



Credit: Sean Sheridan for Mercy Corps Niger 2014

COMPOUNDING SHOCKS IN NW NIGERIA & SW NIGER

Implications for food security, agricultural livelihoods and stability in the Kano-Katsina- Maradi corridor

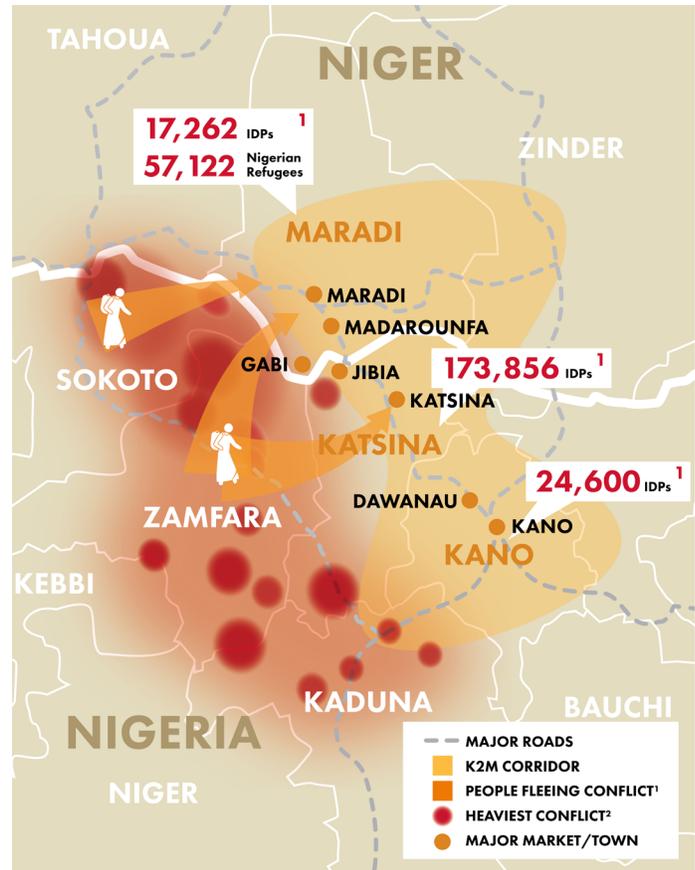
MAY 2022

Introduction

The rapidly deteriorating context in Nigeria's northwest—with insecurity and its associated symptoms of rising humanitarian needs, erosion in governance and markets, and widespread violence spreading outwards from Zamfara and Sokoto States—has prompted increasing concern of spillover into both the neighboring states of Nigeria and across the border into Niger. The responses developed to date generally fail to give due consideration of the broader drivers, systemic capacities and regional dynamics at play creating and perpetuating the worsening humanitarian, development and security needs. It is with this in mind that Mercy

Corps set out to assess northwestern Nigeria from a cross-border perspective and to develop, if found to be relevant, an actionable, implementable intervention that can both deliver quick impact across key areas of need and serve as the foundation for further durable expansion.

Within the broader transfrontier area, the Kano-Katsina-Maradi corridor stands out as a priority geography as these local areas have—despite the increasing insecurity and residual impacts of COVID-19—thus far been able to maintain local institutions, fairly functional market systems, economic investment and formal/informal conflict management and mitigation systems. Even so, the effects of the Ukraine/Russia conflict on global food systems are putting increasing strain on these areas at a precarious time. Mercy Corps’ findings validate other humanitarian assessments showing severe immediate food insecurity concerns.¹ Beyond this, however, the findings draw attention to deeper dynamics underpinning local systems in this dense corridor, and their eroding capacity to mitigate the effects of increasing insecurity and food price shocks on local food security and livelihoods.



1. Source: IOM, 2022 2. SOURCE: ACLED, 2022

Background & Methodology: In response to the above context, a deliberate and joint Mercy Corps Niger – Nigeria initiative was launched to better assess the context and determine feasibility and prioritization of different potential areas of intervention. The work sought to identify levers at the domestic and transfrontier levels for both immediately alleviating and mitigating worsening impacts as well as catalyzing systemic improvements. The process was underpinned by an extensive literature review, key informant interviews with knowledgeable local and international actors, and joint field assessments by members of both Mercy Corps’ Niger and Nigerian teams throughout both regions.² Interviews were conducted in March and April 2022 with a wide range of actors including agro-pastoral producers, transhumant actors, traders, transporters, financial institutions, market authorities, government ministries and civil society groups across the transfrontier area, as well as national-level ministries, academics, experts and peer INGOs.

Key Findings:

- › **Food security and livelihoods of poor and conflict-affected households in the K2M corridor are deeply influenced by and embedded within cross-border systems.** The extent of cross-border social, economic and cultural integration in the transfrontier area makes it essential to work on both sides of the long and porous border when taking a systemic approach to protecting and strengthening food security, local livelihoods and stability. This is because of two realities—first, that the northwestern states of Nigeria face **similar structural development** challenges compared to their counterparts in southwestern Niger, and second, that their **social, economic and cultural systems are profoundly integrated**, and therefore any response aimed at supporting transformative change must look beyond purely geographic borders and focus instead on the complex and interrelated systems at play.

› **These cross-border systems—especially the food system— are not in their current form serving as a positive force for households’ immediate resilience or longer term development.** A perfect storm of local, regional and global shocks and stresses has contributed to massive increases in prices for staple food items—ranging from an increase in 41% in Niger over the 5 year average up to an alarm-bell-ringing 102% in Nigeria³—that threaten to push millions into severe food insecure conditions, the effects of which would persist into the medium-long term and compound the very factors driving rising humanitarian needs in this region.⁴ This was exacerbated by protectionist border restrictions (2019 to April 2022) introduced by the Government of Nigeria that blocked the import of staple foods.⁵

› **Insecurity, spiking fuel costs and constrained supply of inputs are driving major production challenges across Kano, Katsina and Maradi.** Tens of thousands of hectares of land have been abandoned due to conflict,⁶ and even in the more stable areas structural development challenges (lack of access to credit, insurance or agricultural inputs) are being compounded by the over 200% increases in fertilizer prices and the worsening insecurity that inhibits financial and private sector investment. Weakened rural production and increased operational costs for transporters (fuel increase and the increased number of security force checkpoints, driving up costs due to extortion) is fragmenting rural off-take markets,⁷ increasing costs and risk for both producers and transporters to bring goods to market. The implications are particularly concerning for Maradi, a “breadbasket” region of Niger that is usually responsible for roughly 40% of the country’s local cereals production alongside Zinder.⁸

› **Even as food prices rise, producers are selling their production at low costs to avoid risk and uncertainty.** Producers in insecure areas in Nigeria and Niger are reducing the utilization of storage (primarily household-level mud/thatch buildings), and selling off the majority of production immediately after harvest to reduce risk of destruction or theft. This leads to reduced household income (sold at lower price, and not retaining stock to sell during later seasonal highs) and lower food security (reduced stock kept for household consumption, households having to buy-back food later in the year at elevated prices) for these already insecure producers.⁹

› *Over the last 2-3 years, things have worsened... the availability of goods has reduced due to less farming, and increase in fuel price has made [business] difficult and as each day passes, things are worsening... Each and every check point you meet on the road you have to give something. Some years back when I carry goods from Kano to Jibia (Katsina), the highest I spent was 1,000 NGN—but now I will spend up to 15,000 NGN*

— March 2022, Transporter KIIs, Kano State, Nigeria

› *We just have to manage and adapt because we don’t have any option. There is no other thing we depend on but this business. The actions I take are not other than buy what I can afford, reduce the number of people I give goods on credit because of the hardship...we are just managing the bitter situation until something changes for the good.”*

— March 2022, Trader KIIs, Katsina State, Nigeria

Frankly, long before the insecurity, [producers] were in a situation without support, and now with the insecurity, the situation is getting more complicated: no inputs, the fields are abandoned, the land continues to be washed away, production is decreasing, demographic pressure rises due to refugees from Nigeria, and support from humanitarian organizations is very limited. It is total despair.

— March 2022, Producer KIIs, Maradi Region, Niger

› While market systems underpinning local food supply chains are adapting—with larger businesses most able to adjust to new dynamics and demand—smaller businesses reaching the last mile are struggling to cope. This threatens to push affordable food and key production inputs further out of reach for those most exposed to conflict and insecurity. Nigeria’s devalued currency is attracting increased regional and international buyers for northern Nigerian staple food items, contributing to heightened demand for Nigerian production. This is raising prices, pulling



Credit: John Mutum for Mercy Corps Nigeria 2021

supply out of already food insecure areas of Nigeria and Niger, where IDPs and refugees are more reliant than ever on market-based food consumption. It is also contributing to hoarding by traders—which is becoming even more prevalent with heightened concerns about import disruptions to Nigeria of wheat and maize from Ukraine and Russia (Nigeria imports 1.5 million tons from Ukraine alone¹⁰). Where there are large stocks, aggregators are constrained from moving food out of storage due to high fuel prices and fuel shortages. At the same time, small size traders and transporters which connect rural producing areas to the main market corridor are struggling to keep up with the rising costs of doing business. Some large agribusinesses, producers and traders are profiting; but smaller producers and enterprises—especially those most vulnerable to food insecurity and conflict—are suffering.

Implications & Recommendations

As information came in and understanding of dynamics, drivers and needs in the K2M area improved, several implications were identified. The most paramount of these are detailed below as high level recommendations. Mercy Corps has also developed a detailed proposal with full analysis of needs and program design (Results, Outputs, Intervention). Other key information is available upon request.

› **Support immediate food needs while understanding and reinforcing food market systems in the K2M corridor underpinning the production, supply, movement and accessibility of food.** Food systems—and particularly cereals and livestock—were identified as a key leverage point due to their area-wide intersection with humanitarian needs and underlying importance for economic resilience of the broader transfrontier area. The aforementioned toxic mix of local, regional and global shocks is driving up the price of food staples—and inputs— far beyond the reach of vulnerable households (both host community and IDP/refugee alike), risking severe food insecurity and future production shortfalls.¹¹ Aid actors should consider a response that supports local purchasing power where diverse foods are available, coupled with support to small businesses in the food supply chain for offtake and inputs. In areas facing constrained supply, aid actors should work through markets to ensure food access. The recent reopening of the border between Nigeria and Niger for trade is a positive step and provides an opportunity to capitalize on mutually reinforcing production cycles.

- › **Reinforce the capacity of communities and institutions to better mitigate, manage and prevent rising conflict.** Conflict and its related effects continue to drive displacement and humanitarian needs, accelerate economic deterioration, and erode social cohesion and resilience in the broader transfrontier area. Responses must deliberately work on both sides of the border to strengthen local capacities for anticipating and managing conflict, and address underlying social, environmental and economic drivers.
- › **Build a diverse coalition of actors—humanitarian, development, private sector and Government—to address the multi-faceted challenges at both local and subregional scales.** Siloed interventions in this complex region will be fundamentally limited in impact. Immediate actions should be grounded in a common vision for development and peace investments that are nuanced for the subregional dynamics. With international actors and donors looking more to the area, it is an opportune time to build combined action for an integrated approach to strengthening longer term food security, economic prosperity and foundations for peace.

The Kano-Katsina-Maradi Corridor

Intertwined Social, Economic and Environmental Systems

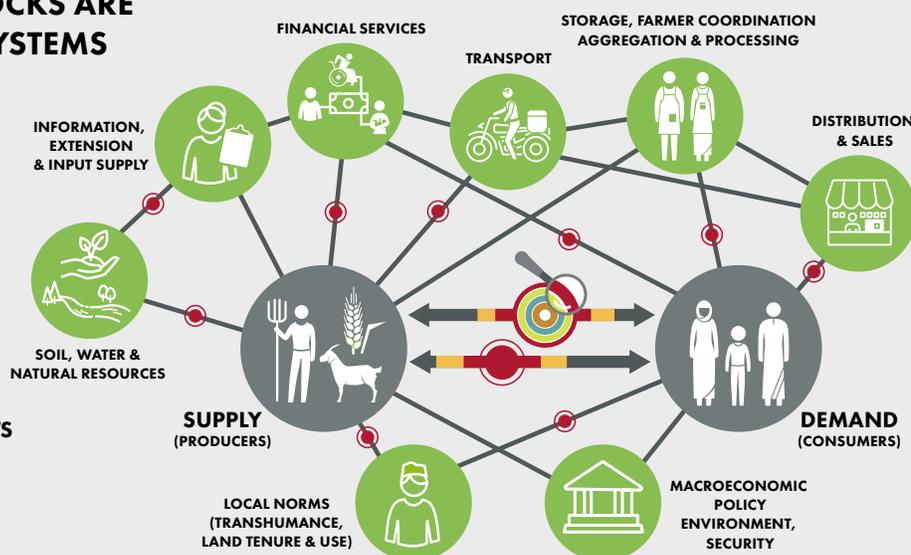
SHARED DEVELOPMENT CHALLENGES	INTEGRATED SOCIAL, ECONOMIC & CULTURAL SYSTEMS
<p>Demographics - Majority of the population is poorly educated, socio-economically vulnerable, and subject to some of the highest demographic pressure in the world. Niger has the birthrate of 6.8 births per woman (2019), the highest in the world, nearly matched by 6.6 in the northwestern states of Nigeria. High levels of illiteracy.</p> <p>Livelihoods - Weak diversification of livelihoods, vast majority (+80%) of the population reliant on natural resources (subsistence agriculture or pastoralism) for food and income</p> <p>Environmental strain - Climate change-related environmental shocks are contributing to the deteriorating quality of resources precisely at a time when demand has never been higher</p> <p>Governance - Different administrative structure but shared experiences of corruption, weak service provision and poor access to justice on a regular basis contributes to fertile ground for insecurity</p>	<p>Socio-cultural ties - Transfrontier region dominated by i) Muslim, Hausa-speaking population and ii) more nomadic Fulani pastoralists, both with long-standing familial and cultural connections across the border that contribute to and are reinforced by commercial ties between Niger-Nigeria.</p> <p>Cross-border trade - One of West Africa’s oldest and strongest international trade corridors, pre-dating the Sokoto Caliphate. Strength of historical ties are reflected in the volume and cross-border integration of commerce in the area, both formal and informal. Trading circuit is focused on the movement of staple food items—millet, maize, sorghum, cowpea—and livestock. When functioning properly, can serve to buffer food price shocks on both countries, move supply surpluses to areas of local deficit, and create and maintain jobs across rural and urban areas.¹²</p> <p>Spillover of insecurity - Households fleeing conflict in Zamfara and Sokoto are flowing into both Kano and Katsina (IDPs) and across the border into Maradi (refugees). Widespread evidence of strain on local markets and systems. Worsening insecurity in all areas.</p> <p>Rising humanitarian needs - Maradi shelters the largest concentration of Nigerian refugees in the country, hosting over 80,000 persons. Nigeria’s northwest contains an estimated 420,000 IDPs, with over half of these IDPs currently estimated to be sheltering in Kano and Katsina States either in informal settlements or spread within host communities.</p>

COMPOUNDING SHOCKS ARE DISRUPTING FOOD SYSTEMS

- **ONGOING ECONOMIC STRESSES**
 - CURRENCY DEVALUATION
 - INFLATION
 - BORDER CLOSURE
 - COVID-19

- **RECURRENT, PROTRACTED SHOCKS**
 - RISING INSECURITY
 - CLIMATE CHANGE

- **UKRAINE CONFLICT IMPACTS**
 - FOOD PRICE INCREASES
 - FUEL PRICE INCREASES
 - FERTILIZER SHORTAGE, PRICE INCREASES



The key findings of Mercy Corps fieldwork in this corridor, as well as a summary of the identified shocks and stresses, are provided below.

SHOCK	IMPACT ON MARKETS, VULNERABILITY
<p>Rapid rise in fuel prices in Nigeria and Niger - National (production and refinery issues in Nigeria) & global drivers</p>	<p>Large and multiple ripple effects including fuel scarcity. Raises operating costs across the board, nearly all market actors effects. Transporters most affected; their increased operating costs are passed on to producers, suppliers, traders, processors and others. Transporters are less willing/able to service rural off-take markets given the increased distance and costs (as well as insecurity and lower production).</p>
<p>Global decrease in the supply of NPK fertilizer (and key components) - +30% increase in the global price of fertilizer</p>	<p>Fertilizer in K2M primarily comes up from coastal Nigeria, either local production or through the ports. The increased global prices are i) reducing imports and ii) causing local producers to look towards the more profitable global markets compared to K2M, decreasing availability of fertilizer supply. The supply shortages are contributing to price spikes (200+%) and increasing risk of counterfeit products (adulterated fertilizers) trying to capitalize. The shortage/growing unaffordability of fertilizer affects smallholder farmers the most, reducing their yields and reducing profits.</p>
<p>Global food price increases - Russia/ Ukraine conflict has raised global food prices to their highest levels since 1990</p>	<p>Elevated prices for most-affected food items (wheat) worsen household level food insecurity. Prices for other staples (millet, maize, sorghum) are increasing as consumers turn more to them as alternatives. Contributes to worsening food insecurity for all households in Kano, Katsina and Maradi; greater economic insecurity, as higher and higher percentages of household budgets being spent now on consumption; wide knock-on effects.</p>
<p>Climate - Late onset of rains in 2021, dry spells and early cessation of rains</p>	<p>Reduced per-hectare yields for key staple crops (millet, maize, sorghum, cowpea). Reduced production in 2021. Reduced supply of staple foods on local markets, contributing to higher prices.</p>

<p>Insecurity - Fragmentation of rural markets—off-take markets harder to access by both traders and producers</p>	<p>Producers having trouble accessing accurate/recent market information (prices), accepting lower prices. Producers, less able/willing to bring goods to market themselves, have trouble accessing market information and are accepting lower prices. Transporters struggle to aggregate rural off-take efficiently (smaller orders, need to fill piecemeal). Leads to further travel -> increased risk + operating costs (combined with heightened fuel costs & increase in checkpoint located extortion) -> results in lower profit margin for traders, and therefore reduced price offered to farmers.</p>
<p>Insecurity - Increased risk of local banditry, theft, destruction of household-level food stocks</p>	<p>Producers in insecure areas are reducing utilization of storage, selling off the majority of production immediately after harvest to reduce risk. Leads to reduced household income and lower food security. Traders and transporters traveling to and from rural markets for the off-take of production normally carry high amounts of cash with them. This reliance on physical cash places all actors at increasing exposure to theft or worse, to the extent that transporters and traders in Nigeria have stated they have stopped servicing certain rural markets as the economic risk would be too high.</p>
<p>Insecurity - Population movement from insecure areas—influx of IDPs, refugees to K2M</p>	<p>Increase strain on natural resources, contributing to intra-community natural resource-based conflict (more acute in rural areas of influx). Increased demand for market-based food purchases; contributing to rising prices. Increased strain on already weakened local government services—rising host community/IDP tension (more acute in urban/camp-like settings like in Maradi).</p>
<p>Insecurity - Increased financial risk for investment in K2M</p>	<p>Decreased willingness of formal and informal financial institutions to i) lend capital to producers, traders and transporters (worsens structural challenge facing local producers (access to capital)) and ii) support insurance products.</p>
<p>Insecurity - Reduction in volume of cross-border transhumant livestock movement</p>	<p>Erosion of prior symbiotic land-sharing practices—e.g. manure spreading arrangements, oxen for plowing—contributing to land degradation, lower yields, and lower household level income for producers. Reduction in positive socio-economic interactions, which contributes to weakened inter-group trust and helps spread misinformation, stigmatization and suspicion.</p>
<p>Border closure (2019 to April 2022) - Border closed by the Government of Nigeria in 2019 to movement of major food items. Protectionist policy intended to increase Nigerian production. Only re-opened in April 2022.</p>	<p>Interruption in two-way flow of food staples between Maradi and Kano/Katsina, contributing to higher prices in both regions. Some select groups/sectors were benefiting from the closures—notably rice producers and processors—but the positive effects were unevenly distributed both geographically and by group. Harm to trader and transporter livelihoods involved—some have been able to reorient to greater domestic east-west trade, but not all. Transporters taking longer or riskier routes (including informal smuggling), raising transport costs that cascade back to consumers. Increased smuggling between countries contributes to the flow of illicit goods (small arms) and other products; supports political economy of conflict for NSAGs/Bandits by providing them with resource/taxation base. Missed tax revenues for State. Widespread conflict implications.</p>
<p>Devaluation of Nigerian currency (Naira - NGN) - Widening gap between the Naira and the CFA of Niger and neighboring countries</p>	<p>Reduced purchasing power by consumer and market actors in Nigeria. Increased prices for any inputs/goods connected to regional or global markets (e.g. supply of urea for fertilizer manufacturing or food staples). Devalued currency attracts regional and international buyers for Nigerian staple food items (good deal for Sahelian traders) especially in northern Nigeria as border remains open to exports. Contributes to increased demand for Nigerian production, raising prices, and supply departing already food insecure areas of Nigeria.</p>

Inflation - Widespread inflation across both Niger and Nigeria	Price of living is increasing, placing the budgets of vulnerable households under immense strain. Reduced purchasing power and contributes to negative coping strategies and frustration with governance.
Health - Latent effects of COVID-19 still being felt—depleted household savings	Many localities became cash-strapped during COVID-19, using their reserves for food purchases, priority investments in livelihoods and keeping children in education. The result is that as conflict has worsened, the typical household in the area was already economically weakened and with less available resources to mitigate the new shocks.

Endnotes

- 1 Nigeria - Displacement Tracking Matrix, IOM, September 2021. Niger—Humanitarian Needs Overview, 2022
- 2 Four Mercy Corps Nigeria team members with mixed specialties (expertise in the cereal value-chain, livestock, conflict and governance) covered the Kano and Katsina—including the Dawanau International Grain Market in Kano State and the Jibia border crossing in Katsina. Three Mercy Corps Niger team members with specialization in agriculture, livestock and development covered Maradi as well as complementary federal-level KIIs in Niamey. 43 field interviews were held across the regions, each averaging 2-3 hours.
- 3 FEWS NET Global Price Watch, January 2022
- 4 In Niger, the number of people in severe acute food insecurity (phase 3-4 of the Harmonized Framework) has more than doubled between 2021 and 2022, rising from 1.2 to 2.5 million people during the period from October to December, i.e. 107% year-on-year increase (Harmonized framework November 2021). In Nigeria, Crisis (IPC Phase 3) outcomes are ongoing in the northwest, and it is expected that in the worst conflict-affected areas households are facing wide food consumption gaps and elevated acute malnutrition levels and are in Emergency (IPC Phase 4), trends only expected to worsen.
- 5 These restrictions, combined with Nigeria's devalued currency (the Naira) that drew in Sahelian high numbers of traders, contributed to an exodus of supply from northern Nigeria precisely at a time when demand amongst food insecure households was spiking. As put by a KII respondent from Katsina, "what we produce in the country is not sufficient at all to meet the consumption rate of people, and still these goods are being exported, which brings about scarcity and a hike in prices."
- 6 Mercy Corps' Key Informant Interviews, March-April 2022; and Nigeria 2021 Satellite Imagery Analysis, Cropland change analysis in hard-to-access areas, WFP.
- 7 "Some years back we could go to the markets where we buy goods twice or even three times a week... it's no longer like that. We hardly get to visit the same markets in a week due to the security challenges in the country [and] many people no longer access their farms. This brings about reduction in farm produce and no goods in the market" - KII Interview March 2022, trader, Nigeria
- 8 FEWS NET, Niger Food Security Brief, May 2014
- 9 This paradoxical trend—low income for producers at a time when global prices had never been higher—was most acute in the insecure areas where smallholder producers i) faced the highest pressure to sell immediately after harvest due to fears of theft/conflict loss (which traders know and use); ii) have the most information challenges, lacking up to date information on market prices, and c) have the higher costs faced by the transporters and traders that still access the rural off-take markets (their dramatically increased operational costs for the heightened number of checkpoints, risk and fuel prices) passed on to the producers in the form of lower purchase prices.
- 10 <https://tradingeconomics.com/nigeria/imports/ukraine>
- 11 In Niger, the number of people in severe acute food insecurity (phase 3-4 of the Harmonized Framework) has more than doubled between 2021 and 2022, rising from 1.2 to 2.5 million people during the period from October to December, i.e. 107% year-on-year increase (Harmonized framework November 2021). In Nigeria, Crisis (IPC Phase 3) outcomes are ongoing in the northwest, and it is expected that in the worst conflict-affected areas households are facing wide food consumption gaps and elevated acute malnutrition levels and are in Emergency (IPC Phase 4), trends only expected to worsen.
- 12 Nigeria's Booming Borders—The Drivers and Consequences of Unrecorded Trade—Chatham House, Dec 2015

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