



THE SBM
JOLLOF
INDEX Q2



A STITCH
IN TIME
**SAVES
NINE**



JULY 2022




DISCLAIMER

The data contained in this report is only up-to-date as of Wednesday, 29 June 2022. Some of it is subject to change during the natural course of events. SB Morgen cannot accept liability in respect of any errors or omissions that may follow such events that may invalidate data contained herein.

Our researchers employed methods such as one-on-one interviews and desk research to collate the available data. Our editors sifted through the data and prepared the report, using various proprietary tools to fact-check and copy-edit the information gathered.


Our publicly released reports are formatted for easy and quick reading, and may not necessarily contain all the data that SB Morgen gathered during a given survey. Complete datasets can be made available on request.

All forecasts were built using data from a variety of sources. A baseline of accurate and comprehensive historical data is collected from respondents and publicly-available information, including from regulators, trade associations, research partners, newspapers and government agencies.


-  [Sbmintel.com](https://sbmintel.com)
-  info@sbmintel.com
-  [@sbmintelligence](https://twitter.com/sbmintelligence)
-  [Facebook.com/sbmintel](https://www.facebook.com/sbmintel)

INTRODUCTION


Food insecurity is a significant problem many Nigerians are currently fighting. The drivers of the problem are complex and multidimensional in nature, hence it has the capacity to get deeper if the government does not put preventive measures in place.



These key drivers range from fuel scarcity, poor electricity and storage, and protracted insecurity to reactionary control policies, amongst other issues. Our previous Jollof Index highlighted the issues and recommended viable solutions, but things have remained almost entirely unchanged.



The government has not responded to previous warnings about the dire situation and in effect, the country struggles with emerging issues that compound the problem of food insecurity, such as flooding and climate variability.



As of May, food inflation rose to 19.5% and no efforts have been made to prevent 19.4 million people from facing a food crisis by next month¹. The food security crisis

in Nigeria may deepen further if internal fuel scarcity issues remain unsettled and countries who export some of Nigeria's staples adopt protectionist² policies against the impact of the Russia/Ukrainian war which has affected global food supplies.

Nigerians now discuss food prices in much the same way as the British discuss the weather. People voice their worries about not having enough food to eat, having to skip meals, reduce portions, quality and options.

While these discussions have recently penetrated policy circles, they are not priority discussions as next year's elections have sucked the air out of the room. With these issues, the SBM Jollof Index tells the story of changing food prices in Nigeria by using jollof rice, a delicacy common in all parts of the country. The Jollof Index is curated from the most common ingredients used to prepare a pot of jollof rice. The data is collected monthly from 13 markets across Nigeria's six geopolitical zones, with the exception of December, which has seasonal price surges due to year-end celebrations.

“
Nigerians now
discuss food
prices the same
way the British
discuss the
weather

¹19.4 million Nigerians to face food insecurity by August 2022 – FAO | Premium Times Nigeria

²Global food prices are soaring. Rice could be next | CNBC Africa



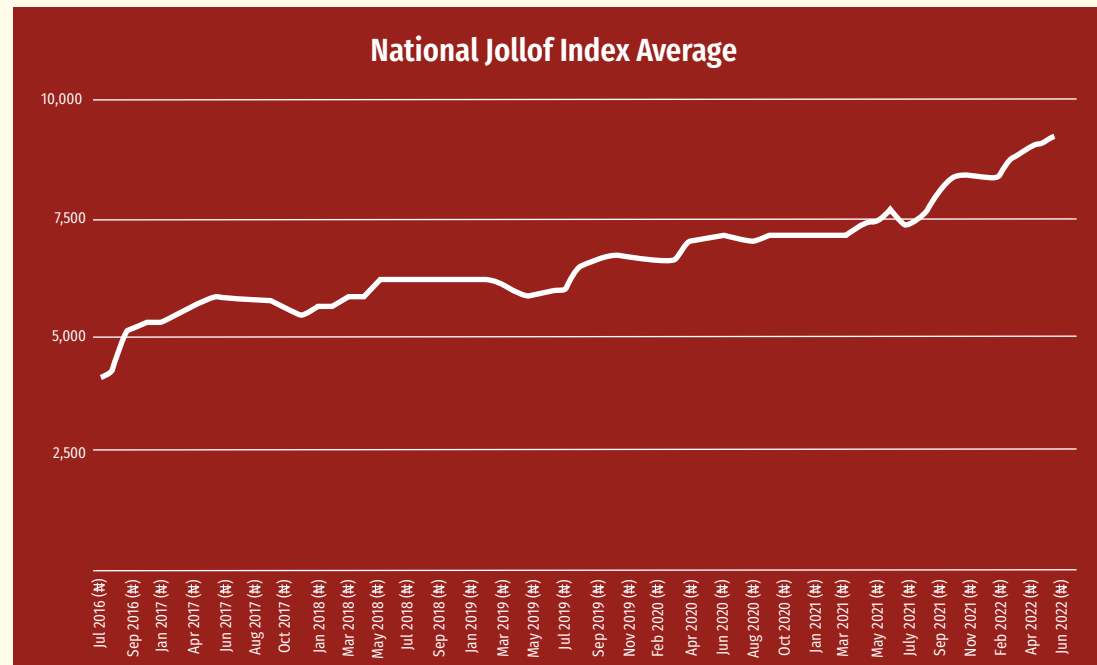
THE SBM JOLLOF INDEX Q2: A STITCH IN TIME SAVES TIME

The cost of making a pot of jollof rice for a family of five (the average family size according to the National Bureau of Statistics) is calculated using the prices of jollof rice ingredients and then used as a proxy to gauge food inflation across the country. The commodities that make up the Jollof Index include; Rice, curry, thyme, seasoning, groundnut oil, and turkey/chicken (poultry), beef, pepper, tomatoes, salt, and onions.

The SBM Jollof Index is released three times a year, at the end of each of the first three quarters. This quarter's Jollof Index adopts a system thinking approach that enables it to examine the broader impact of rising food prices in Nigeria, especially as it relates to health and politics.

NATIONAL AVERAGE

The national average shows that prices continued to rise up till June. Prices of seasoning, curry, pepper, vegetable oil, turkey and onions increased in most markets. The continued increase in prices can be attributed to fuel scarcity, continued foreign exchange restrictions, increased insecurity and the effect of global events, especially the Russia-Ukraine war. In the last few months, there has been fuel scarcity across major cities in the country, and this has had an effect on the cost of transportation and storage of frozen food.



Also, increased Insecurity in both urban and protected areas makes it difficult for farmers to access farmlands away from home and for traders to travel to rural areas for purchases. Whenever they do take these risks, the produce comes at a high cost to the consumers.

Access to forex for certain food items like rice has been restricted, hence rice importers source for dollars at high rates from the parallel market. This in turn affects the price. While there is already a slight increase in the price of rice, the FAO All Rice Price Index³ suggests that there will be a further rise in the price of rice in the coming months as global rice prices increase for six consecutive months. Although Nigeria produces rice domestically, production is below consumption, therefore there is a need to cover the gap through import. Also, insecurity, adverse weather conditions and high operational costs affect the cultivation of paddy rice in Nigeria. Currently, the country imports rice mainly from Thailand and India. While the price of Thai rice did not increase in June, official sources⁴ stated that they are planning to increase prices to benefit their farmers. Other countries are deliberating about restricting export until the global shortage is over, therefore the country needs to store grain and other imports to serve as a buffer for this period. At the moment, rice importation to Nigeria is lower than pre-border closure levels and it is unlikely that the reduction is due to increased internal production. Rather, it seems like neighbouring countries have found an opportunity in importing rice and smuggling it into Nigeria as a result of Nigeria's porous borders. The USDA Foreign Agricultural Service reported⁵ that while rice exports to Nigeria's neighbours (Benin, Cameroun, Niger and Togo) had increased, direct shipment to Nigeria dropped off in recent years. By avoiding direct shipment into Nigeria, the importers end up introducing another level of intermediaries which could add to cost in the long run. Nigeria needs to deliberately plan to store rice effectively in future considering that rice is one of Nigeria's major staples.



“

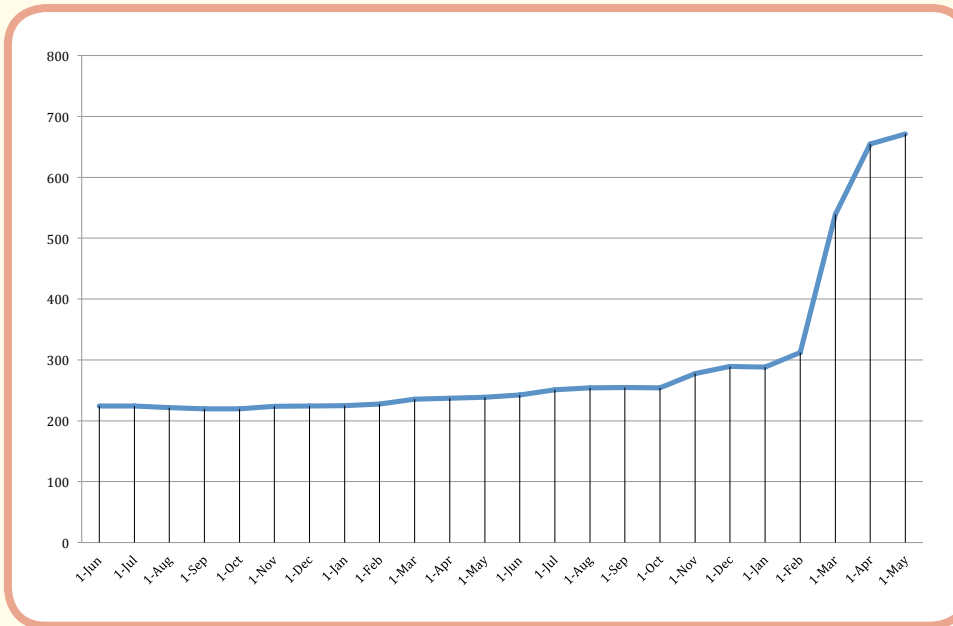
Major producers of grain are contemplating restricting exports until the global shorting is over. Nigeria thus needs to store grain as a buffer during this period

³FAO Rice Price Update

⁴Thailand seeks rice price pact with Vietnam to boost 'bargaining power' | Reuters

⁵Nigeria Grain and Feed Annual 2019 Nigeria's Imports of Wheat and Rice to Rise | USDA FAS

AUTOMOTIVE GAS OIL (DIESEL) PRICES (JUNE 2020-MAY 2022)



SOURCE: National Bureau of Statistics (NBS) Automotive Gas Oil Price Watch reports June 2020-May 2022

NOTE: The average price of diesel for the country is the average price for the 36 states including the FCT.

“

Nigerians are employing different coping strategies depending on economic status. Traders are rotating who sells what. Buyers are complementing their cooking with flavours to cover for the absence of protein. More people are using electricity to cook when there is power, to save on cooking gas.

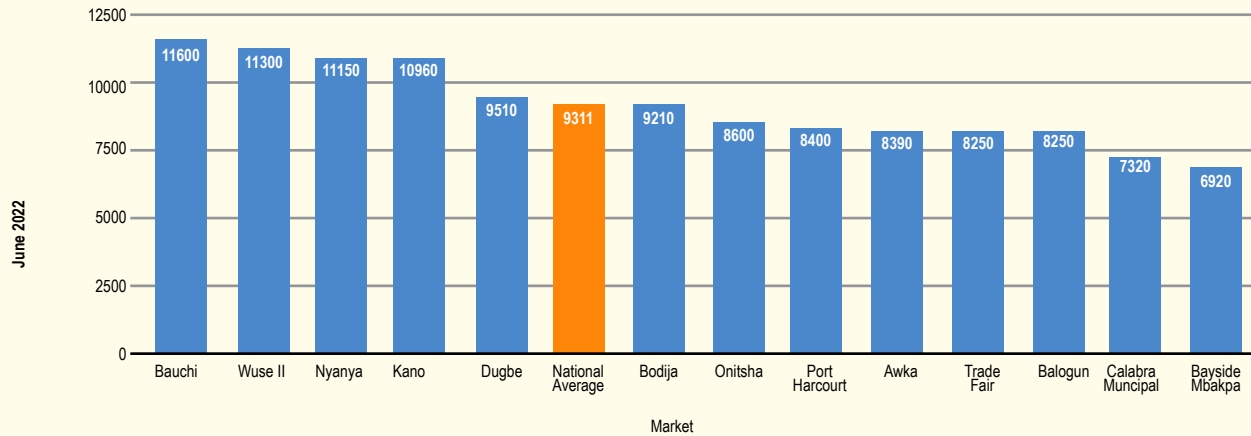
For Instance, one of the traders who explained this phenomenon in a Lagos market explained;

“I sell tomatoes, but it is not my turn to retail it today. There is a rotation, only a number of people are allowed to buy and sell tomatoes for certain weeks. So, if five people have their turn today, next week, it will be the turn of another set of people, like that, like that...”

While these may hold some advantages for traders, such as making sure that too many people do not sell perishable goods per time and run at a loss, it introduces price control. Similar practices that exist include paying levies to the market organisation once a trader purchases in bulk. This practice was confirmed in Bodija market. All of these impact urban food supply and raise food prices.



Markets



The average cost of making a pot of jollof rice went up from ₦8595 to ₦9311 at the end of Q2 2022, an 8.3% increase.

Bauchi had the highest cost at ₦11,600, followed by Wuse II at ₦11,300. The noticeable pattern here is that the Northern states had a higher cost of making a pot of jollof rice despite their farming and livestock rearing occupations. This trend is accounted for by increased insecurity in those states. Traders who purchase from the rural markets are boycotting those areas. Transportation costs have greatly increased, not only because of fuel shortages but also because of the risk involved in travelling those kidnap-infested roads.

Responses from our interviews showed that

Nigerians employ different coping strategies depending on the household's previous economic status, as the gap between the poor and the rich widens. One of the buyers interviewed in the market spoke of how she complements her cooking with different flavours to cover the absence of protein sources like meat and chicken. Protein sources have maintained a high for a while, and this has forced many Nigerians to reduce their dietary requirements. Another customer, a 45-year-old spare part trader said he cooks most of his meals with the electric stove at night so as to save gas.

Nigerians are running out of coping strategies and are in danger of starving if measures are not taken to buffer the effect of the rise in global rice prices.

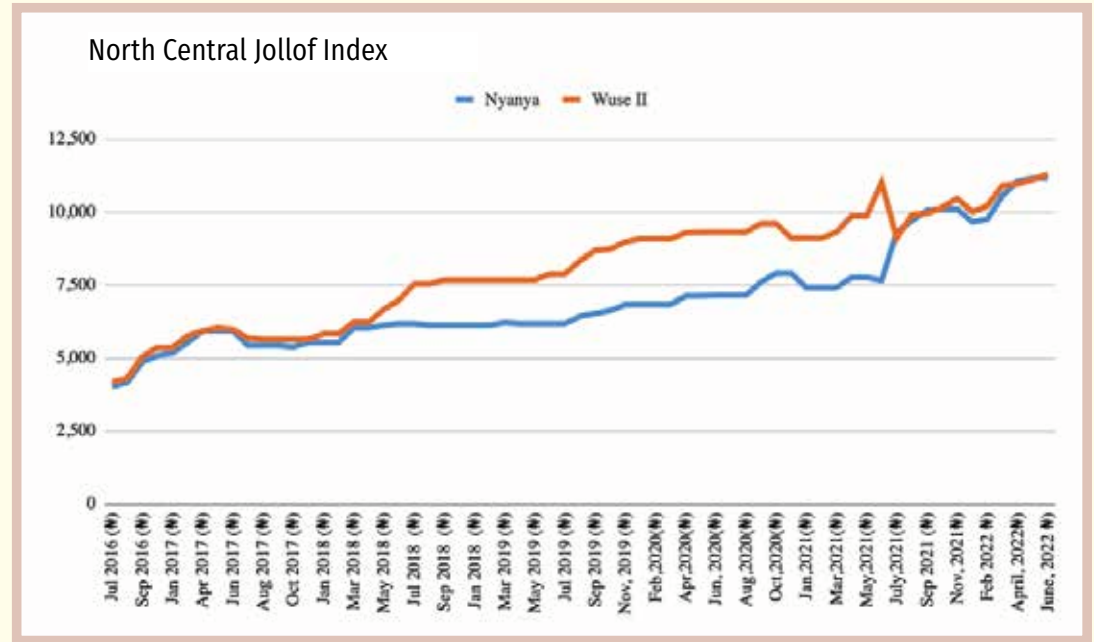


The broader issue with the impending food crisis is its effect on the upcoming elections, as politicians will distribute food items to buy votes. During our interviews, one of the respondents said in a response to a question about collecting election food packages and voting for politicians. “Half bag of rice? ₦17,500? E don buy my vote.”

These are other issues that should be taken into consideration.

Prices have maintained a high in Nyanya and Wuse II markets between April and June. Items that experienced a price increase were curry/thyme, pepper, vegetable oil, onions and turkey. Tomato and beef maintained their prices. A lot has happened in Abuja in the past months, mostly around insecurity.

In May, there was an escalation in Dei Dei market⁶ (building materials market) which led to its closure. The ripple effect is that it creates fear and people become unable to go about their daily activities. Even though these incidents did not take place in the markets where



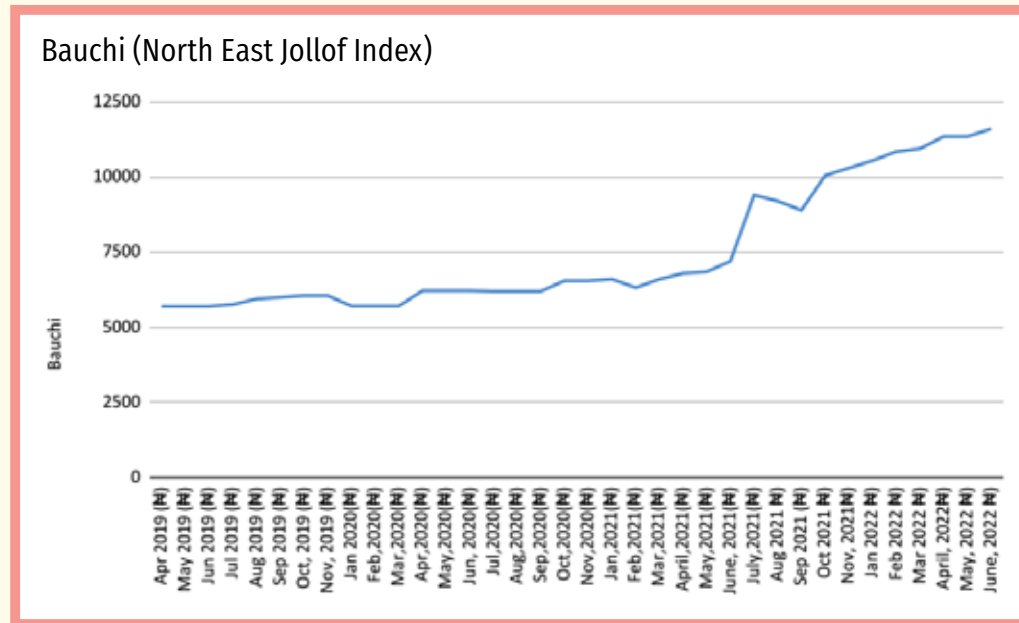
we collect our Jollof Index data, events of this kind disrupt supply chains and tend to increase the price traders pay to transport their wares from farmers. While still dealing with the Dei Dei incident, Kuje Prison⁷ got attacked very recently, leading to the escape of 69 ex-Boko Haram members. This happened at the back of an unresolved train attack with victims still being held hostage and several other kidnap incidents along the Abuja-Kaduna way. All of these affect the supply chain and increase logistics costs. Apart from insecurity, fuel scarcity has persisted⁸ in the city, adding to costs.

⁶Abuja market shut as violence escalates | The Guardian Nigeria News

⁷Kuje prison attackers were led by ex-terrorist inmates who knew every location

⁸Why fuel scarcity persists in Abuja -- Marketers | Premium Times





Bauchi saw slight reductions in April, but then picked up in May and declined again in June. The slight declines are relieving because Bauchi was the only state that did not experience any decline in January and the state has overtaken others as the costliest state to cook a pot of jollof rice in⁹. The prices of rice, seasoning (Knorr) and pepper fluctuated during this period while others remained stable. While rice has not ceased being a staple in the region, there is a clear case of food poverty and the expected food standards have dropped considerably.

It is not surprising because the North-East has gone through 12 years of conflict. Farmers are at risk of getting killed and millions are left with the choice of fleeing across the borders, fleeing down south, staying in IDP camps or negotiating their day-to-day lives with bandits.

While conflict has been a source of hunger vulnerability throughout human history, there seems to be a prospect of food war in the North-East region. Food war is the deliberate weaponisation of hunger as a consequence of armed conflict.

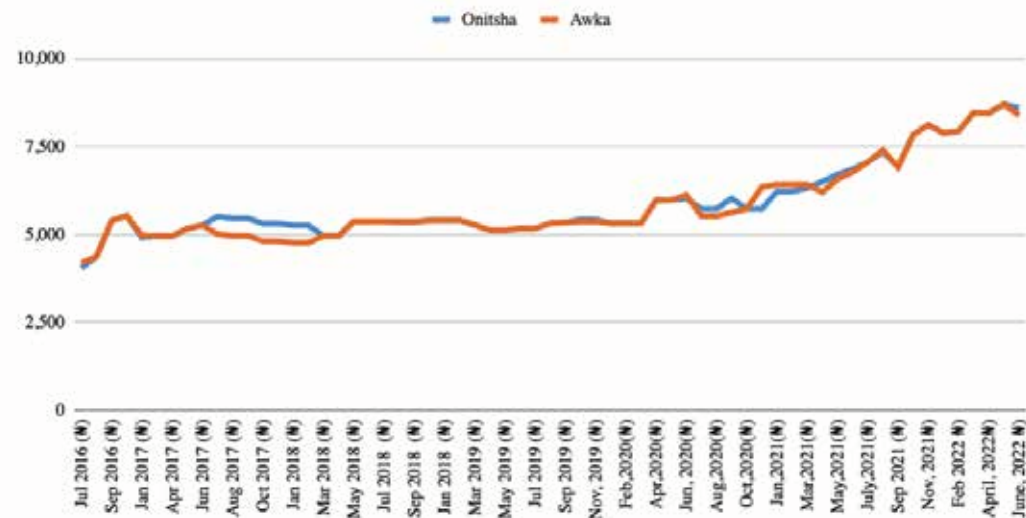
⁹<https://www.premiumtimesng.com/business/business-news/542801-updated-nigerias-inflation-hits-five-year-high-on-surging-food-prices.html>countries | UNICEF

The disruptions of food systems and economies as refugees flee away from conflict in search of food can compound hunger problems.

As of June 2022, the United Nations reported that 4.1 million people in North-East Nigeria are at risk of severe food insecurity¹⁰. It is further projected that among the 4.1 million people who will be food insecure, almost 600,000 people will be at emergency levels, characterised by large food consumption gaps reflected in high acute malnutrition and excess mortality. UNICEF recently warned¹¹ about the impending danger of the global hunger crises and Nigeria was listed as one of the 15 worst-hit countries.

More worrisome is the case of food mortality¹² and the increasing number of severely malnourished children who are at risk of death. About 1.74 million¹³ children under the age of five are expected to suffer from acute malnutrition and over 300,000 are at risk of food mortality if there is no intervention. Rising food prices and dwindling purchasing power affect all regions and states in Nigeria, but in the Northeast, they battle more with the lack of income caused by the protracted years of conflicts. The residents are mostly sustained by humanitarian support and remittances from family members who have fled to neighbouring towns.

South East Jollof Index



¹⁰Daily Noon Briefing Highlights: Nigeria, Yemen, Ukraine, Lebanon, Mozambique | OCHA

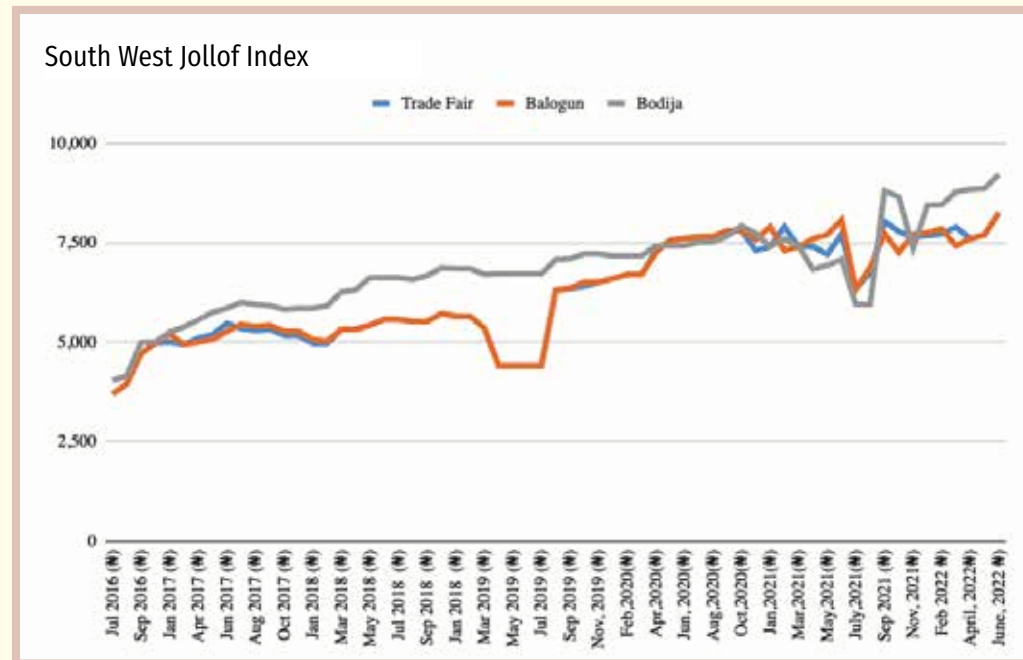
¹¹Global hunger crisis pushing one child into severe malnutrition every minute in 15 crisis-hit countries | UNICEF

¹²Scanlan, S. J. (2003). Food Security and Comparative Sociology. International Journal of Sociology, 33(3), 88-111.

¹³Urgent assistance needed in North-East Nigeria to avert serious food and nutrition crisis | UN

It costs more to purchase ingredients for making a pot of jollof rice in South-East markets than it does in cosmopolitan markets surveyed in Lagos. The region, however, experienced a price decline in the cost of making a pot of Jollof rice between May and June. This is due to fluctuations in the prices of curry, salt, tinned tomatoes and turkey while the prices of tomatoes, vegetable oil and beef remained stable. The tension in the South-east has waned for a while now follow-

ing negotiations with leaders from the region and the IPOB group¹⁴. This accounts for the small decline that is noticeable in the region's index. However, we do not know how sustainable this uneasy peace will be. Other than this, the region also faces other challenges such as fuel scarcity¹⁵ which affects transportation and storage costs, thereby keeping food prices up.



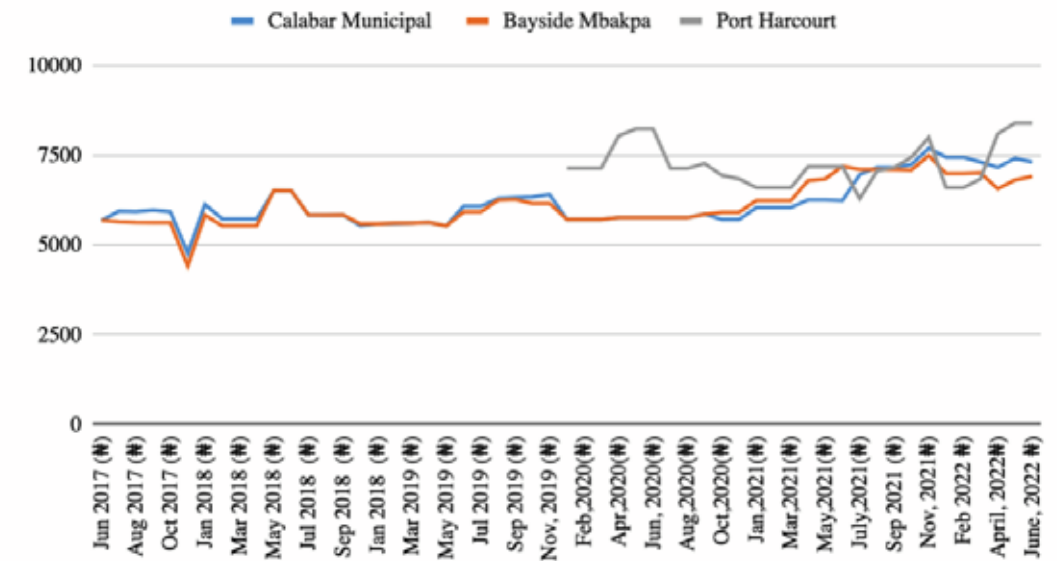
¹⁴IPOB ends sit-at-home order in South-east Nigeria, traditional rulers say | Premium Times
¹⁵We'll no longer guarantee regular supply of petroleum products, says IPMAN South-East - Vanguard News

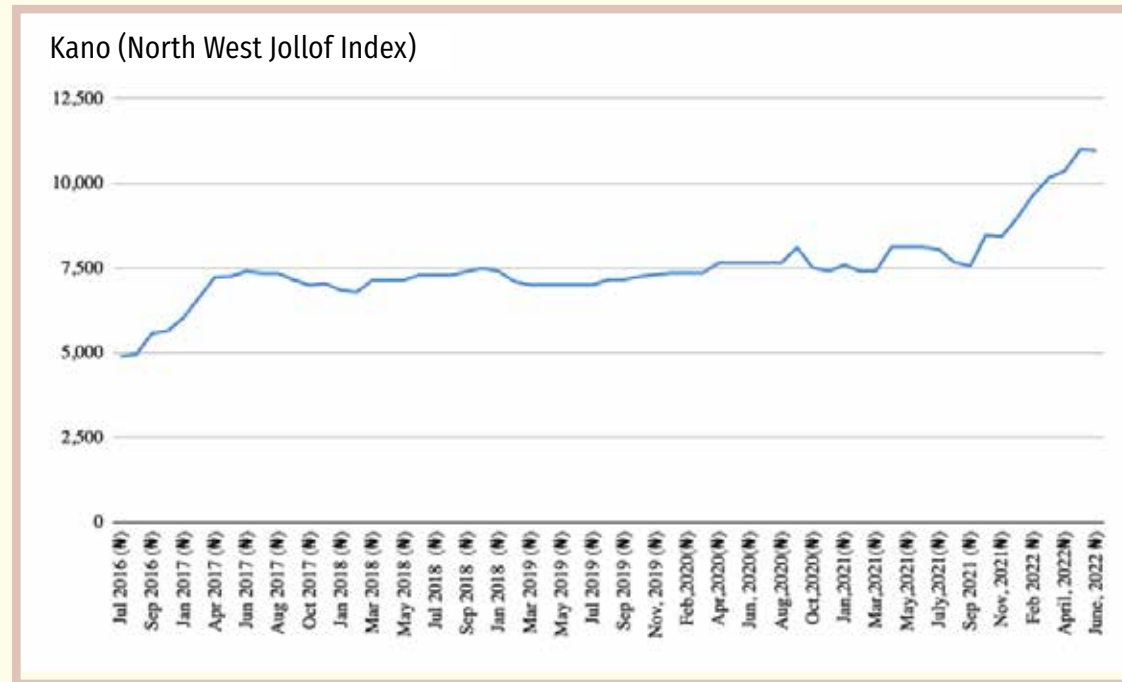
The South-West Index showed price swings and increases in the last three months. Bodija Market experienced a higher increase in price than Balogun and Trade Fair in June. The prices of vegetable oil, onions and beef increased in this region. . Prices were also affected by rising transportation and storage costs as a result of fuel scarcity and the insecurity in the Northern part of the country. While traders and buyers in these markets complained of rising prices, their problem was mostly around reducing their food quality and quantity rather than going without meals like

their Northern counterparts.

In the South-South region, prices of food in Port Harcourt spiked between April and June, while those of Bayside and Calabar Municipal markets rose steadily. While Calabar Municipal's prices declined in June, Bayside's remained high. Rises in the prices of vegetable oil, pepper, seasoning and turkey accounted for the price increase in Port Harcourt. Like in other urban areas, fuel scarcity and blackouts pushed prices up in Port Harcourt.

South South Jollof Index





The Kano Jollof Index maintained a high after the spike in the last quarter but declined slightly in June. Prices of vegetable oil and tomato (fresh and tinned) declined slightly while that of turkey went up. The same problems affecting the other towns also affected Kano - insecurity and increased energy costs.



IMPACT ON HEALTH

Interviews were conducted in 10 states across the country (Abuja, Anambra, Bayelsa, Delta, Edo, Imo, Kogi, Lagos, Rivers and Sokoto.) to examine if the present economic condition has affected the diet of children. That is to say, are children now seen with signs of malnutrition?

Respondents in Sokoto confirmed that children are beginning to show signs of malnutrition in the region. One of the respondents had this to say: “The average Northerner does not care so much about the food he eats or whether the food is a balanced diet. They just make sure there is something in their stomach. They do not care if the food given to the children is balanced as well. The recent economic situation, especially the increase in prices of foodstuff has made the situation worse. So I will say yes, more children are now showing signs of malnourishment. They look pale when they come to school.”

Judging from this respondent’s statement, we can infer that more people have

fallen below the poverty line. A respondent in Kogi, a petty trader, said that her husband, who is a university lecturer, has not been paid his salary for months because of the ongoing ASUU strike, hence the family is struggling to feed. From her point of view, her family can still afford food for now, but she does not know what will happen if the ASUU strike and nonpayment of salaries continue till the end of the year. She also mentioned that children are increasingly being seen in the streets with signs of malnutrition.

Those who hitherto could easily provide their families with three square meals a day are now struggling to keep up because of economic hardship. Some have dropped to two meals, but most have been reduced to one. This was according to a respondent in Edo State. A staff member of the state university in Edo said that he currently has challenges feeding his family as he has not been paid for seven months. According to him, some of his colleagues are suffering the same fate. “So why will you not see children with

“

Increasingly, people don’t care about a balanced diet. They care more about filling their stomachs. As a result, in different parts of the country, we are beginning to see evidence of malnutrition, especially among children.



malnutrition when there is no sufficient money for a balanced diet?”, he asked.

Some of our respondents in Abuja and Lagos said that the present economic condition is not the cause of the signs of malnutrition being seen in some children. According to a respondent, a doctor, many children had not been eating properly for a while, so the current economic situation reflected by the continuous rise in food prices only serves to compound what was already an issue. He further explained that prior to now, poor Nigerians have been having issues with their diet, but those who were getting along could begin to show signs of malnutrition.

A teacher in Port Harcourt said that she observed that her students have been coming to school with

reduced rations of food and snacks.

“Some don’t even come with food or snacks at times, and the food that some of the poorer children bring to school does not look nutritious.” She noted that the poor kids she teaches have been losing weight lately.

The responses from Anambra, Bayelsa, Delta and Imo states were not any different. Respondents in these states all noted that said that malnutrition in children is now more obvious than before.



A teacher in Port Harcourt said that she observed that her students have been coming to school with reduced rations of food and snacks.



INSIGHTS

A stitch in time saves nine. In this quarter's Jollof Index, food prices remained high mainly because of insecurity and fuel scarcity. Things will likely go worse if the government does not immediately step in to remedy these challenges. From the interviews we conducted, it is clear that many Nigerians are devising several coping strategies to deal with the constant increases in food prices. For many, their income levels have remained the same, hence the purchasing power of their income has largely been eroded by the continuous price hikes. The result of this is that more people are slipping below the poverty line. Not only that, many are compromising their health as they choose food quantity and availability over quality and necessary dietary requirements.

A housewife in Port Harcourt said she no longer uses eggs to make her egg sauce because of the high cost of eggs. A single egg sells for ₦80 as against ₦50 as of January this year, and ₦40 when SBM added Port Harcourt to the JI at the start of 2020. She now has to use only fresh tomatoes to make a sauce for her children to eat yams because she cannot afford to buy six eggs at the price of ₦480 instead of ₦300.

Another respondent, a 50-year-old restaurant owner explained that she supplements her inability to buy enough proteins with flavours. According to her, "Nobody plays with chicken or turkey these days, so you have to buy plenty of flavours, depending



Expected prices for select items May 2023

The most recent NBS report shows inflation maintaining a "galloping trend". Overall inflation is at 17.7%, mostly driven by food inflation. Inflation in Nigeria is already one of the highest in the world, and the World Bank estimates that by the end of this year, it is likely to push an additional one million Nigerians into poverty. This chart shows the expected prices of some everyday items by the end of May 2023 if the current inflation rate remains the same.

19.50% <p>May 2022 ₦8,007.50 May 2023 ₦9,568.96</p>	15.20% <p>May 2022 ₦3,500.00 May 2023 ₦4,032.00</p>
19.40% <p>May 2022 ₦4,750.00 May 2023 ₦5,671.50</p>	15.00% <p>May 2022 ₦83,000.00 May 2023 ₦95,450.00</p>
16.90% <p>May 2022 ₦21,600.00 May 2023 ₦25,250.40</p>	14.70% <p>May 2022 ₦20,000.00 May 2023 ₦22,940.00</p>
16.40% <p>May 2022 ₦10,900.00 May 2023 ₦12,687.60</p>	13.80% <p>May 2022 ₦60.67 May 2023 ₦69.04</p>
15.30% <p>May 2022 ₦15,000.00 May 2023 ₦17,295.00</p>	11.00% <p>May 2022 ₦1,000.00 May 2023 ₦1,110.00</p>

Data source: NBS, SBM Intelligence

on what fits your food, whether goat meat flavour, chicken flavour, masala curry and all that stuff, they cover up for the taste.”

These women are not alone in their resort to changing their consumption habits to meet up with the current economic realities. They reflect the plight of many Nigerians. Like the restaurant owner, many businesses have had to make different changes that might be unhealthy just to remain profitable and keep their patrons satisfied.

However, the danger in such changes is that many children now suffer malnutrition while many others might develop other severe health conditions besides from malnutrition which rises from using artificial sweeteners which are detrimental to human health. It is needful to say that malnutrition and food mortality has a devastating effect on children under the age of five.

The government needs to rise to the occasion now more than ever before. A good place to begin is to decisively tackle the challenge of fuel scarcity and improve the storage of agricultural products in the immediate short term and also for the future to avoid a deeper food crisis.

This food storage is critical now, especially for rice which is one of Nigeria’s major staples. Currently, there is a probability of increased rice prices following the rise in international rice prices. If this happens and both Thailand and Indian rice that Nigeria

imports to substitute for domestic consumption is affected, the country will be faced with a deeper food crisis than there currently is. The situation will be even grimmer should these countries adopt protectionist policies to maintain food supply for internal domestic consumption while negotiating the effects of the Russia/ Ukraine war.

It is important that the government tackles insecurity while also boosting domestic food production. The federal government needs to assist states that are rich in producing certain major agricultural products. All concerned actors should ease the supply chain to avoid unnecessary bottlenecks involved in the distribution and supply of some food items. Agencies in charge should also check price control and hoarding to ensure that producers, wholesalers and retailers do not exploit the masses in the name of food shortage.

While we consider these recommendations viable, the possibility of weaponising hunger to win elections might be a major barrier that will hinder the government from getting to work. As the political tempo rises, we can only hope that conversations around Nigeria’s food crisis will become a priority at decision tables.

“

SBM Intelligence added Port Harcourt to our Jollof Index at the start of 2020. At the time, a single egg cost ₦40 in the city. Two years later at the start of 2022, it cost ₦50. In six months, the price of that egg has gone up to ₦80.





ABOUT SBM

SBM Intel is an Africa-focused geopolitical research and strategic communications consulting firm focused on addressing the critical need for political, social, economic and market data, and big data analytics. We employ various methods of data collection. Our Data Collection Methodology team advises on data collection methods for all ONS social and business surveys. With clients both within the business and the wider government community, we aim to provide expert advice on data collection procedures and carry out research leading to improvements in survey quality.

Since 2013, we have provided data analytics and strategic communication solutions to clients across various sectors in Nigeria, Ghana, the Ivory Coast, Kenya, South Africa, the UK, France and the United States.