

# Nigeria | Impacts and Policy Responses



Foresight and Metrics to  
Accelerate Food, Land  
and Water Systems  
Transformation

National Policies and  
Strategies for Food, Land  
and Water Systems  
Transformation

**Food price shock** has the largest impact on food security

↑ 2.8 million Undernourished population

Three shocks all have impact on poverty

↑ 1.8 million Poor population

**Fertilizer price shock** affects the national agri-food system

↓ \$625 million Agri-food system GDP

## Long-term agri-food system's resilience

- Correct structural imbalances in agri-food systems
- Apply technology and innovation (NATIP)
- Address insecurity/conflicts
- Build climatic resilience

## Country partners

- Federal Ministry of Agric. and Rural Development (FMARD)
- National Bureau of Statistics (NBS)
- Agric Policy Research Network (APRNet)

## Stakeholder engagements

- FMARD
- States Agric. Ministries
- Universities (ABU, UoI, UNN...)
- Association of Deans Agri. Uni. Nigeria (ADAN)
- Agric. Research Council of Nigeria (ARCN)
- USAID
- World Bank
- WFP
- FCDO (UK)
- BMGF
- Agric. Donor working Group (15 org.)

# Russia-Ukraine Conflict and Nigeria's Food Security

## Impacts and Policy Responses

- Nigeria is facing several economic and environmental shocks such as conflict and insecurity, climatic shocks, post-COVID food price inflation, and the world market shocks resulting from Russia's war in Ukraine.
- **Nigeria is a net importer of food and fertilizer raw materials**
  - Durum wheat is the second-highest contributor to Nigeria's import bill after petroleum products
  - Nigeria is world's 4th largest importer of wheat after Egypt, China and Turkey (IFPRI, 2021)
  - Russia is the 2nd largest source after USA (NBS, 2021)
- **Impacts of the Russia – Ukraine war in Nigeria (direct and indirect)**
  - Sustained increase in price inflation (15.6% in Jan. 2022 and rose to 19.6% in July 2022)
  - Rise in energy prices
  - Increasing supply and logistics risks

# National Policy Responses to Shocks

National Emergency  
Food Security  
Intervention (NEFSI)

Release of Grains from  
the National Reserve

Review of Fertilizer  
Blending Guideline and  
Import Advice

Provision of Soft-Loans  
to the Farmers

Launch of the National  
Agricultural Technology  
and Innovation Policy  
(NATIP)

# Egypt | Impacts and Policy Responses



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**Food price shock** has the largest impact on poverty and food security

↑ 1.8 million Poor population

↑ 2.2 million Undernourished population

**Fertilizer price shock** severely disrupts the national agri-food system

↓ \$300 million Agri-food system GDP

## Challenges affecting agri-food system's resilience

- High food imports dependence, and high food subsidies
- Higher fertilizer and fuel prices affect agriculture production and irrigation systems
- Way Forward: Assessing government policy options to mitigate impacts on households, esp. the rural poor

## Country partners

- Ministry of Planning and Economic Development (MPED)
- Ministry of Agriculture and Land Reclamation (MALR)
- Central Agency for Public Mobilization and Statistics (CAPMAS)
- Institute of National Planning (INP)

## Stakeholder engagements

- Cairo University (Faculty of Agriculture, Faculty of Economics and Political Science, etc.)
- USAID
- World Bank
- European Union
- FAO
- Food Industries Chamber, the Federation of Egyptian Industries (FEI)

# Fertilizer Sector and Government Policies

- **Fertilizers sector: Self-sufficient with exports (MALR statistics in 2019)**
  - Production: N – fertilizers 6 million tons and P-fertilizes 2 million tons
  - Exports: N – fertilizers 3 million tons and P-fertilizes 0.5 million tons
  - Spike in fertilizers market prices in the recent two years
- **Fertilizer subsidy: Different policy options in discussion**
  - Using the farmer card and related it with fertilizers needs
  - More control on cereals procurement mechanisms
  - Freeing the fertilizer market and replacing fertilizer subsidy with cash transfers to overcome the inefficiencies resulted from the existing system

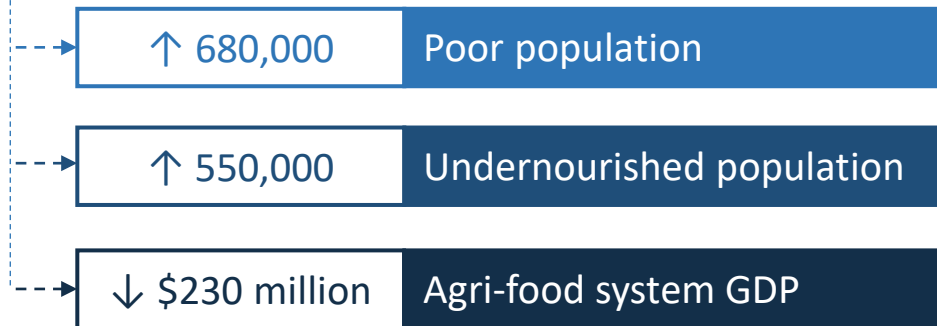
# Kenya | Impacts and Policy Responses



Foresight and Metrics to  
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**Fertilizer price shock** has the largest impact on poverty and food security, and disrupts agri-food systems



**Food price shock** also has a large impact on food security



## Country partners

- Kenya Institute for public Policy Research and Analysis (KIPPRA)
- State department for Planning
- Ministry of Agriculture ,Livestock, Fisheries and Co-operatives (MoALF)
- Kenya National Bureau of Statistics (KNBS)
- Kenya Agricultural and Livestock Research Organization (KALRO)
- Tegemeo Institute
- Alliance for a Green Revolution in Africa (AGRA)
- Office of Controller of Budget
- Agriculture Transformation Office (ATO)
- Cereal growers Association

## Stakeholder engagements

- CoPP workshop to discuss assumptions and scenarios
- Policy consultations with MALFC especially on fertilizer policies
- Public dissemination seminar jointly with KIPPRA

# Government Interventions for Food And Nutrition Security

## Background (March – June 2022)

- Prices for food commodities rise
- Maize and wheat stocks are low; maize stocks not adequate to last up to next early harvest (projected in August 2022)
- Cross-border maize imports from neighboring countries and COMESA

## Government interventions in recent food crisis

- **Food tax relief**
  - Duty free imports of yellow maize for livestock feeds to free white maize for human consumption
  - Imports duty waiver on white maize, amounting to 540,000 metric tons
  - Suspension of other import tariffs, VAT, and other product taxes on wheat, wheat flour and maize/flour
  - Sifted maize flour subsidy instituted in August 2022 to caution largely the urban poor from high costs of maize flour
- **Fertilizer subsidies**
  - Subsidized fertilizers distributed for access by farmers
  - Midstream actors encouraged and supported in the supply chain activities to reduce costs and lower fertilizer prices for farmers
- **Cash transfers to poor households**
  - Worrying situation, especially in ASAL region, where government food distribution continued for 2.8 million needy households.
- **Subsidized petroleum**

# Long-Term Agric. Sector Transformation and Growth Strategies

4.5 million small-scale farmers in Kenya, incl. 3.5 million crop farmers, 600,000 pastoralists and 130,000 fisherfolk

## 1. Increase incomes for small scale farmer, pastoralist and fisher folks

- Target 1 million farmers in ~40 zones (initially) served by 1,000 farmer SMEs
- Register 1.4 million high needs farmers to access a wide range of inputs from multiple providers through e-voucher system

## 2. Output and value addition of agriculture increase

- Establish 6 large-scale agro-processing hubs
- Unlock 50 new large-scale private farms
- Sustainable water supply for more than 150,000 acres of irrigation from existing infrastructure

## 3. Boost Food Resilience

- Restructure the Strategic Food Reserve (SFR) to better serve 4 million vulnerable Kenyans.
- Boost the food resilience of 1.3 million farming and pastoralist households in arid and semi-arid lands (ASALs) through community-driven intervention design

# Impact of Ukraine Crisis on Agric. and Coping Strategies



## Mostly Negative:

- **Sharp increase in fertilizer prices** – more than doubled in many cases driven by high import prices, increased logistical costs, shortage in supplies and a weakening local currency
  - Prices were rising due to COVID 19 disruptions, but the Ukraine crisis made the situation worse, and it is likely to delay the reversing of the fertilizer / fuel / grain price hike.
  - The rise was rapid and coincided with the main planting season (March-May) so not much room for farmers to significantly alter their plans and commitments.
  - Impact on agriculture and response - varied but overall impact estimated that the supply chain shocks may lead to 10-15% reduction in grain production in Kenya
- **Reduced acreage or sub optimal fertilizer application – meant reduced productivity, incomes, loss of farm labor.**
  - Attempt to shift to cheaper plant nutrition options such as farmyard manure or cheaper inorganic fertilizer blends (although some may not supply all the needed nutrients).
  - Reduced food supply into the market and so overall increase in cost of food and animal feeds – exacerbated by what has been declared the worst drought in the Horn of Africa region in 40 years.
  - Compromised food and nutrition security - farm produce not just consumed within the household but shared with relatives, friends and neighbors.
  - Less common was a shift to other less fertilizer intensive enterprises such as establishment of pasture grass.
- **One positive aspect** was the rise in local commodity prices, but any possible gain was partially offset by the sharp increase in the cost of fertilizer and fuel/diesel (led to high farm cost operations).
- Government **fertilizer subsidy** was “too little too late” – came late and the distribution/access was inconsistent.

# Future Direction | Private Sector Perspective



- The crisis coupled with the COVID 19 pandemic has challenged players in the Kenyan Agri-Food System to work towards self sufficiency to the greatest extent possible – these will not be the last supply chain shocks! The following are some of their considerations:
  - **Farmers**
    - Diversification in agri-food system including adoption of regenerative agriculture practices as part of a broad risk management strategy
    - Lobbying for further investment in production level subsidy – considered more cost effective and sustainable than consumer level subsidy
  - **Fertilizer companies**
    - Investment in local fertilizer blending capacity to produce crop and soil specific fertilizer blends
    - Diversification in raw materials sourcing
  - **Processors / millers**
    - Diversification of grain source markets
    - Investment in products that are less dependent on imported raw materials e.g., flour blending