WILL WEST AFRICA FEED ITS POPULATION IN THE 21ST CENTURY?

Key findings from the Agricultural Growth in West Africa (AGWA) Study

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Overview

- Study background and motivation
- Principal findings & conclusions

- **Discussion focus: What is needed beyond CAADP? Key institutional design challenges to promote *workable* intersectoral coordination**

Context

- Important changes at global and regional levels affecting the Agricultural sector
  - Demographic and socio-economic changes
  - Globalization in its various dimensions
  - Growing importance of agri-business
  - Democratization and decentralization
  - Changed dynamics in global food markets
  - Integration of food, financial and energy markets
  - New actors
  - Climate change

Purpose

Contribute to a better understanding of:

- Evolving context for agricultural growth in W.A. based on an analysis of global and regional drivers and trends affecting agri-food system
- Response of the agri-food system (supply and demand)
- Challenges and opportunities
- Implications for national and regional policies, particularly in the context of CAADP

Sourcebook

Policy advocacy

Study methodology

- Focus on assembling and analyzing scattered existing knowledge
- Select additional research (consumption trends)
- Focus on links & synergies among policy realms affecting Ag.
- Emphasize regional issues and approaches

Structure of the Report

Synthesis

Part I: Transformation of agrifood systems in West Africa: drivers and trends

Part II: Demand and Consumption Trends in West Africa

Part III: How are West African agrifood systems responding to market trends?

Part IV: Policies for agri-food systems development in West Africa

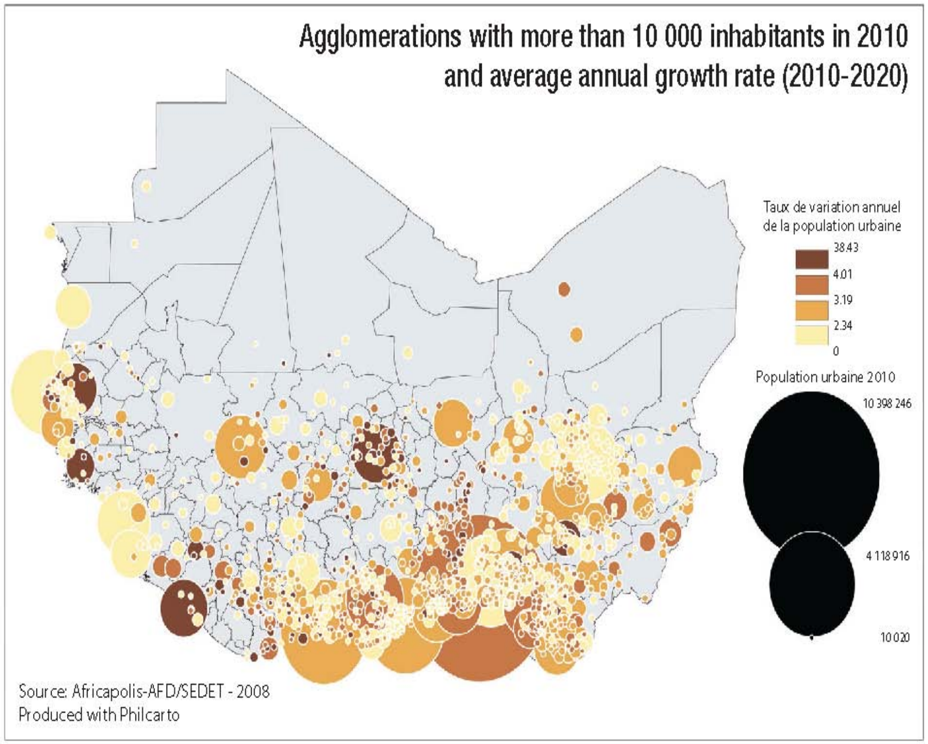
Conclusions and Recommendations

Principal findings

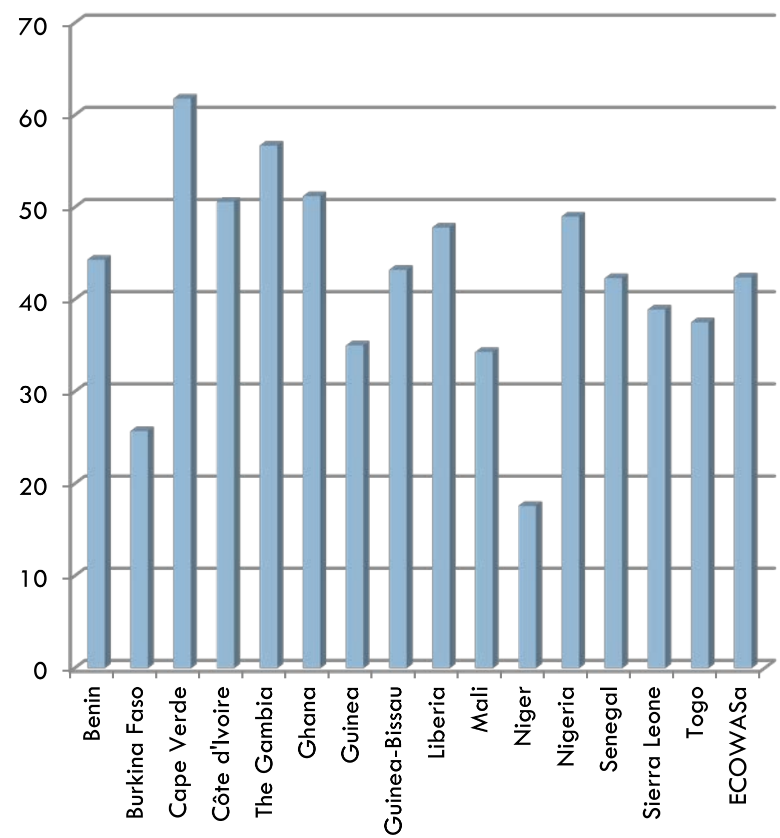
Demographic trends

- Strong population growth expected to continue
  - 2.6% p.a. (2006-10)
  - Approx. 300 mn (2010) - 490 mn (2030)
  - Overwhelmingly young population
- Urbanization
  - Already close to 50%
  - 40% of urban pop. in metropolitan areas
  - Proliferation of small towns
- Migration
  - rural-urban; north - south

Demographic trends (2)



Urbanization Rates 2010



Socio-economic trends

- Overall, strong economic growth since 1990s
- Declining poverty rates but strong variations across the region
  - Top: Cape Verde, Ghana, BF,
  - Flop: C.I., Nigeria
- Growing middle classes
  - 25% above USD 2 poverty line in 2008
  - Mainly "floating class" ($2-4 per day)
- Trend projected to continue but vulnerability remains

Structural transformation

- Broad trends towards structural changes with respect to demography and socio-economic differentiation
  - Implications for the size and structure of food demand
- But sectoral transformation is lagging behind
  - Agriculture's share in GDP remained high (36% on average between 2000 – 09)
  - Services 42%
  - Limited role of manufacturing (10%)
  - Informal economy not captured in official accounting
- Increasing diversity even within smallholder agriculture, along with increasing incidence of large-scale farming initiatives, particularly since 2008.

Dominant Roles of Nigeria, Ghana & Cote d'Ivoire in Regional Economy

Country	% of ECOWAS Population	% of ECOWAS GDP	% of ECOWAS Middle Class
Nigeria	52.7	63.5	48.7
Ghana	8.1	10.3	15.4
Cote d'Ivoire	6.6	7.5	10.7
Subtotal "Big 3"	**68.4**	**81.3**	**74.8**

Key food demand trends (1)

- High demand and market growth to continue (income elasticities > 1)
- Growing share of net food buyers
- Persistently high expenditure share for food
  - 39% (C.I) - 65% (Nigeria)
- Policy implications
  - Vulnerability to high and volatile food prices
  - Marketing efficiency critical to consumer welfare
  - Disproportionate share of food market growth from regional middle classes

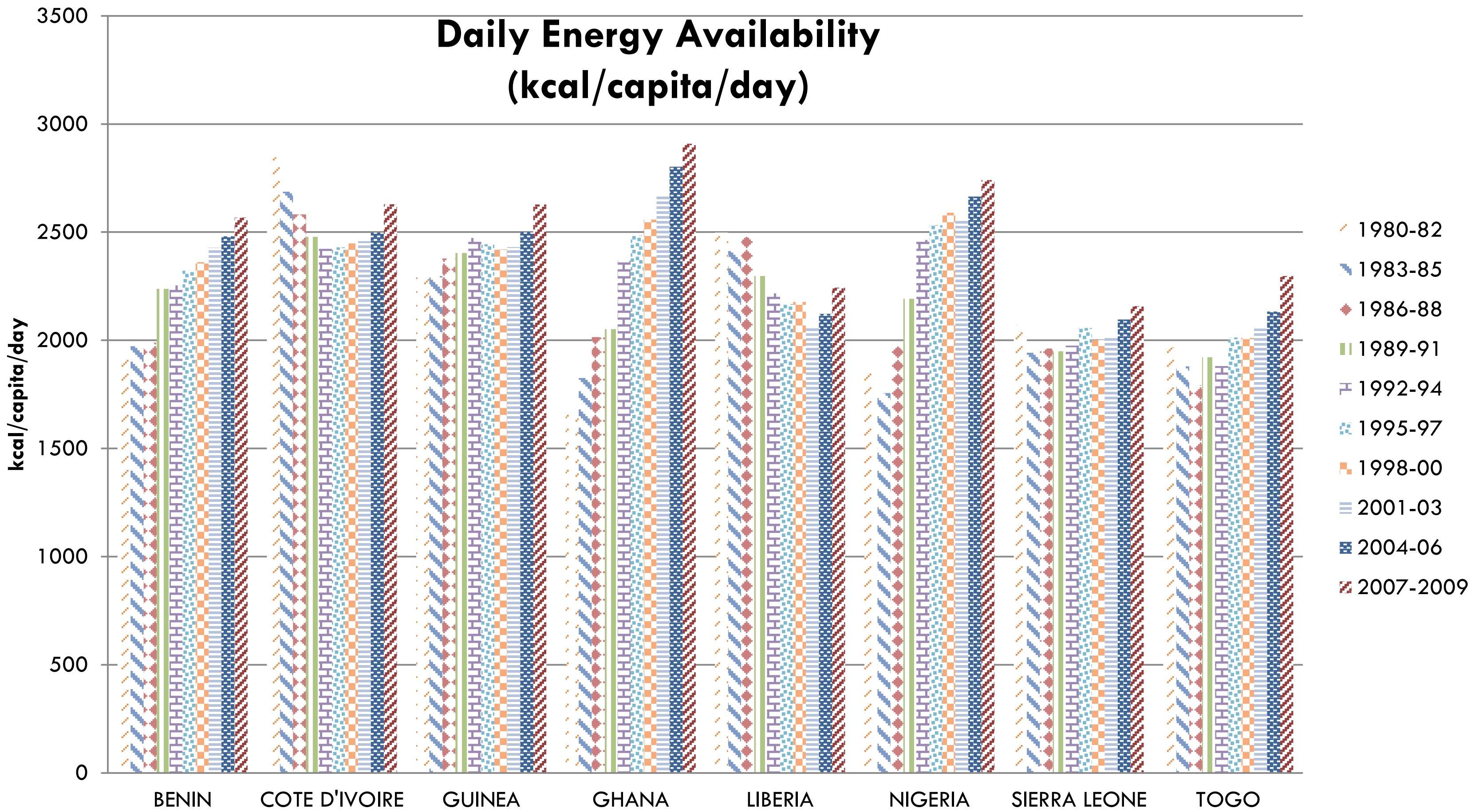
Key food demand trends (2)

- More differentiated market: Mass market & rising middle class
- Diet diversification across the sub-region
  - But nutrition concerns (wheat flour, sugar, palm oil)
- Product attributes rather than “commodities”
  - Rising demand for convenience
  - Emerging demands for greater food safety & healthfulness
- Still large part of the population whose main concern is cheap food

How has the agri-food system responded to changing demand and market trends?

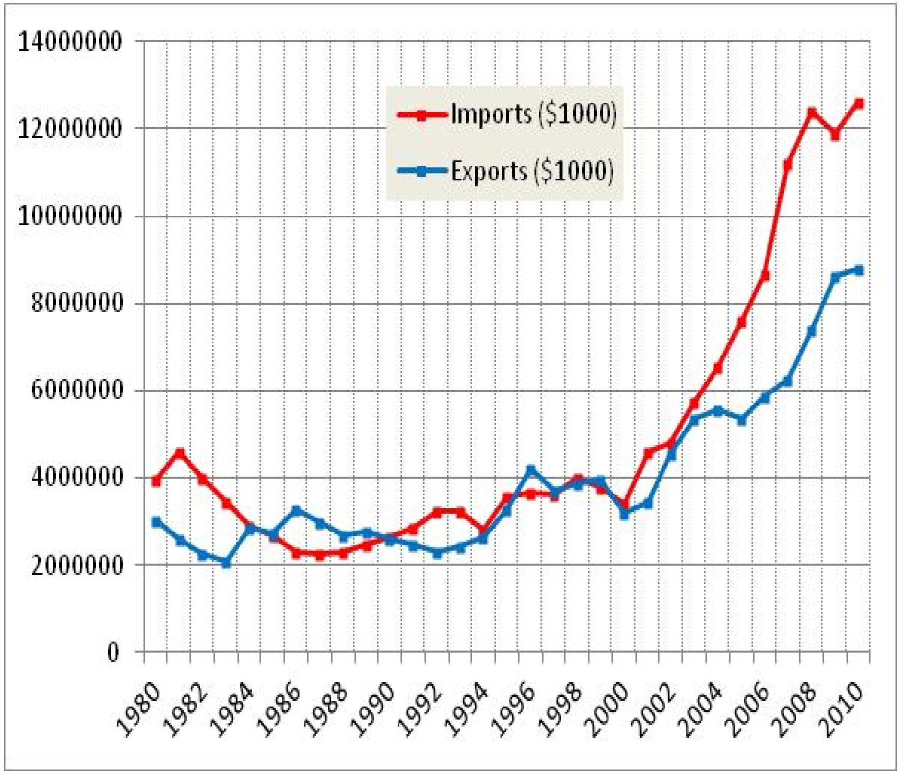
- West Africa's production performance over the past 30 years has been mixed
  - Per capita production increased for many products (e.g., maize, starchy roots, cowpeas)
  - Poor performance in some products (meat, milk, sugarcane)
- Most of the growth from area expansion
- Limited improvements of land and labour productivity
- Diversity between countries and crops show potential (cassava, rice, maize)

Trends in Calorie Availability: Coastal Non-Sahel

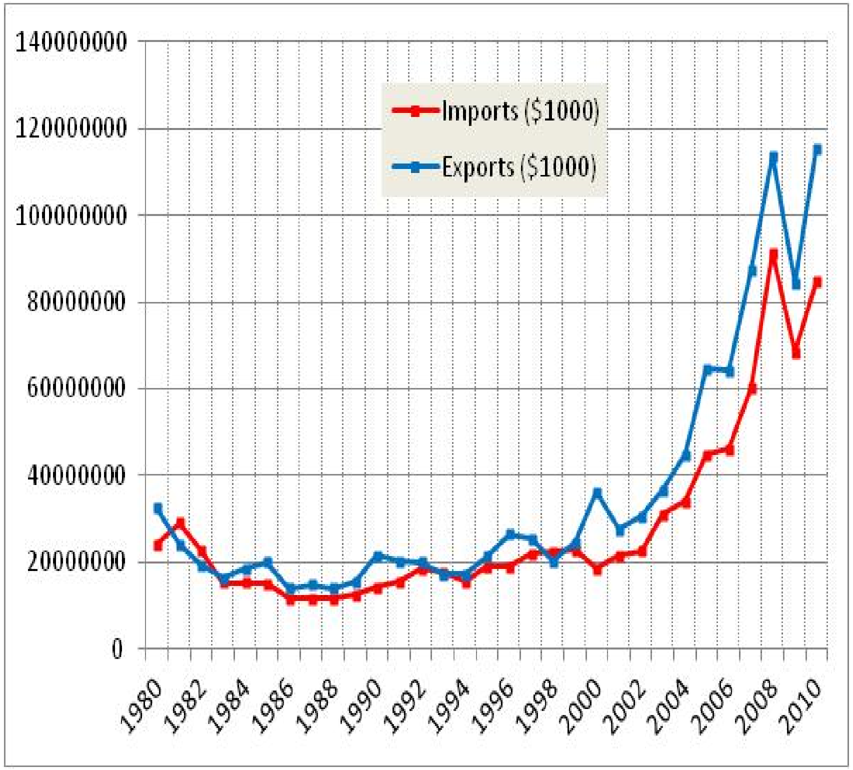


Increasing Food Imports

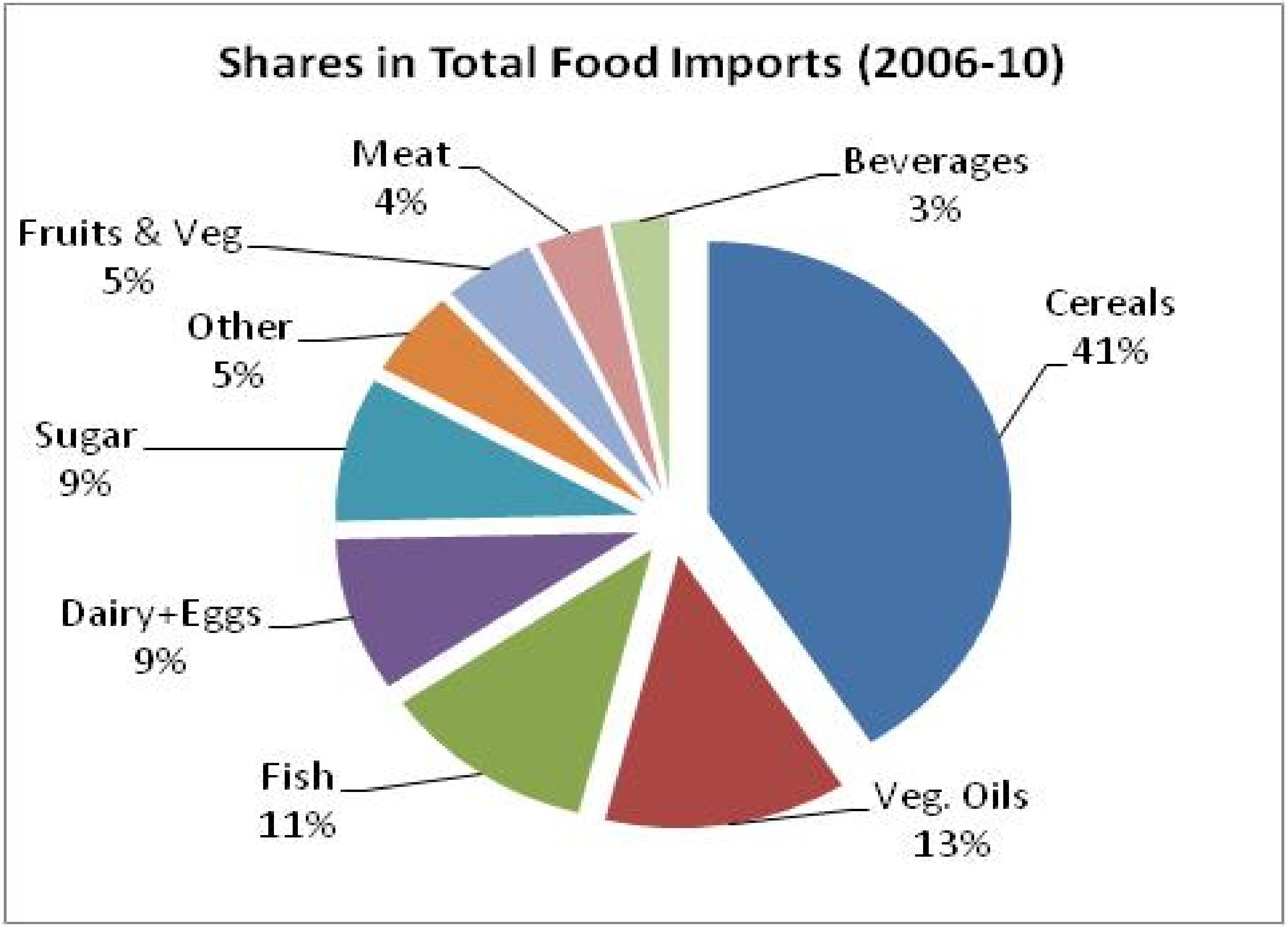
Food trade balance: West Africa



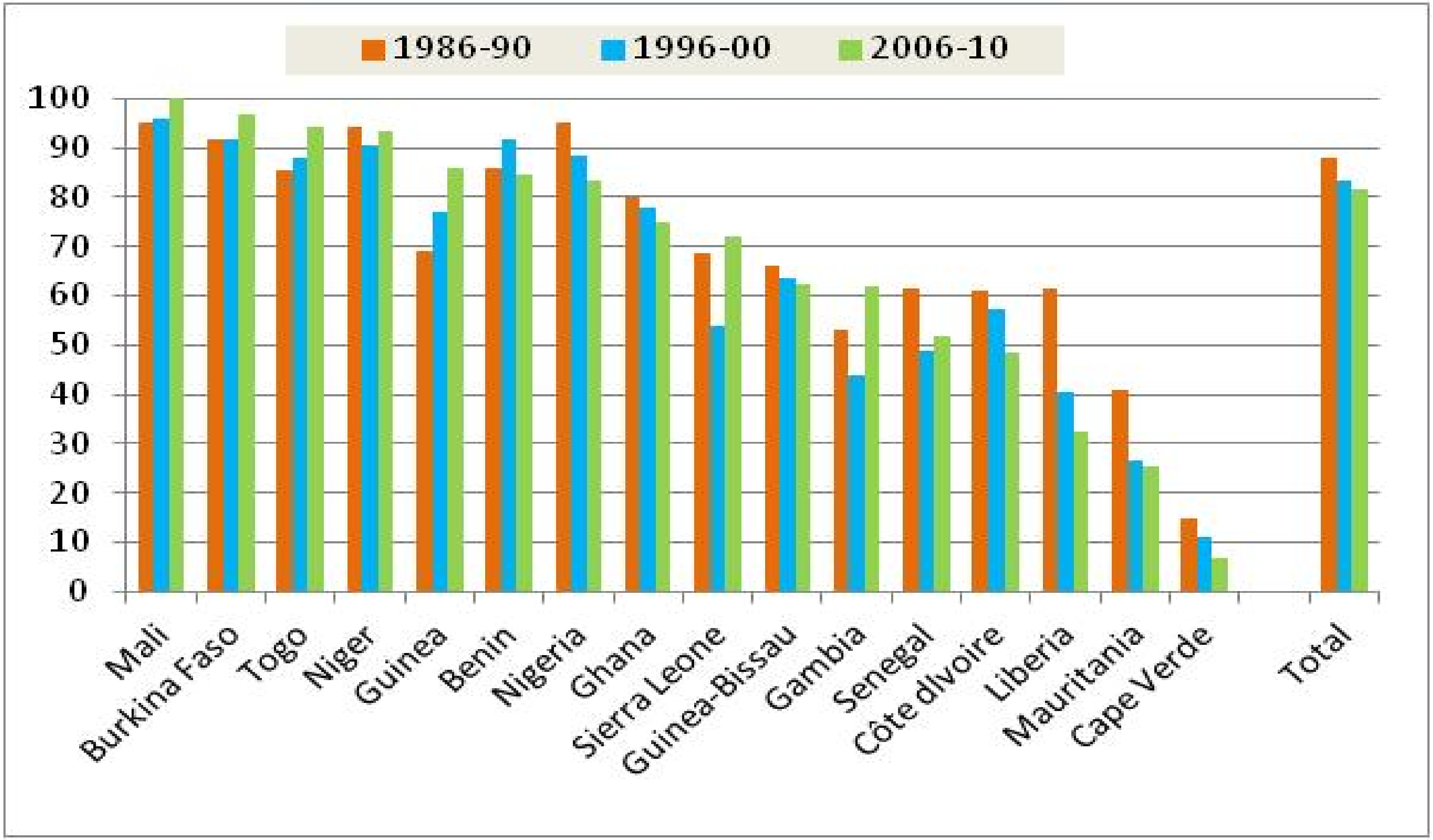
Merchandise trade balance



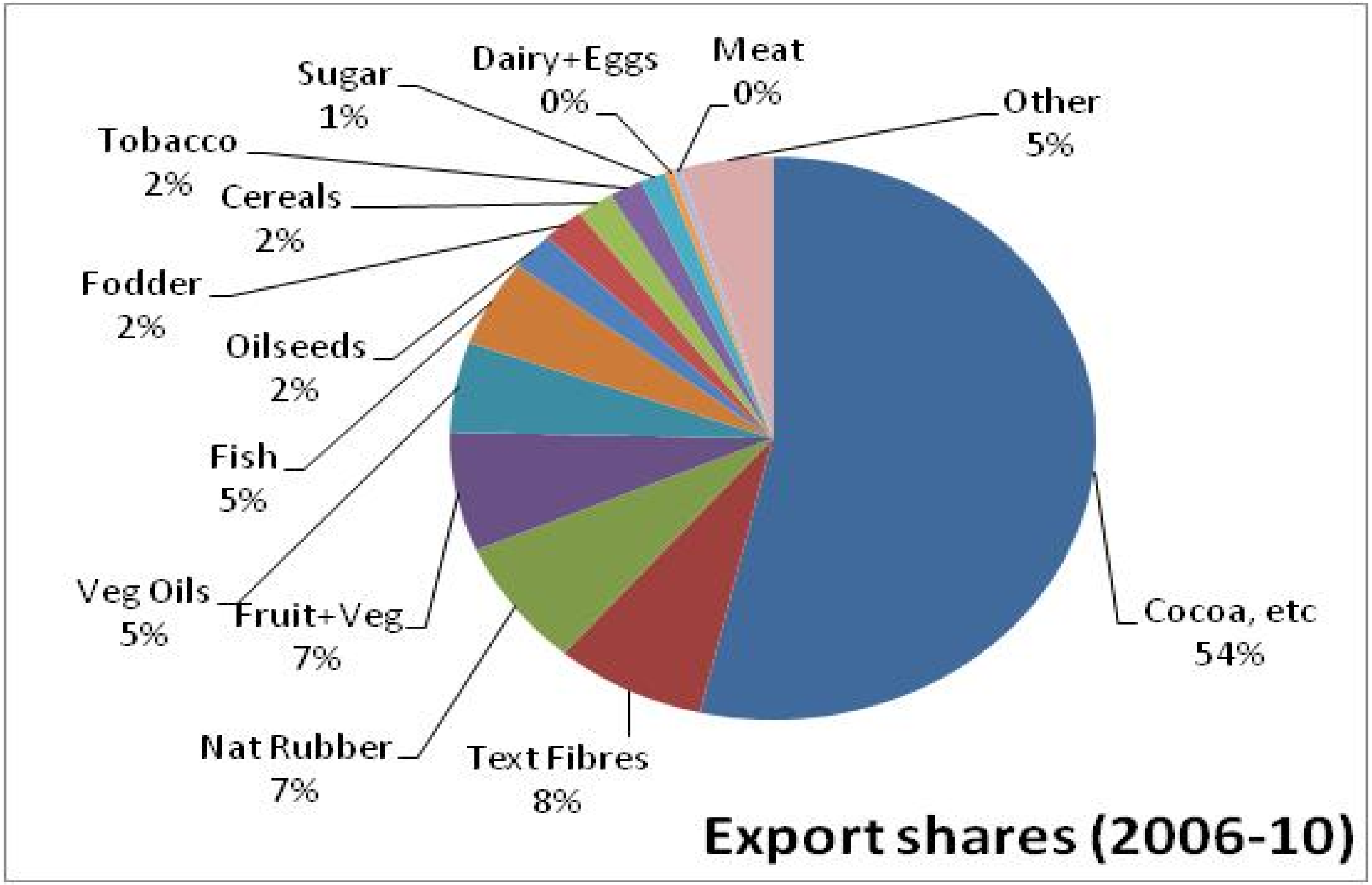
Main food Imports



Cereals Self-Sufficiency Ratio



Cocoa Dominates Exports; Modest Diversification over Time



Agro-processor response

- Increased demand for processed food
- Bifurcated structure of agro-processing: missing middle
- Rapid response in some areas—e.g., small-scale gari processing

- **Key issues:**
  - Raw product aggregation & contract enforcement
  - Power supply
  - Consumer confidence in quality

Generally received low attention in CAADP Plans

Modern food retail in W.A.

- Traditional food retail outlets prevail
- Modern food retail (supermarkets and Quick Services Restaurants) still in their infancy in most countries.
- **Key constraints**: Congestion/time constraints, Infrastructure, utilities, supply chains, real estate
- However, strong dynamics in recent years, with opportunities for niche markets.
- Modern retailing emerging but unlikely to be dominant for many years to come.
- Wholesale modernization a key policy issue.

Policy response since early 2000s

- Rise of regional approaches (WAEMU, ECOWAS)
  - but recent moves back towards emphasis on national self-sufficiency since 2008
- Move towards sector-wide approach under CAADP/ECOWAP
  - But still mainly focused on primary production
  - Limited private sector and CS involvement
- Tendency to give preference to short-term solutions over longer-term structural approaches.

Does West Africa now need to move to a more intersectoral approach? If so, how to make such an approach manageable?

Trade policy response

- Moves under WAEMU and ECOWAS to create a truly regional market: free trade within the region (ELTS) & a common interface with the rest of the world (CET & safeguard measures)
- Progress and constraints
  - Key problem of incentive alignment to foster regional integration
  - Nigeria's history of "doing its own thing"

Reasons for tepid supply response

Poor enabling environment

- Policies, regulations, institutions
- Underinvestment's in rural infrastructure, research and extension, education and vocational training
- Limited access to markets, quality inputs and services
- Land fragmentation
- High marketing costs and limited market integration (information and product flows, finance, services, grades and standards, PHL)
- Land tenure insecurity
- Limited risk management instruments available

- Note: Many of these fall outside of traditional domains of Ministries of Agriculture.

Selected conclusions
& policy recommendations

Conclusions (1)

1. Increasing productivity & value addition are key for enhancing the competitiveness of West African Agriculture
2. Agricultural policies need to address the growing disconnect between dynamic centres of urban demand, mainly along the coastal belt, and regional Agriculture

Conclusions (2)

3. West African countries need differentiated policy responses for a diverse Agriculture
4. West Africa needs long-term structural approaches to address long-term structural problems
5. There are large potential gains from effective regional integration but important barriers to its achievement

Conclusions (3)

6. Despite important progress, areas of policy incoherence and policy gaps remain
7. The future of West African regional integration depends critically on the performance of the big players, especially Nigeria
8. Policy implementation is a bigger challenge than policy design

Recommendations: Focus on cross-cutting issues

- Stable and predictable policy environment
- Rules-based government market interventions
  - Upgrading statistical information on the agrifood system, as well as policy analytic capacity
  - Clear roles of government, private sector and other non-state actors
- Improving the business regulatory environment
- Land tenure and water-rights reforms
- Building the skill base for Agriculture in the twenty-first century.
- Strengthened physical infrastructure and the rules governing its use
- Improved arrangements for risk sharing and resilience
- Strengthening Agricultural research, technology development and extension systems

Discussion Issues

Is the CAADP focus on Agriculture too narrow?

1. Many of the key needs to respond to the changing demand opportunities require going beyond the domain of Ministries of Agriculture
2. Danger if the 10% budget target is defined too narrowly
3. What arrangements exist to take these intersectoral interdependencies into account in a ***manageable*** way? What other options need to be promoted?

Thank you! Grand merci!

Reactions?