Report on the Joint NFRA/NEMA/FEWS NET Market and Food Security Field Trip

1. Introduction

A joint market and food security assessment was conducted by CILSS, WFP and FEWS NET, in several sahelian and coastal countries, including Nigeria, in February 2010. The major objective of the mission is to assess market and trade conditions and potential impacts on household food security in the Sahel and coastal countries before the onset of the hunger season. Given that the mission would not have enough time to visit the North central and southern states, FEWS NET Nigeria undertook a mission in the North central and the South to support the regional mission. The mission was conducted jointly with the National Emergency Management Agency (NEMA) and the National Food Reserve Agency (NFRA). While the joint NEMA/NFRA/FEWS NET mission visited Lagos and Oyo states in the South, Nassarawa, Niger Kaduna and Southern Katsina in the North Central and Northern Zamfara in the Extreme, the joint CILSS/WFP/FEWS NET team covered Kebbi, Katsina, Yobe and Borno in the Extreme North. The exercise involved holding interviews and meetings with state and federal agencies, discussing with livestock and traders associations, NGOS and visiting cereal and livestock markets. Both teams met in Kano where they visited Dawanu market, the largest cereal market in West Africa and discussed their findings.

2. The Findings on Food security in the North Central and the Extreme North

The mission visited Saminaka and Giwa in Kaduna state, Funtua in Southern Katsina, Minna, in Niger state, Lafia in Nassarawa state and Gusau, in Northern Zamfara state. With the exception of Gusau, all the areas, visited by the mission, are located in the main maize, sorghum and yam ecological belt, in the North Central.

Household food security is generally stable in all the areas visited by the mission except in the North Eastern part of Zamfara, where pastoral households and to a lesser extent poor farming households, were facing moderate food insecurity, four months before the normal onset of the hunger season. Pastoral households were experiencing declining income and unfavorable terms of trade, due to declining livestock prices, coupled with high cereal prices. The bulk of the livestock has left the area, as soon as December, in search of better pastoral conditions. The livestock which stayed behind, is facing poor body conditions due to poor pasture production, recently compounded by overgrazing, following the arrival of pastoralists from Niger Republic. Pastoral households are dependent on precarious sources of income such as craft making and the sale of limited quantities of milk given that most animals produce less milk than usual due to their poor body conditions. A rise in malnutrition is likely, over the next coming months, due to limited milk intake and reduced diet diversity. However, the situation is not likely to deteriorate to a livelihood crisis as other sources of food are widely available and accessible such as legume, fruits, and wild food. Owing to the strong informal social safety nets such as gift and loans from medium and rich households, poor pastoral household will be able to partially bridge the food gap, preventing them to slip into extreme food insecurity, before pasture regeneration in July.

Discussions with Gusau and Minna livestock traders revealed that livestock prices were low, in February 2010 when compared to February 2009 and the average price in February. A sheep was selling for N17.000 and N15 000 in Gusau and Minna, this year, in February against 19 000 and N25 000 last year, at the same period, in the same markets, respectively.

The low levels of livestock prices were affecting livestock traders' profit margin pastoral. According to livestock traders in Gusau, Zamfara state and Minna, Niger state, the volume of livestock trade dropped substantially due to reduced livestock sales. The drop in livestock demand was attributable to declining purchasing power of urban households and high cost of maintaining animals, which forced many household to sell their livestock, increasing market supplies. Livestock prices were likely to decline further as the rising cost of animal feed, in the area, will make it, even more expensive, to maintaining livestock in the next coming months when fodder will become scarce. Recent conflict among pastoralists, over pastoral resources led to losses of 4 lives in Northern Zamfara.

Though less affected than pastoral households, by food insecurity in Northern Zamfara, poor farming households were facing difficult access to food. The situation was attributable to limited sorghum, maize and cowpea supplies at market and household levels and high food prices, following significant production shortages of sorghum and to a lesser extent maize and cowpea. Most poor households were now, sourcing their food in the southern part of Zamfara, where prices were lower and supplies higher. They were resorting to millet, a substitute for sorghum, which is still available at market and household levels.

Access to agricultural inputs was a major challenge facing farming households in all the areas visited by the mission. The government fertilizer subsidy program covered about one third of farmers needs, forcing them to resort to markets to buy fertilizer at high prices. As of February 21010, the price of a 50kg bag of fertilizer was N2500 in the open market, in Minna and N3500 for the government subsidized fertilizer.

3. Findings on market trends

Market food supply was high in all visited markets except for sorghum in Gausa, Zamfara. Sorghum supply is tight in Gusau, Zamfara, following sorghum production shortages, due to significant sorghum crop losses, during the 2009 growing season, coupled with high household demand. Maize, soybeans and sorghum supplies were particularly high, in the surplus cereal producing areas, in Kaduna state, where market stocks were higher in February 2010, when compared to February, last year and a normal year, according to local traders. This level of stocks was attributable to very low maize demand since harvest, in coupled with above-average local production and high carryover stocks from last year's commercial season. According to traders, in all the markets visited b the mission, industrial demand was particularly low, this year, due to high transportation cost and difficult access to banks loans for traders and industries. As expected, millet supply was low, in the deficit millet producing areas, in Kaduna, Niger and Lafia and high in the millet dominant livelihood zones in Gusau, Zamfara in the extreme North.

Cereal prices have generally stabilized or decreased across North central markets. In Saminaka, a leading maize markets in the North Central, the price of 100kg bag of maize dropped from N5100 in November 2009 to N4800 in February 2010 while the price of the same crop decreased from N5000 in November 2009 to N4500 in February in Giwa, another major market in Kaduna. Sorghum prices follow a similar pattern. Sorghum was selling at N4500 the bag of 100kg in February 2009 against N4500 last year, in Minna, at the same period. Cowpea prices were generally higher, this year, in February, when compared to last year, at the same period. The 100kg bag was selling for N11, 000 in Minna Central market against N9, 000 last year, in February.

Normally, prices of maize, sorghum and cowpea, the most tradable foodstuffs experience their first steep rise in February, due to high industrial and household demand, in November and December, as most market stakeholders replenish their stocks when prices are the lowest. The reversal in seasonal trend was due to low demand due to very high transportation cost caused by fuel scarcity and high fuel prices and declining urban households' purchasing power coupled with difficulties for industries and traders to access bank loans following the restructuring of Nigerian banking system.

In Gusau, Zamfara state, millet, maize and cowpea prices were higher than in the North central. Millet, sorghum and maize were selling at N6000, N5000 and N5500 against N4500, N3500 and N4000 respectively, higher than prices of the same crops in the North Central. Though reasonable, this level of prices in the Extreme North was expected, as localized but large crop shortages due to poor rainfall, have affected supplies at market and household levels.

The volume of domestic trade was lower, in February, when compared to last year, according to traders in all visited markets. Given significant production shortages in the extreme North, after harvest, it was expected that traders will move significant quantities of maize, sorghum and soybeans from the surplus producing areas in the North Central to the Extreme North. The trend was, however, slow to set. The reluctance of traders to buy large quantities was due to high transportation cost and difficult access to bank loans.

4. In the South

The mission visited Lagos city, in Lagos state and Ibadan, in Oyo state. In Mile 12 market, in Lagos and Bodija market in Ibadan, yam, cassava, maize and cowpea market supplies were seasonably low following the recent onset of the hunger season. The price of cassava and yam, two major local staples were particularly high in Lagos and Ibadan. The nominal retailed price of Gari ranged from N95 the kilogram in Ibadan to N108, the kilogram in Lagos. With cowpea and maize prices also high, most households were resorting to cocoyam, legumes and vegetable which were widely available as dry season harvest progressed. The gap was, partially, filled through yam and vegetable imports from Benin Republic. Interviews with a local women traders association in Lagos and a major traders association in Ibadan revealed that the volume of border trade between the South and Benin Republic was lower than usual, at this time of the year, as the normal food flow was constrained by the naira depreciation against the CFA. However the rising value of the naira, in late February, signaled the resumption of trade and better food inflow in the South.

5. Government Interventions

The federal government was replenishing the federal grain reserve, through the purchase of maize, sorghum, millet, rice and Gari. The government was planning to mop up 170.000MT. As of February 15th, the government bought 55 390 MT at prices ranging from N40 000 for one metric ton (MT) of maize to N38 000 for sorghum to 38 000 for millet. This level of food reserve is however insufficient to mitigate high market food prices and localized food insecurity in the country.

Most market traders have indicated that the government has not been buying in their markets except in Saminaka, Kaduna states, where few stocks were purchased at prices, lower than the current market price. In Zamfara state, the state government was replenishing the local grain reserve through a subsidy program aimed at improving farmers' access to fertilizer. Under the Zacarep program, farmers borrowed fertilizer at subsidized prices, during the growing season from government. They payed back, either in cash or in cereal. This new initiative was addressing farmers'fertlizer needs while contributing to replenish the state grain reserve.