Strengths and weaknesses of Africa’s agrifood industries

Africa’s agrifood sectors are booming. Besides producing food for local consumption, the food industry is supplying the towns with processed products. However, a lack of facilities and equipment, poor quality control, and difficulties in accessing credit, advice and specialist training are still hampering the development of this sector, despite its potential to create large numbers of jobs.

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During the Maputo Summit in Mozambique in 2003, the countries of sub-Saharan Africa made agriculture a political priority. In doing so, they were anticipating the conclusions of the World Bank’s annual report on agriculture published at the end of 2007, which recognised that after decades of neglect, the agricultural sector has a key role to play in combating poverty and climate change and in improving food security (World Bank, 2007). The world food price crises of 2008 and 2011 confirmed the importance of this political decision, reminding people of the vulnerability of being over-reliant on international markets for food requirements. The food sector in sub-Saharan Africa therefore finds itself once again at the centre of development issues. Just as African states did not wait for the World Bank report or escalating prices to take heed of the situation, neither did Africa’s food industries wait for political injunctions or international cooperation assistance before taking action. Food production in sub-Saharan Africa, with the exception of countries at war or in political crisis, has improved considerably and African food industries have developed since the 1980s, particularly in West Africa.

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From food crop to cash crop

The concept of “food crops” dates back to colonial times when people differentiated between “cash crops” for export (groundnuts, cotton, coffee, cocoa, etc.), which provided a cash income for farmers, particularly necessary for paying taxes, and food crops for feeding the largely rural population (subsistence farming). According to statistics supplied by the United Nations, the urban population in sub-Saharan Africa was only 35 million in 1960, or 15.5% of the total population (UNO, 2011). This situation has changed dramatically over the past 50 years, as the urban population has increased at an unprecedented rate in the world’s history (Dureau, 2004). Today, according to United Nations figures, there are around 313 million people living in towns and cities in sub-Saharan Africa, representing 37.6% of the total population. And the towns, far from being supplied exclusively by international markets, as some believe, represent a growing outlet for local production.

> *“The food sector in sub-Saharan Africa finds itself once again at the centre of development issues.”*

At first, only surplus produce was sold in the towns. Today, food is starting to be produced with the sole aim of supplying the urban markets: maize, cassava, yam, chicken, eggs, fish, dairy produce, vegetables, fruits and herbs and spices. Certain products once grown for export, such as palm oil, are now being sold on the regional market instead. Of course, the continent does import a considerable proportion of its food (Table 1), but the situation varies widely from one region to another and from one country to another, depending on local agricultural potential and political incentives for local production. Looking at the continent as a whole, Africa is less dependent on imports for cereals (30% of supplies are imported) than for vegetable oils and sugar, where over half is imported.

TABLE 1: IMPORTS AS A PERCENTAGE OF TOTAL SUPPLIES AVERAGE 2005-2007

	Africa	East Africa	Central Africa	North Africa	Southern Africa	West Africa
Cereals	30%	17%	35%	48%	25%	20%
Wheat	62%	59%	98%	56%	42%	100%
White rice	40%	28%	68%	11%	100%	47%
Roots and tubers	0%	0%	0%	5%	9%	0%
Meat	10%	2%	28%	9%	14%	7%
Dairy products (excluding butter)	17%	4%	30%	17%	11%	39%
Pulses	11%	6%	9%	47%	46%	1%
Vegetable oils	55%	76%	34%	84%	76%	26%
Vegetables	4%	2%	9%	2%	8%	6%
Sugar	55%	31%	71%	56%	17%	93%
Fruit	2%	1%	1%	4%	8%	1%

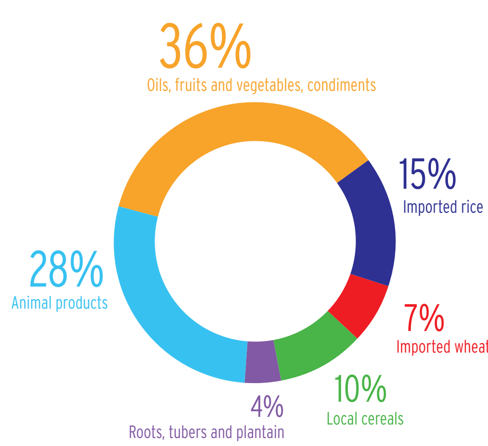
Sources: FAOSTAT, FAO

Some towns are in fact supplied mainly with rice imported from Asia, and with wheat from Europe or America. This dependency, which is often highlighted in evaluation reports and in the media, should be seen in terms of economic value, and not just the quantities involved. As shown by research into household expenditure conducted in 2008 in the eight capital cities of WAEMU,[1] imported cereals account for 22% of the urban market (and only 12.2% of the calories consumed on the African continent, including North Africa and rural populations). Primary products with a high starch content – cereals, roots, tubers and plantains – actually account for only just over a third of the market (36%). Just under a third (28%) is made up of animal products: meat, fish, eggs and dairy products, and just over a third (36%) consists of all the other products: oils, vegetables, fruits, sugar and condiments (Figure 1). It is true that imported wheat and rice are not the only products bought in from outside the continent. Some milk powder, vegetable oils and sugar are also imported from elsewhere, or have been until recently. Food prices remained low and stable for nearly 30 years, which favoured imports. The price rises seen since 2007 have made people aware of the risks of relying too heavily on imports. In addition, higher prices on international markets makes local industries more competitive again, although tariff barriers continue to be lowered.[2] One of the reasons why some local food industries, like those for rice, oils and dairy produce, have failed to make their mark, is because international prices are too low to justify making the investments necessary to improve product quality or labour productivity.

"The towns represent a growing outlet for local production."

The urban market provides a large outlet for local produce (Box) – not only for primary products, but also, increasingly, for processed products: flours, meals, granules, fermented pastes, oils, chopped meat, dried and smoked products, drinks, etc. At the same time, ▸▸▸

FIGURE 1: URBAN MARKET COMPOSITION OF THE 8 WAEMU CAPITALS



Source: WAEMU / Surveys of household expenditure in WAEMU capitals, conducted as part of the calculation of the harmonised consumer price index, 2008.

[1] *The West African Economic and Monetary Union (WAEMU/French acronym UEMOA) is an organisation working to achieve economic integration of its member states (Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo) by strengthening economic competitiveness through open, competitive markets and the rationalization and harmonization of the legal environment.*
[2] *See article by Arlène Alpha and Cécile Broutin, p. 24 in the current issue of Private Sector & Developement.*

Development initiatives for sub-Saharan agriculture and food production industries

▶▶▶ production is not confined to the suburbs (often limited to the production of fresh vegetables, eggs and poultry), but sometimes takes place a long way away, with products being transported *via* trade networks that can extend across several countries – like onions from Cameroon which are sold as far away as Abidjan in Côte d'Ivoire.

A booming agrifood sector

Food production is being commercialised thanks to the development of a key intermediary sector between the agricultural producers and the markets: collectors, wholesalers, transporters, processors and packaging suppliers, distributors and caterers. This agrifood sector, which largely consists of small traders and is often combined with agricultural activities in rural areas or considered part of domestic cooking in urban areas, represents thousands of jobs – particularly for women – and a considerable income.

The evolution of these microbusinesses into small and medium-sized organisations does not necessarily take the shortcuts that the promoters of modernity would wish. Traditional food products are a part of cultural identity, so consumers are wary of moves towards artificial and mechanical processing methods. They look for producers they can trust, often through personal relationships. Attempts to industrialise some of these products too quickly, including millet couscous, *gari* (granular cassava flour), *attiéké* (cassava couscous) and *dolo* (red sorghum beer), have failed on several occasions. Nevertheless, this sector is booming: the most arduous processing activities are being mechanised, products are increasingly being packaged in sealed bags, which means they can be sold in self-service shops, and entrepreneurs are coming up with ideas for new products or distributing products from neighbouring countries.

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Although it does not receive much recognition in the statistics, surveys in some countries reveal that this sector is today one of the most effective in terms of job creation for young people with few or no qualifications (Bricas and Broutin, 2006). In rural and urban areas, these activities make a major contribution to food security: they make it possible to reduce post-harvest losses and to increase the quantities available for consumption. They generate income for large numbers of people and provide low-cost food for a population with limited financial means. They are also present in more profitable markets.

Obstacles to development in the agrifood sector

Despite their dynamism, food production and commercial food sectors face numerous obstacles. Although it is true that agricultural research has often provided technical solutions to bottlenecks (improvements to maize, cassava and palm oil varieties, mechanisation of the hulling process for millet and fonio, etc.), vast areas are still in need of improvement: from production to storage, from processing productivity to product hygiene standards. Threshers, cleaning machines, shellers, secondary processing equipment (rollers, sifters, etc.), dryers for humid regions, oil presses – all these items of equipment designed for small-scale processing are not yet produced locally in sufficient quantities to meet the demand, although Chinese and Indian manufacturers are showing an interest in the African market. There are not enough regional networks for servicing the machinery and supplying replacement parts, and some areas still do not have access to electricity or drinking water.

There are numerous solutions for improving rural transportation from field to market, for improving storage, for packaging products and reducing losses, but there are not enough credit facilities or advisory services for small-scale food processors. For example, although safe, effective insecticides for controlling grain-boring insects are available, they are only distributed in certain countries. In areas where nothing has been done to train users or distribute these products, post-harvest losses sometimes account for half of total production. The mechanisation and transportation concepts are based on cheap petroleum and relatively stable energy prices. The risk now is that energy prices are increasing and becoming increasingly unstable. In addition, research capabilities relating to these production operations, to prepare them for a more unstable future, both in terms of climate and economic changes, are woefully inadequate. Agrifood research has been neglected in comparison with agricultural research and still suffers from a lack of resources to meet all the sector's needs.

In the agricultural sector, professional organisations like the Network of Farmers' and Agricultural Producers' Organisations of West Africa (ROPPA) began to emerge about 20 years ago. Today these organisations are capable of defending their interests and negotiating policies and development projects. These kinds of structures are a much more recent phenomenon in the agrifood sector. The women who process food products are still poorly represented, do not carry any political weight and have trouble making their demands heard. For instance, many young women are looking for professional training courses for food-related occupations instead of the dressmaking or embroidery courses which have been available for years, but these kinds of courses are almost non-existent. Credit for SMEs in this sector is practically non-existent as well. Whereas microbusinesses can borrow money from microcredit organisations, and large-scale businesses can take out loans from banks, SMEs with between five and ten employees face an institutional void when it comes to finding start-up capital.

Future prospects for the agrifood sector

In ten years the urban population will represent half of the total population of sub-Saharan Africa. Already, a middle class is emerging in the big cities, which would indicate that a market for products with greater added value is developing. The urban food market is attracting vultures. Supermarket chains are already setting up in East and Southern Africa and foreign operators are considering investing in processing businesses. SPAR[3] owned more than 900 self-service shops in Southern Africa in 2010, and Leader Price[4] is investing in Francophone Africa, particularly in Senegal.

For foreign operators, the aim is to secure supplies of raw materials and to increase sales fast in a competitive environment occupied by thousands of microbusinesses. The risk is that these thousands of business activities will be sacrificed in the name of modernisation, as has happened in some countries. We must not forget that one of the continent's major challenges is employment. Africa's demographic transition is not yet complete. As a result of population growth, 20,000 to 30,000 young people enter the job market each year for every million inhabitants. For a country with a population of around 10 million it is therefore necessary to create between 200,000 and 300,000 jobs every year. The agricultural sector certainly has the ability to create large numbers of jobs (although it needs to find ways to continue to attract young people), but the agrifood sector has great potential when it comes to job creation. The development of this sector will involve the creation of large numbers of jobs and it can help meet the challenge faced by these countries, feeding their populations using resources that shape their identities: their products, their skills and their know-how. •

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[3] SPAR is a supermarket chain, specialising in food and belonging to a Dutch company, SPAR International. It has shops in 33 countries.
[4] Leader Price is a French discount chain established in 1989 that now belongs to Casino, a supermarket group present in France and all over the world.

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Cirad is a French research centre specialising in international agricultural and development issues. Around 20 Cirad researchers and colleagues from three other Montpellier institutions (Inra, Montpellier SupAgro and IAM) belong to a joint research unit (UMR Moisa) that specialises in the sustainable development of the agricultural and agrifood sector in Mediterranean and developing countries.

BOX: THE MAIZE INDUSTRY IN THE COUNTRIES OF THE SAHEL

Maize production in the Sahel is carried out by millions of small-scale producers. Associated with the cotton industry, it makes use of fertiliser inputs from cotton-growing: an instance of complementarity between export crops and food crops.
While a part of the maize harvest is consumed locally, the rest is sold to collectors, who buy grains on the rural markets. The collectors also act as bankers and can provide advance payment and seasonal loans. They generally work with wholesalers based in the towns, who treat the maize grains and store them in sacks. Relationships between these operators are based on trust – sometimes cultivated through lineage or village networks – which is indispensable for guaranteeing the quality of the products and for handling large sums of money.
Initially, the maize grains were sold in their untreated state to housewives and small traders who took them to millers with motorised mills in market areas and urban districts for grinding. Then small-scale commercial activities developed involving the sale of ready-to-eat or ready-to-cook products, as an extension on a larger scale of the most arduous domestic activities or those requiring particular technical competence. The products are processed at home and sold door-to-door, in the street or at fresh produce markets. Here too, it is interpersonal trust that reassures customers worried about the hygiene standards of products sold at markets which otherwise tend to be rather anonymous.
Thanks to the arrival of mechanised equipment, small businesses are now offering the same type of products in plastic packaging that keeps food dry, which means it keeps for longer. These businesses sell their products in grocery or self-service stores, where the customers are more affluent and prepared to pay for the quality guarantees associated with a brand name.

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