



Assessing the systemic risks and transformational opportunities of changing food systems in Nigeria

DFID Nigeria country office work session for the Learning Journey on Changing Food Systems

5 December 2018, Abuja (Nigeria).

Introduction

On 5 December 2018 - DFID Nigeria country office work session for the K4D Learning Journey on Changing Food Systems - Abuja.

On the agenda were two issues:

- Discussing the main issues and trends in food systems (risks and opportunities) in Nigeria.
- Discussing the implications of these issues for the DFID Nigeria programmes.

This report is a summary of the discussions during this work session.

Assessing the main issues and trends in food systems in Nigeria

Setting the scene: The prognosis is that Nigeria will double the population in 2050 with high rates of urbanisation in the next decades, which bring changing diets and demand for food. Increasing and changing demand creates opportunities for jobs in the food economy. Already in Nigeria, approximately 60% of the total jobs are in the food economy (approximately 40% is in agriculture and 20% in food processing, food marketing and food stalls and restaurants).¹ The share of food processing jobs in the total manufacturing jobs in Nigeria is 48% (imported and domestic food supply).² The majority of the actors in the food system are small-scale farmers and small-scale entrepreneurs and traders. However, there are threats like climate change, weak international competitiveness of the Nigeria agri-food sector and a weak enabling environment. For example, weak border regulations and ability to enforce compliance of a number of staple crops, livestock and fuel impact negatively on the economic potential of food systems. Furthermore, the higher demand in urban areas for highly processed food creates health problems.

Assessment: The participants discussed in more detail the systemic risks and transformational opportunities for the development of the food system in Nigeria.

¹ Allen et al., 2018

² Idem

- **Climate change** associate desertification in Northern Nigeria and flooding along the major Riverine basins of the Niger and Benue and sea level rise in the Delta and South West coastal areas. Furthermore, deforestation is a huge environmental problem.
- **Yields are down.** Part of the struggle to increase productivity was said to be linked to the problems with lack of adapted “new seed varieties”. The result is an increase in the food insecurity situation in Nigeria, with a growing population. It also has weakened the potential of the economic transformation, because the economy cannot grow sustainably with a poor functioning agriculture. Access to appropriate agricultural financing was mentioned as one of the major constraints.
- **Investment decisions in agriculture are political.** A small group of influential people is responsible for the investment decisions. There is a lack of transparency. Therefore, low trust level of private investors in the agri-food sector, which hampers further development.
- **The participants have not seen evidence of a significant rise in urban investors who enter the food system as medium-size farmers.** It was assumed that this is possibly attributable to a combination of poor business environment and the weak regulatory landscape.
- During the work session, one participant mentioned that **only 30% of agricultural land is currently in cultivation in Nigeria.** Although this is an economic opportunity for the development of the domestic agri-food sector, to get the much-needed investments is difficult as long as imports are cheaper and there is no incentive to improve the competitiveness of the domestic agri-food sector and enabling environment.
- **Input subsidies do not work,** they are not traceable as far as who benefits. The participants agree that input subsidies do not improve productivity as subsidies crowd out private sector participation and where governmental revenues/income cannot sustain long term subsidy initiatives this perpetuates the poor performance of the sector.
- There is **no significant development of the manufacturing sector,** which in a normal situation could absorb some jobs needed for an expanding work force. Food manufacturing in particular has problems with food quality, low productivity and high domestic market prices. Therefore, food manufacturing relies on a significant percentage of imported raw materials and is for a large part repackaging in smaller volumes, which is not added value.
- On a positive note, **innovative new technologies, when combined with equally innovative business models,** new investment platforms and pathways, E-commerce and increased connectivity for information, increases knowledge, trust, business relationship, private sector partnerships and financial flows, which has at present the very real opportunity to bypass many public sector issues.
- **Issues with exchange rate in interregional trade.** Regional trade is mainly informal, resulting in a lack of understanding what exactly is going on at the borders and how regional trade affects (positively or negatively) food systems.
- Where long term vision and comprehensive programmes are needed for the transformation of food systems, **short termism rules** and results in “take what you can” mentality.
- The conflict in the North East of Nigeria relates to the **rise in competition for natural resources,** poverty and in particular competition between pastoral livelihoods and land expansion for agriculture and intensified by climate change.

- **Military strategy in the North East of Nigeria overrules everything.** No development is possible and due to the conflict, the private sector does not invest in the North East regions. Private sector investment in the North East is reflective of the “risk versus reward perception”.
- **Unconditional food support to the North East by humanitarian INGOs and government increases corruption** and changes power structures in the food system away from the traditional food markets and undermines local prices as they are sourcing local food supplies for IDPs in the North East and now in the Middle-Belt (the major potential food basket of Nigeria).
- There is **severe undernourishment** (long-term and seasonal in several parts of Nigeria, in particular in the North East), but most of the data does not show the real situation. Aggregated data shows improvement of the food security situation over the last years, but marginalised people are worse off. “What we know is just the tip of the iceberg”.
- **Urban and rural population have changed their diets, but until now this only has increased food imports.** For example, there is higher demand for pasta, but raw materials are not from Nigeria. Furthermore, people eat less vegetables and fruit. A clearer vision on the contribution of food systems to healthier diets is necessary, but it will only have positive impacts if well communicated to the Nigerian consumers. Efforts focus now on fortification of food with micro nutrition.
- Obesity is not yet a problem for children, but **Nigeria has high levels of obesity among middle and upper class adults.** However, nutrition has no place in government policy. There is no coordination on the topic and no department takes the initiative for systemic change.
- **Increasing problems with food safety.** Biological and biomedical (e.g. pesticides) contamination are huge problems. One of the reasons why people do not trust locally produced food.

Conclusion: Nigeria has many opportunities for a transformation of its food system, driven by an increasing population and a strong urban demand for processed food. Innovation, new technologies and a young, better educated population could also increase the economic potential of the food system. However, most of the participants conclude that most of these opportunities are overwhelmed by major systemic risks. The fundamental issue is weak governance. Nigeria is a middle-income country, so the conclusion is that there should be money, but structural problems in government, the lack of coordination between the different levels of government and the mistrust among important actors in the food system are making it very difficult for development programmes to be successful.

What does this mean for DFID programmes in Nigeria?

The participants are in favour of a reflection what DFID could contribute to changing food systems due to economic transformation and rural transition. The participants also mentioned that the focus on four-year programmes must change with more continuity and a systemic approach. There is a need to ensure better linkages between various DFID funded programmes (Governance / Economic Development / Human Development). To create scale, you need a long-term focus. Some other points that were mentioned, are:

- Nigeria is a very large country and more regional thinking in programmes is necessary.
- Push to bring peace and security (the rule of law) to Nigeria is essential.
- DFID should improve coordination mechanism with other donors and within itself.

- Private sector is increasingly seen as a partner and there are many entrepreneurial opportunities in Nigeria on which DFID could support the development of the agri-food sector. However, conflict, weak governance and low trust levels are still some fundamental issues for efficient enabling business environment.
- DFID must better prioritise its targets, not solving all problems in all the regions in Nigeria. However, “doing nothing means people will die”.
- DFID could do better in the communication of the approach to relevant stakeholders on how the UK government spends its development funds in Nigeria. A clearer picture (coherency) is needed of what is going on between the different agendas of UK government activities related to Nigeria (linking trade and private sector agendas with development agenda).
- Better coordination between humanitarian programmes and development programmes.
- Input from existing programmes when DFID are designing new ones so that there is synergy from the start.

Steps forward

The participants mentioned some steps that DFID could make to improve food systems and how to understand better the “enthusiasm” of the Nigerian government and private sector to engage in this area as without government and private sector involvement these initiatives are not sustainable:

- What is needed is a 25 years horizon for transformation of food systems. Different set of measurements and deliverables and monitoring methods need to be in place for the different phases of transformation.
- New priorities of Child Protection and Slavery and Disability should be part of the Food System approach.
- Improve nutrition and food security through food distribution and a food system approach to avoid further collapse of local food systems in the North East of Nigeria.
- Better mapping of land use and mapping the opportunities of how to improve productivity of agriculture and other land use opportunities (livestock / range management) in specific regions.
- Analysing different scenarios for food systems. DFID in partnership with key political and entrepreneurial actors should increase understanding of some priority issues as mentioned above, through a food system lens, for example, food safety, informal inter-regional trade, and nutrition.
- There should be more recognition that small-scale farmers may not fully become commercial farmers, but their livelihoods would benefit from diversification of on-farm and off-farm opportunities, but only if policies were well implemented.
- More knowledge is necessary on what climate shocks mean for rural and urban poor.

About this report

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