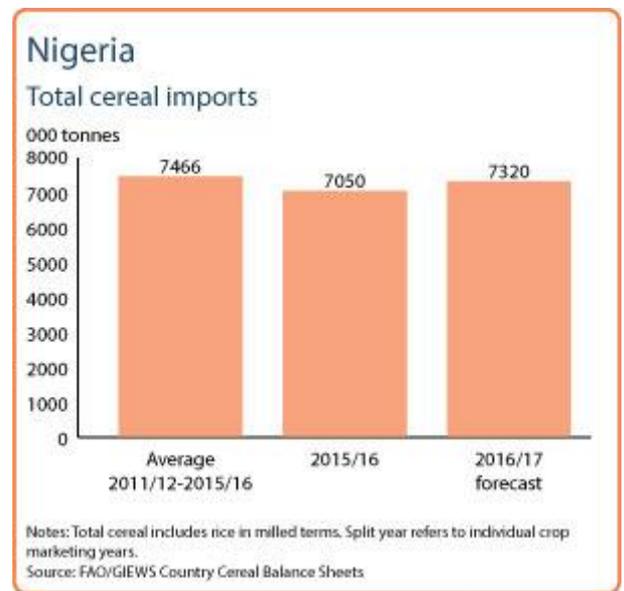
In August 2016, the Government launched its new Agriculture Promotion Policy (APP) for 2016-2020. The APP is expected to build on the achievements of the Agricultural Transformation Agenda (ATA) implemented by the previous Government to reduce the country's reliance on food imports. The ATA was implemented from 2012-2016 and focused on five key crops, including rice, sorghum and cassava. A number of import substitution measures were introduced to support domestic production, including the mandatory inclusion of 10 percent of cassava flour in bread. Input availability and access were also supported in the framework of the ATA, which aims to make Nigeria self-sufficient in rice. The Central Bank of Nigeria also banned importers from accessing foreign exchange markets in 41 categories of items, including rice. The ban was partially lifted in October 2015, when imports through the land borders were once again allowed after the payment of appropriate duties and charges. However, these measures amplified informal cross border imports from neighbouring coastal countries resulting in the Nigerian Customs Service to reintroduce the policy to restrict rice imports through land borders as of 25 March 2016.

Nigeria remains a food deficit country with cereal imports (mostly rice and wheat) forecast to exceed 7 million tonnes in 2017. The country is still the largest rice importer in Africa.

Food insecurity reaches extreme level in pockets of Nigeria's Borno State

The continued conflict in the northern part of the country has resulted in widespread disruption in agricultural and marketing activities and has caused massive displacement. According to OCHA, about 1.8 million people have been internally-displaced in the Northeast Region as of January 2017, while over 200 000 are refugees in neighbouring Niger, Cameroon and Chad. The conflict has left a significant portion of the population without access to adequate food, water and health services. According to the last Cadre Harmonisé (CH) analysis conducted in October 2016 in Nigeria, 8.1 million people – 9 percent of the population studied – were facing acute food insecurity and required urgent lifesaving response and livelihood protection. Around 6.2 million people (7 percent) were in CH Phase 3: Crisis, 1.8 million (2 percent) were in CH Phase 4: Emergency and 55 000 people were in CH Phase 5: Famine (i.e. IPC Catastrophe). A further 18.6 million people (22 percent) were in CH Phase 2: Stress, requiring resilience-building interventions.

Projections indicate that the situation is likely to deteriorate during the next lean period (June-August 2017): 8.7 million people are expected to be in Crisis, 2 million in Emergency and 121 000 in Famine conditions, bringing the total number of severely food-insecure people to 11 million. The October 2016 Cadre Harmonisé estimates that 4.7 million people are in need of urgent assistance (Phase 3 or higher) in Borno, Adamawa and Yobe states of northeast Nigeria, 3.3 million of them in Borno State



alone. Although the territories in these areas are being liberated, trends show that food security and nutrition are worsening, especially in Borno. The population in need of immediate humanitarian assistance (those in Phases 3 to 5) increased from 2 million in August 2016 to 3.3 million in October-December 2016 and are expected to reach 3.6 million in August 2017, representing nearly 65 percent of the population of Borno. The State is projected to be home to 96 percent of the population (115 700 people) expected to face Famine conditions (IPC Catastrophe), during the next lean season – with the remaining located in Yobe (5 600 people).