MICHIGAN STATE UNIVERSITY

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Impact of urbanization on West African food systems

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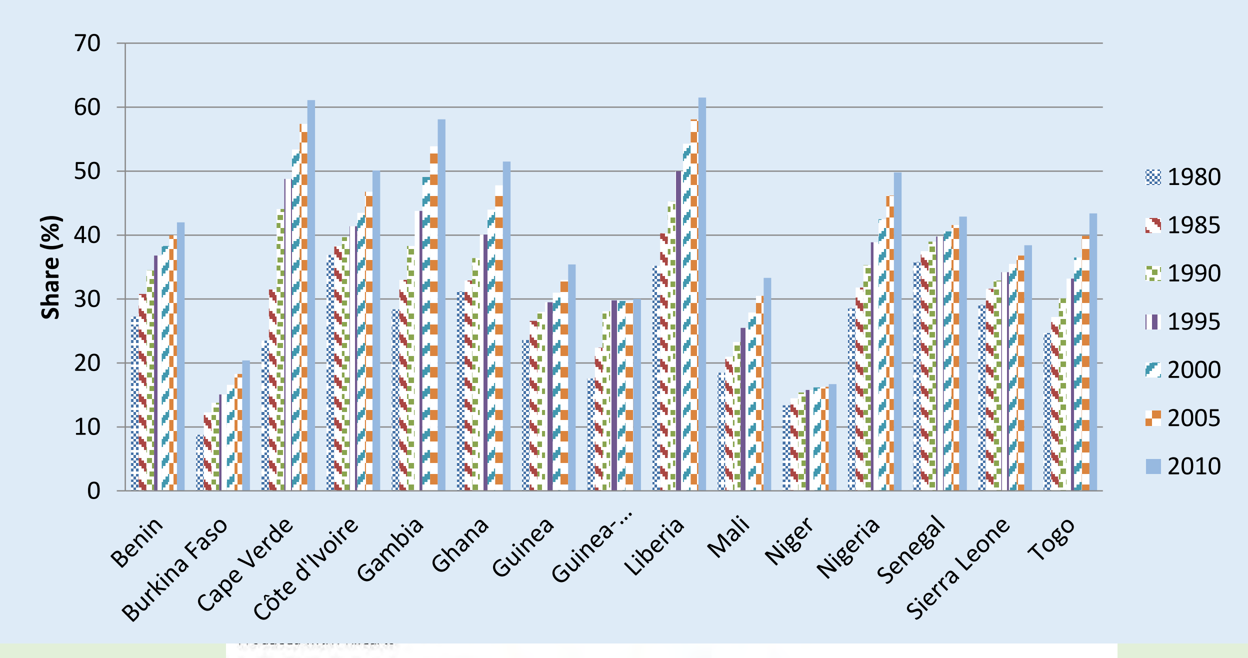
Key drivers of West African urban food demand

- 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

Urban population shares: 1980-2010



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.

Percent of maize expenditures on unprocessed vs. processed grain

Country	Unprocessed Grain		Processed/ Prepared	
	Rural	Urban	Rural	Urban
Niger	98.3	92.5	1.7	7.5
Mali	92.9	81.9	7.1	18.1
Ghana	48.3	31.2	51.7	69.8
Côte d'Ivoire	23.2	15.6	76.8	84.4

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*			
Rank	Item	Ave. Inc. Elasticity.	N
1	Outside Dining	1.97	3
2	Dairy Products	1.38	8
3	Beverages	1.31	6
4	Meat	1.24	8
5	Wheat Products	1.19	6
6	Yams	0.92	4
7	Fruits & Vegetables	0.89	8
* 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.**

Annual Growth Rates of Production, ECOWAS Region: 2009-14	
Maize	6.6%
Rice	7.9%
Cassava	7.6%
Meat	-2.6%
Fruits & Vegetables	3.2%
Milk (total)	-0.6%
Vegetable Oils	-0.8%

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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  - SMEs have responded but products of variable quality, turning consumers towards imports
- **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.

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