



Impact of COVID-19 on Nigeria's Food Systems

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List of Abbreviations

B2B	Business to Business
CBN	Central Bank of Nigeria
FAO	Food and Agriculture Organisation
FEWS NET	Famine Early Warning System Network
FPMA	Food Price Monitoring and Analysis
FSN	Food and Nutrition Security
GDP	Gross Domestic Product
IFAD	International Fund for Agricultural Development
IFPRI	International Food and Policy Research Institute
MSMEs	Micro, Small and Medium Scale Enterprises
NBS	National Bureau of Statistics
NGO	Non-Governmental Organisation
PwC	PricewaterhouseCoopers
SMEs	Small and Medium sized Enterprises
UN	United Nations
UNDP	United Nations Development Programme
WFP	World Food Programme

KEY MESSAGES

- **Loss of income and high inflation rates** in the wake of COVID-19 and macro-economic developments have continued to diminish the purchasing power of many households in Nigeria, reducing their consumption of nutritious foods.
- **Nigeria had the highest number of food-insecure people in the West and Central African region in 2020** (over 9 million) with a total of **12.9 million people** (6% of the Nigerian population) **projected to be food insecure in 2021**.
- With a larger population facing income loss due to the continued effect of COVID-19 control measures on SMEs, a high food inflation rate of 20.6% between January 2020 and January 2021, and the devaluation of the Naira, it is **likely that the consumption of nutritious foods, such as fruits, beans, eggs, and meat will continue to decline**.
- A portfolio of ad-hoc support programmes exists for SMEs as well as the population groups that are most vulnerable to food insecurity. However, there are **no clear signs of a coordinated approach**; with an increase in the number of food insecure people, **these measures may be inadequate to stave off a more systemic crisis**.
- **SMEs are becoming more tech-savvy**, and consumers are becoming more inclined to the use of online shopping to avoid going to crowded markets.
- **There is no evidence of systematic attempts to address the pre-existing issues and inefficiencies in the Nigerian farming sector**. With COVID-19, these have become more visible. The immediate and longer-term effects of COVID-19 control measures may further weaken farmers' ability to produce food and thus contribute to a potential food security crisis.

1 SCOPE AND PURPOSE

The **coronavirus (COVID-19) pandemic** is disrupting the world as we know it, with **a heavy toll on human lives and economic activities**. Its rapid global spread is threatening to affect millions of people already made vulnerable by food insecurity, malnutrition and the effects of conflict and other disasters.¹ 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 conducted, drawing primarily on information sourced from the Food and Agriculture Organization (FAO) Big Data tool on food chains under the COVID-19 pandemic; FAO Food Price Monitoring and Analysis; Cadre Harmonise; the

¹ <https://www.wfp.org/emergencies/covid-19-pandemic>

International Food Policy Research Institute (IFPRI); the World Bank; and others. The information is current as of early March 2021.

2 COVID-19 MEASURES & SUPPORT FOR THE VULNERABLE

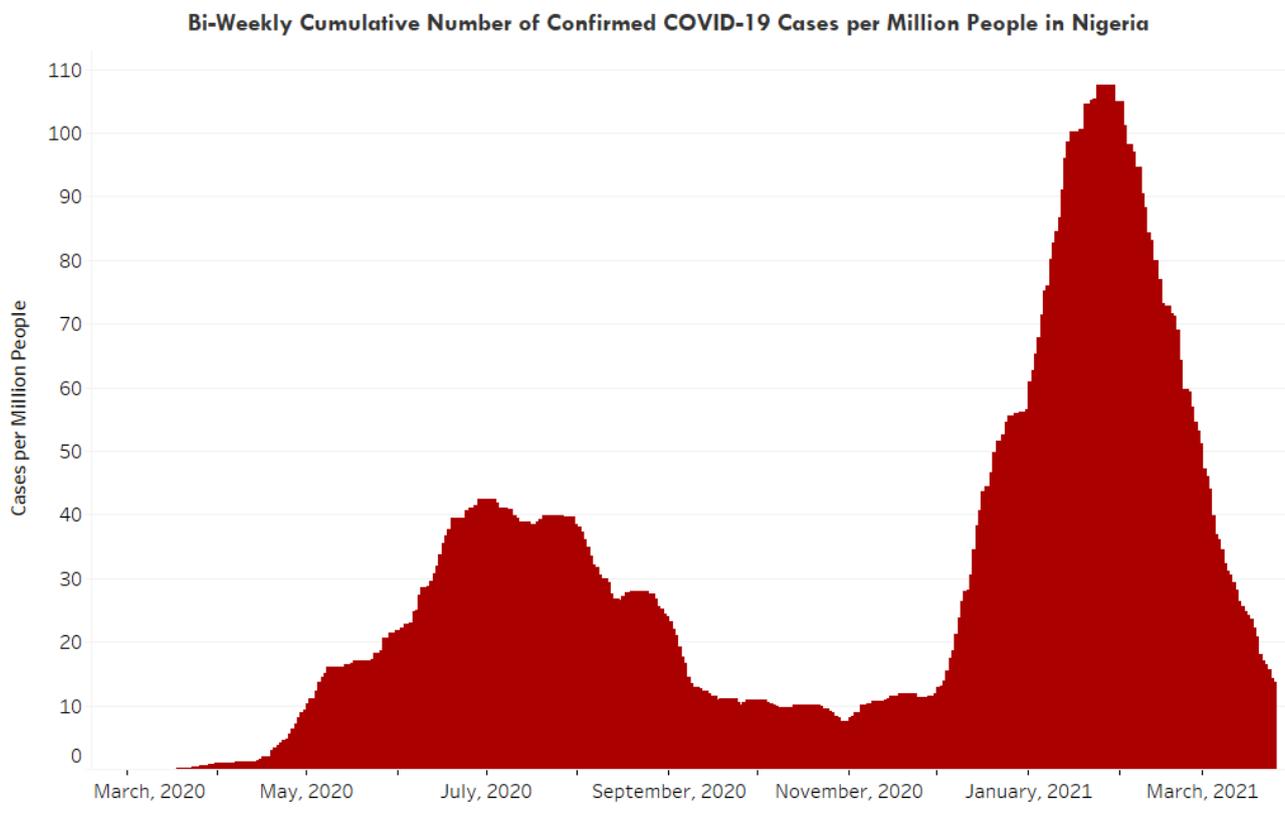


Figure 1: Bi-Weekly Cumulative Number of Confirmed COVID-19 Cases per Million People in Nigeria
Source: <https://ourworldindata.org/coronavirus> – Last updated 24 March 2021.

As Nigeria's economy gradually reopened in three phases, with the relaxation of travel and gathering bans in September 2020, COVID-19 cases began to rise in December 2020 at a rate faster than during the first wave and to a high peak² in February 2021 before gradually declining in March). This led to the reinstatement of restrictions on mass gathering and curfew. As of February 2021, the ban on daily opening of food markets, domestic flights, interstate travel and land borders³ have been eased while others remain. For example, a nationwide curfew from 12:00 am to 4:00 am remains in place and bars and nightclubs also remain closed. While outdoor sporting activities can resume, public gatherings remain restricted: gatherings in enclosed spaces are limited to 50 people with adequate social-distancing measures and the use of facemasks. Civil servants have been ordered to resume work at public offices, and academic activities have been allowed to restart.⁴ Nigeria started vaccinating its citizens in March 2021, after receiving its first batch of 3.9 million doses of COVID-19 vaccine shipped by the Vaccines Global Access Facility - COVAX.⁵

The following Key Policy Responses are in place:

- The federal government adopted a revised budget for 2020 in response to the COVID-19 shock. A NGN 500 billion COVID-19 intervention fund is included in the revised budget to channel resources to additional health-related current and capital spending (tests, supplies, and facilities) and public work programmes to support the incomes of the vulnerable and the real sector, including agriculture.⁶

² <https://www.worldometers.info/coronavirus/country/nigeria/>

³ <https://www.theafricareport.com/55542/nigeria-president-buhari-opens-land-border-at-seme-illela-maigatari-and-mfun/>

⁴ <https://www.garda.com/crisis24/news-alerts/417186/nigeria-authorities-maintaining-covid-19-restrictions-as-of-dec-17-update-25>

⁵ <https://www.afro.who.int/news/nigerian-health-workers-take-countrys-first-covid-19-vaccine>

⁶ <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#N>

- The social register (a database of poor and vulnerable households in Nigeria) was increased by 1 million households to 3.6 million to help cushion the effect of the lockdown.⁷

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

- On November 18, 2020, The UN Central Emergency Response donated a total of USD 100 million (NGN 38 billion) to stave off hunger in seven countries including Nigeria.⁸
- IFAD has provided a first grant of USD 900,000 (NGN 342 million) through its Rural Poor Stimulus Facility (RPSF) to support the worst affected small-scale producers and rural households in the North through the COVID-19 crisis, as well as to rebuild and recover in the post-crisis period.⁹
- In mid-November 2020, the Emergency Relief Chief Mark Lowcock has allocated a total of USD 15 million (NGN 5.7 billion) emergency funding to address rising food insecurity in north-east Nigeria. The ongoing crisis affecting Borno, Adamawa and Yobe states and the consequences of the COVID-19 pandemic are driving hunger to alarming levels (up to 5.1 million people risk being critically food insecure).¹⁰
- In December 2020, the Food Security Cluster (FSC) assisted 4,201,267 individuals, of whom 52% received assistance through Cash Voucher Assistance (CVA). Of those assisted with CVA, 56% received food assistance while 44% received support under agriculture and livelihoods funding. Borno state hosts approximately 70% of the CVA beneficiaries, Yobe 27% and Adamawa 3%.¹¹ It was not stated if this assistance was a one off-payment or will be continued.

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

On December 18, 2020, Nigeria recorded a total of 1,145 COVID-19 cases showing that the country has entered its second wave of the pandemic¹² This poses significant risks to food supply chains¹³ and has exposed certain weaknesses and vulnerabilities of food systems, particularly in meeting the needs of the most vulnerable populations¹⁴ According to FAO quarterly global report on Crop Prospects and Food Situation (March 2021), urgent food assistance is needed for 9.2 million people in Nigeria. The sharp increase is mainly due to the economic slowdown caused by the COVID-19 pandemic, which also contributed to high inflation rates and the depreciation of the Naira, Nigeria's national currency. (The annual inflation rate increased for the 16th straight month to 15.8% in December 2020, the highest since November 2017, compared to 14.9% in November 2020¹⁵). Substantial localised production deficits due to adverse weather events in several areas, coupled with the protracted conflict, have increased the prevalence and severity of food insecurity and acute malnutrition.¹⁶

Despite the slight increase in foreign exchange reserves, macroeconomic conditions remain poor, impacting many poor households' ability to engage in income-earning activities, particularly among urban households.¹⁷ This led to reduced income, which led to reductions in the quantity and quality of food for households. Prices of most staple foods remained atypically high in January, about 50 to 100% above average, posing a risk to food security. This price increase is driven by not only the poor macroeconomic situation but also the below-average 2020/21 harvest and market supply coupled with atypically high market demand as a result of COVID-19.¹⁸ Due to the longer-term impacts of the COVID-19 pandemic and conflict, there has been decreased engagement in agricultural activities, notably in surplus production areas in the North-East, North-West and North-Central states where high levels of conflict continue.¹⁹

⁷ <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19>

⁸ <https://reliefweb.int/sites/reliefweb.int/files/resources/PRESS%20RELEASE%20-%20NIGERIA%20-%20ALLOCATES%20EMERGENCY%20%2415%20MILLION%20TO%20FIGHT%20RISING%20HUNGER-%2018112020.pdf>

⁹ <https://www.ifad.org/en/web/latest/news-detail/asset/42424631>

¹⁰ <https://reliefweb.int/sites/reliefweb.int/files/resources/PRESS%20RELEASE%20-%20NIGERIA%20-%20ALLOCATES%20EMERGENCY%20%2415%20MILLION%20TO%20FIGHT%20RISING%20HUNGER-%2018112020.pdf>

¹¹ <https://fscluster.org/nigeria/document/food-security-sector-cash-dashboard-31>

¹² <https://www.proshareng.com/news/Health/COVID-19-Second-Wave--Another-Lockdown-in-View-/54825>

¹³ <http://www.fao.org/3/ne079en/ne079en.pdf>

¹⁴ <http://www.fao.org/3/ne079en/ne079en.pdf>

¹⁵ <https://reliefweb.int/report/nigeria/nigeria-key-message-update-high-levels-conflict-north-and-poor-macroeconomic>

¹⁶ <https://reliefweb.int/sites/reliefweb.int/files/resources/cb3672en.pdf>

¹⁷ <https://fews.net/west-africa/nigeria/food-security-outlook/october-2020>

¹⁸ <https://reliefweb.int/report/nigeria/nigeria-key-message-update-high-levels-conflict-north-and-poor-macroeconomic>

¹⁹ <https://fews.net/west-africa/nigeria/food-security-outlook/october-2020>

Widespread flooding in the Northeast while crops were in the maturing stage led to significant crop losses, which will lead to reduced yield and availability of food. This, on top of continued high levels of displacement and disruption to livelihood activities due to conflict in northern parts of the country, is driving high assistance needs.²⁰

The four key impacts of COVID-19 on local food systems in Nigeria, with a specific focus on SMEs, include:²¹

- **Decrease in production volume.** A market survey conducted by KFMW and the GAIN USAID EatSafe project around February 8, 2021 showed that vendors in Utako market, Abuja continue reporting decreased customers (64%) and decreased sales (61%) as top impacts of COVID-19 while vendors in Gosa market, Abuja reported decreased sales (70%) and decreased customers (55%) as top impacts.²² This, therefore, made vendors produce less to avoid wastage, which implies a decrease in food availability.
- **Reduction in demand.** A survey conducted by the World Bank between November and December 2020 showed that households were adopting coping strategies, with 58% of shock-affected households reducing their food consumption in response; this has therefore reduced their demand for food.²³
- **Reduction in employed staff.** The negative impact of COVID-19 has disrupted businesses, forcing some to close down and others to reduce operations, reduce staff numbers, or renegotiate salaries and other commitments, leading to an overall reduction in the employed workforce.²⁴
- **Digital innovation.** As elsewhere, SMEs are becoming more tech-savvy, and consumers are becoming more inclined to the use of online shopping to avoid going to crowded markets.²⁵ 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.²⁶ Soupah Limited also opened an online shop for consumers to order fresh vegetables²⁷ The Federal Government has developed a national policy on digital innovation and entrepreneurship to support SMEs. It will establish a Digital Innovation and Entrepreneurship Centre to enable Nigerians to acquire technological skills to develop hardware, software, and emerging technologies, create an innovative ecosystem and a platform for technical skills, among others. This policy focuses on encouraging SMEs to go a step further by aiming to become Innovation-Driven Enterprises (IDEs).²⁸
- **E-Commerce and Digital Finance.** A survey carried out by Women's World Banking in 2020 showed that low-income women entrepreneurs increased use of digital apps and social media platforms like WhatsApp and Facebook, as well as bank accounts and other structured forms of payments, to allow for remote transactions. Although these tools were available for use before the pandemic, COVID-19 motivated the women to embrace the tools, which helped them retain their clients and expand their operations.²⁹

²⁰ <https://fews.net/west-africa/nigeria/food-security-outlook/october-2020>

²¹ <https://2fe0ur3bixo1clgx344dzbo3-wpengine.netdna-ssl.com/wp-content/uploads/2020/12/Impacts-of-COVID-19-on-Small-and-Medium-Sized-Enterprises-in-the-Food-System-Report-2.pdf>

²² <https://www.agrilinks.org/post/feed-futures-eatsafe-nutritious-and-safe-food-access-key-markets>

²³ <http://documents1.worldbank.org/curated/en/257231613660333413/pdf/Impact-of-COVID-19-on-Nigerian-Households-7th-and-8th-Round-Results.pdf>

²⁴ <https://2fe0ur3bixo1clgx344dzbo3-wpengine.netdna-ssl.com/wp-content/uploads/2020/12/Impacts-of-COVID-19-on-Small-and-Medium-Sized-Enterprises-in-the-Food-System-Report-2.pdf>

²⁵ <https://www.agrilinks.org/post/feed-futures-eatsafe-nutritious-and-safe-food-access-key-markets>

²⁶ <https://foods.farmcrowdy.com>

²⁷ https://www.linkedin.com/posts/soupah-fresh-limited_12daysofchristmas-soupahchristmas-atiwaonline-activity-6744591080953532417-bn5c/

²⁸ <https://guardian.ng/news/fg-develops-policy-on-digital-innovation-to-support-smes/>

²⁹ <https://www.womensworldbanking.org/insights-and-impact/covid-19-unlocks-e-commerce-digital-finance-among-low-income-women-in-nigeria/>

FSN in Focus

WFP reported (November 10, 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 between March and June 2021.³⁰

According to Cadre Harmonisé, Nigeria was the country with the highest number of food-insecure people in West and Central Africa in 2020, with over 9 million people being food insecure in 2020 and a rise to 12.9 million people projected for 2021 (Figure 2).³¹ There was a 130% increase in the number of food-insecure people compared to November last year.

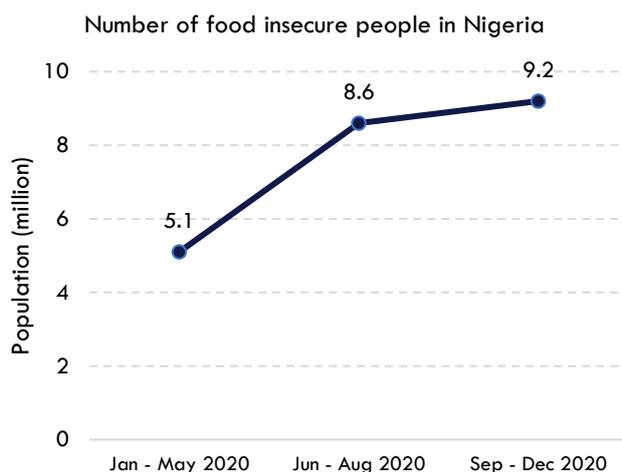


Figure 2: Number of food insecure people in Nigeria
Source: WFP, Food security Highlights (Cadre Harmonise, 2020)

Nigeria is also experiencing the deepest recession in the region with a GDP contraction of 5.4% between 2019 and 2020. Food prices are among the highest in the region, with increases of over 40%.³² 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. Containment measures put in place at the beginning of the pandemic were gradually eased as the first wave was brought under control. However, COVID-19 infections are on the rise again, which could lead to further restrictions that slow or limit the ability of the region to recover.³³

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 were used (see Figure 4) to summarise the key indicators of food security and nutrition and how they affect food security.

4 PRICE AND AVAILABILITY CHANGES

Food access in Nigeria worsened at the start of the pandemic due to disruptions to food supply chains as a result of border closures and inter-state movement restrictions. This led to innovation on the part of food vendors as most of them turned to digital platforms to sell their goods to clients. Movement restrictions for food were soon lifted, and people were able to purchase food. However, prices of food still skyrocketed as Nigeria entered the second wave of COVID-19 infections in December 2020. Inflation, particularly for food, rose to 20.6% in January 2021, signalling the highest rate recorded in 12 years (20.0%, Feb 2009). The composite food price index, which measures the rate of food inflation, rose to 20.6% (year-on-year change) in January 2021 with a 12-month average of 16.7%, compared to 18.3% (year-on-year change) in November 2020, just before Nigeria entered the second wave of COVID-19 infections, with a 12-month average of 15.8%,³⁴ as shown in Figure 3. The highest price increases were recorded for bread, cereals, fish, yam, eggs, and beans.³⁵

³⁰ <https://news.un.org/en/story/2020/11/1077272>

³¹ <https://docs.wfp.org/api/documents/WFP-0000122811/download/>

³² <https://docs.wfp.org/api/documents/WFP-0000122811/download/>

³³ <https://reliefweb.int/report/nigeria/west-and-central-africa-food-security-highlights-december-2020>

³⁴ [https://nigerianstat.gov.ng/elibrary?queries\[search\]=](https://nigerianstat.gov.ng/elibrary?queries[search]=)

³⁵ <https://www.nigerianstat.gov.ng>

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 food handling facilities long before COVID-19. Post-harvest losses in Nigeria were estimated at 20% for fish and between 50 and 60% for fresh fruits and vegetable pre-COVID-19.³⁶ This was further complicated by the pandemic. During the nationwide lockdown at the beginning of the pandemic, egg and dairy products were ready for sale to consumers, but due to the transport restrictions, many products could not reach the markets and farmers watched their produce spoil.

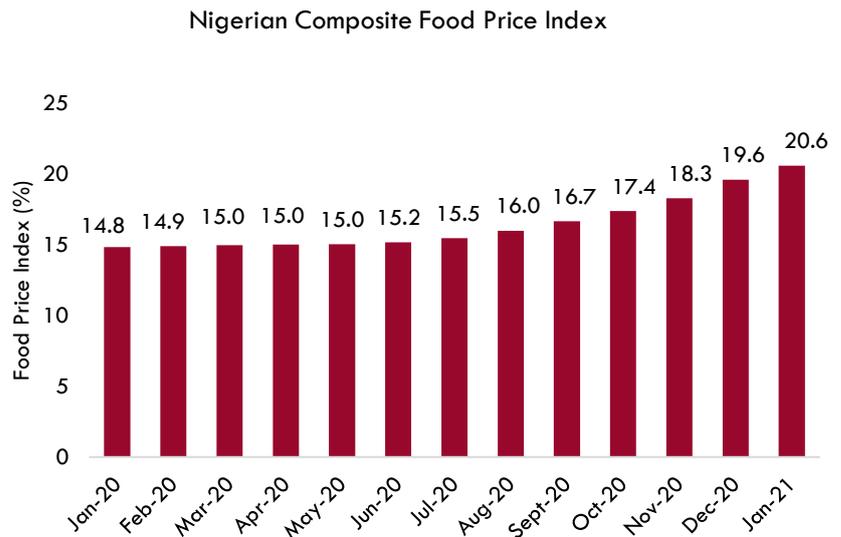


Figure 3: Nigerian Composite Food Price Index (%) (NBS 2021).

Note: The CPI (Composite 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, cocoa, and soft drinks. Source: NBS; January 2021.

³⁶ <https://businessday.ng/agriculture/article/nigerias-post-harvest-losses-surge-amid-covid-19-pandemic/>

Key Influencer	Sub-Influencer	Underlying Factor	Impact on FSN	Context
Accessibility	Availability	Operational retail outlets	Less Strong	<ul style="list-style-type: none"> Food and non-food markets have been allowed to operate in full capacity in Lagos and Abuja. On 17 December 2020, the Nigerian government approved the recommendation of a presidential committee to reopen the Seme, Illela, Maigatari and Mfun borders. Other land borders were reopened on 31 December in readiness for trading under the AfCFTA, which came into effect on 1 January 2021.
		Regional availability of nutritious food	Less Strong	<ul style="list-style-type: none"> The KFMW/EatSafe Abuja market survey of February 2021 showed that more consumers in Gosa market saw an increase in availability for fresh vegetables (33% vs. 30%) and fresh fruits (33% vs. 25%). In addition, more consumers noticed decreased availability of poultry compared to previous round (10% vs. 3%). Meanwhile, in Urako market, more consumers saw an increase in availability for fresh vegetables (33% vs. 30%) and fish (32% vs. 18%). Unlike Gosa market, a decrease in availability of dairy was reported for Urako market (20% vs 0%).
		Input availability	Less Strong	<ul style="list-style-type: none"> In January 2021, Japan International Cooperation Agency (JICA) provided agricultural inputs to 1,500 rice farmers in nine states to boost agricultural production.
	Affordability	Food inflation	Strong	<ul style="list-style-type: none"> Prices of food which have been on the rise in Nigeria since February 2020, have continued into 2021. This has been due to multiple COVID-19 induced disruptions such as containment measures, decline in the value of Naira as a result of global recession, persistent conflict, insurgency and flooding in Northern Nigeria which hampered farming and food production.
		Price hike (unequal demand & supply)	Strong	<ul style="list-style-type: none"> A survey conducted by the World Bank between November and December shows that households were adopting potentially harmful coping strategies, with 58% of shock-affected households reducing their food consumption in response, this has therefore reduced their demand for food.
Desirability	Convenience	Increased online spending in urban areas	Less Strong	<ul style="list-style-type: none"> According to The KFMW/EatSafe market survey of February 2021 Consumers in Gosa market, Abuja remain concerned with shopping at the market (40% vs 38% in previous round). Of those who are concerned, contracting COVID-19 (81%) and the inconvenience of using COVID-19 protective measures (31%) are still the top concerns. This has therefore increased online shopping. 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. Soupah Limited also opened their online shop for consumers to order fresh vegetables.
	Perception	Reduced income	Strong	<ul style="list-style-type: none"> The negative impact of COVID-19 had led to disruption of businesses, forcing some businesses to close, others to reduce operations, reduce staff numbers and renegotiate salaries leading to reduced income for consumers therefore implying reduced demand for food and cutting down the quality and quantity of food required.
Quality	Nutrition	Scarcity of food crops	Strong	<ul style="list-style-type: none"> Scarcity of food items like fruits, chicken, meat, maize, soyabeans across Lagos markets due to conflict and insurgency in the North caused a significant spike in the variability of prices. For example, the price of eggs increased by 50% in January 2021 compared to January 2020.
		Price hike, existing insecurity	Strong	<ul style="list-style-type: none"> In accessible areas of the North East, purchasing power is below average as staple food prices have significantly increased. The spike has caused a limit to food access in worst-conflict affected areas contributing to the already existing FSN crisis.
	Awareness	Health concerns	Strong	<ul style="list-style-type: none"> The KFMW/EatSafe market survey of February 2021 showed that among measures implemented by markets, consumers keep mentioning mandatory mask use for both consumers(54%) and vendors (23%) and handwashing/sanitizer stations (31%) as the most useful measures in Gosa market, Abuja. While among measures implemented in Urako market in Abuja, consumers mentioned handwashing/sanitizer stations (81%) and mandatory mask use for both vendors (25%) and consumers (33%) as most useful.

Figure 4: Matrix of Key Factors Influencing Food and Nutrition Security (FSN) in Nigeria Amidst COVID-19.

Note: Darker colouring indicates a stronger impact on the availability, convenience and affordability of food between November 2020 and February 2021 based on an internal evaluation

Sources: The KFMW/EatSafe market survey, Floodlist, PwC, Nairametrics (rising food cost), National Bureau of Statistics (NBS), ProShare

Strong	Less Strong
Weak	Very Weak

Increases in the price of eggs and beans threaten protein consumption. With Nigeria entering the second wave of COVID-19 infections, the price of eggs in February 2021 has soared compared to the price in 2020. The sharp increase in the price of eggs is attributed to the scarcity of maize and soya beans as layer chicken feed, as a result of disruptions to the supply chain by measures to curb the spread of COVID-19. Also, beans (which are an alternative source of protein, especially for low-income earners) have experienced a similar upsurge in price. This is because of COVID-19, conflict and insurgency in Northern Nigeria, where the majority of the crop is grown. With beans being the major source of protein for poor families and egg a staple in most Nigerian homes, the recent price hikes mean people are now buying these foods at higher prices, leading to a reduction in food consumption for the average household.

Since Nigeria entered the second wave of COVID-19 infections in December 2020, prices of staple foods have been on the rise. The National Bureau of Statistics (NBS) reported in their January Price Watch³⁷ for selected foods from December to January that the price of 1 dozen eggs increased year-on-year by 12.5% and month-on-month by 2.3% (NGN 500 to 511); the average price of 1 kg of brown beans increased by 18% year-on-year and month-on-month by 0.3% (NGN 336 to 337); the average price of 1 kg of imported rice increased year-on-year by 21.7% and month-on-month by 0.1% (NGN 551 to 552). Similarly, the average price of 1kg of yellow maize increased year-on-year by 43.5% and month-on-month by 3.5% (NGN 208 to 215).³⁸

Conversely, the price hike and scarcity of onions recorded in November 2020 has since normalised, and many households can now again afford to buy the previously expensive commodity. According to a seller in Mile 12 market in Lagos, the price of onions has nosedived, following a strong harvest towards the end of December 2020.³⁹

The FAO Food Price Monitoring and Analysis (FPMA) monthly report on domestic food price trends in Nigeria (February 2021) reported that the price of maize remains high despite good domestic availability from the 2020 harvest.⁴⁰ The hike in the price of maize can be attributed to several factors. First, the Federal Government had placed a ban on maize importation in July 2020 to increase local production, safeguard rural livelihoods, increase jobs and stimulate rapid economic recovery.⁴¹ The insecurity in Northern Nigeria, where much of the maize is produced, affected domestic production and maize hoarding by middlemen for speculative purposes and exacerbated the scarcity of maize in the market. In a bid to address the scarcity of maize in the market, the Federal Government granted import waivers to four agro-processing companies in the last quarter of 2020.⁴² It also announced its plans to release 300,000 metric tonnes of maize into the market in February 2021 from the National Strategic Grain Reserve to support the Poultry Association subsidised rate.⁴³ This release is expected to increase availability and thereby reduce the price of maize.

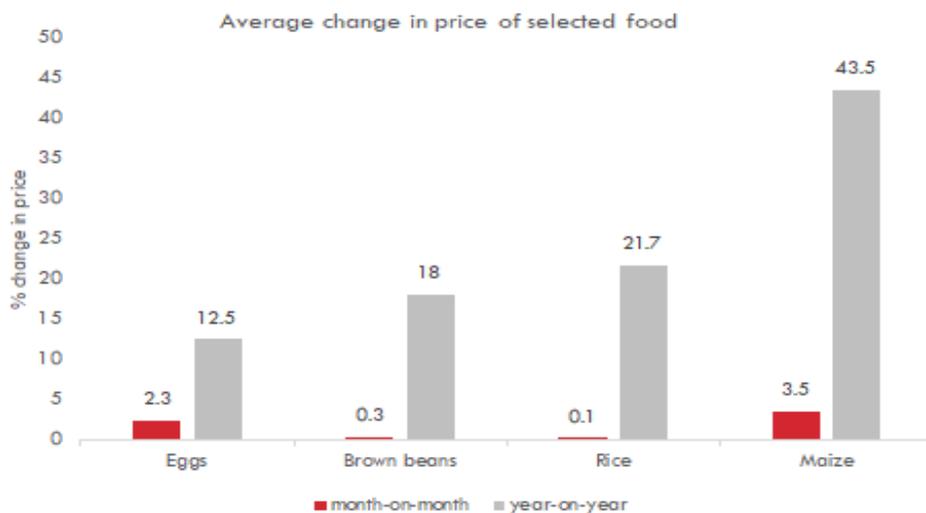


Figure 5: Average change in the price of selected foods between December 2020 and January 2021 and between January 2020 and January 2021 (NBS 2021)

³⁷ <https://www.nigerianstat.gov.ng/page/65>

³⁷ <https://www.nigerianstat.gov.ng>

³⁹ <https://nairametrics.com/2021/01/15/prices-of-local-rice-onions-tomatoes-others-crash-as-foreign-rice-continues-to-ease-off/>

⁴⁰ <http://www.fao.org/3/cb3318en/cb3318en.pdf>

⁴¹ <https://nairametrics.com/2020/07/13/cbn-adds-maize-corn-importation-to-41-banned-list/>

⁴² <https://nairametrics.com/2020/09/04/cbn-approves-emergency-maize-import-for-4-companies/>

⁴³ <https://www.vanguardngr.com/2021/01/anchor-borrowers-programme-farmers-to-release-300000mt-maize-next-month/>

5 CONSUMER PREFERENCES

Loss of income and high inflation rates have continued to affect consumer behaviour. Nigeria, which obtains much of its revenue from crude oil exports, is faced with lower demand arising from the global COVID-19-related recession, which has led to a slump in oil exports. The measures to curb the COVID-19 outbreak plus global oil price shocks shrunk Nigeria's economy by 6% in the second quarter of 2020 and by 3.1% in the third quarter.⁴⁴ This has taken its toll on employment and government revenues, which have jointly affected people's incomes. According to the World Bank (December 2020),⁴⁵ 67% of Nigerian households reported a decrease in income. High food inflation rates (see above) mean that the purchasing power of consumers is consistently and rapidly declining month by month, as most Nigerians' income is fixed.⁴⁶ With the increasing prices of food, most households have no other option than to draw down their savings and reduce food consumption.⁴⁷ According to a KFMW/EatSafe February survey of Gosa and Utako markets in Abuja, consumers reported an increase in shopping less often, with their top concerns including contracting COVID-19, unavailability of preferred foods, and inconvenience of protective measures, while vendors reported decreased sales and decreased customers as top impacts.⁴⁸

With more people working from home, there has been a shift in consumer behaviour and buying patterns. Following the second wave of COVID-19 infections, the federal and some state governments announced new guidelines to keep the spread of the pandemic in check. In Lagos State, some workplaces limit staff presence to 50% of capacity, with the rest working remotely. Consequently, more people are spending time at home, which will continue to influence behaviour across markets. In its January 2021 market data, TradeDepot, a B2B e-commerce platform for consumer goods in Africa, reported a 10% increase in the overall contribution of food items to its distribution volumes, compared with 2019.⁴⁹ This is consistent with both a reduction in non-essential spending, as disposable incomes decline, and with a shift of food purchases from physical marketplaces to online ones.

6 MOVING FORWARD: SUPPORT FOR FOOD SYSTEM SMES

The adverse effects of the first and second waves of COVID-19 for SMEs include interruptions to supply chains, cash flow problems, weaker demand for imported goods and services, and high foreign exchange rates. The high foreign exchange rate is a result of the fall in crude oil prices, a consequence of global movement restrictions due to COVID-19, and this has reduced the purchasing power of importers and has made a vast range of commodities expensive for consumers.

Support Responses for Food System 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

- The House of Representative passed a bill to grant a rebate of 50% of the tax due to Nigerian companies that retained all their employees between the 1 March 2020 and 31 December 2020.⁵⁰
- The Federal Government launched the Mass Agricultural Programme in May 2020 under the Economic Sustainability Plan.⁵¹ The programme, with an estimated cost of NGN 634 billion (USD 1.7 billion), is expected to bring under cultivation between 20,000 and 100,000 hectares of new farmland in every state of the nation, thereby creating millions of direct and indirect jobs across the nation's agricultural value chains in a bid to revive an economy pummelled by the pandemic and low oil price. The programme also aims to provide

⁴⁴ <http://documents1.worldbank.org/curated/en/152691607607461391/pdf/Rising-to-the-Challenge-Nigerias-COVID-Response.pdf>

⁴⁵ <https://openknowledge.worldbank.org/bitstream/handle/10986/34921/Rising-to-the-Challenge-Nigerias-COVID-Response.pdf?sequence=1&isAllowed=y>

⁴⁶ <https://openknowledge.worldbank.org/bitstream/handle/10986/34921/Rising-to-the-Challenge-Nigerias-COVID-Response.pdf?sequence=1&isAllowed=y>

⁴⁷ <http://ebrary.ifpri.org/utis/getfile/collection/p15738coll2/id/134179/filename/134391.pdf>

⁴⁸ <https://www.agrilinks.org/post/feed-futures-eatsafe-nutritious-and-safe-food-access-key-markets>

⁴⁹ <https://brandspung.com/2021/01/12/tradedepot-highlights-smaller-packs-and-increased-food-spending-as-top-trends-that-will-shape-nigerias-retail-sector-in-2021/>

⁵⁰ <https://home.kpmg/xx/en/home/insights/2020/04/nigeria-tax-developments-in-response-to-covid-19.html>

⁵¹ <https://theasovilla.medium.com/what-you-need-to-know-about-the-nigeria-economic-sustainability-plan-be900d2b316e>

relief to local business owners through loans, moratoriums and allowances and re-orienting the country to boost local labour capacity and production.

- Lagos State Government distributed COVID-19 palliatives to widows in the state to cushion the effects of the pandemic on the less privileged.⁵²
- The apex bank CBN disbursed NGN 106.96 billion (USD 281 million) to 27,956 beneficiaries of the Agribusiness Small and Medium Enterprise Investment Scheme (AGSMEIS).⁵³ AGSMEIS aims at promoting agricultural SMEs with a long-term goal of achieving sustainable economic development and creating jobs.
- CBN also disbursed NGN 192.64 billion (USD 506 million) to 426,016 households and small businesses under the COVID-19 Targeted Credit Facility.⁵⁴ The loan amounts are based on the activity, cash flow and industry size of the beneficiary and can go up to NGN 25 million (USD 65,789) for SMEs and NGN 3 million (USD 7,895) for households with verifiable evidence of being adversely affected by the pandemic.⁵⁵

Despite these government responses, most agribusinesses in Nigeria regard the government's efforts to ensure food security and support farmers as insufficient. According to an unpublished survey of the leaders of 95 agribusiness SMEs conducted by Agramondis between September 2020 and January 2021, 64% felt that the government's policy efforts to ensure food security during COVID-19 were inadequate (Figure 6).

- On March 2, 2021, the Nigerian government took delivery of 3.9 million doses of the AstraZeneca COVID-19 vaccine in Abuja. The arrival of this vaccine will enable the Federal Government to start vaccinating Nigerians. Overall, 16 million doses are expected from the COVAX facility.⁵⁶

Private Sector Responses

- The 'PwC Cares' COVID-19 intervention provides pro-bono complementary business continuity support services to small businesses with 5 to 50 employees that undertake to retain all of their staff throughout the period of the COVID-19 pandemic; this support is still on-going.⁵⁷
- The Mastercard Foundation's COVID-19 Recovery and Resilience Program, in an effort to ensure post COVID-19 food security, teamed up with Alluvial Agriculture to provide USD 20.4 million in grants to help 65,000 smallholder Nigerian farmers benefit from quality land, seeds, fertilisers, mechanisation, and storage.⁵⁸
- In January 2021, the Japanese International Cooperation Agency (JICA) donated agricultural inputs to rice farmers in nine states – Kwara, Nasarawa, Niger, Bauchi, Taraba, Kaduna, Kano, Jigawa and Kebbi – through the Federal Ministry of Agriculture and Rural Development (FMARD)^{59,60} to mitigate the challenges faced by farmers as a result of the COVID-19 pandemic and improve food security.

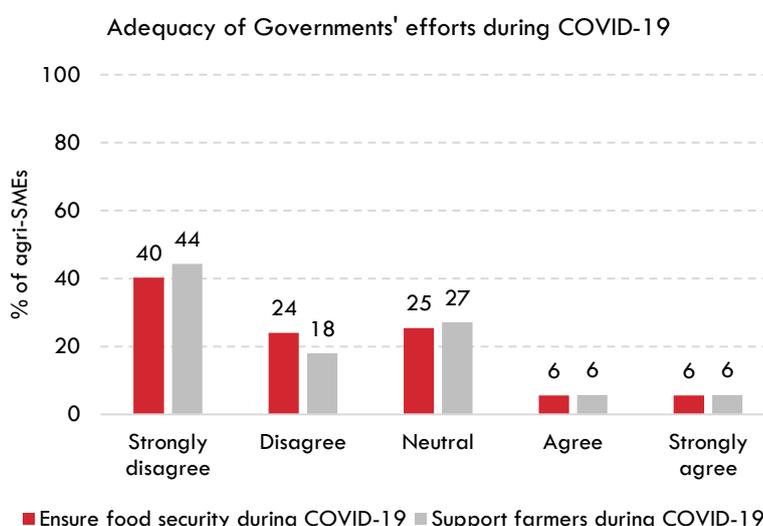


Figure 6: Opinions on government intervention during COVID-19
Source: Agramondis Agribusiness Leaders Survey 2021, in press

⁵² <https://public.tableau.com/profile/ifa.pri.td7290#!/vizhome/CPRPORTAL/Overview?publish=yes>
⁵³ <https://nairametrics.com/2021/01/27/cbn-disburses-n106-96-billion-to-27956-agsmeis-beneficiaries/>
⁵⁴ <https://nairametrics.com/2021/01/27/cbn-disburses-n106-96-billion-to-27956-agsmeis-beneficiaries/>
⁵⁵ <https://www.inlaks.com/cbn-disburses-covid-19-funds-for-nirsal-through-nambuit/>
⁵⁶ <https://www.aa.com.tr/en/africa/nigeria-leaders-get-covid-19-jab-to-encourage-citizens/2167715>
⁵⁷ <https://www.pwc.com/ng/en/publications/pwc-cares-covid-19-intervention-update-bulletin.html>
⁵⁸ <https://mastercardfdn.org/3-million-people-in-africa-to-benefit-from-post-covid-food-security-program-supported-by-the-mastercard-foundation/>
⁵⁹ <https://www.jica.go.jp/nigeria/english/office/topics/press210115.html>
⁶⁰ <https://nairametrics.com/2021/01/13/fg-receives-farm-inputs-from-japanese-agency-to-boost-rice-production/>

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- The World Bank is providing the Nigerian government with 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.⁶¹ The survey started in April 2020 and will run through the first quarter of 2021.⁶²
- The World Bank Board of Directors has set up the Nigeria COVID-19 Action Recovery and Economic Stimulus Program for Results (Nigeria CARES). This programme will help increase access to social transfers and basic services and provide grants to poor and vulnerable households. It is meant to strengthen food supply chains for poor households and facilitate recovery and enhance the capabilities of MSMEs. This programme is financed through an International Development Association credit of USD 750 million (NGN 285 billion).⁶³

7 CONCLUSION

It has been over a year since the first case of COVID-19 infection in Nigeria was recorded in February 2020, and the country is still facing some of the effects of the disruptions to food supply chains. The pandemic also slashed global oil demand, resulting in low oil prices, stifling the country's foreign exchange earnings; this resulted in higher retail prices of food and non-food essentials. At the same time, some households are cutting down on their food consumption due to reduced/loss of income. Although the Nigerian government and the private sector responded swiftly to cushion the effects of the pandemic on individuals and the agricultural value chain, these players could still do more to ensure food security in 2021. The number of food insecure people in Nigeria is expected to rise by about 50% to 12.9 million in 2021. While reduced income earning opportunities in the wake of COVID-19 control measures may be a temporary issue, the macro-economic situation (reduced forex from oil exports, weak Naira, continued food price inflation) is likely to be more structural and to persist even after the direct impact of COVID-19 have subsided.

The current support programmes by government, donors and private sector do address the needs of some of the most acutely affected groups in the population, but they do not seem to do so in a coordinated manner. The government's efforts to ensure food security are also seen as insufficient by many agribusiness SMEs.

Overall, pre-COVID-19 issues and weaknesses in the food system continue to become more apparent and little evidence can be seen of systematic attempts to address these issues. The short-term effects of COVID-19 control measures – mostly reduced income – may lead to longer-term effects if they affect farmers' ability invest in food production and market their products.

⁶¹ <https://www.worldbank.org/en/country/nigeria/brief/monitoring-covid-19-impact-on-nigerian-households>

⁶² <https://microdata.worldbank.org/index.php/catalog/3712>