

NIGERIA Food Security Outlook Update

November 2010

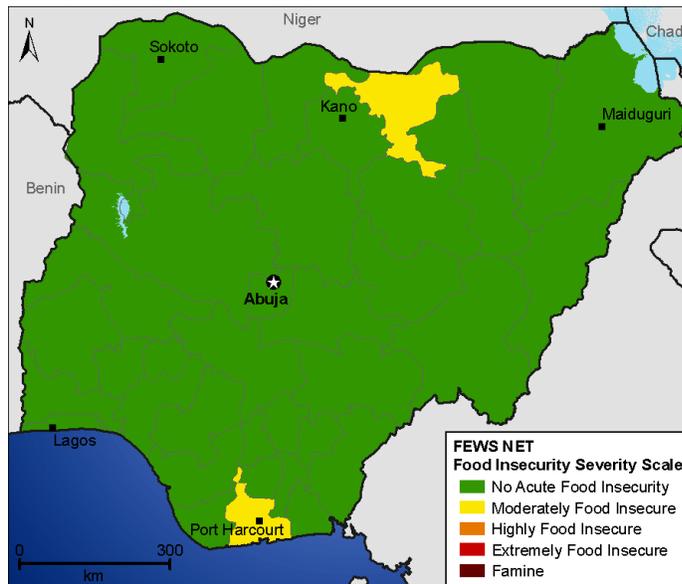
Normal to above normal harvest expected for 2010/11

- Two areas, covering a large portion of the state of Jigawa in the Northeast coastal areas in states of Bayelsa, Delta, Rivers, in the South, are expected to experience moderate food insecurity during the November – March period due to the impacts of flooding.
- In the southern parts of the coastal counties of Bayelsa, Rivers, Cross River, Akwa Ibom and Lagos, during the January – March period, rising civil insecurity due to the potential resumption of the Niger Delta crisis and pre-election violence will constrain normal livelihood functioning and contribute to localized food insecurity.
- Fodder production and water availability are seasonably high. Livestock prices are rising quickly, as are livestock-to-cereal terms of trade throughout northern rangelands. Recovery from the 2010 pastoral lean season is quicker than expected. Most pastoral households are expected to stay at homestead until April, as in a normal year, leading to near-average access to milk.
- The 2010 growing season concludes in November with tuber and cereal production both above-average and better than last year. Prices of all cereals are seasonably low.

Updated Outlook through March 2011

According to preliminary findings from the annual agricultural survey on smallholder agricultural production, jointly conducted by Ahmadu Bello University, Zaria in Kaduna, and government services, the country has recorded a slight increase in tuber and cereal production compared to both last year and the four-year average. Though yield per hectare declined by about 5 to 10 percent relative to last year, the increase is attributed to more areas put under cultivation, by subsistence farmers, expanding own production to guard from food insecurity and large scale farmers, hoping for increased

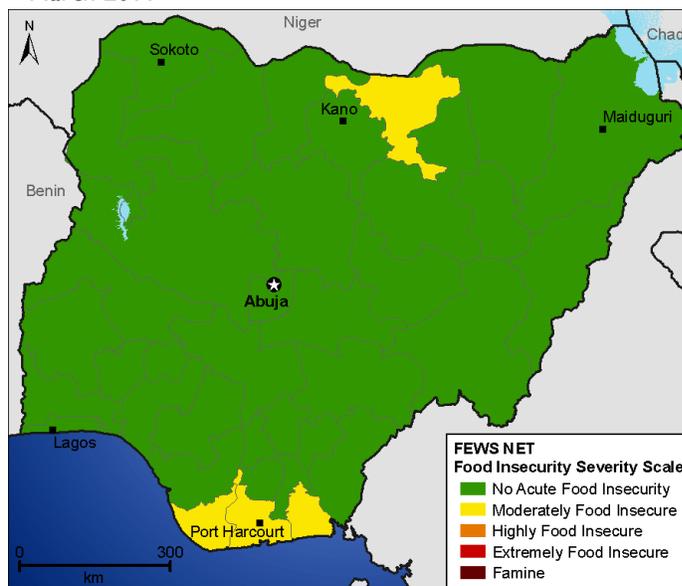
Figure 1. Map of most likely food security outcomes, November – December 2010



For more information on FEWS NET's Food Insecurity Severity Scale, please see: www.fews.net/FoodInsecurityScale

Source: FEWS NET

Figure 2. Map of most likely food security outcomes, January – March 2011



Source: FEWS NET

This report provides an update to the October 2010 FEWS NET Food Security Outlook report which estimated food security conditions from October 2010 through March 2011. The next Outlook report will be released in January and will cover the January 2011 to June 2011 period.

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profit margins. Estimates for rice, the crop most affected by the September flooding in the North and the North Central, is approximately 4 million MT. This is 17 percent higher than the five-year average, implying that the flooding has limited impact on overall rice production. Maize and sorghum production estimates are 9.3 MT and 6.8 million MT, respectively, up slightly from last year. Estimates for cowpea are also slightly higher than last year at 1.7 million MT. Total production for millet, sorghum, maize, and rice, the most important crops in the North and North Central, is estimated at around 24 MT. Yam and cassava production, the most important staples in the South, are estimated at 38 and 52 million MT, also up from 2009 by four to five percent. Production of major cash crops in the South such as palm oil, kola nut, vegetables and cocoyam are also projected to be high. These conclusions are generally consistent with the findings of the Joint CILSS/FAO/WFP/FEWS NET/Government post-harvest assessment conducted in Nigeria in mid-October

Despite the positive outlook of the season, the predominantly millet, sorghum and cowpea livelihood zone, which covers most of Jigawa state, is expected to experience moderate food insecurity from November to March due to the impacts of flooding. Millet is the key staple for the poor in this zone. Localized crop losses will reduce household food stocks compared to average and make households dependent on markets earlier than normal to meet their food needs.

However, in Sokoto and northern Kebbi in the Northwest, where excessive flooding occurred in September, a combination of favorable factors will contribute to cover poor household's food requirements, preventing the majority of poor households from facing food deficits before the onset of the normal lean season in July. The capacity of the dynamic Nigerian market system to facilitate the transfer of food to affected areas is the major mitigating factor. These areas are adjacent to high millet-producing areas and road conditions are gradually improving, so the transmission of low harvest-time prices has been quick. As of mid November in the flooded areas of Sokoto and Kebbi, millet prices range from NGN 4,700 to NGN 4,800, only 5 to 10 percent higher than in non-flooded areas of the same states. Also contributing to ease the pressure of localized millet shortages between November and January is increased household access to sorghum, the major substitute for millet, which is being harvested in November. Dry season recession production will increase up to 30 percent above normal due to high moisture when the waters recede in late October and November. Increased availability of vegetables, fruits, and cash crops, such as sugarcane, along the Sokoto Rima River from November to March will cover remaining food requirements, making most poor households food secure despite excessive flooding.

Following the drastic reduction in rice production in Sokoto and Kebbi of as much as 60 percent compared to last year, rice flows from the rice-producing areas in northern Sokoto to the North Central states will be below average. This will have a marginal impact on household rice stocks for most rural poor households. Most rice farmers will earn enough in higher prices to make up for the loss of production. But high rice prices in nearby urban areas will make imported rice increasingly attractive to urban households as the naira depreciates compared to the dollar (the naira is likely to depreciate slightly, as of December, fluctuating between 150 and 152 NGN per USD).

The Northeastern state of Jigawa is one of the poorest states in Nigeria. Most poor households there are highly vulnerable to food insecurity even as a result of small shocks, due to chronic poverty, rooted in historically low wages, limited opportunities for local employment, and frequent production shortages. Most households have developed mechanisms for coping with the impacts of dry spells and early cessation of rains, which are common, and are not well-prepared for flooding, particularly of the severity of the 2010 flood. Reduced demand for agricultural labor due to flood-related production losses will have a significant impact on annual income among poor households. Commercial activity in the area is normally low; this area normally produces enough cereals to meet needs locally and has low purchasing power to attract surplus from other areas. However, cereal trade flows in flood-affected areas of Jigawa will be below-average beginning in February and March due to below-normal low poor household purchasing power. As a result, millet, sorghum, and cowpea supply will decrease faster than normal in January, leading to above-normal prices beginning in February and March.

In the rangelands of northern Yobe, Borno and north Eastern Jigawa, pastoral household recovery from the difficult 2010 lean season, will be quicker than anticipated. Most poor households rely on livestock marketing and trade as their major cash source. The current trend in fast-increasing livestock prices, high fodder production and water availability in rivers and ponds will heighten poor pastoral households' purchasing power. The price of millet and sorghum, the major food for pastoralists, in Yobe and Borno, will remain low, ranging from NGN 4.000 to NGN 5.000 through March, while livestock prices are expected to remain high after Eid El Kebir, due to good livestock body conditions and low cost for maintaining livestock. Terms of trade will be beneficial to livestock sellers during the November to March period. Given expected good fodder performance in the Niger Republic, the traditional trans-border movement of Niger pastoral households will start

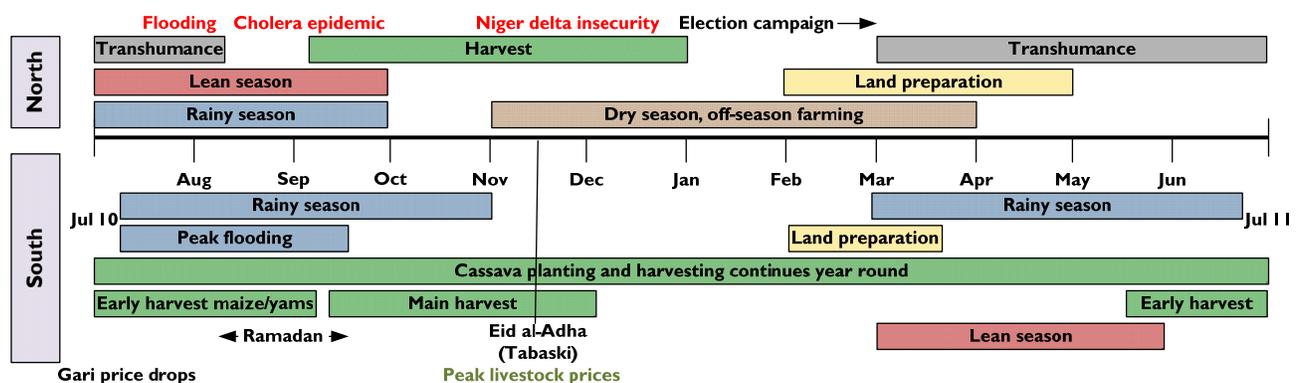
normally in March and April, preventing a high concentration of livestock and an early exhaustion of pastoral resources in Sokoto, Kebbi, and Jigawa in November, as was the case last year. Most pastoral households are expected to stay at homestead through April, before moving southward in search of pasture, as in a normal year. This situation is conducive to adequate access to milk. Most poor pastoral households will invest their resources (earned from the sale of milk and trading less-desirable animals for healthy female livestock) in rebuilding their herds to pre-lean-season levels between November and March.

In the South, food security conditions are favorable due to above-average tuber and cereal crop production, seasonably low prices, including those of gari, and high household stocks. Domestic trade of cereal, cash crops, and livestock is expected to follow normal patterns this year, with significant quantities of cowpea, sorghum, and livestock flowing from northern to southern markets between November and March. As a result, food supply will remain high in most local and urban areas of the South. Given the favorable production and market conditions, most poor households will remain food secure through February in most parts of the South and will begin normal lean-season coping mechanisms in March.

The areas of concern are the flood-prone southern parts of the coastal counties in Bayelsa, Rivers, Cross River, Akwa Ibom and Lagos. In addition to continuing recovery from above-average flooding, rising civil insecurity in these areas in January – March is likely due to the potential resumption of the Niger Delta crisis and pre-election violence. This could potentially disturb dry season cultivation, constraining poor households’ ability to recover food losses due to flood. The fear of violence will force a small but significant percentage of households to relocate in neighboring states between December 2010 and March 2011. Attacks on oil pipelines will intensify pollution of local rivers, causing shortages in fish, increasing fish prices and reducing protein intake, particularly among children. Reductions in government oil revenue will delay the implementation of agricultural food security programs aimed at mitigating food insecurity in the South as the lean season approaches during the January to March period.

Inflation dropped from 13.6 in September to 13.4 in October as food prices decrease, following above normal harvest and low food demand. Inflation driven by high fuel prices is not likely this year (contrary to 2009), as the federal government has recently granted fuel importers the credit notes needed to increase fuel imports. Increased government spending to organize the 2011 elections, a new electricity regime aimed at increasing electricity bills from NGN 7.00/kWhr to NGN 8.50/kWhr, and the more than doubling of the minimum wage risk inflation during the November to March period, possibly undermining government efforts to achieve a single-digit inflation rate.

Seasonal calendar and critical events



Source: FEWS NET