FEED THE FUTURE

The U.S. Government's Global Hunger & Food Security Initiative

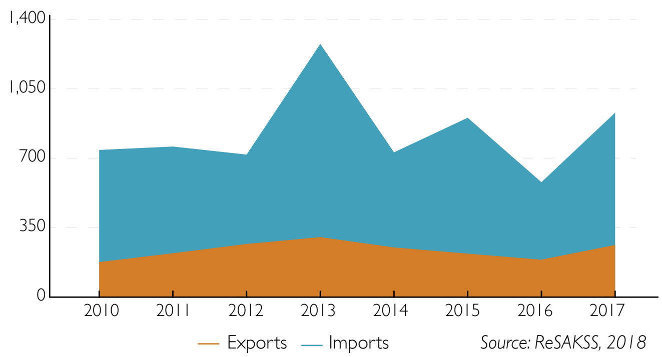
FEED THE FUTURE ENABLING ENVIRONMENT FOR FOOD SECURITY PROJECT

Intra-African Agriculture Trade Improvement Scorecard: Nigeria

In June 2014, African Union member states committed to a set of goals in the Malabo Declaration that included tripling intra-African agricultural trade by 2025. As reported in the African Union's 2018 Inaugural Biennial Review Report, Nigeria is not on track to tripling trade, but it is on track to establish trade policies to meet the Malabo Declaration targets.

AGRICULTURE FORMAL TRADE FAST FACTS

Nigeria Intra-African Agriculture Trade, USD, Millions



Source: ReSAKSS, 2018

Key Ag Commodities (2016)

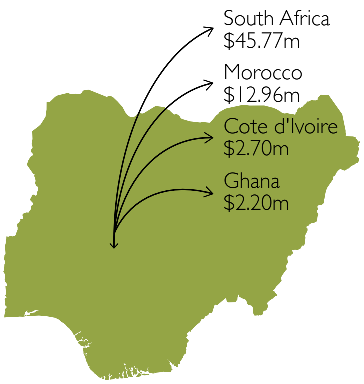
Intra-African Imports:

- Spices, $1.79m
- Tea, $14.8m
- Apples, $41.67m

Key Intra-African Exports:

- Oil seed flour, $9.27m
- Spices, $7.54m
- Oil seeds, $5.54m

Key Trading Partners (Net Trade)



This scorecard compiles publicly available data related to four key trade determinants from the Regional Strategic Analysis and Knowledge Support System's (ReSAKSS) Africa Agriculture Trade Monitor 2018 report, including (1) production capacity, (2) the cost of trade, (3) institutional efficiency, and (4) trade policies. The bases of comparison for these indicators are Feed the Future or sub-Saharan African (SSA) countries, as indicated. The coloring of the indicators below designates the country's performance in this area relative to its peers. A green score indicates higher-than-average performance; a yellow score indicates average performance, with room for improvement; and a red score indicates below average performance, with a serious need for improvement. For more on indicators, see here.

PRODUCTION CAPACITY

- 🔴 Fertilizer use
- ⚫ Improved seed varieties [no info]
- 🟢 Machinery standards
- 🟡 Mobile phone penetration
- 🟡 Digital payments
- 🟡 Rural electrification

PRODUCTION CAPACITY (factors that affect the level of supplies) is determined by resource endowments and other technological and institutional factors that enhance productivity. Nigeria's harvests are hindered by low rates of fertilizer use (Nigeria is near the bottom, ranking 20th out of 34 SSA countries). Nigeria is one of four SSA Feed the Future countries to impose quality and safety standards on tractors, and it is the highest-scoring country in this classification on the World Bank's Enabling the Business of Agriculture tractor testing and standards indicator, receiving a 5.7 (out of 8). Although Nigeria boasts medium-high rates of mobile phone penetration (0.83 mobile lines per person), only about 30 percent of adults send or receive digital payments — slightly below the SSA average of 34 percent. Additionally, only 41 percent of the rural population has access to electricity to power lights, pumps, and equipment.

COST OF TRADE

- 🟡 Road connectivity
- 🔴 Quality of roads
- 🟡 Perceptions about infrastructure
- 🔴 Truck licensing
- 🔴 Cross-border transport licensing
- 🔴 Domestic transport costs

USAID FROM THE AMERICAN PEOPLE

COST OF TRADE. Good roads and an efficient trucking system make it easier and cheaper to import and export food. Nigeria appears to have a well-connected but poorly maintained road network. Although the World Economic Forum's (WEF) Road Connectivity Index gives Nigeria a decent score of 66.6 (out of 100), the WEF quality of roads indicator rates it poor, with a score of 23.4 (of 100). On the positive side, Nigeria scores a 2.53 (out of 5) in users' perceptions about its infrastructure under the World Bank's Logistics Performance Index. This is slightly above the SSA mean of 2.49. Poor scores on the EBA truck licensing indicators (3.5 out of 11) and on the EBA cross-border transport licensing indicators (a 5 out of 9) indicate that Nigeria may be limiting competition (and spurring prices) in transport services through onerous licensing and permitting requirements. The World Bank's Doing Business Trading Across Borders (2018) calculates standardized domestic transport costs to be $1,650 for both exports and imports — some of the highest among SSA Feed the Future countries.

INSTITUTIONAL EFFICIENCY

- 🟡 Competitive business environment [no data]
- 🟢 Agricultural finance
- 🟢 Secured lending
- 🟡 Private international legal instruments
- 🔴 Export border regulations
- 🔴 Export document compliance
- 🔴 Import border regulations
- 🔴 Import document compliance
- 🟡 WTO Trade Facilitation Agreement

INSTITUTIONAL EFFICIENCY refers to the ease of doing business in relation to agricultural trade. Nigeria has a somewhat competitive domestic market, scoring a medium 52.4 (of 100) per the WEF's product market efficiency indicator. Nigeria ranks eighth among SSA countries examined by the EBA finance indicator, with high marks in access to branchless banking and e-money index. On secured lending, Nigeria receives 10 (out of 12) points for secured lending derived from the World Bank's Strength of Legal Rights Index. Nigeria has only ratified three of seven important private international legal instruments, including the New York Convention and the United Nations Commission on International Trade Law's Model Law on International Commercial Arbitration.

The Nigerian trade regime is cumbersome for both exporters and importers. The Doing Business Trading Across Borders indicators calculate that exporters spend 135 hours to comply with export regulations at the border (SSA median of 78 hours) and spend 131 hours to complete documentation (SSA median of 69 hours). Importers spend 284 hours to comply with import regulations at the border (SSA median of 97 hours) and 173 hours to complete documentation (SSA median of 76.5 hours). Furthermore, Nigeria's customs and border agencies lag behind those of its peers in undertaking commitments under the World Trade Organization's (WTO) Trade Facilitation Agreement, fully notifying commitments to only four of 16 articles important for agricultural trade.

TRADE POLICIES

- 🟡 Average weighted agricultural tariff
- 🔴 Import and export bans recently enacted
- 🟡 Trade facilitation performance
- 🟡 Export licensing

TRADE POLICIES include measures aimed at protecting trade. Nigeria's average weighted agricultural tariff is at 15.7 percent, which is the 22nd highest among 35 SSA countries. Nigeria is protecting domestic producers through import bans on poultry, beef, pork, sheep, goat, and offal in 2018. The OECD Trade Facilitation Index, which measures the performance of border procedures and policies, gives Nigeria an overall score of 0.82 (out of 2.00), putting it slightly above the SSA mean of 0.70. Even so, it is making improvements in fees and charges, documents, and automation, thus meeting the goals set forth in the African Union's 2018 Inaugural Biennial Review Report. The EBA export licensing metric gives the country a relatively good 4 (out of 5) points, the single detrimental point taken for requiring cocoa exporters to be members of a specific organization.

THE AFRICAN UNION'S 2018 BIENNIAL REVIEW REPORT

- 🔴 Tripling intra-African trade
- 🟢 Establishing intra-African trade policies and institutions

BIENNIAL REVIEW REPORT 2018. The African Union's 2018 Inaugural Biennial Review Report measured member countries' progress toward achieving the Malabo Declaration's goals. To be considered on track for tripling intra-African trade, countries should have reached the minimum of 20 percent in growth rate increase. Nigeria did not meet this threshold. To be considered on track for establishing intra-African trade policies and institutions, countries are rated by the OECD Trade Facilitation Index. To be considered on track, countries need to reach a cumulative score of 10 points when adding together points given for each of the 10 sub-indicators comprising trade facilitation performance. Nigeria has met this threshold.

Developed in 2018.

The Feed the Future Enabling Environment for Food Security project is a global mechanism designed to assist Feed the Future focused and aligned Missions as they address legal, institutional, and market constraints affecting food security. For more information, contact Lourdes Martinez Romero (COR) at lmartinezromero@usaid.gov or Nate Kline (COP) at nkline@fintrac.com.