

Bebor Nutrition Program Costs: inflation vs. currency depreciation

Date	US\$ cost	Naira/US\$ exchange rate	% of baseline figure
Aug. 2020	8,800	382	100
Feb. 2021	8,550	388	97.16
Sep. 2021	9,400	388	106.82
Feb. 2022	9,490	388	107.84
Aug. 2022	9,475	388	107.67
Feb. 2023	12,090	458	137.39
Aug. 2023	7,625	769	86.65
Feb. 2024	6,000	1515	68.18

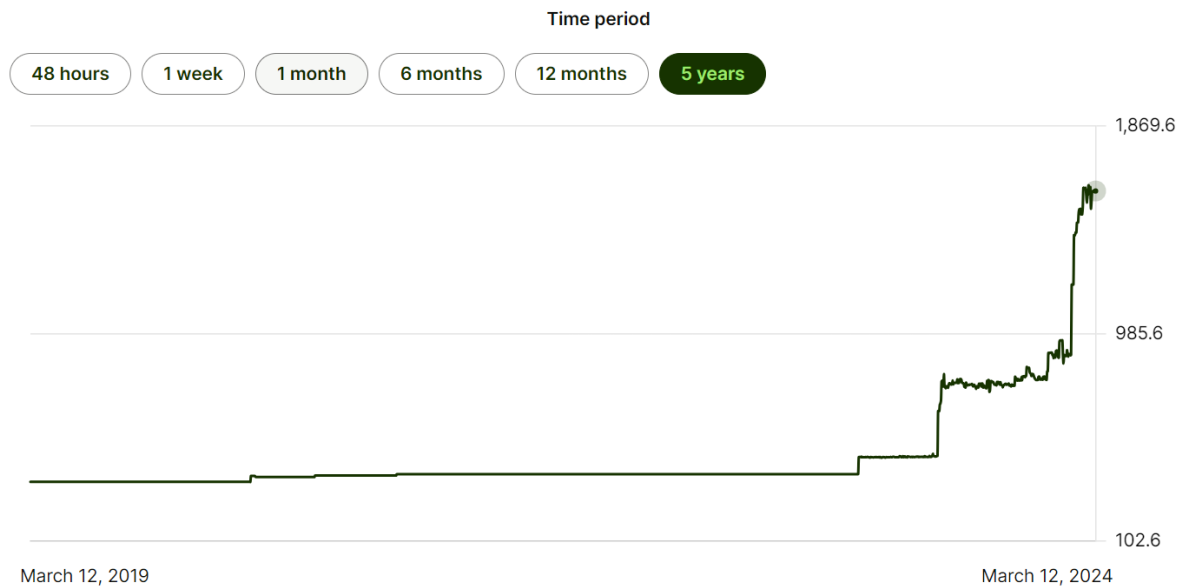
NOTES: All funding amounts refer to 6 months of nutrition program funding at three of the schools we support. Starting from August 2020, the first five rounds of nutrition program funding have the Naira artificially held to a specific exchange rate. Between the fifth and sixth rounds, the Naira is allowed to depreciate a small amount. On June 15, 2023, President Tinubu unified the “official” and “black-market” currency rates which promptly led the official rate to fall very close to the black-market rate. After this big fall in the exchange rate, the Naira gradually fell to 882 Naira/US\$ at the end of 2023. It lost half of its value in the first two months of 2024. In mid-March 2024, it stands at approximately 1,595 Naira/US\$.

NGN to USD conversion chart

1 NGN = 0.00063 USD

As of 1 min ago, 1 USD = 1,593.26 NGN

— Mid market rate ⓘ

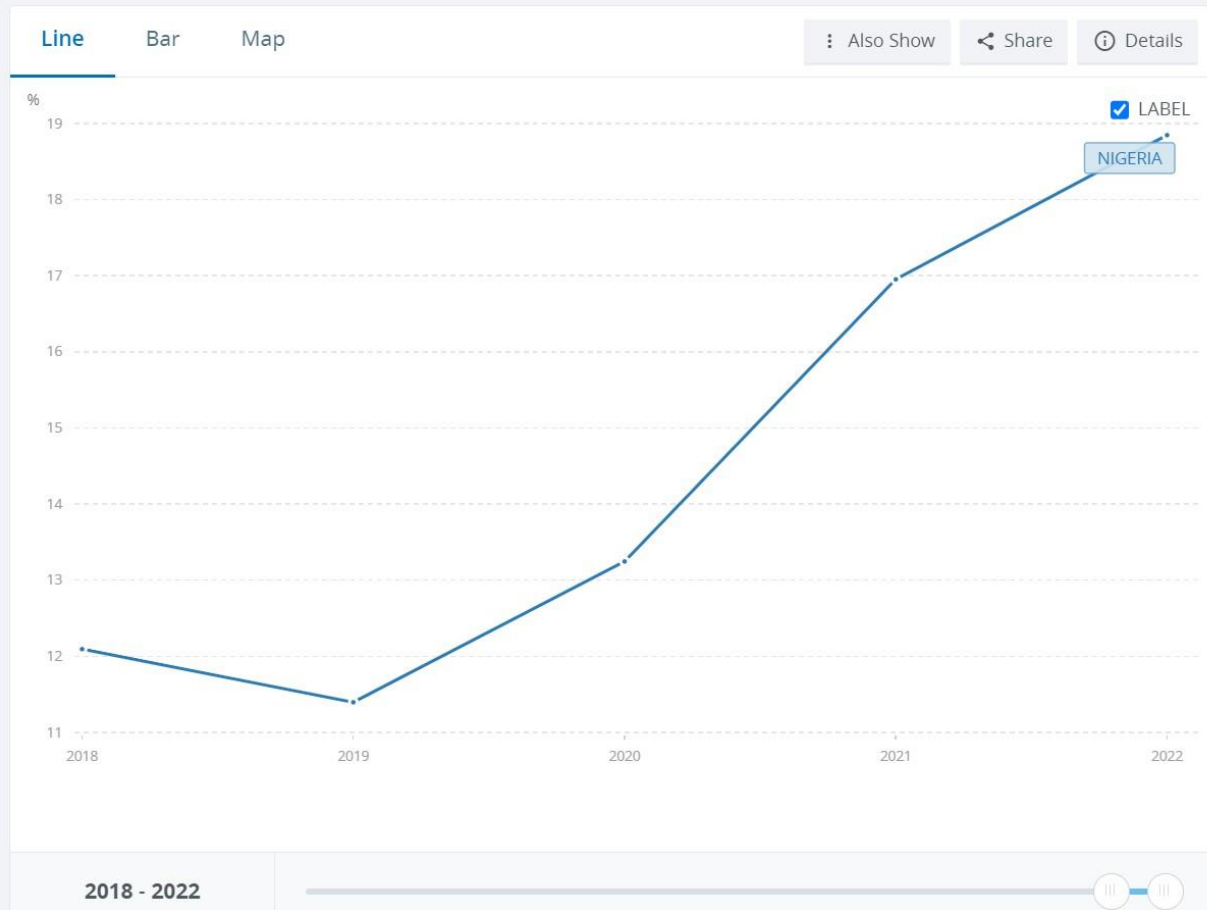


The other major dynamic affecting our nutrition program costs is inflation in Nigeria which has been high for the past several years. Inflation in Nigeria was accelerating throughout the entire 2020-2024 period covered here. It started increasing significantly before Russia's invasion of Ukraine and accelerated after that as global food supplies were severely disrupted. According to Nigeria's National Bureau of Statistics, "The Food inflation rate in October 2023 was 31.52% on a year-on-year basis, which was 7.80% points higher compared to the rate recorded in October 2022 (23.72%)." One private sector analysis found that annual food price inflation hit a record 33.9% in December 2023. See the chart below.

Inflation, consumer prices (annual %) - Nigeria

International Monetary Fund, International Financial Statistics and data files.

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In essence, the US\$ cost of our nutrition program has been a contest between two powerful forces – food price inflation in Nigeria which increases our costs and Naira exchange rate depreciation which decreases our US\$ costs. This is beautifully illustrated in this one chart from *The Economist*:



IMAGE: THE ECONOMIST

In late 2022-early 2023, food price inflation significantly exceeded currency depreciation which led to our costs increasing to 137% of what they were in August 2020. Since the unification of the exchange rates in June 2023, however, currency depreciation has exceeded food price inflation and our costs have decreased, falling in February 2024 to 68% of what they were in August 2020. When the left side of this chart increases faster than the right side decreases, our costs go up. When, as recently, the right side of this chart decreases faster than the left side increases, our costs go down. Further fluctuations up or down are to be expected.