

## Impact of Urbanization on Food Systems\*

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Fueled by burgeoning population, urbanization and income growth, West African food demand is rapidly expanding and diversifying. A rising middle class (one-quarter of West Africa's population — about 70 million people) demands more value-added foods and is increasingly willing and able to pay a premium for food that is cleaner, safer and has other quality attributes. At the same time, three-quarters of the population continues to live on less than US \$2/day and drives strong demand growth for basic staples and packaged foods at low prices. Demand for convenience – foods that are quick and easy to prepare and consume – is an overarching trend cutting across all countries and income groups. This trend is reflected in strong demand growth for rice, wheat and cassava-based products but also in the proliferation of street food and quick-service restaurants. It implies a large and potentially explosive future growth for services provided in the post-farm parts of the food system such as processing, wholesaling, retailing and logistics.

Diet diversification is strongest in the coastal countries and urban areas but is also spreading into the inland countries, smaller towns and rural areas. In terms of commodity mix, trends include increased consumption of (1) rice and wheat-based products, (2) products derived from cassava and yams, including in the Sahelian countries; (3) animal-based products (poultry, red meat, fish, dairy products), (4) beverages, (4) fruits and vegetables, (5) vegetable oil and (6) in some country, pulses, especially cowpeas.

The response of the agrifood system to these changes has been mixed. In general, production of basic food staples has shown the highest increase per capita, while output has lagged for several food products with the most dynamic markets, such as meat, dairy products, and vegetable oils, resulting in growing imports. While there has been a proliferation of retailing and fast-food formats in urban areas, the transformation of agroprocessing, which has a largely dualistic structure in the region, has been slower. Large-scale industrial processors dominate in many of the more dynamic industries, especially in rapidly-growing processed, packaged and convenience foods and beverages. But because they often have problems obtaining reliable supplies of local raw products of consistent quality, they frequently rely on imported inputs. A large part of processing of domestically produced food products (especially those based on domestic staples) takes place through ubiquitous small-scale, largely informal-sector operators. These processors generate many jobs, especially for women, but the quality of their output is variable and wage levels are generally low.

The policy response has also been mixed, with emphasis under ECOWAP/CAADP and previous national and regional efforts focused primarily at the farm and first-handler (e.g., farmer cooperative) levels and especially on staples, such as rice. While bridging the gap between demand and supply for such staples continues to be a challenge in absolute terms, in relative terms the demand for other food groups — meats, dairy products, fish, vegetable oils and fruits and vegetables — will increase even faster relative to supply if current trends continue. Food policy and capacity building in West Africa therefore needs to give greater emphasis to a broader range of commodities and post-harvest services (such as wholesaling, processing and urban retailing) for which demand will be rising rapidly. Many of the products concerned are perishable and require more sophisticated and tightly coordinated marketing systems and key investments such as cold chains to link West African producers effectively to these growing demands. The good news is that if such systems can be developed, the production, processing and marketing of these products is much more labor-intensive than cereal production, offering the opportunity to create new employment opportunities for West Africa's burgeoning labor force. Similar comments apply for the growing demand for processed agricultural products and prepared foods.

Two other policy implications follow: (1) Increased efficiency throughout the agrifood system is the only economically sustainable way to enhance producer incomes and consumer access to lower-priced foods simultaneously. A swelling urban population that spends a large share of its income on food is unlikely to accept attempts to support farmers through import restrictions to boost prices. (2) Due to the growing importance of the off-farm segments of the agrifood system and the environmental, nutritional and health implications of agricultural growth, policy-making for the agrifood system needs to move beyond the traditional confines of agricultural ministries to include improved policy coordination with agencies dealing with trade, energy, industry, transport, and health.

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\* This presentation draws heavily from F. Hollinger and J.M. Staatz, eds., *Agricultural Growth in West Africa (AGWA): Market and Policy Drivers*. 2015. Rome: AfDB and FAO: <http://www.fao.org/3/a-i4337e/index.html> (English) and <http://www.fao.org/3/a-i4337f/index.html> (French); and from work supported by the Syngenta Foundation for Sustainable Agriculture.