



# Impact of COVID-19 on Nigeria's Food Systems

SITUATION REPORT – EDITION 1  
NOVEMBER 2020

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## KEY MESSAGES

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- **Nigeria is facing several food security and nutrition problems**, with 32.1 million food and nutrition deficient people, of which an estimated 3.65 million people are deficient as a direct result of COVID-19.
- Food and nutrition security **was significantly impacted amongst households more exposed to COVID-19 or mobility-restricting lockdowns**.
- **Overall, prices increased for key nutritious food items**, especially during the COVID-19 lockdown in April/May, but the price increases were also due to inflation (there was a 17.4% year-on-year food inflation rate in October 2020), reduced demand due to income losses, unrest in the north, as well as the Naira weakening against the dollar.
- **The diminishing purchasing power of Nigerians is negatively impacting access to staple foods**, with an estimated 24% of households unable to purchase staple foods (November 2020).

## 1 SCOPE AND PURPOSE

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The COVID-19 pandemic is a multiplier of vulnerability, compounding threats to food security and nutrition (FSN), while exposing weaknesses in food systems.<sup>1</sup> In response, the Global Alliance for Improved Nutrition (GAIN) developed the Keeping Food Markets Working (KFMW) programme to provide targeted support to help sustain core food systems, workers, and markets during the COVID-19 emergency. The programme's objective is to mitigate the risk of the collapse of food systems and ensure the availability and affordability of nutritious food. **This report summarises the current situation of Nigerian food systems amidst COVID-19 with a special emphasis on small and medium-sized enterprises (SMEs) and how nutritious foods value chains are changing.**

The information used for this report draws on several sources, including secondary data and primary research from GAIN and its partner initiatives. To substantiate the report, a thorough desk review of available secondary data was collected primarily sourced from Euromonitor; FEWS NET; the Food and Agriculture Organization (FAO) Big Data tool on food chains under the COVID-19 pandemic; FAO Food Price Monitoring and Analysis; over a dozen studies by FAO, the International Food Policy Research Institute (IFPRI), the World Bank, and others. The information is current as of approximately November 23, 2020.

## 2 COVID-19 MOVEMENT RESTRICTIONS & SUPPORT FOR THE VULNERABLE

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**Amongst the Nigerian government's responses to the spread of COVID-19, the mandated movement restrictions, and easing thereof, had the largest impact on food systems and FSN.** According to IFPRI, the Nigerian government implemented a total of 180 different policies spanning nine categories;<sup>2</sup> restrictions on population movements represented 45% of the policies, including lockdowns at home, curfews, closures of schools and religious institutions, and travel bans.<sup>3</sup>

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<sup>1</sup> <https://docs.wfp.org/api/documents/WFP-0000119380/download/>

<sup>2</sup> <https://public.tableau.com/profile/ifpri.td7290#!/vizhome/CPRPORTAL/Overview?publish=yes>

<sup>3</sup> <http://ebrary.ifpri.org/utils/getfile/collection/p15738coll2/id/133828/filename/134035.pdf>

The number of COVID-19 cases reached a peak in early July 2020 with occasional spikes in late July and August,<sup>4</sup> and cases thereafter returning to the levels reported at the beginning of the pandemic in April/May 2020 (see Figure 1).<sup>5</sup> There have been just over 1,000 deaths amongst nearly 200 million citizens. However, there is concern that these numbers might not reflect the actual situation because of limited testing in the country.<sup>6,7</sup>

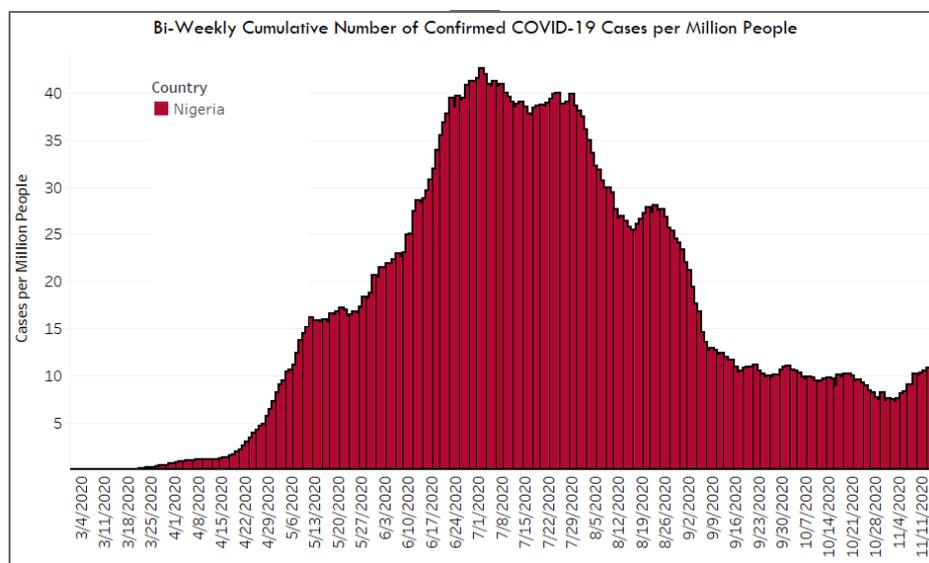


Figure 1: Bi-Weekly Cumulative Number of Confirmed COVID-19 Cases per Million People in Nigeria

Source: <https://ourworldindata.org/coronavirus> – Last updated 11 November.

On March 20, 2020 there was an immediate ban on gatherings across the 36 states, and on April 27<sup>th</sup> a nationwide curfew from 8pm to 6am was implemented, which was shortened on June 2<sup>nd</sup> to 10pm to 4am. There were also limitations placed on markets. For example, food markets in Abuja were only allowed to open twice a week. Towards the end of May, this was increased to three days a week between the hours of 8am and 3pm.<sup>8</sup>

While many countries closed land borders due to COVID-19, border closures had already been in effect since August 2019 in Nigeria. The country's various borders were shut down to curtail smuggling and illegal importation of drugs, small arms, and agricultural products into the country and the smuggling of petrol from Nigeria to neighbouring West African countries. It remains unclear when the country's land borders may be reopened.<sup>9</sup>

**In addition to movement restrictions, the government made efforts to mitigate the loss of income amongst the most vulnerable due to the measures in place, such as:**

- The Central Bank of Nigeria (CBN) reduced the interest rate on all intervention loans from 9% to 5% per annum in March 2020 and disbursed over N300 billion (USD 788 million) to SMEs in the healthcare, agriculture, and manufacturing sectors.<sup>10</sup>
- On May 2, 2020 a N50 billion (USD 131 million) credit facility through Nigeria Incentive-Based Risk Sharing for Agricultural lending (NIRSAL) Microfinance bank for SMEs was set up.<sup>11</sup>
- On May 12, 2020 the Nigerian government said it was set to deliver up to 70,000 tons of grain from its reserve to cushion the effects of food shortages.<sup>12</sup>
- The Federal Executive Council on July 22, 2020 approved the sum of N75 billion (USD 197 million) for the establishment of a Nigeria Youth Investment Fund for the period of 2020 – 2023, dedicated to investing in the innovative ideas, skills and talents of Nigerian youth, and to institutionally provide youth with a special

<sup>4</sup> <https://www.arcgis.com/apps/opsdashboard/index.html#/d4db081490014672a2c8d0e806929011>

<sup>5</sup> <https://www.worldometers.info/coronavirus/country/nigeria/>

<sup>6</sup> <https://www.arcgis.com/apps/opsdashboard/index.html#/d4db081490014672a2c8d0e806929011>

<sup>7</sup> <https://www.sciencemag.org/news/2020/07/it-s-tricky-thing-covid-19-cases-haven-t-soared-nigeria-could-change>

<sup>8</sup> <https://public.tableau.com/profile/ifpri.td7290#!/vizhome/CPRPORTAL/Overview?publish=yes>

<sup>9</sup> <https://nairametrics.com/2020/11/25/just-in-fg-says-the-countrys-land-borders-to-be-reopened-soon/>

<sup>10</sup> <https://nairametrics.com/2020/07/21/loan-cbn-disburses-over-n300-billion-to-smes-health-agric-manufacturing-sectors/>

<sup>11</sup> <https://nairametrics.com/2020/08/12/covid-19-timeline-of-every-pronouncement-made-by-nigeria-to-support-the-economy/>

<sup>12</sup> <https://public.tableau.com/profile/ifpri.td7290#!/vizhome/CPRPORTAL/Overview?publish=yes>

window for accessing needed funds, finances, business management skills, and other inputs critical for sustainable enterprise development.<sup>13</sup>

- A 50% income tax rebate was granted on the total amount due or paid as pay-as-you-earn tax to protect employees from loss of jobs.<sup>14</sup>

**In addition, the United Nations (UN), civil society, and the private sector also took action, such as:**

- A joint memo by Nigeria's civil society organisations (CSOs), endorsed by 407 members in response to COVID-19, highlighted the need for the government to suspend interest on all loans (especially those for SMEs), and regularly distribute palliatives, particularly food and/or cash transfers, during the pandemic.<sup>15</sup>
- In a May press statement by Oxfam Nigeria, CSOs in Nigeria called for transparency in the use of the International Monetary Fund (IMF) COVID-19 emergency loan to Nigeria.<sup>16</sup> The statement emphasised the worst-case scenario of the crisis pushing as many as 100 million people in sub-Saharan Africa into poverty and setting back the fight against poverty by a decade or more.<sup>17</sup> This statement was particularly important because before the crisis, approximately four in 10 Nigerians were living below the national poverty line, and millions more were living just above the poverty line, making them vulnerable to falling back into poverty when shocks occur.<sup>18</sup>
- The UN World Food Programme (WFP) distributed two months' worth of food and nutrition assistance to Internally Displaced Persons camps and vulnerable communities in Borno, Adamawa, and Yobe states. It also re-adjusted school meals programmes, such that the 39 million children affected by school closures were provided with food to take home. The initiative was led by Nigeria's Ministry of Humanitarian Affairs and aimed to reach 9 million children across the country's 36 states.<sup>19</sup>

More details on SME-related supportive actions taken can be found in Section 6.

### 3 IMPACTS OF COVID-19 ON LOCAL FOOD SYSTEMS AND FSN

**Nigeria is in an emergency food and nutrition insecure situation**, according to a September 2020 report by the Food Security Information Network (FSIN) and Global Network Against Food Crises. **There are an estimated 32.1 million people in Nigeria who are currently either in a stressed, crisis, or emergency food-insecure situation,**<sup>20</sup> the number of people who cannot access and / or afford safe, nutritious foods is even higher. Before the COVID-19 pandemic, there was already an existing gap in the Nigerian food system, which led to the importation of food items to augment local production in order to meet local demand.<sup>21</sup> The pandemic has further disrupted each segment of the food supply chain, but the effects are different along the rural-urban continuum. More urbanised areas may be harder hit than remote rural areas if connectivity remains broken down, as most food is produced in rural and semi-rural areas.<sup>22</sup>

#### At the onset of COVID-19

A number of supply chain network challenges existed pre-COVID-19, such as low installed capacity at seaports, high import costs, logistics bottlenecks, poor infrastructure, government policies, and poor technology adoption. A study by PwC (August 2020) concluded that **government COVID-19 measures impacted logistics and supply chains for food and agricultural inputs/outputs, as well as halted food production and agricultural activities.**<sup>23</sup> In an interview carried out by Reuters (Lagos), several farmers in Benue State highlighted that although demand was high

<sup>13</sup> <https://www.opportunitiesforafricans.com/nigeria-youth-investment-fund-2020/>

<sup>14</sup> <https://public.tableau.com/profile/ufpri.td7290#!/vizhome/CPRPORTAL/Overview?publish=yes>

<sup>15</sup> <http://www.osiwa.org/wp-content/uploads/2020/05/COVID19-CSOs-Joint-Memo-final.pdf>

<sup>16</sup> <https://nigeria.oxfam.org/latest/press-release/press-statement-imf-covid-19-loan-nigeria>

<sup>17</sup> <https://oxfamlibrary.openrepository.com/bitstream/handle/10546/620976/mb-dignity%20not%20destitution-an-economic-rescue-plan-for-all-090420-en.pdf>

<sup>18</sup> <https://www.worldbank.org/en/country/nigeria/brief/monitoring-covid-19-impact-on-nigerian-households>

<sup>19</sup> <https://www.un.org/africarenewal/news/coronavirus/conflict-hit-nigerian-families-living-under-covid-19-lockdowns-%E2%80%98life-support%E2%80%99>

<sup>20</sup> [https://docs.wfp.org/api/documents/WFP-0000119673/download/?\\_ga=2.94136349.1460453165.1604404521-792094182.1603971374](https://docs.wfp.org/api/documents/WFP-0000119673/download/?_ga=2.94136349.1460453165.1604404521-792094182.1603971374)

<sup>21</sup> <https://img1.wsimg.com/blobby/go/f0d4ab33-1bbe-4fb1-8102-c3fb2349cd6a/downloads/The%20Impact%20of%20COVID-19%20on%20Nigerian%20Food%20Supply.pdf>

<sup>22</sup> <https://www.ifad.org/en/web/latest/blog/asset/41863743>

<sup>23</sup> <https://www.pwc.com/ng/en/assets/pdf/impact-of-covid19-the-supply-chain-industry.pdf>

across the nation, crops were rotting in fields or at depots due to logistical challenges.<sup>24</sup> In addition, access to inputs, especially seeds, was hindered. Mobility restrictions and lockdowns disrupted processes involved in the valuation and release of new seed varieties, as well as the timely production of early generation seed and the planning of its supply. This challenge was faced despite the government's efforts to disperse seeds where they were needed the most. Ultimately, mobility restrictions also impeded seed producers' access to agro-inputs and mechanisation services, despite government efforts to disperse seeds to farmers.<sup>25</sup>

Many food SMEs already showed signs of disruptions at the beginning of the pandemic. For example, in April/May 2020, all 50 SMEs interviewed in a survey by GAIN recorded lower sales and were worried about current cashflow and the ability to pay salaries and repay loans in the short term.<sup>26</sup> 30% of food SMEs saw a need to diversify their supply chains (e.g., work with more suppliers) and nearly 65% were exploring new business areas as a result of the COVID-19 pandemic,<sup>27</sup> such as digitising operations, diversifying into other sectors, and considering new business strategies and new product ranges. While easing of restrictions alleviated some of these challenges, food system SMEs still are hampered by the losses incurred in the first months of COVID-19.

### COVID-19 Impact Post May/June 2020

**An IFPRI study (July 2020) analysed the economic impacts of the COVID-19 pandemic in Nigeria, reporting that there was a 13.1% loss of output for the agriculture sector.** Although primary agricultural activities were excluded from the direct restrictions on economic activities imposed in the lockdown zones, the boarder agri-food system was affected indirectly because of its linkages with the rest of the economy. Despite food processing being exempt from COVID-19 restrictions, losses in the agro-processing sector were large (26.7%) due to restrictions imposed on the non-essential manufacturing and services sectors that demand agro-processing products.<sup>28</sup> Food trade and transport services declined by 16.3% and in monetary terms contributed about USD 0.5 billion to overall GDP losses (see Figure 2).<sup>29</sup>

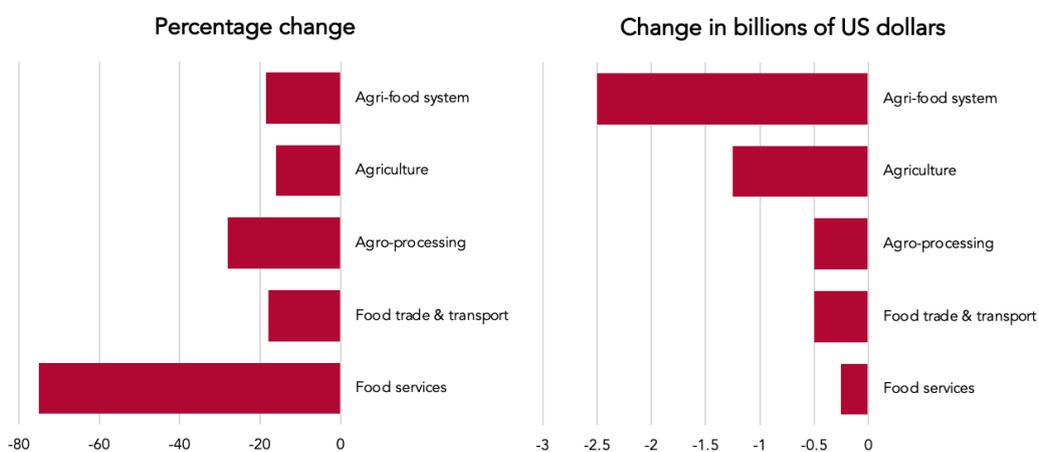


Figure 2: Estimated Change in Agri-Food GDP of Nigeria during COVID-19 Lockdown Period. Source: Nigeria SAM Multiplier Results.

The eight key impacts of COVID-19 on local food systems in Nigeria, with a specific focus on SMEs, include:<sup>30</sup>

- 1. Decreased food production and sales post-farm.** The disrupted cross-state and cross-border movement of agriculture labourers (from Niger, Chad, and Cameroon to Nigeria) due to movement restrictions (interstate travel was not allowed until June)<sup>31</sup> resulted in a reduction of food production for agri-food SMEs. The effects

<sup>24</sup> <https://www.pwc.com/ng/en/assets/pdf/impact-of-covid19-the-supply-chain-industry.pdf>

<sup>25</sup> [https://www.wur.nl/upload\\_mm/5/a/f/c685472d-d25b-4065-a7a6-b42b3f0e4883\\_Seed%20Sector%20Assessment%20-%20Nigeria%20-%20June%202020.pdf](https://www.wur.nl/upload_mm/5/a/f/c685472d-d25b-4065-a7a6-b42b3f0e4883_Seed%20Sector%20Assessment%20-%20Nigeria%20-%20June%202020.pdf)

<sup>26</sup> <https://www.gainhealth.org/resources/reports-and-publications/impact-covid-19-food-systems-situation-report-ii>

<sup>27</sup> <https://2fe0ur3bix01clgx344dzbo3-wpengine.netdna-ssl.com/wp-content/uploads/2020/05/Nigeria-COVID-Survey-Report.pdf>

<sup>28</sup> <https://www.ifpri.org/publication/estimating-economic-costs-covid-19-nigeria>

<sup>29</sup> <https://www.ifpri.org/publication/estimating-economic-costs-covid-19-nigeria>

<sup>30</sup> <https://2fe0ur3bix01clgx344dzbo3-wpengine.netdna-ssl.com/wp-content/uploads/2020/05/Nigeria-COVID-Survey-Report.pdf>

<sup>31</sup> <https://travel.state.gov/content/travel/en/traveladvisories/traveladvisories/nigeria-travel-advisory.html>

are still felt, particularly in the midstream (e.g., wholesale, logistics, and processing), and downstream (e.g., food-service enterprises) segments.<sup>32</sup>

2. **Some retailers are still running out of stock of imported products** due to ongoing disruptions to supply chains. Local supply chains have also been disrupted, resulting in product delays and artificial scarcity. Immediate effects are product scarcity, price hikes, and inflation.<sup>33</sup>
3. **Lack of cash flow at the beginning of COVID-19 outbreak is still being felt now.** According to a survey conducted by PwC (April 2020), the main worry amongst business owners and company administrators in Nigeria was the availability of immediate cash.<sup>34</sup> In a survey carried out by FATE Foundation in conjunction with BudgIT (August 2020), 94.3% of MSMEs reported being negatively impacted by the pandemic, particularly in the areas of cashflow (72.1%), sales (67.7%), and revenue (59.2%).<sup>35</sup>
4. **Broken functional linkages, especially in terms of decreased production, reduced sales, and closures were especially felt at the onset of COVID-19.** Agri-food SMEs depend heavily on the continuous flow of goods and services. These links broke quickly in the face of social distancing measures, transport restrictions, and consumer spending decreases. Traders, aggregators, and transporters - agri-food SMEs sitting at transitional points in the value chain - were hit first.<sup>36</sup> A GAIN survey (May 2020) showed that 66% of food system SMEs in Nigeria (n=44) had seen considerable decreases in production and 9% had stopped production entirely; 27% reported that sales prices decreased considerably, and 15% saw sales prices decrease somewhat.
5. **Poor storage facilities, leading to food waste.** The pandemic exposed the lapses that exist in terms of storage. Some farmers complained that crops were rotting in the fields or depots waiting for shipments that never come. Also, there was difficulty getting aggregators to buy at the farm gate. Lack of available storage led to spoilage of perishable goods, such as tomatoes, peppers, and onions, leading to lost income for farmers.<sup>37</sup> While this was also the case before the onset of COVID-19, the pandemic has hampered the ability of supply chain actors to react, and a lack of storage facilities exasperated the existing issues.
6. **Imperfect access to information has hampered SMEs' ability to cope amidst COVID-19.** The flow of information favours SMEs that are integrated into more formal networks and systems; it is much more difficult for smaller, more rural agri-food SMEs. Access to market information is a gap for many agri-food SMEs. With the arrival of COVID-19, and the corresponding volatility in demand and supply of products, this information gap was even more apparent.<sup>38</sup> Agri-food SMEs are likely to have difficulty accessing information about available funds to support their business if they are not already well connected to donor programmes.<sup>39</sup>
7. **New understanding of 'essential' workers.** Ensuring the health and continuity of the food supply chain during the outbreak has created a new class of 'essential' workers. From store associates to truck drivers, the food workforce is now on the frontlines. As a result, supply chain security, vendor relationships, and workforce management have become even more critical, not only to retailers but to governments and society as a whole.<sup>40</sup>
8. **Innovations across food systems.** Supply chain participants have introduced a series of innovations in response to COVID-19. So far, there is little systematic data available on these creative entrepreneurial and institutional responses. Anecdotal information suggests that these innovations are important and could have a major impact on the future of food supply chains in low- and middle-income countries. They fall into the categories of social innovations, business strategy, financial resilience, growth of e-commerce, and general technological

<sup>32</sup> <https://www.ifpri.org/blog/how-covid-19-may-disrupt-food-supply-chains-developing-countries>

<sup>33</sup> <https://www2.deloitte.com/ng/en/pages/finance/articles/understanding-the-sector-impact-of-COVID-19-on-Nigeria-Consumer-Products.html>

<sup>34</sup> <https://www.statista.com/statistics/1122741/main-worries-for-business-in-nigeria-due-to-the-coronavirus/>

<sup>35</sup> <https://nairametrics.com/2020/08/05/msmes-and-covid-19/>

<sup>36</sup> <https://www.raflelearning.org/post/covid-19-emergency-briefing-agri-smes-operating-uncertain-financial-operational-and-supply>

<sup>37</sup> <https://img1.wsimg.com/blobby/go/f0d4ab33-1bbe-4fb1-8102-c3fb2349cd6a/downloads/The%20Impact%20of%20COVID-19%20on%20Nigerian%20Food%20Supply.pdf?ver=1602362833149>

<sup>38</sup> [https://read.oecd-ilibrary.org/view/?ref=119\\_119680-d16h3qqi4x&title=Covid-19\\_SME\\_Policy\\_Responses](https://read.oecd-ilibrary.org/view/?ref=119_119680-d16h3qqi4x&title=Covid-19_SME_Policy_Responses)

<sup>39</sup> <https://www.raflelearning.org/post/covid-19-emergency-briefing-agri-smes-operating-uncertain-financial-operational-and-supply>

<sup>40</sup> <https://www2.deloitte.com/ng/en/pages/finance/articles/understanding-the-sector-impact-of-COVID-19-on-Nigeria-Consumer-Products.html>

innovations<sup>41</sup> For example, Farmcrowdy Foods entered the digital space with the launch of its one-stop digital marketplace, which allows consumers to conveniently purchase fresh food products from home.<sup>42</sup>

A Deloitte study (June 2020) found that the shift towards online sales due to COVID-19 had swiftly led to several agri-food and e-commerce SMEs in Nigeria having to revisit their supply chain and logistics strategies, with expectations that food SMEs would need to address the following areas to remain competitive:<sup>43</sup>

- Optimising their product ranges
- Assessing the resilience and agility of their supply chains
- Assessing their route-to-market channels
- Optimising and streamlining their e-commerce and distribution networks
- Digitalising their supply chain processes
- Restructuring their pricing and promotion strategies

### FNS in Focus

WFP reported (10 November 2020) that COVID-19 is undermining nutrition amongst the world's most vulnerable people, particularly children, pregnant women, and breastfeeding mothers; they also warned that Nigeria could face a major food emergency in three to six months.<sup>44</sup> FSIN reported in their September 2020 update that there are **an estimated 32.1 million people who are food and nutrition deficient, of which an estimated 3.65 million people are deficient as a direct result of COVID-19.**<sup>45</sup> The drop in international oil demand, which led to a decline in Nigerian revenue and the subsequent depreciation of the Nigerian Naira, has contributed to the rise in staple food prices. As a result of higher food prices, in combination with reduced access to income given movement restrictions during the nationwide lockdown, poor households are facing increased difficulty meeting their basic needs. Overall, about 6 to 7 million people were estimated to require humanitarian food assistance in Nigeria during the June to September lean season; while food security should improve between October and December due to the harvest season, needs are expected to remain higher than normal.<sup>46</sup>

An IFPRI analysis of the impacts of COVID-19 on food security in Nigeria (August 2020) indicates that **households more exposed to COVID-19 or mobility-restricting lockdowns experienced a significant increase in food insecurity.** Further, they found that impacts varied considerably by household and geographic context. For example, the food security outcomes of poorer households, households with school-attending children, and those living in conflict-affected areas were most sensitive to COVID-19 effects.<sup>47</sup> A survey conducted in August by the Nigerian National Bureau of Statistics, with support from the World Bank, found that the FNS situation in Nigeria remains precarious, even as the lockdown restrictions continue to loosen. The share of households experiencing moderate or severe food insecurity remained high at 68% in August 2020.<sup>48</sup> The same survey revealed that between April and July, 48% of urban households lost their jobs to COVID-19-related issues, compared to 38% of rural households.<sup>49</sup> There has likely been some recovery since. A survey conducted in August by Ipsos and Resolve to Save Lives reported that 92% of Nigerians in Lagos, Kano, and Abuja had not received any food, cash, or other support from the government in the past month. To analyse the FSN situation closer, a combination of FAO's dimensions of food security and GAIN's Supply Chain Analysis for Nutrition (SCAN) tools was used.<sup>50</sup> A summary of this analysis can be seen in Figure 3, which shows that **food inflation, reduced income, and scarcity of fresh produce are key drivers of the deepening FSN crisis.**

<sup>41</sup> <http://nssp.ifpri.info/2020/07/08/covid-19-and-resilience-innovations-in-food-supply-chains/>

<sup>42</sup> <https://foods.farmcrowdy.com>

<sup>43</sup> <https://www2.deloitte.com/ng/en/pages/finance/articles/understanding-the-sector-impact-of-COVID-19-on-Nigeria-Consumer-Products.html>

<sup>44</sup> <https://news.un.org/en/story/2020/11/1077272>

<sup>45</sup> [https://docs.wfp.org/api/documents/WFP-0000119673/download/?\\_ga=2.94136349.1460453165.1604404521-792094182.1603971374](https://docs.wfp.org/api/documents/WFP-0000119673/download/?_ga=2.94136349.1460453165.1604404521-792094182.1603971374)

<sup>46</sup> [https://reliefweb.int/sites/reliefweb.int/files/resources/Nigeria\\_August\\_COVID-19%20Alert\\_2020\\_Aug\\_12.pdf](https://reliefweb.int/sites/reliefweb.int/files/resources/Nigeria_August_COVID-19%20Alert_2020_Aug_12.pdf)

<sup>47</sup> <https://www.ifpri.org/publication/impacts-covid-19-food-security-panel-data-evidence-nigeria>

<sup>48</sup> <https://openknowledge.worldbank.org/bitstream/handle/10986/34618/Fourth-Round-Results.pdf?sequence=1&isAllowed=y>

<sup>49</sup> <https://blogs.worldbank.org/opendata/tracking-socioeconomic-impacts-pandemic-nigeria-results-first-three-rounds-nigeria-covid>

<sup>50</sup> Note: According to FAO, the four dimensions of food security are: availability of food, access to food, food utilization, and stability of the three dimensions over time. SCAN is a tool to understand how the various stages of the supply chain contribute to the accessibility, desirability, and quality of the food in question.

| Key Influencer | Sub-Influencer | Underlying Factor                        | Urgency Indication | Context  |
|----------------|----------------|--|--------------------|--|
| Accessibility  | Availability   | Closed retail outlets                    |                    | <ul style="list-style-type: none"> <li>In May 2020, food trading in Lagos was restricted to only 4 hours every other day. <b>Missing the window meant staying hungry for at least a day.</b></li> <li>Situation changed in mid-August as food markets could open from 8am to 6pm on Tuesday, Thursday and Saturday while non-food markets open on Monday, Wednesday, and Friday. <b>By September, all market restrictions were removed</b></li> </ul>  |
|                |                | Disrupted transportation                 |                    | <ul style="list-style-type: none"> <li>In late Apr 2020, AAN &amp; SWOFON reported huge post-harvest losses of fresh fruits &amp; vegetables. This was due to inability to access markets as a result of the initial COVID-19 restrictions. However, <b>later in July, the losses surge as more fresh produce farmers recorded huge losses.</b></li> </ul>   |
|                |                | Limited availability                     |                    | <ul style="list-style-type: none"> <li>Floods from early Sep 2020 to mid-Oct 2020 that claimed lives &amp; farmlands in NW &amp; southern Nigeria worsened the FSN situation.</li> <li>Although staple foods were affected the most (over 25% of rice harvests destroyed), <b>the floods also washed fishes away causing limited availability of fresh fish in affected communities</b> which then led to temporary spike in prices of fish.</li> </ul>  |
|                |                | Difficulty getting inputs                |                    | <ul style="list-style-type: none"> <li>In April 2020, 14% of agro-processing firms surveyed by TechnoServe had requested financing as a result of the crisis; by July when follow up study was conducted, <b>43% of firms had sought additional finance from financiers/government relief schemes, but many didn't get the funding</b></li> </ul>  |
|                | Affordability  | Food inflation                           |                    | <ul style="list-style-type: none"> <li>Although prices of food had been on the rise in Nigeria since Feb 2020, <b>multiple COVID-19 induced disruptions such as fall in production, depreciation of the exchange rate, &amp; disruptions to supply chains are responsible for not just the rate of increase in food inflation but also the magnitude of the rate of increase</b> which has been on the rise since May 2020 and is expected to continue till the end of the year</li> </ul>   |
|                |                | Price hike (unequal demand & supply)     |                    | <ul style="list-style-type: none"> <li>One of the private sector-led initiatives to assist the government in cushioning the effects of COVID-19, CACOVID had a double-edged sword effect. CACOVID purchased food items in bulk during the off-season when demand was low for distribution as COVID-19 palliative.</li> <li><b>When demand rose around May/June 2020, market supply couldn't keep up which then translated into an increase in food prices.</b></li> </ul>  |
| Desirability   | Convenience    | Increased online spending in urban areas |                    | <ul style="list-style-type: none"> <li>Although <b>Nigeria's retail sector has recorded negative growth since Q1 2019, it contracted by an unprecedented 16.58% in Q2 2020 due to less money in the pockets of consumers because of COVID-19.</b></li> <li>The retail sector is the entire market size of e-commerce companies like Jumia. <b>Despite reduced consumer spending, Jumia reported an 8% growth in orders, a four-fold demand for groceries and essentials in Q1 2020 compared to the previous year and a 40% growth in the number of active customers in Q2 2020. The caveat here is that the figures reflect only the situation in urban areas where Jumia operates.</b></li> </ul> |
|                | Perception     | Reduced income                           |                    | <ul style="list-style-type: none"> <li>Food accounts for 60% of most Nigerians' income as only 37% of Nigerians have any discretionary income after expenditure on food.</li> <li>However, <b>the share of people working is lower as of September 2020 compared to pre-COVID-19 periods especially for women and the poor.</b></li> <li>This signifies a decrease in the affordability of major food items for more than half of the population and <b>further worsening the desire to eat nutritious food, which although are considered necessities, often become a luxury in difficult times.</b></li> </ul>   |
| Quality        | Nutrition      | Scarcity of fresh produce                |                    | <ul style="list-style-type: none"> <li>Scarcity of food items like fruits, onions, chicken meat, and tomatoes across Lagos markets partly due to excessive rainfall in the North caused a significant spike in the variability of prices in mid-October. For example, the price of melons increased by 22.4% compared to September &amp; the price of tomatoes rose moderately by 5.6%. Fresh onions recorded the most spike at 60.8%.</li> </ul>  |
|                |                | Price spike, Existing insecurity         |                    | <ul style="list-style-type: none"> <li><b>In accessible areas of the Northeast, purchasing power is below average as staple food prices have significantly increased.</b> The spike is expected to limit food access in worst-conflict affected areas, contributing to the already existing FSN crisis.</li> </ul>   |
|                | Awareness      | Health concerns                          |                    | <ul style="list-style-type: none"> <li>Nigeria has many documented challenges with ensuring food safety throughout the food supply chain.</li> <li>A survey of 1,007 Nigerians conducted by YouGov-Cambridge Globalism Project from late July to late Aug 2020 found that <b>59% of respondents doubted the reported fatality rate of COVID-19.</b></li> <li>This infers that more than half the population are going about business as usual, and wet markets vendors care less about food safety.</li> </ul>   |

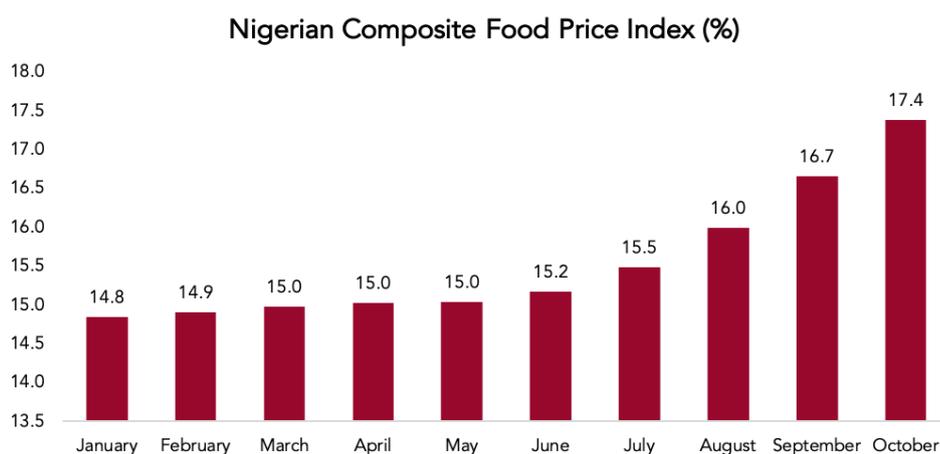
Figure 3: Matrix of Key Factors Influencing Food and Nutrition Security (FSN) in Nigeria Amidst COVID-19.

Note: Darker colouring indicates a stronger effect on the availability, convenience, and affordability of food in November based on an internal ranking analysis.

Sources: [The Guardian Nigeria](#), [All Africa](#), [Embassy of Nigeria](#), [Floodlist](#), [PwC](#), [Nairametrics \(rising food cost\)](#), [ProShare](#), [Central Bank of Nigeria](#), [Business AM Live](#), [Tribune Online](#), [Tech Cabal](#), [Access to Nutrition Initiative \(ATNI\)](#), [SB Morgen](#), [World Bank](#), [Nairametrics \(prices\)](#), [Punch Nigeria](#), [YouGov](#).

## 4 PRICE AND AVAILABILITY CHANGES

Food access in Nigeria significantly worsened at the start of the pandemic due to significant disruptions to food supply chains and widespread loss of income.<sup>51</sup> **Amidst already rising inflation pre-COVID-19, as well as political unrest in northern Nigeria, COVID-19 has further deepened the existing macro-level challenges, leading to rising food prices coupled with decreasing incomes, limiting the purchasing power of poor households in Nigeria.**<sup>52</sup> Inflation, particularly for food, has been steadily rising since the border closure in August 2019.<sup>53</sup> The composite food index rose to a two-year high of 17.4% in October 2020 compared to 16.7% in September 2020 (see Figure 4). The highest food price index increases were recorded for bread and cereals, fish, potatoes, yam and other tubers, vegetables, meat, oils and fats and fruits.<sup>54</sup>



**Figure 4: Nigerian Composite Food Price Index (%) (NBS 2020).**

Note: The CPI (Consumer Price Index) measures the average change over time in prices of goods and services consumed by people for day-to-day living (i.e., inflation). The Food Price Index includes food, breads and cereals, meat, fish, milk, cheese and eggs, oils and fats, fruit, vegetables, potatoes, yam and other tubers, food products, coffee, tea and cocoa, and soft drinks. Source: NBS; October 2020.

**After the onset of COVID-19-related restrictions, post-harvest losses and lack of proper storage and food handling hampered food accessibility.** Nigerian farmers and vendors faced high post-harvest losses due to poor handling measures long before COVID-19. Post-harvest losses in Nigeria were estimated at 20% for fish and between 50 to 60% for fresh fruits and vegetables pre-COVID-19.<sup>55</sup> This was further complicated by the pandemic. During the nationwide lockdown, egg and dairy products were ready for sale to consumers, but due to the supply chain disruption caused by the lockdown, farmers watched their produce spoil because there were no markets to offtake them. Some Nigerian firms acted to minimise post-harvest loss amid COVID-19. For example, Soupah Limited, a food processing company plans to come out of the pandemic as a ‘tech-enabled business’ by creating an online platform where customers can directly order their products and other foods. In addition, Soupah is exploring how best to use logistics support, such as cold vans for delivering food to their customers.<sup>56</sup>

**Overall, prices increased for key nutritious food items, especially during the lockdowns; however, this was also due to inflation, reduced demand due to income losses, unrest in the north, and the Naira weakening against the dollar.** The production of pulses and oilseeds was hardest hit by COVID-19, but the GDP contribution of production of meat and eggs, dairy, and fruits and vegetables was 15-16% lower in April/May 2020 than in the comparable

<sup>51</sup> <https://blogs.worldbank.org/opendata/how-should-we-measure-food-security-during-crises-case-nigeria>

<sup>52</sup> <https://fews.net/west-africa/nigeria/alert/august-12-2020>

<sup>53</sup> <https://www.thepoultrysite.com/news/2020/11/nigerias-finance-minister-says-the-country-is-ready-to-open-its-land-borders-to-trade>

<sup>54</sup> <https://www.nigerianstat.gov.ng>

<sup>55</sup> <https://businessday.ng/agriculture/article/nigerias-post-harvest-losses-surge-amid-covid-19-pandemic/>

<sup>56</sup> <https://sunbusinessnetwork.org/covid-19-and-the-nigerian-msme-this-is-soupahs-story/>

period in 2019 (see Figure 5).<sup>57</sup> The National Bureau of Statistics (NBS) reported in their October Price Watch<sup>58</sup> that the average price of eggs increased year-on-year by 7.9%; the average price of tomato increased year-on-year by 31.8% and month-on-month by 7.2%; and the average price of imported rice increased year-on-year by 38.6% and month-on-month by 2.8%. Similarly, the average price of yam increased year-on-year by 35.1% but decreased month-on-month by -1.1%. After a sharp increase in recent months, prices of coarse grains began to decline in several markets in September with improved availability following the beginning of the 2020 harvest. Prices remained generally well above their values for September 2019, however, despite overall favourable prospects for the new harvest. This was mainly due to the effects of COVID-19 measures, high transport costs, and the weak local currency. In the conflict-affected areas of the north, prices of coarse grains were reported to remain at high levels. Price hikes and scarcity of onions in major markets have become a concern in Nigeria (November 2020). However, the cause is non-COVID-19 related: it is largely due to rising fertiliser prices resulting from an import ban on fertilisers.<sup>59</sup>

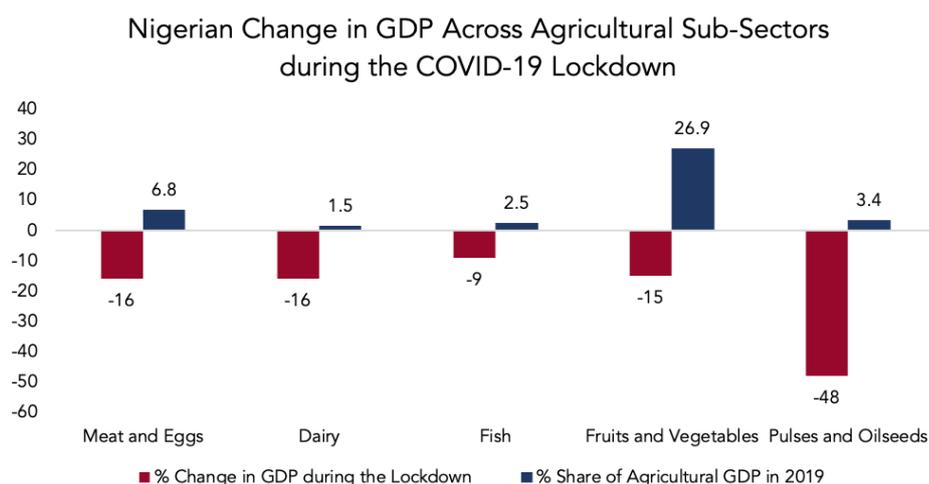


Figure 5: Change in Contribution to GDP during the April/May Lockdown Across Agricultural Output by Subsector, % Year-on-Year in Nigeria (World Bank 2020).<sup>60</sup>

**A price warning on maize was issued by FPMA on November 10, 2020 as prices continued to surge upward in August to be well above those of a year earlier, underpinned by a difficult macro-economic situation and disruptions to supply chains.** The upward surge in coarse grain prices halted in September with the start of the 2020 harvest, but prices remain high. A maize import ban was placed by the CBN in July to boost local production, but many stakeholders felt that it was ill-timed. Maize, which constitutes over 50% of poultry feed content in Nigeria, was scarce and, where available, expensive. This inflation could lead to less availability and higher prices for eggs across the country.<sup>61</sup> However, by early August, the CBN reversed its decision, approving the importation of maize through four agro-processing companies until October.<sup>62</sup>

The main harvest season is underway across the country, increasing household access to own-produced foods and market supply. The harvest is helping to stabilise prices. However, prices remain significantly above average across much of the country and are expected to increase in the first half of 2021 as market demand increases and supply declines.<sup>63</sup>

<sup>57</sup> <http://documents1.worldbank.org/curated/en/695491593024516552/pdf/Nigeria-in-Times-of-COVID-19-Laying-Foundations-for-a-Strong-Recovery.pdf>

<sup>58</sup> <https://www.nigerianstat.gov.ng>

<sup>59</sup> <https://nairametrics.com/2020/11/12/why-onions-has-become-the-new-gold-in-nigeria/>

<sup>60</sup> <http://documents1.worldbank.org/curated/en/695491593024516552/pdf/Nigeria-in-Times-of-COVID-19-Laying-Foundations-for-a-Strong-Recovery.pdf>

<sup>61</sup> <https://allafrica.com/stories/202007230142.html#:~:text=The%20recent%20directive%20by%20the,the%20official%20CBN%20forex%20window>

<sup>62</sup> <https://www.premiumtimesng.com/agriculture/agric-news/412263-as-food-shortage-looms-nigeria-approves-emergency-importation-of-maize.html>

<sup>63</sup> <https://fews.net/west-africa/nigeria>

## 5 CONSUMER PREFERENCES

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**Loss of income and high inflation rates have led to a shift in consumer preferences, largely towards consumption of non-nutrient-dense foods.** High food inflation rates (17.4%)<sup>64</sup> indicate that purchasing power of consumers is consistently and rapidly declining on a monthly basis, even for Nigerians whose income is pegged at a fixed level.<sup>65</sup> Others are not only facing high food inflation rates but also earning lower incomes; an estimated 33% of household income was lost during the lockdown period, according to an IFPRI study (July 2020). **There were an estimated 26.8 million poor people in Nigeria during the COVID-19 lockdown** (between March and June), entailing a 12.1% poverty rate increase in rural areas and a 16.5% increase in urban areas.<sup>66</sup> The diminishing purchasing power is negatively impacting access to staple foods, with an estimated 24% of households unable to purchase sufficient staple foods, according to a report published by the World Bank (November 2020).<sup>67</sup>

**Consumer shopping behaviour has shifted, largely due to reduced spending, there have also been channel shifts towards online purchases.** Most Nigerian consumers expect the implications to last beyond the COVID-19 period. Currently, consumers are mindful of their spending and are on the lookout for savings, while increasing spending on essentials, entertainment, and fuel. Consumers are increasingly purchasing essentials in-store, while discretionary purchases have shifted to online. More than 50% of consumers are shopping at new stores, retailers, and websites, citing better prices, promotions, and easy accessibility as top reasons for doing so.<sup>68</sup> About 42% of urban consumers purchased food via eCommerce platforms for the first time due to COVID-19, this shift is largely amongst consumers above the age of 50.<sup>69,70</sup> Most observers agree that the increased focus on digital commerce amongst consumers and merchants will likely remain post-COVID-19. While online commerce has increased, in-store purchases have not gone away. Workers still have to go into the office and re-fuel for their commute, and some goods simply cannot be purchased online and delivered to consumers. The situation has also led to an increase in contactless card payments in Nigeria.

**There are larger forces that affect food accessibility at the local level beyond COVID-19.** This includes currency fluctuations (e.g., due to shifts in terms of trade and global oil markets) and remittances. For example, the Nigerian Naira has weakened as oil prices declined, causing it to depreciate against the dollar.<sup>71</sup> Remittances to Sub-Saharan Africa are expected to decline by 23.1% due to the crisis;<sup>72</sup> this will reduce purchasing power (and with it, food affordability) for millions of people who depend on them. Conflict in the north and flooding have further led to changes in consumer behaviour; households worst affected in the north are mainly reliant on their own harvests and local markets for food. However, the harvest is limited in these areas, as conflict disrupted agricultural activities and flooding led to further crop losses, according to a FEWS Net outlook report for October 2020 to January 2021.<sup>73</sup>

There is a lack of data on specific behavioural shifts in consumption of nutritious foods. However, considering that an estimated 3.5 million additional people are food and nutrition deficient due to COVID-19 in Nigeria, coupled with an even larger population facing income loss and a 17.4% food inflation rate, it is possible that the consumption of nutritious foods, such as fruits, vegetables, dairy, and meat, has declined significantly since the onset of COVID-19.

## 6 MOVING FORWARD: SUPPORT FOR FOOD SYSTEM SMES

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<sup>64</sup> <https://www.nigerianstat.gov.ng>

<sup>65</sup> <https://nairametrics.com/2020/10/15/breaking-nigerias-inflation-rate-hits-13-71-as-food-prices-soar/>

<sup>66</sup> <https://www.ifpri.org/publication/estimating-economic-costs-covid-19-nigeria>

<sup>67</sup> <http://www.indiaenvironmentportal.org.in/files/file/Socioeconomic%20Impacts%20of%20COVID-19.pdf>

<sup>68</sup> <https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/survey-nigerian-consumer-sentiment-during-the-coronavirus-crisis>

<sup>69</sup> <https://businesspost.ng/featureoped/shifting-consumer-habits-demand-fresh-focus-to-fight-fraud/>

<sup>70</sup> <https://www2.deloitte.com/ng/en/pages/finance/articles/understanding-the-sector-impact-of-COVID-19-on-Nigeria-Consumer-Products.html>

<sup>71</sup> <https://punchng.com/naira-may-depreciate-to-475-against-dollar-says-rewane/>

<sup>72</sup> World Bank, 2020. Press Release: World Bank Predicts Sharpest Decline of Remittances in Recent History. (link)

<sup>73</sup> <https://fews.net/west-africa/nigeria>

The adverse effects of COVID-19 on SMEs include interruptions of supply chains, cash flow problems, weaker demand for imported goods and services, inability to meet delivery dates, and increased risk aversion in financial markets.<sup>74</sup>

### Support Responses for Food System SMEs

In a bid to support the growth of SMEs, the Nigerian federal government, civil society, UN agencies, and the private sector established several support schemes geared towards helping SMEs deal with the effects of the pandemic.

### Government Policy Responses

- Corporate taxes were cut from 30% to 20% for medium-scale enterprises and a full corporate tax exemption was issued for small/micro enterprises.<sup>75</sup>
- One of the most robust farm policies implemented by the Nigerian government in response to COVID-19 was the mass agriculture component of the Nigeria Economic Sustainability Plan (NESP), officially launched in May 2020. The plan, with a total budget of N2.3 trillion (USD 6 billion), has three components: a mass agriculture programme, a mass housing programme, and a solar connection programme.<sup>76</sup> The agriculture program is structured with a guaranteed offtake scheme for food crops, sanitisers, and face masks. The goal of the programme is to relieve local business owners of as much burden as possible due to the pandemic by providing loans, moratoriums, and allowances and re-orienting the country to boost local capacity (labour) and local production.
- Regarding farm input subsidies, the government issued intra-state movement permits for seed conveyance throughout the period of the lockdown and price subsidies for seeds for farmers to ensure the continuity of agricultural activities during the lockdown (for 81,000 MT of seed).<sup>77</sup>
- CBN unveiled guidelines for non-interest financial institutions under its Agri-Business, Small and Medium Enterprise Investment Scheme (AGSMEIS), Micro, Small and Medium Enterprises Development Fund (MSMEDF), and Accelerated Agricultural Development Scheme (AADS). The MSMEDF for NIFIs guidelines are aimed to channel lo-return funds to the MSME sub-sector of the Nigerian economy through participating Financial Institutions to enhance MSMEs' access to financial services.
- Similarly, the non-interest guidelines for the AADS are aimed at engaging a minimum of 370,000 youths (18 to 35 years) in agricultural production across the country between now and 2023 in order to reduce unemployment amongst youth; to promote interaction among state governments, the CBN and other stakeholders in the agricultural value chain in each state work to enhance job creation in the agricultural sector, with focus on two crops for which the state has a comparative advantage.

A PwC survey (April 2020, n=3,000) showed that 23.8% of businesses felt that the support provided by the Nigerian government was grossly inadequate; 43.9% found it inadequate (see Figure 6).<sup>78</sup> This demonstrates that business owners perceive a gap to be filled by government and other key players to ensure their survival post-COVID-19.

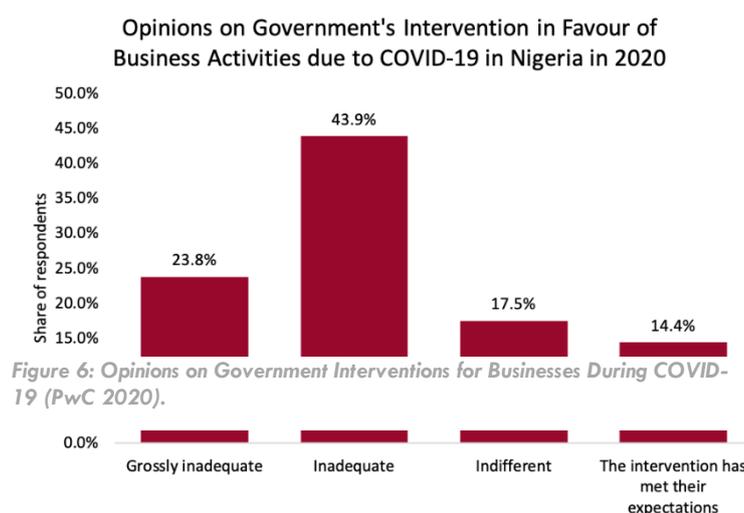


Figure 6: Opinions on Government Interventions for Businesses During COVID-19 (PwC 2020).

### Private Sector Responses

- The “PwC Cares” COVID-19 intervention provides pro bono business continuity support services to small businesses employing between 5 to 50 employees; this support is still on-going.<sup>79</sup>

<sup>74</sup> [https://read.oecd-ilibrary.org/view/?ref=119\\_119680-di6h3qgi4x&title=Covid-19\\_SME\\_Policy\\_Responses](https://read.oecd-ilibrary.org/view/?ref=119_119680-di6h3qgi4x&title=Covid-19_SME_Policy_Responses)

<sup>75</sup> <https://public.tableau.com/profile/ifaipri.td7290#!/vizhome/CPRPORTAL/Overview?publish=yes>

<sup>76</sup> <https://theasovilla.medium.com/what-you-need-to-know-about-the-nigeria-economic-sustainability-plan-be900d2b316e>

<sup>77</sup> <https://public.tableau.com/profile/ifaipri.td7290#!/vizhome/CPRPORTAL/Overview?publish=yes>

<sup>78</sup> <https://www.statista.com/statistics/1122756/opinions-on-government-s-intervention-in-businesses-in-nigeria/>

<sup>79</sup> <https://www.pwc.com/ng/en/services/sme-helpdesk.html>

- The Mastercard Foundation provided a \$20.4 million grant for 65,000 Nigerian farmers who will have access to tractors, seeds, fertiliser, and finance. They teamed up with Alluvial Agriculture, a farming collective, to provide some 200 tractors, 330,000 kilograms of seeds, climate advisories, and digital payment systems to farmers. The initiative is aimed at supporting agriculture to recover from the pandemic in a way that will help it to withstand future crises such as climate change.<sup>80</sup>
- A platform named 'On Beating Corona' was created by the Future Project and Y! Africa, aimed at providing up-to-date information on all interventions related to COVID-19 across the 36 states.<sup>81</sup>

## UN

- The World Bank is providing technical assistance to the government in the form of timely evidence to guide policy responses. Together with the National Bureau of Statistics, the Nigeria COVID-19 National Longitudinal Phone Survey was designed to monitor the economic and social impacts of COVID-19 by tracking households' welfare and behaviour every month for 12 months.<sup>82</sup>

## In conclusion

COVID-19 restrictions did play a role in worsening accessibility and availability of safe and nutritious food. Moreover, COVID-19 hit Nigeria at a time when the country faced a number of other challenges, leading it into a worsening FSN crisis that is only expected to deepen in the coming three to six months. COVID-19 cases remain fairly stable at the moment (November 2020), but considering the current state of the country and the effects of the initial lockdown, re-imposition of movement restrictions could have disastrous effects on the food system and FSN situation in Nigeria.

<sup>80</sup> <https://money.usnews.com/investing/news/articles/2020-10-20/nigerias-battered-farmers-to-get-20-million-to-aid-crop-output>

<sup>81</sup> <https://awards.yafri.ca/the-future-project-y-africa-launches-new-website-beating-corona-to-provide-real-time-information-on-pandemic-interventions-across-nigeria/>

<sup>82</sup> <https://www.worldbank.org/en/country/nigeria/brief/monitoring-covid-19-impact-on-nigerian-households>