NIGERIA

MAFAP Country Profile

MAFAP SPAAA

Monitoring African Food and Agricultural Policies

Nigeria aims at achieving food security and food self-sufficiency, while becoming a major exporter of agricultural products. Although food production has been increasing steadily, attaining food security remains a major challenge. Indeed, Nigeria is a net importer of food with an annual import bill of USD 3 billion. Food security in Africa's most populous country is also challenged by rapid population growth.

The agricultural sector is large, accounting for 44 percent of the GDP in 2010, and employs 60 percent of the working population. However, agriculture is still mainly conducted by small-scale subsistence farmers, which leads to low productivity and poor return on investment.

Giwa, Nigeria - Workers loading a truck with sacks of grain at the Giwa grain market. The government aims not only at ensuring that food production in Nigeria covers domestic demand, but making the country a major exporter of food.
(Phot:o: ©FAO/Pius Ekpei)

The government aims not only at ensuring that food production in Nigeria covers domestic demand, but making the country a major exporter of food. Despite the potential of the sector and abundant natural and human resources, agricultural policies are achieving insufficient results.

MAFAP analysis show that progress towards policy objectives were mitigated and the results vary widely between commodities.

The National Food Security Programme (NFSP), which began in 2008, aims at achieving domestic food security and focuses on thirteen strategic crops. It established a guaranteed minimum price for specific commodities to protect farmers from price volatility . MAFAP analysis shows that the producers of food security products thus received higher prices. However, producers' prices of export and import commodities, in particular cocoa and rice, were lower than the price producers would receive in world markets.

Indeed, MAFAP findings show that producers would receive higher prices with better access to inputs, and improved rural market infrastructure, storage facilities and market information. Reducing the number of intermediaries and transportation costs would also help producers.

Finally, national policies also seek to reduce food prices for consumers. For example, during the food price crisis in 2008, import tariffs and the number of prohibited imports were reduced.

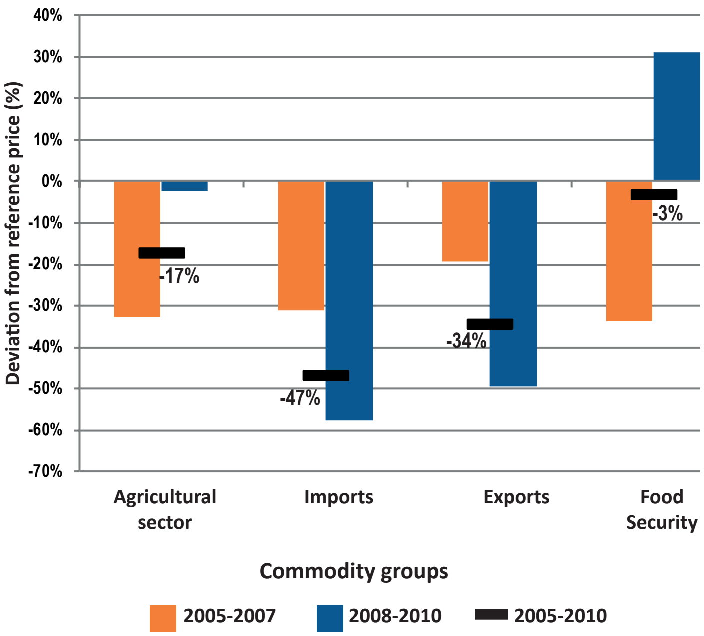
Price incentives

Producers of all commodities except those important for food security received lower prices than what they would have obtained if more supportive policies were in place.

On the whole, between 2005 and 2008, producers of all commodity groups received lower prices than those prevailing in international markets. From 2008 onwards, the situation has become worse for producers of imported and exported commodities. This was because domestic prices, especially for cocoa beans, remained stable or decreased whereas international prices increased sharply. Reducing both import and export tariffs during this period did not bridge the gap between international and domestic prices. Therefore, MAFAP analysis suggests that local markets are not well connected to international markets.

The trend for food security commodities was significantly different after 2008 when producers, especially of cassava, received high prices and were, therefore, encouraged to produce more. Higher prices were probably driven by supportive policies and the high cost of importing staples.

Figure 1. Average deviation of producers' prices from world prices by major commodity groups (2005-2010)



Note. The bars measure the percentage of deviation of producers' price from the price producers would receive in world markets (reference price). Imports analyzed include rice, sugar and palm oil; Exports include cocoa beans; Commodities important for food security include cassava, maize and sorghum.

MAFAP PARTNERS

Policy Dialogue
The Department of Planning, Research and Statistics, Federal Ministry of Agriculture and Rural Development. The National Bureau of Statistics.

MAFAP PRODUCTS *for* NIGERIA

Seven technical notes on market incentives and disincentives in Nigeria for cassava, cocoa beans, maize, palm oil, rice, sugar and sorghum

A comprehensive country report

A database with all indicators and supporting information

All reports and publications are available at:
www.fao.org/mafap

Our Vision for the Future

MAFAP findings are expected to contribute to national and regional agricultural policy debate and dialogue. For example, the results could be helpful for the implementation of the new Agricultural Transformation Agenda (2011-2015) and the Comprehensive African Agriculture Development Programme (CAADP).

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