Impact of urbanization on West African food systems

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Key drivers of West African urban food demand

- Rapid urbanization (3.8%/year) → urban population soon the majority; 65% by 2050
- Coastal metropolises and secondary centers
- Rise of middle class, but 75% still < US $2/day
- Persistently high expenditure share for food nationally: 39% (C.I) - 65% (Nigeria)
- Nearly everyone is time-poor
- Globalization of food habits
Key elements of urban demand

• Convenience!
  • Rice & wheat, but that’s not all.
  • Processed vs unprocessed staples
  • Prepared foods/food away from home
  • Convenient location especially important given urban congestion

• Diet diversification
  • Among staples
  • Towards perishables

• Growing concerns about quality

• But cost remains key, given that ¾ of population remains poor.

<table>
<thead>
<tr>
<th>Country</th>
<th>Unprocessed</th>
<th>Processed/Prepared</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rural</td>
<td>Urban</td>
</tr>
<tr>
<td>Niger</td>
<td>98.3</td>
<td>92.5</td>
</tr>
<tr>
<td>Mali</td>
<td>92.9</td>
<td>81.9</td>
</tr>
<tr>
<td>Ghana</td>
<td>48.3</td>
<td>31.2</td>
</tr>
<tr>
<td>Côte d’Ivoire</td>
<td>23.2</td>
<td>15.6</td>
</tr>
</tbody>
</table>

Source: AGWA study (AfDB & FAO, 2015)
Urban demand is growing fastest for....

- Convenient, perishable & value-added products
- Not just a wheat & rice story
- Rural demand patterns are similar, but rates of change even faster.
- Implies explosive growth for post-harvest parts of food system

### Average Urban Income Elasticities of Demand across 8 West African Countries*

<table>
<thead>
<tr>
<th>Rank</th>
<th>Item</th>
<th>Ave. Inc. Elasticity</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Outside Dining</td>
<td>1.97</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Dairy Products</td>
<td>1.38</td>
<td>8</td>
</tr>
<tr>
<td>3</td>
<td>Beverages</td>
<td>1.31</td>
<td>6</td>
</tr>
<tr>
<td>4</td>
<td>Meat</td>
<td>1.24</td>
<td>8</td>
</tr>
<tr>
<td>5</td>
<td>Wheat Products</td>
<td>1.19</td>
<td>6</td>
</tr>
<tr>
<td>6</td>
<td>Yams</td>
<td>0.92</td>
<td>4</td>
</tr>
<tr>
<td>7</td>
<td>Fruits &amp; Vegetables</td>
<td>0.89</td>
<td>8</td>
</tr>
</tbody>
</table>

* Burkina, Côte d’Ivoire, Ghana, Mali, Niger, Nigeria, Senegal, Togo

Source: AGWA study (AfDB & FAO, 2015) & Zhou & Staatz (forthcoming)
Mixed response of the agrifood system

• Slower growth of production (with exception of rice & maize) for products which demand is growing fastest.

<table>
<thead>
<tr>
<th>Annual Growth Rates of Production, ECOWAS Region: 2009-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maize</td>
</tr>
<tr>
<td>Rice</td>
</tr>
<tr>
<td>Cassava</td>
</tr>
<tr>
<td>Meat</td>
</tr>
<tr>
<td>Fruits &amp; Vegetables</td>
</tr>
<tr>
<td>Milk (total)</td>
</tr>
<tr>
<td>Vegetable Oils</td>
</tr>
</tbody>
</table>

Source: Calculated from FAOSTAT data
Mixed response of agrifood system

- Slower growth of production (with exception of rice & maize) for products which demand is growing fastest

- Dualistic structure of agroprocessing
  - Large-scale firms:
    - Serve many of most dynamic parts of market
    - But have problems in accessing reliable supplies of local inputs
  - SMEs have responded but products of variable quality, turning richer consumers towards imports
Mixed response of agrifood system

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- Proliferation of retail & fast-food formats, but traditional markets likely to remain dominant & need upgrading

- Diet transformation and the emerging double-burden of malnutrition.
A few policy implications and challenges

• How to effectively link West African producers to this changing demand?
  • Contracting is critical. Can this be done in ways that do not exclude smallholders?
  • Job growth potential ➔ need for changes in education & training systems

• Policy mismatch?
  • CAADP is primarily oriented to farm & farmer organization levels. Less attention on wholesaling, retailing, food safety & product promotion.
  • Investment orientation still strongly on cereals.
  • Food system interventions should start from the consumer end.

• Need for food policy to go beyond mandate of ministries of agriculture.

• High-price policy for farmers unlikely to be politically tenable. Increased efficiency throughout food system is only way to increase producer returns while ensuring consumers access to low-cost food.
Thank you very much! Let’s discuss.