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THE NIGERIAN ECONOMIC SUMMIT GROUP

POLICY BRIEF ON THE

Status of Food Security: Dimensioning the Crisis, Policy Options and Strategic Responses

MARCH 2024

EXECUTIVE SUMMARY

The food crisis in Nigeria has reached unprecedented levels, with food inflation soaring and a significant increase in the number of food-insecure Nigerians. This policy brief, developed by the Nigerian Economic Summit Group (NESG), provides a comprehensive analysis of the current food security crisis and offers actionable recommendations to address the urgent humanitarian, social protection, and food systems challenges facing the nation.

Key Findings

One dimension of the national poly-crisis that characterises Nigeria's social and macroeconomic instability is its food security crisis. This challenge is aptly identified as a trilemma, encompassing the affordability, accessibility, and availability of food for both domestic consumption (individual, commercial, and industrial) and export purposes.

Affordability: High inflation, interest rates, exchange rates, and business costs have tripled the cost of living since 2009. The combined impact of Foreign Exchange restrictions, border closures, and COVID-19 led to a peak inflation rate of 28.9% in December 2023, pushing 14 million Nigerians into poverty. Food inflation rose to 35.41% in January 2024.

Accessibility: The number of food-insecure Nigerians soared from 66.2 million in Q1 2023 to 100 million in Q1 2024, with 18.6 million facing acute hunger and 43.7 million employing crisis-level coping strategies. Nigeria faces an unprecedented hunger crisis necessitating urgent humanitarian and social protection interventions.

Availability: Despite no climatic risk of famine or drought, Nigeria's agriculture sector contracted in 2023 due to lower productivity. The food deficit persists, aggravated by external shocks like the Russian-Ukraine war, which raised food prices by 23% in 2021 and disrupted critical input supply chains, impacting agricultural output in 2022.

Nigeria's food system grapples with entrenched difficulties as demand consistently surpasses supply, as evidenced by significant deficits in maize and wheat between 2016 and 2022, despite interventions from the Central Bank of Nigeria. The National Food Systems Profile underscores critical institutional and policy shortcomings aggravated by socioeconomic disparities and low agricultural productivity. Concurrently, high rates of malnutrition, particularly among children under five, worsen food insecurity. Addressing these challenges demands a holistic approach encompassing various facets of the food system, including land management, mechanisation, and gender inclusivity, to ensure Nigeria's sustainable and resilient food security.

The Federal Government has taken action to confront Nigeria's food security crisis head-on. A declaration of a state of emergency on food security triggered immediate measures, including releasing fertilisers and grains, optimising water resources, and bolstering financial support. Additionally, interventions to counter the impact of fuel subsidy removal were introduced alongside landmark agreements with international institutions to enhance agricultural production. The Niger State Government's exemplary sub-national response underscores the importance of local cooperation and support for smallholder farmers. The government's comprehensive approach signals a steadfast commitment to addressing Nigeria's pressing food security challenges.

Recommendations

The current strategic responses to Nigeria's food security crisis demand a comprehensive evaluation and strategic enhancement, particularly in institutional frameworks like the National Food Security Council. Broadening advisory capabilities and including key governors from food-producing states is crucial to effectively align presidential initiatives with national demand requirements. Strengthening coordination mechanisms between federal and state governments, alongside collaboration with development partners and the private sector, is pivotal for sustainable food production and distribution.

To address immediate humanitarian needs, urgent action is required to delineate and implement a National Hunger Response strategy distinct from broader food systems response efforts. This initiative must establish clear accountability mechanisms, including regular briefings to the President and reinstating the National Hunger Dashboard for effective monitoring and response. Additionally, revising institutional roles, particularly transitioning the Central Bank of Nigeria's role in food security coordination, is imperative for streamlined operations.

Simultaneously, mobilising resources and expertise across various sectors is essential to scale up food distribution efforts ahead of the 2024 harvests. Establishing Hunger Roundtables, drawing on past experiences such as the COVID-19 response, will facilitate the development of an effective national strategy. Leveraging existing food manufacturing infrastructure and prioritising imports of seeds and fertilisers are crucial steps to address immediate food shortages and bolster agricultural productivity.

Targeted responses, particularly for vulnerable populations like children, necessitate collaborative efforts such as expanding food bank operations nationwide. Leveraging successful initiatives like the homegrown school feeding program and UNICEF-supported efforts is essential. However, a joint program involving all states is needed to address the scale of the problem effectively. Establishing state hunger mapping task forces and collaborating with stakeholders to strengthen existing food banks or develop new ones are essential steps that demand timely action.

Efficient management of strategic food reserves is critical in responding to food crises and ensuring food security in Nigeria. However, financial challenges in operationalising and maintaining these reserves highlight the need for innovative approaches. Establishing an Expert Network on Strategic Grains Reserves, leveraging lessons from past initiatives, could offer valuable insights into optimising reserve utilisation. Additionally, developing a National Food Security Accountability Framework is essential for achieving sustainable food production and enhancing food security. A comprehensive review of agricultural financing mechanisms and institutions is urgently needed to address Nigeria's capital-intensive agrarian transformation. Despite significant interventions, a robust financial sector strategy tailored to agriculture remains lacking, hindering sector competitiveness. Implementing a risk-based national food security framework with accountability measures for risk owners is crucial to enhance competitiveness and mitigate food security risks effectively. Urgent action is needed to address economic losses due to food safety standards, emphasising the passage of essential legislation and implementing quality improvement

Introduction

The ongoing food crisis underscores the pivotal role of the NESG as the nation's foremost private sector think tank. Historically, we have served as the Technical Partner to the then Ministry of Finance, Budget, and Economic Planning, shaping the National Medium-Term Strategy for Agriculture and Food Security. Additionally, we have acted as Private Sector Advisor to the Presidential Taskforce on COVID-19 control and contributed to the Zero Hunger Roundtable throughout the pandemic. Post-COVID-19, our collaboration with the Bill and Melinda Gates Foundation facilitated the NESG-Bill and Melinda Gates Foundation supported High-Level Forum on SDGs Nexus on Food Security, which has provided annual updates on food security challenges. In this policy brief, we consolidate invaluable multistakeholder perspectives, data analysis, and policy recommendations to address the current food crisis, drawing on institutional memory and insights to mobilise a comprehensive national response.

Base year (2009) = 100

	2009	2010	2015	2019	2020	2021	2022
All Items	-0.04	0.09	0.73	1.91	2.30	2.86	3.59
All Items less Farm Produce.	-0.04	0.08	0.71	1.69	1.97	2.36	2.90
All Items less Farm Produce, and Energy	-0.03	0.08	0.68	1.61	1.89	2.29	2.81
Imported Food	0.01	0.09	0.69	2.12	2.63	3.24	4.00
Food	-0.04	0.10	0.78	2.18	2.70	3.45	4.38
Food & Non-Alcoholic Bev.	-0.04	0.10	0.78	2.17	2.68	3.42	4.34
Alcoholic Beverage. Tobacco and Kola	0.00	0.08	0.52	1.28	1.52	1.84	2.32
Clothing and Footwear	-0.02	0.09	0.70	1.78	2.07	2.50	3.10
Housing Water, Electricity. Gas and Other Fuel	-0.04	0.06	0.79	1.85	2.08	2.39	2.89
Furnishings & Household Equipment Maintenance.	-0.06	0.08	0.63	1.48	1.74	2.10	2.59
Health.	0.00	0.09	0.61	1.37	1.65	2.05	2.54
Transport	-0.05	0.08	0.68	1.68	1.97	2.41	3.00
Communication	-0.01	0.01	0.27	0.58	0.72	0.90	1.11
Recreation & Culture.	-0.04	0.05	0.45	1.05	1.24	1.52	1.92
Education	-0.06	0.07	0.54	1.49	1.73	2.05	2.53
Restaurant & Hotels	0.00	0.08	0.52	1.16	1.37	1.65	2.06
Miscellaneous Goods & Services	-0.02	0.09	0.64	1.45	1.71	2.08	2.58

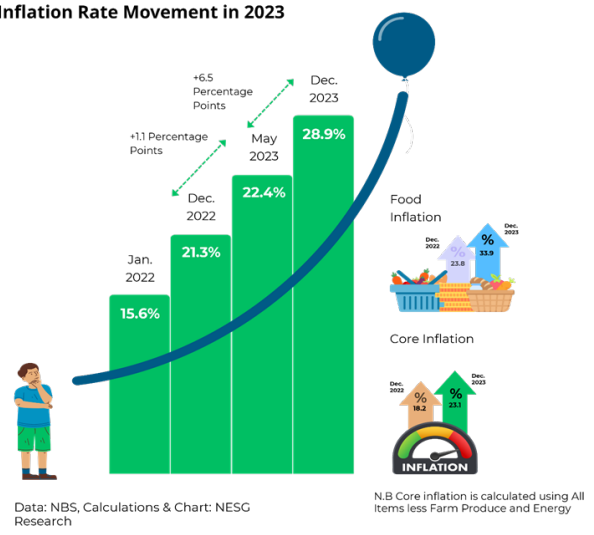
FX component in its drivers

Data: NBS ; Calculations: NESG Research

The trilemma of affordability, accessibility, and food availability is a chronic systemic problem.

One dimension of the national poly-crisis that characterises Nigeria's social and macroeconomic instability is its food security crisis. The Federal Government has rightly diagnosed the situation as a trilemma of affordability, accessibility, and availability of food for domestic consumption (individual, commercial, and industrial) and export trade. In terms of affordability, the cost-of-living crisis driven partly by high inflation, interest rates, and exchange rates, coupled with a high cost of doing business, means that an increasing number of Nigerians cannot afford food, and most spend a significant amount of their household income on food coping strategies. The cost of living has tripled across necessities and premium goods between 2009 and 2023.Between 2019 and 2022, a combination of factors including FX fluctuations, trade restrictions, and border closures contributed to food inflation. This was compounded by pressures from COVID-19 and global conflicts, leading to imported inflation. In 2023, the combining effects of the CBN's demonetisation policy, fuel subsidy removal, and foreign exchange regime unification further drove up a high inflationary environment. Consequently, the rising inflation hampered business productivity and worsened household welfare. Nigeria experienced a notable surge in inflation, reaching a peak of 28.9% in December, the highest in 18 years, with an annual average of 24.5%. Approximately 14 million Nigerians fell into poverty in 2023 due to reduced purchasing power resulting from high inflation.

Inflation Rate Movement in 2023



Data: NBS, Calculations & Chart: NESG Research

N.B Core inflation is calculated using All Items less Farm Produce and Energy

Food Insecure Nigerians have risen from 28 million pre-COVID to over 100 million in 2024.

In January 2024, Nigeria's food inflation surged to 35.41% from 33.9% in December 2023. The number of food-insecure Nigerians increased significantly, from 66.2 million in Q1, 2023, to 100 million in Q1, 2024 (WFP, 2024), with 18.6 million facing acute hunger and 43.7 million Nigerians are showing crisis-level or above crisis-level hunger coping strategies as of March 2024. This unprecedented crisis demands immediate humanitarian, social protection, and food systems responses.

Regarding availability, the Nigerian Agriculture Sector contracted in 2023, reflecting lower productivity. The good news is that no part of Nigeria is considered High Risk or Moderate Risk and Deteriorating; in other words, we are not at risk climatically from famine or drought. However, this has typically not been the challenge for Nigeria. During the COVID-19 pandemic, food-insecure Nigerians rose from 28 million to 36.5 million by June 2020. This was driven by the shock of the national food system, which was occasioned by the national lockdown. Five years before that, food demand had historically exceeded supply. Between September 2020 and September 2022, the hunger headcount increased from 39.9 million to 55.8 million food-insecure Nigerians, with 36.8% of children under five years showing chronic malnutrition and 6.8% of children under five years showing acute malnutrition (World Food Programme, 2022).

The Nigerian National Food System has had a systemic deficit for decades and is vulnerable to external and internal shocks.

This food deficit chart shows Food Demand and Supply Deficits in 2016, indicating the historical gap in Agricultural Productivity to meet domestic demand. However, post-COVID, the Russian-Ukraine war in 2021 triggered imported inflation. The war increased food prices by 23%, the highest in the previous two decades and deeply affected the availability of critical inputs like fertiliser. The comprehensive impact of the war on Nigerian Agriculture could be seen in grains and fertiliser. In global fertiliser supply chains, the disruption in the supply of Urea and Potash drove the prices of urea and potash to rise by 22% and 34%, respectively, between February and March 2022. This led to a reduction in agricultural output in 2022. Similarly, the disruption to global Wheat trade drove Prices by 4.35% between January and February 2022 and drove maize prices by 10.62% between Dec. 2021 and Feb. 2022, with a corresponding rise in food prices and animal feeds.

Strategic Crops	2016 National Demand (MT)	2016 National Supply Gap (MT)	2022 National Demand (MT)	2022 National Supply Gap (MT)	Supply Gap in 2022
Maize	7.5	0.5	15	2.8	19%
Wheat	4.7	4.6	6	5.94	99%
Rice	6.3	4.0	10	2.5	25%
Soybeans	0.8	0.2	1.5	0.8	53%
Oil Palm	8.0	3.5	2.5	1.3	50%

Source: Federal Ministry of Agriculture and Food Security, Central Bank of Nigeria

As a result, in Nigeria, between 2016 and 2022, the Maize national demand of 7.5MT rose to 15MT, with supply deficit rising from 0.5MT to 2.8MT (19% supply gap); the Wheat national demand of 4.7MT rose to 6MT, while supply deficit rose from 4.6MT to 5.937MT (approx. 99% supply gap). This indicates a chronic food system deficit vulnerable to shocks like the COVID-19 pandemic, natural disasters, and macroeconomic instability. It is crucial to note that even with CBN interventions in 2021, the supply gaps persisted into 2022.

The National Food Systems Profile reveals critical institutional, policy and industrial coordination and governance gaps.

This reflects a fundamental and systemic challenge with National Food Systems vulnerabilities. This in itself is not a new insight. NESG and other national stakeholders under the then Federal Ministry of Finance, Budget and National Planning supported the National Food Systems Assessment with the Food and Agriculture Organisation of the United Nations, the French Agricultural Research Centre for International Development, And the European Union in 2022. In the final report, "FOOD SYSTEMS PROFILE – NIGERIA: Catalysing the Sustainable and Inclusive Transformation of Food Systems,"

the key findings showed that Nigeria needed to apply urgency, tenacity, and a national state of emergency in dealing with the following:

a) Persistent Structural Vulnerabilities: The current socioeconomic structure of Nigeria, characterised by High dependence on oil revenue and food imports to feed its people, high population growth, and urbanisation, which has been occurring for several decades, pose formidable challenges to the food system. Food imports have more than quadrupled in recent decades, from USD 964 million in 1995 to USD 4.57 billion in 2016, resulting in a substantial trade deficit for the agri-food sector. The most imported commodities are rice, wheat, milk and fish. And while the food import bill eased to USD 1.908,748 (2017) and USD 1.728,571 (2018). It was again scaled back to pre-2016 levels after the COVID-19 hunger response.

b) Continued socioeconomic vulnerabilities persist, with 133 million people experiencing extreme multidimensional poverty, characterised by significant regional disparities For instance, in Sokoto state, poverty affects 81 percent of the population, while in Niger state, the poverty rate stands at 34 percent. These challenges are exacerbated by ongoing internal conflicts, elevated unemployment rates, and the impacts of climate change.***c) Low Yield Factors:*** The agriculture sector relies on rainfed subsistence agriculture; smallholder farmers constitute approximately

Area	MPI	Incidence (H, %)	Intensity (A, %)	Population share (%)	Number of poor people (million)
National	0.257	62.9	40.9	100.0	132.92
North Central	0.272	66.3	41.0	14.4	20.19
North East	0.324	76.5	42.4	12.7	20.47
North West	0.324	75.8	42.7	28.4	45.49
South East	0.183	49.0	37.3	10.5	10.85
South South	0.250	62.6	39.8	14.8	19.66
South West	0.151	40.0	37.7	19.2	16.27

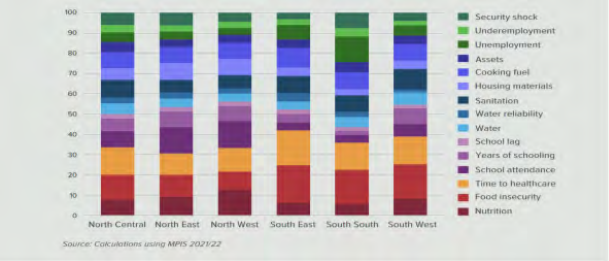
Source: Calculations using MPIS 2021/22

88 per cent of the farming population, and the average farm size is 0.5 ha, characterised by low yields (for example, post-harvest losses of fruits and vegetables is estimated to be about 50 per cent annually) and food safety issues prevail, such as food-borne diseases, which causes about 200,000 deaths annually and result in an economic burden of approximately USD 3.6 billion per year.

d) Execution Gap: Weak implementation of relevant policies and legislation due to lack of funding and human resources, weak institutional and intersectoral coordination, overlapping mandates among different multilateral agencies, an infrastructure deficit, political instability and conflicts are major stumbling blocks to a transition towards a sustainable food system.

e) Triple burden of malnutrition: In 2023, the prevalence of stunting, wasting, and being underweight among children under five was 37 per cent, 7 per cent, and 22 per cent, respectively. The dimensional poverty breakdown in the MPI chart below shows that across all regions, the combined distributive effect of Food Insecurity and Nutrition contributes to a significant part of the Nigerian population's experience of deprivation.

Nigeria's Response must have a Food Systems Approach that matches the scale and dimensions



of the Food Value Chain Risks and Vulnerabilities.

According to the Medium-Term National Development Plan (2021-2025), Thematic Working Group, some critical indices are critical to food systems security response.

a) Land Security: Of the 41% (34 million ha) of total arable land under cultivation, 30% of states experience insecurity of agricultural land, and 80% of farmers face climate-related hazards. Annual forest cover loss has been 2.5% in the last 15 years. The scale of land insecurity is aggravated by a broad-based dynamics of armed groups from bandits, terrorists, political militias, community-based militias, and illicit trade syndicates that have made farmlands inaccessible and escalated farming community-related violence during planting and harvesting seasons.

b) Soil Security: : Nigerian arable land has a soil fertility of 14 %. National soil studies showed that for the three selected subsectors (grains, tuber, and tree crops), the average fertiliser usage is 7.32kg/ha, starkly contrasting the recommended usage for countries in the savannah zones. The National Institution for Soil Science (NISS) recommended an average of 400kg/ha in Nigeria. This implies that there currently is a 393kg/ha shortfall of fertiliser usage in Nigeria. Consequently, without meeting fertilisation rate targets, a vast yield gap persists. This affects farmer profitability per ha and is a crucial determinant of the overall aggregate agriculture sector output. With a projected $8 billion investment in scaling fertiliser production and installed capacity in Nigeria in the medium term via Nigerian, Indian and Moroccan investment commitments, supply is projected to scale, primarily if a competitive regime is maintained.

Crop	Actual Yield	Potential Yield	Yield Gap	Actual as a % of Potential yield	Yield Gap in %
Maize	1.78	5	3.22	35.6	181
Rice	1.98	6	4.02	33.0	203
Sorghum	1.5	5	3.5	30.0	233
Cassava	13.4	28.4	15	47.2	112
Millet	1.1	2.4	1.3	45.8	118
Yam	11.8	18	6.2	65.6	53
Soya Bean	0.93	2	1.07	46.5	115

Source: National Institute for Social Sciences, FAO Ministry of Agriculture (2021).

c) Seed Security: Only 5% of smallholder farmers have access to high-yield seeds. Despite the presence of over 314 formally registered seed companies, the majority annually process less than 1,000 metric tons of seed of grain crops. Together with agro-dealers, they shape the formal and commercial seed system. On the other hand, individual and mostly unorganized seed producers, community-based seed production schemes, and various types of seed entrepreneurs, such as informal seed traders, primarily influence the intermediary and informal seed systems. The Seed Entrepreneurs Association of Nigeria (SEEDAN) serves as the country's seed trade association, with 72 seed companies registered as members in 2019. However, despite the infrastructure and economies of scale of various stakeholders in the seed sector, farmers' access to and utilisation of quality seeds of new and improved varieties remain limited. This limitation contributes to low crop productivity in Nigeria. The gap between the demand and supply of quality seeds of improved varieties persists at more than 90-95% for all crops, except for open-pollinated maize varieties, for which the market is saturated. Although the National Agricultural Seeds Council Act was successfully enacted in 2019, the National Agricultural Seeds Council still faces challenges in driving private sector investments to expand the mass production of certified high-yield seed varieties.

d) Mechanisation Gap: Less than 45,000 functional tractors are available for agricultural development, and the country's tractor density is 0.27 hp/hectare. Various mechanisation policies have been implemented in Nigeria both at the Federal and State levels. However, the country still needs to attain a level of 3.0hp/hectare to achieve industrial mechanisation in the agricultural sector. Achieving this goal entails creating investment incentives within the automotive industry sector to build, assemble, and maintain millions of mechanised agricultural units in Nigeria. This initiative should also include the capacity to produce locally fabricated spare parts, facilitated by the rapid re-skilling of tens of thousands of agri-mechanical engineers and technicians. Additionally, it involves fostering the establishment of hundreds of well-equipped mechanised units for maintenance and repair.

e) Harvest Security: The national capacity to secure the harvests of primary production remains a challenge. Post-harvest losses have been estimated to range between 5% and 20% for grains, 20% for fish and aquaculture, and 50% to 60% for tubers, fruits, and vegetables.

f) Storage and Post-Harvest Logistics Security: While Nigeria has 1,025,000MT installed silos capacity, not more than one-third of the capacity was ever filled. About 67% of primary production centres for key strategic crops and foods have yet to access quality infrastructures such as rural roads, production infrastructures, storage infrastructures, and processing facilities for value addition. The national warehouse sub-sector needs a robust legal framework for stimulating

the warehouse receipts finance and investments, which is central to liquidity in the food systems mid-stream supply chain and critical to price stability. Two attempts to pass warehouse systems legislation in Nigeria in the last ten years have needed more political will and support.

During COVID-19 to cushion the impact of the pandemic, the federal government ordered the release of about 70,000 mt of food, primarily grains, from six silo complexes. The federal government also made food available to humanitarian organisations such as the UN World Food Programme to support vulnerable populations affected by the economic fallout from COVID-19. This is not the first time the federal government released food in response to a food crisis. In previous years, it released grains to address the needs of internally displaced people, for example. President Bola Tinubu's administration recently ordered a series of releases from the strategic grain reserves. In general, the amount of stock available in the past and present has proven inadequate and does not leave the federal government with much flexibility to respond to crises.

g) Agriculture Extension Penetration: Post-COVID-19, the extension agent-farmers ratio was 1:8500, which generally indicates low-quality input utilisation and weak information and data management systems to guide planning and coordination.

h) Water Security: Irrigated agriculture accounts for only 1% of cultivated area, and with innovative technologies applied to river basins and national irrigation schemes, all-year and all-season agricultural cycles can be achieved.

i) Gender Security: Women account for 60% of the farming population working as labour suppliers and farm managers, mainly on rural farmlands. 2007, only 8,550 women farmers accessed loans compared to 20,098 male counterparts.

j) Smallholder Farming Access to Credit: : 10% of small-scale farmers have credit facilities at single-digit interest from microfinance, NIRSAL, Commercial Banks, and CBN).

President Bola Tinubu Administration's Response to the Food Security Trilemma

Since the resumption of office, President Bola Tinubu has prioritised a national response to the food security crisis through broad-based presidential interventions.

The Presidential Declaration of State of Emergency on Food Security

On July 13, 2023, the President declared a state of emergency on food security and directed that all matters about food and water availability and affordability, as essential livelihood items, be included within the purview of the National Security Council and direct and immediate response to this crisis through well-targeted initiatives should be deployed in the coming weeks to reverse this inflationary trend and guarantee future uninterrupted supplies of affordable foods to ordinary Nigerians, within time-based immediate, medium- and long-term interventions and solutions framework. This most-welcome declaration included immediate intervention strategies including: release fertilizers and grains to farmers and households to mitigate the effects of the subsidy removal; urgent synergy between the Ministry of Agriculture and the Ministry of Water Resources on water security, river basin optimisation to ensure adequate irrigation schemes for farmlands and to guarantee that food is produced all-year round; a robust National Commodity exchange that facilitated, assessed and moderated food storage, supply and deficit management; strengthen the security architecture to protect the farms and the farmers so that farmers can return to the farmlands without fear of attacks; the active role of the Central Bank strengthen financial sector intermediation in agricultural value chain; the activation of land banks for targeted mechanized and industrial scale agriculture; deployment of concessionary capital/funding to the sector especially towards fertilizer, processing, mechanization, seeds, chemicals, equipment, feed, labour, etc.; expansion of national transportation and storage (including rail and water transport, to reduce freight costs and impact the food prices; and revamping of

storage capacity to cut waste & ensure efficient preservation of food items; and increase revenue from food and agricultural exports. As we ensure sufficient, affordable food for the populace, we will concurrently work on stimulating the export capacity of the Agric sector.

The Presidential Declaration of Fuel Subsidy Removal Palliatives

In key considerations of fuel subsidy removal and unified fx rate policy, between May 29th and October 1st 2023, President Tinubu announced the following: N75 billion to strengthen manufacturing sector, N125 billion conditional grant and financial inclusion to MSMEs, N200 billion to support the cultivation of hectares of farmland, N185 billion Palliative loan to states to cushion the effect of subsidy removal, N100 billion to acquire CNG-fuelled buses, 1 trillion student loan, N25,000 cash transfers to 15 million households, provisional wage increment of N35,000 for all treasury paid workers, vacation allowance of 218 million for senators and N110 billion as palliative allocation to the National Assembly. Comprehensively, it was projected that this intervention aimed to deliver the following:

- The Release of 200,000 Metric Tonnes of grains from strategic reserves to households across the 36 states and FCT to moderate prices and release 225,000 metric tonnes of fertiliser, seedlings and other inputs to primary producers. In 2023, the cultivation of 500,000 hectares of farmland and all-year-round farming practices will remain on course. (N200 billion out of the N500 billion approved by the NASS: N50 billion each to cultivate 150,000 hectares of rice and maize; N50 billion each will also be earmarked to develop 100,000 hectares of wheat and cassava. With specific beneficiary targeting: small-holder farmers and leveraging large-scale private sector players.

- An Investment of N75 billion between July 2023 and March 2024 in Seventy-five manufacturing enterprises (N1 Billion credit each at 9% per annum with a maximum of 60 months of repayment for long-term loans and 12 months for working capital.

- Investment in 100,000 MSMEs and start-ups with N75 billion. (Founders and enterprise promoters will get between N500,000 to N1 million at 9% interest per annum and a repayment period of 36 months).

- N50 billion Conditional Grant to 1 million nano businesses between now and March 2024. (N50,000 each to 1,300 nano business owners in each of the 774 local governments across the country.)

- N125 billion Investment in energising micro, small and medium-sized enterprises and the informal sector.

Landmark Deals with International Development Financial Institutions on Primary Production and Mechanisation by the Government of Nigeria.

There have been some significant deals worthy of note:

- Of the Presidential Announcement of investment deals into Nigerian by Indian conglomerates to the tune of $14bn made in September 2023, Indorama signed a $7billion deal with NNPCL to boost its gas supply to fertiliser production, which will see a future scale-up in fertiliser production, announced by NNPCL;

- The President of the African Development Bank has announced $134 million to support Nigeria in cultivating 300,000 hectares of rice and maize, 150,000 hectares of cassava, and 50,000 hectares of soybeans during the 2024 planting season.

- The Greener Hope Initiative is a €995 million deal between the Brazilian Government and the German Deutsch Bank Group to finance the creation of mechanisation hubs in Nigeria's 774 local government areas as part of its implementation plan. The initiative will deliver 10,000 units of tractors and implement them in tranches of 2,000 units per annum for the next five years.
- Robust Comprehensive Sub-National Food

Systems Response: the current Niger State Governments food response is the scale that is required across the 36 states to meet national demand – based on cross-regional mechanisation cooperation agreements with Benue, Kogi, Kwara, Lagos, and the deployment of N3.5 billion aimed as 1 million worth of seeds, fertiliser and credit to each youth smallholder to cultivate targeted hectares of land, supported by the states mechanisation units.

National Policy Evaluation of Current Strategic Responses to Food Security Trilemma

Considering the extant broad-based actions that underpin the current presidential declaration of the state of emergency on food security, everything within the collective capacity of the federation and the Nigerian society should be put in place to immediately respond to the affordability, availability and accessibility crisis in the national food systems.

1. National Food Security Council Governance: The institutional framework for a national food security response needs to be strengthened immediately to include:

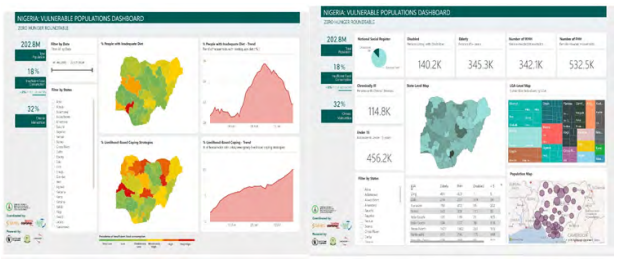
a) Expand the presidential advisory capabilities to properly dimension the presidential initiatives to match the national demand requirements. The current intervention targets do not match the national food demand profile, and even if we reach them, it will still result in a deficit.

b) An expanded Food Security Council that includes governors whose states are the key contributors to the country's food production output. This imperative is to rally all the available primary production centres in Nigeria and extract immediate and medium-term commitments from States on:

- How many hectares of cultivated land will they contribute to the national food system response?
- What strategic crops will they facilitate the cultivation of?
- What strategic coordination mechanisms need strengthening between federal and state governments for the seamless, timely delivery of high-yield seeds, fertilisers, chemicals, credit, etc., to smallholder farmers, medium-scale producers, and industrial-scale farms?
- What kind of security architecture can federal and state governments collaborate on to protect farmlands and production centres?
- What cooperation frameworks with development partners and the private sector, successful in one state, can be scaled to others within 3-month, 6-month, 9-month, and 12-month cycles?

c) There is an urgent need for the Ministry of Budget and Economic Planning, the Ministry of Agriculture and Food Security, and the Coordinating Minister of Health and Social Welfare, along with key agencies like National Emergency Management Agency (NEMA), National Social Safety Net Coordinating Office (NASSCO) and the National Social Investment Agency to define the proper scale, scope and strategy of a National Hunger Response (it is pertinent to note that a national hunger response is not the same as national food systems response – as it is primarily a humanitarian and social protection intervention to get food to Nigerians that will starve right now if we do not reach them).

d) The President should receive accountability briefings on hunger response and food systems response at monthly National Security Council meetings. The Council should reinstitute the National Hunger Dashboard based on Nigerian data from the National Social Security Register (See below for a snapshot of the country-level hunger map).



e) The expanded National Food Security Council should have task forces actively overseeing

strategic responses for land security, soil security, seed security, water security, harvest security, storage and logistics security, and human security (the hunger response).

f.) A revision of the roles and responsibilities of critical institutional actors is crucial for success. In the last eight years, the Central Bank of Nigeria had an extensive and overshadowing role, reach and influence on food security coordination in Nigeria. Now we understand that the new CBN leadership would like to revert to its traditional role of price stability, which is a welcome development. However, this leaves a significant and evident gap in institutional memory, funding capacity and operational capabilities without an effective and proper transition of CBN from direct food security interventions to the Ministry of Agriculture and Food Security and other intervening Agric-focused MDAs.

g.) The National Food Security Council should provide citizens updates on the hunger and food systems response monthly to aid effective information dissemination that reduces fear-mongering, fake news and miscommunication but also provides a mechanism for receiving feedback from citizens, businesses across the value chains and updates from civil society, development and private sector actions that are contributing to the national food crisis response. More essentially, this builds trust between the government and citizens. We recommend that at the beginning.

2. National Hunger Response Governance: Noting that the current levels of a segment of the population that is food insecure is approximately three times the size during the COVID-19 response, there is an urgent imperative for a hunger response that focuses on getting food to Nigerians that will starve today without support. In 2020, when the country crossed 30 million food insecurity, a robust national hunger response that included public, private, civil society, and development partner cooperation framework was in place. As the number of food insecure people crosses the 100 million mark – there is a need to declare a hunger response. There is not enough food in the country to get a hunger response to this number of people, not even the top 10% most vulnerable. In this regard:

a. The National Emergency Management Agency, in coordination with the country's national emergency and disaster management architecture, should be calibrated along with every State Emergency Management Agency for an expanded food response before and between 2024 harvests.

b. We call for immediate convenings of Hunger Roundtables, bringing together expertise and experience from the COVID-19 food response and CACOVID-19 to jointly frame a comprehensive and robust national response. Hunger Roundtables were convened by the public and private sectors during COVID-19 pandemic to assess the scale of the food crisis and coordinate a collaborative response.

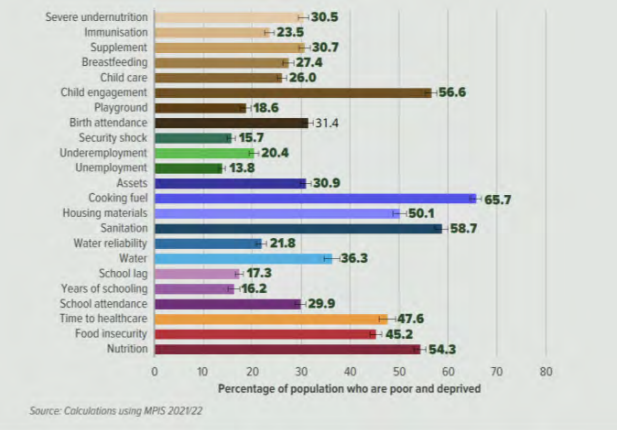
c. We must emphasise the importance of incorporating existing food manufacturing companies in Nigeria to the fullest extent possible in the design of any hunger response, including the essential importation of food to bolster strategic reserves for the 2024 hunger response. At the same time, seeds and fertiliser must be imported to close gaps in the input requirements for food systems response. One of the lessons of COVID-19 was leveraging our local production lines to deliver processed and manufactured food, which built the resilience of Nigerian businesses.

3. Children-At-Risk Hunger Response: As of 2022 Multidimensional Poverty Index (MPI) reporting, 83.5% of children (22.9 million) under age 5 were multidimensionally poor. Across all states in Nigeria, more than 50% of children under five years of age are multidimensionally poor. The censored headcount of dimensional poverty shows that 54.3% of children are nutrition-poor, and 45.2% of children are food insecure.

While the intensity of Child Multidimensional Poverty varies across the country, a broad Child Hunger Response is required. The only programmes that have recently come close to targeted response are the Homegrown School Feeding programme and the UNICEF Child

nutrition-supported programmes. We strongly recommend a jointly designed programme curated with the coordination of the 36 States of the Federation to contain the at-risk food-insecure children that are now at scale.

4. Expanding Foodbanks Operations Across Nigeria to Achieve Scale: One way to address



the hunger problem is to increase vulnerable people's access to food by supporting them through food banks, which globally serve as critical safety nets for those who cannot meet their nutrition and food security needs on their own. The food bank model is especially effective at uniting public and private efforts to reduce food insecurity in emerging market economies where the need for hunger relief and nutrition assistance can still be substantial, as formalised safety nets offered by the government may not cover everyone needing assistance. In that sense, food banks serve as a way to close this gap. In addition to increasing vulnerable people's access to food, food banks can address the country's food losses and waste issues as many commodities go into food banks' supply chains.

a. Food Bank across the Globe: Different Models

The food bank approach has been applied differently across various socio-economic, cultural, political and geographic contexts, and multiple models have been proven successful globally. In many countries, a distinction is made between food banks and food pantries – a food bank is a storehouse for large quantities of food and other products that go out to the community through intermediaries ("warehouse model"), and food pantries function as the arms that give out food directly to the hungry ("frontline model").

Source: The Global Food Banking Network

The "frontline model" can be further divided into sub-models. For example, food pantries may have vulnerable families registered and entitled to periodic food handouts, or they may operate according to the walk-in principle whereby everyone who feels they are in need may receive support. There are also mobile pantry models that operate in remote areas to reach people who may not be able to get to the location of the nearest pantry, either because of physical distance or high transportation costs. Food pantries may provide standardised food packages (this ensures fairness as everyone receives the same package, while the nutritional balance can be controlled) or apply a model whereby beneficiaries can choose their food (this may be a more dignified approach with beneficiaries having the option to make choices based on their specific needs). There are also hybrid models.

While food bank models differ from one country to another, the success of food banks always relies on a range of public-private sector partnerships and collaborations. Food banks usually raise contributions and support from individuals, private sector companies and corporations, farmers, manufacturers, retailers, and national governments. This support can be in-kind – i.e. surplus food from supermarkets or food companies – or cash donations to support the procurement of food and other commodities. The donated food is sorted, inventoried, and distributed to local community organisations like orphanages, senior centres and schools, as well as emergency food programmes like food pantries,

soup kitchens, and shelters. Businesses could also 'adopt' a local food bank and encourage staff to volunteer.

Donated food can come from any part of the food chain, e.g. from growers who have produced too much or whose food is not sufficiently visually appealing, from manufacturers who overproduced or from retailers who over-ordered. Often, the product is approaching or past its "sell by" date. In such cases, the food bank liaises with the food industry, regulators and other food safety and quality experts to ensure the food is safe and legal to distribute and eat. Other food sources include the general public and government programmes, and sometimes, food banks buy food at market prices or discounted prices from wholesalers and retailers. In some countries, food banks purchase large amounts of food shortly after the harvest, and as food prices start to rise, they sell it back to vulnerable people who are well below market prices. Such food banks sometimes act as centres to provide smallholders and subsistence farmers with various forms of support.

Foodbanks in Nigeria: Where We Are Today

The emergence of food banks in Nigeria has its roots in the need and desire to address the food waste issue resulting from the commercial food industry. Over the years, the objectives of food banks have broadened to include solving the root causes of hunger among mostly urban populations and improving their nutrition. More recently, COVID-19 has led to increased attention on food banks to address the direct and indirect impacts of the pandemic on people's livelihoods and ability to access food.

Several food banks and pantries are operating across Nigeria, ranging from those with broader reach across large urban areas and higher visibility and online presence to those operating more informally through faith-based structures at the community level. In general, existing food banks and pantries are not brought together as part of a broader network that operates at scale, and there are many opportunities to explore in this regard.

Where We Want to Be and How to Get There:

This initiative would strengthen existing food banks. In addition, while keeping in mind that it would be essential to work with what is already there, the members may develop new food banks in communities where they are needed and create networks between them to ensure those in need can count on support that is effective and predictable based on best practices from national and international models and through a whole-of-society approach.

Mobilising Support to Strengthen Existing and Develop New Foodbanks and Pantries: To achieve this, and in support of the FMAFS and FMHADMSD, it would be critical to combine the complementary knowledge and expertise of the other members of this initiative. What Needs to be Done by Whom and by When?

a. Step 1: Every State Governor should allow the form of a State Hunger Mapping task force (made up of private, public, civil society and development leaders who operate in the state). The members of the task force will appoint technical focal points which will undertake a quick mapping exercise of existing food bank and food pantry initiatives located in their states to understand their operational model, challenges they are facing to address the needs of vulnerable urban or rural populations that are affected by the food crisis as well as opportunities for partnership (timeline: mid-April 2024).

b. Step 2: Based on the initial mapping exercise and the challenges and opportunities identified, the members of this initiative will decide whether they would like to support and strengthen existing food banks, whether there is a need to develop new ones or both. The decision will be made in consultation with the State Hunger Response Data Committee, which comprises traditionally kept federal or state-level data on the vulnerable population. (timeline: end of April 2024).

c. Step 3a: If the members are strengthening existing initiatives, the support will be based on the needs identified through the mapping exercise. This may include technical, in-kind, or financial support, including resource mobilisation outside the Committee. The task force members will design and implement a comprehensive support

package of complementary actions that will help strengthen the existing food banks and pantries and significantly increase the number of people in need that are reached (timeline: May- September 2024).

d. Step 3b: If new initiatives are developed, the members will need to identify the location most in need and the model that will be adopted that would be appropriate to the local context, e.g., "warehouse model" vs "frontline model" or both. If they opt for a frontline model, the members must decide on the sub-model: registration vs. walk-in vs. mobile or a hybrid form (timeline: May 2024).

e. Step 4: The members will design a concrete support package. While the support package will comprise complementary actions, the individual members will be responsible for advancing their committed activity (timeline: to be decided).

f. Step 5: The members of the state taskforces will meet regularly to discuss and report on progress made and will provide strategic direction on any modifications or changes in direction that might be needed to reach the overall objective. (The timeline is to be decided.)

g. Step 6: Based on lessons learned, the initiative may be scaled up to include other initiatives that can be strengthened or new initiatives that may be developed (timeline: to be decided).

5. Strengthening Strategic Food Reserves: Both the Strategic Grain Reserve Department (SGRD) of the Federal Ministry of Agriculture and Food Security (FMAFS) as well as the National Emergency Management Agency (NEMA) of the Ministry of Humanitarian Affairs and Poverty Alleviation in line with its policy objectives, the SGRD aims to procure and hold 5% of public food reserves. In general, FMAFS orders releases aimed at price stabilisation. In contrast, releases during emergencies are made to the NEMA for distribution to people in need through its state-level counterparts at the state level (SEMAs). In response to the food crisis in 2009, the federal government more than doubled its grain reserves. Currently, there are 33 grain silos spread across the country with a total storage capacity of about 1,136,000 mt, of which approximately 286,000 mt capacity is operational. This means that the storage capacity needs to be utilised mainly.

Location	Operational	Total
North Central	136,000	286,000
North East	25,000	225,000
North West	25,000	300,000
South East	-	150,000
South South	50,000	175,000
South West	50,000	200,000
Total	**286,000**	**1,336,000**

Source: Delaporte et al., Strategic Grain Reserves Department, 2014

The operationalisation and maintenance of efficient and effective food reserves are costly. It has been estimated that the SGRD would require N500 billion to stock all the strategic reserve silos in 2024 (based on back-of-envelope estimates), almost triple the amount that was reserved for the entire agriculture sector that year. To address this challenge, in 2018, the federal government entered into a concessionary agreement with 13 companies to lease out 20 silos. However, the silos are yet to be handed over to the companies that won the bid in early 2020. Six silos remain under government management to guarantee its ability to respond to food crises.

Setting Up an Expert Network on Strategic Grains Reserve to assess the Current and Future Use of the Reserves in Response to Food Crises: *with two releases of 42,000MT and 60,000MT from reserves in 2024, the federal government must recalibrate the strategic grains reserve plan for an expansionary response to current and future crisis. In this regard, the key actors from the Zero Hunger Roundtable during COVID-19 could be reconvened as an Expert Network on Strategic Grains Reserve.* The Tony Elumelu Foundation could build on its involvement in the electronic warehouse receipt platform deployed by Africa Exchange Holdings (AFEX), which enabled Nigerian farmers, cooperatives and traders to safely store their produce at accredited warehouses and access financing in collaboration with the FMAFS. Based on experiences from the Nigerian Economic Summit Group, strategic

lessons can be drawn from the Development of the Nigeria Vision 2050 Agenda and the COVID-19 Crisis and Post-Crisis Economic Response Plan. The International Institute for Tropical Agriculture (IITA) could contribute by sharing its research findings, proven concepts, and strategies for regional food reserves and beyond. The Food and Agriculture Organization of the United Nations (FAO) could provide expert advice on global normative practices that ensure the optimal operation of food reserves. In contrast, the United National World Food Programme (WFP) can provide guidance and support by leveraging its expertise in using food reserves for humanitarian purposes, including procurement, logistics and contract handling. The Nigerian Agriculture Business Group (NABG) could facilitate value chain intelligence. Also, food manufacturers like flour mills in Nigeria that could provide supply chain intelligence could add immense value. In addition, the Committee members could decide to contact the private companies that entered into a concessional agreement with the FMAFS. They can provide advice based on their experience in maintaining substantial warehousing for their commercial activities.

6. National Food Security Accountability Framework: The Nigerian Economic Summit Group has convened several consultative forums to assess the current challenges and rally the collective capacity of stakeholders for the task ahead. In these consultations, some common strategic themes around a more robust accountability framework include:

a. Effective Institutional Coordination Framework
b. Engagement with the Grassroot
c. Local home-grown Policies and Enhancing the Role of Other Tiers of Government
d. Expanding the role of Academic Research in solving Medium- and Long-Term Challenges in Agriculture Development and Food Security
e. Enhancing Market Competition and Transparent Pricing
f. Maximize Existing Agricultural Funds
g. Improve Security, especially in Remote Communities and Farmlands
h. The Federation needs to sustain its commitment to the targets for Agriculture and Food Security in the National Medium-Term Development Plan (2021-2025)

Outcome	Key performance indicators	Baseline	Target
Sustainable food production systems	Total arable land under cultivation	34 million hectares	42 million hectares
Increase in agricultural export volume	Share of agricultural exports in total exports	4.37%	6.12%
Increase in female participation in agriculture	Share of women in a population of women 15 years and above.	19.6%	25%
Reduced post-harvest losses	Total amount of post-harvest losses from key value chains	60% of all agricultural output	30% of all farm output
Improve national food security ranking	Increase National food security ranking to top 3 in SSA and top 50 in the world ranking	• 92 out of 104 countries • 13th of 28 countries in Sub-Saharan African	• Top 50 in the world ranking • Top 3 in SSA
Increase private sector investment in the agriculture sector	Bank credit allocation to agricultural activities/sector	5.1% of total private sector credit	10% of total private sector credit.

Source: MTNDP 2021-2025

7. Urgent and Comprehensive Review of the Agricultural Financing Value Chains and Institutions: The transformation of agriculture and national food systems is capital intensive, and there is currently a lack of a robust financial sector strategy for creating depth and breadth in agriculture financing value chains. This accounts for the low commercial lending to agriculture and the relatively low allocation of the federation budget to agriculture. In this regard, we recommend that the Central Bank of Nigeria and the Federal Ministry of Finance review the Financial Sector Strategy 2020 requirements for agriculture finance value chains, which prescribes three tiers of financial services institutions for the sector. Tier 1 Agriculture Finance is the area that needs the most breadth and lacks the most significant depth in Nigeria. Of the approximately 40 million financially excluded Nigerians, a quarter are small-scale farmers.

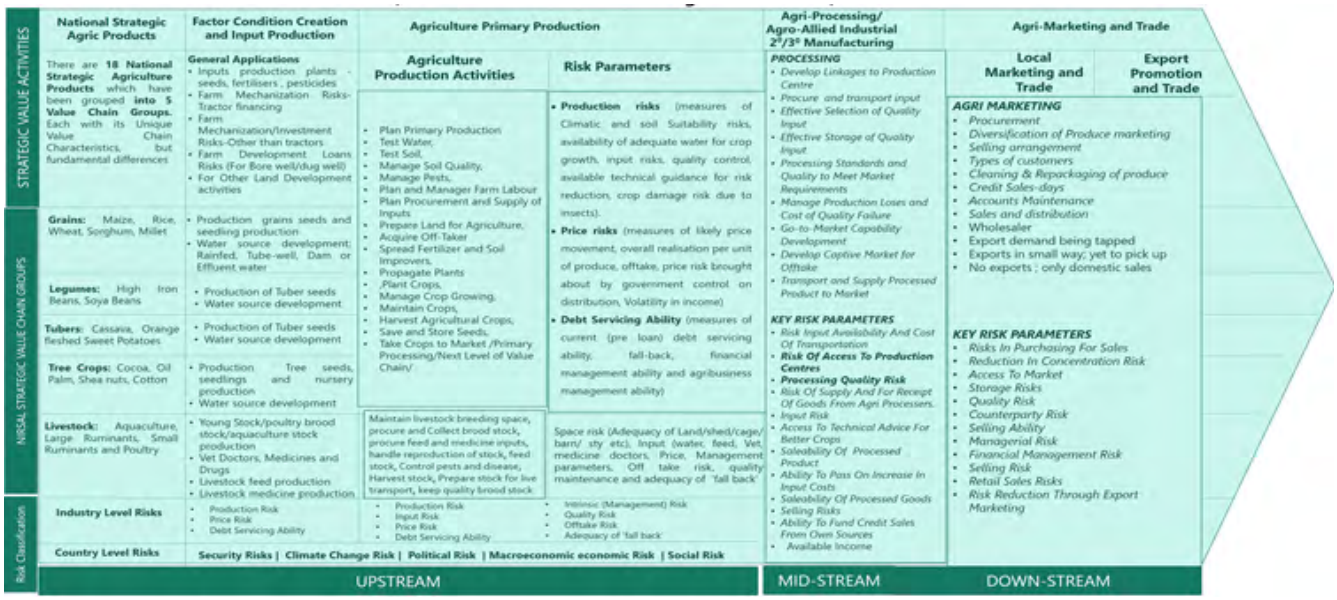
AGRICULTURE FINANCE VALUE CHAIN

	TIER 1	TIER 2	TIER 3
BROAD DESCRIPTIONS	• Idealised Field for Agency Banking • Financially Excluded Farmer Groups Supported by Barter Networks • Informally Served Farmer Groups Supported by Pre-Coops, Self-Help Groups and Agriculture Cooperatives • Farmer Groups/Cooperatives Supported by Development Finance • Retail Development Financial Institutions • Farmer Groups/Cooperatives Supported by Microfinance and Micro-insurance • Agriculture Development Grant Project Pilots • Cashed backed Corporate Credit Guarantees • Land as Equity Players • Social Enterprises	• Commercial Banks/ Lenders • Insurance Companies • Structured/Project Finance (Input Manufacturing and Post-Primary Production mostly) • Equipment/Machinery/Mechanisation Leasing Finance • Land Development and Agriculture Estate Development Finance • Counterparties • Agriculture Risk-Sharing Facilities • Export Expansion Grants • Manufacturing Expansion Grants • Social/Impact Investments • Warehouse Receipt Finance	• **Non-Bank Financial Investment Instruments:** • Pension Funds • Insurance Companies • Capital Markets • Agriculture Commodities Options, Futures and Derivatives • Re-Financing • Private Sector-Led Risk Sharing Facilities • Impact Investment Fund
KEY ISSUES	• **Successful Agriculture Development Project Models are not scaling** • **Microfinance and Micro-insurance firms lack depth** • **Limited Access to Funds for scale** • **Limited capacity to assess risks** • **Opportunities for Leveraging Balance Sheet for Loans** • **Agency Banking Crowd-source and Integrate Input Economy for Rural Redistribution** • **Leverage farmer groups to access loans**	• **Limited Capacity of Banks and Commercial Lenders to Access Agriculture Risk** • **Limited Rural Reach** • **Build capability to assess agricultural and to develop and distribute agriculture friendly products** • **How does doe Banks Leverage MFI and Agency Banking network**	• **Innovation Financial Market Instruments** • **Development of New Asset Classes** • **Transformation of Commercial Agriculture through the redefinition of Reporting of Agriculture Industry Data**

Source: FSS 2020.

It is crucial to note that while the CBN intervened in agriculture finance significantly over the last few years, the depth of each tier of finance did not structurally shift. The breadth of operations of financial services institutions in and across tiers did not reflect the overall possibilities of the Nigerian economy, even though, in recent times, each tier provided a set of good practice organisations in the public, private, and social enterprise sectors.

8. Adopt a Risk-Based National Food Security Framework and Hold Risk Owners Accountable: If the Agriculture sector will achieve competitiveness, it is crucial that the National Food Security Council, Ministries of Finance, Agriculture and Food Security and the CBN can estimate the risk factors and conditions and, in mitigating/ minimising them, reduce the cost of funds to the sector. In this regard, the National Food Security Council must build the capacity through the Ministry of Agriculture and Food Security the ability to assess country-level risks to food security, value chain risks in primary production (product, input, price and debt servicing risks), post-harvest risks (transportation, supply, processing and to-market/ to-industry gate/ export trade risks).



Source: NIRSAL Risk-Based Mapping of Agriculture Finance Value Chain (2018)

More importantly, key performance indicators must be allocated to critical institutions like the Seed Council, Fertiliser Council, Bank of Agriculture, NIRSAL, Security Agencies, etc. and other risk partners. The National Food Security Council should receive a periodic report on all risk factors and conditions status and pass resolutions and mandate directives that mitigate future food systems crises and target threats that could crystalise in a hunger or market crisis long before it can happen. There is also a significant loss of economic value because of food safety standards in domestic and export markets. In this regard, the urgent passage of the Food and Feed Safety Legislation and the implementation of the National Food Safety and Quality Roadmap will be a game-changer in increasing the safety, competitiveness and nutrition security of foods produced and processed in Nigeria.

Conclusion

Regarding these recommendations, it's noteworthy that President Bola Ahmed Tinubu affirmed his commitment at the 29th Nigerian Economic Summit held in 2023, and the federal government has consistently expressed its dedication at various forums to consider and explore policy proposals and recommendations put forth by stakeholders through the Nigerian Economic Summit Group. These commitments aim to assist the country in achieving food self-sufficiency, global agricultural competitiveness, and food safety.

ABOUT THE NESG

The NESG is an independent, non-partisan, non-sectarian organisation committed to fostering open and continuous dialogue on Nigeria's economic development. The NESG strives to forge a mutual understanding between leaders of thought to explore, discover and support initiatives to improve Nigeria's economic policies, institutions and management.

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