The United Republic of Tanzania
Agriculture Sector Lead Ministries

4TH ANNUAL AGRICULTURAL POLICY CONFERENCE [AAPC]

Integrating Food and Nutrition Security into Economic Transformation and Industrialization Agenda:

How can agriculture be the driver rather than follower of economic transformation in Tanzania?

New Dodoma Hotel, Dodoma

14th - 16th February, 2018

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FOOD SYSTEMS AND THE DIET TRANSFORMATION IN AFRICA:
WHAT DO WE KNOW? WHAT DO WE NEED TO KNOW?

Isaac Minde
(On behalf of David Tschirley and Team)

15 February 2018

Based on joint work with Thomas Reardon, Steven Haggblade, Saweda Liverpool Tasie, Titus Awokuse, Bart Minten, Michael Dolislager, Christine Sauer, Jason Snyder, Laura Medwid, Sarah Chase-Walsh

What do we know?

#1: DIETS ARE TRANSFORMING IN THREE WAYS

Food is becoming more <u>purchased</u>

- About 50% in rural areas of Africa (by value)

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- About 50% in rural areas of Africa (by value)

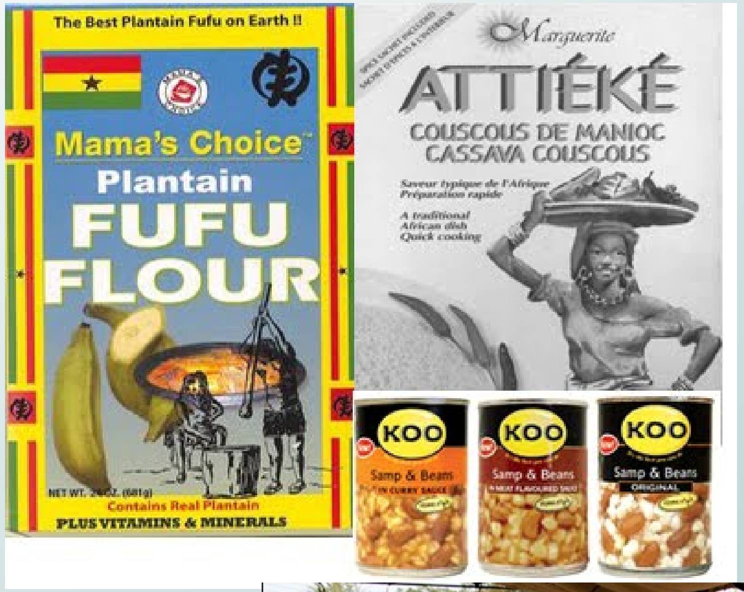
<u>perishable</u>

- Non-cereals/pulses are 50% to 70% of diets in value terms

#1: DIETS ARE TRANSFORMING IN THREE WAYS

<u>processed and prepared</u>

- <u>Processed</u>: 50% to 65% of all food; 70% to 80% of purchased food
- <u>Food away from home</u>: exceeds 15% in some countries of ESA
  - growing everywhere more rapidly than any other category



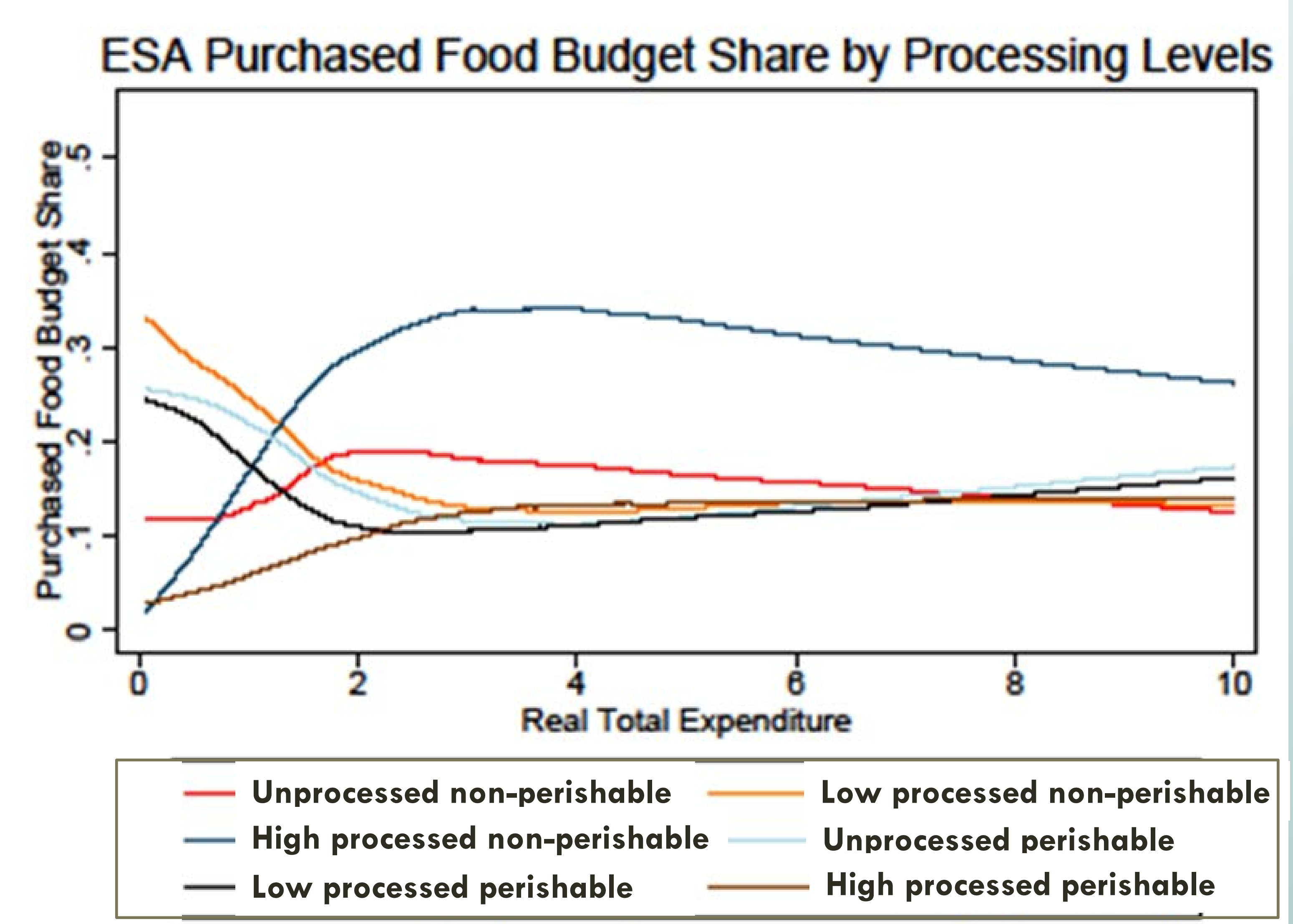
The post-farm segment of the agrifood system is becoming ever more important

#2: THE TRANSFORMATION IS NOT JUST AN URBAN MIDDLE CLASS STORY

The transformation is <u>broad</u>

- In rural and urban areas
- Across the income distribution (not just the middle- and upper classes)

Kernel regression results on purchased food budget shares, additionally weighted by population across 5 countries of ESA



Source: Author calculations from LSMS data sets

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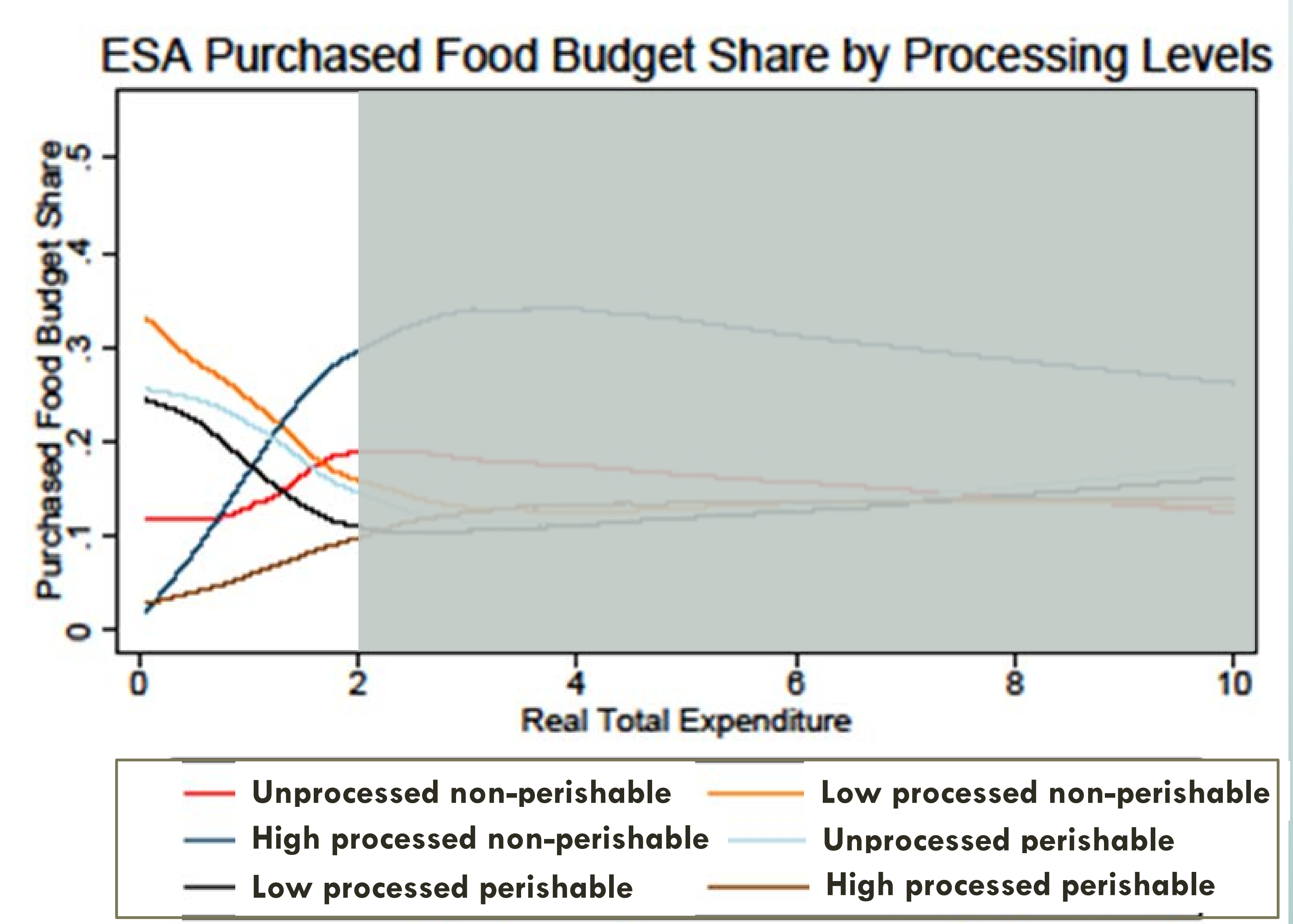

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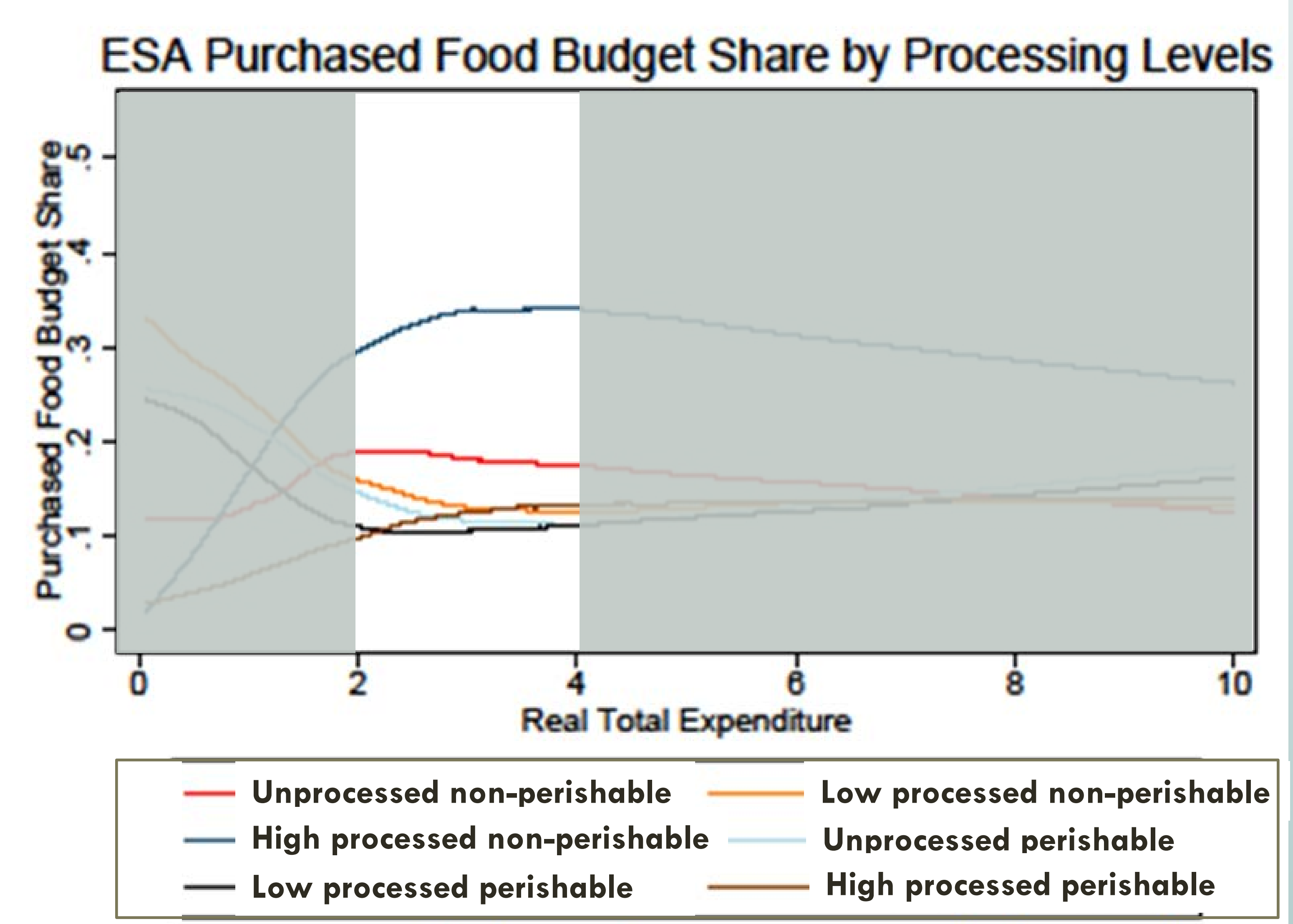

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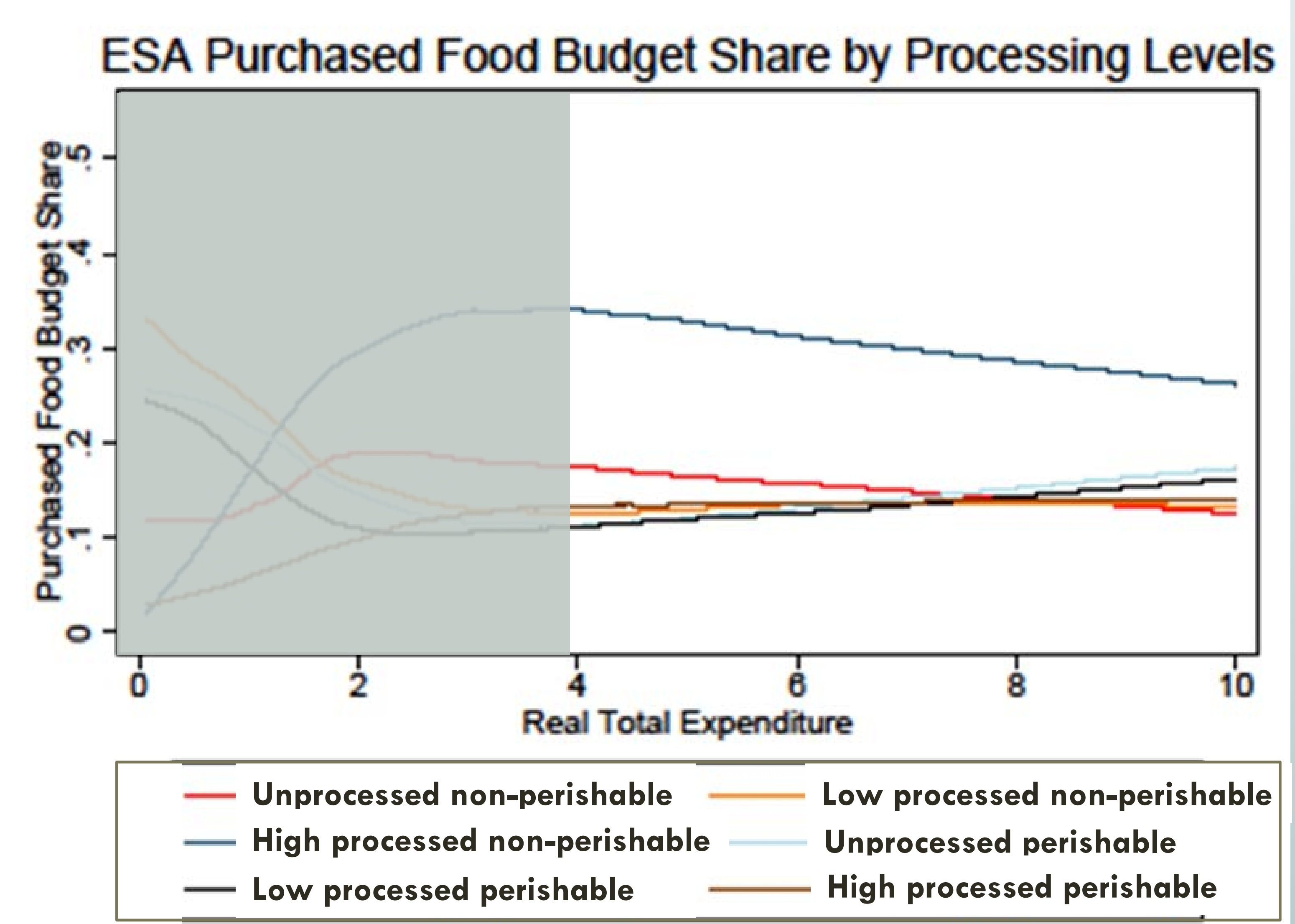

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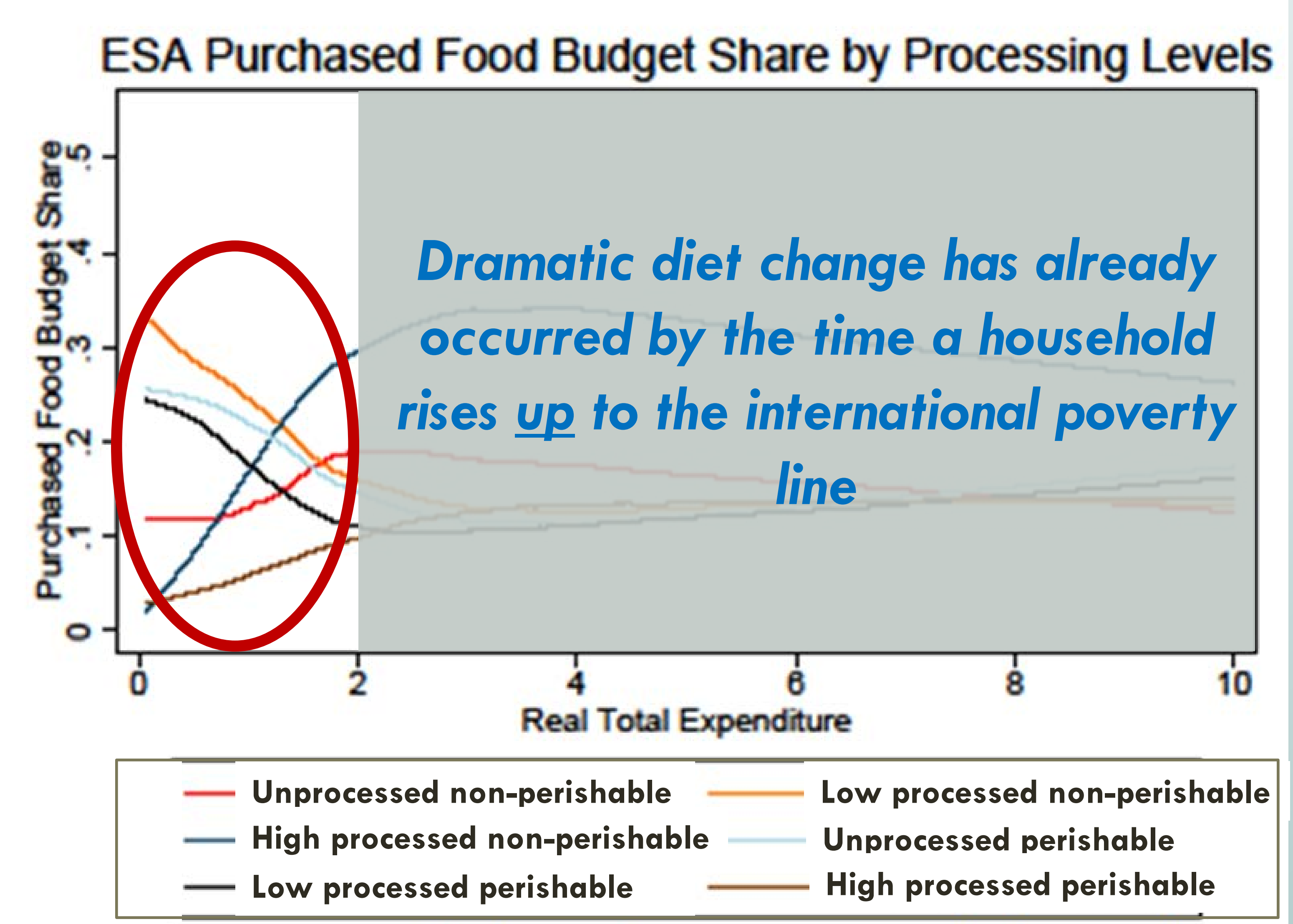

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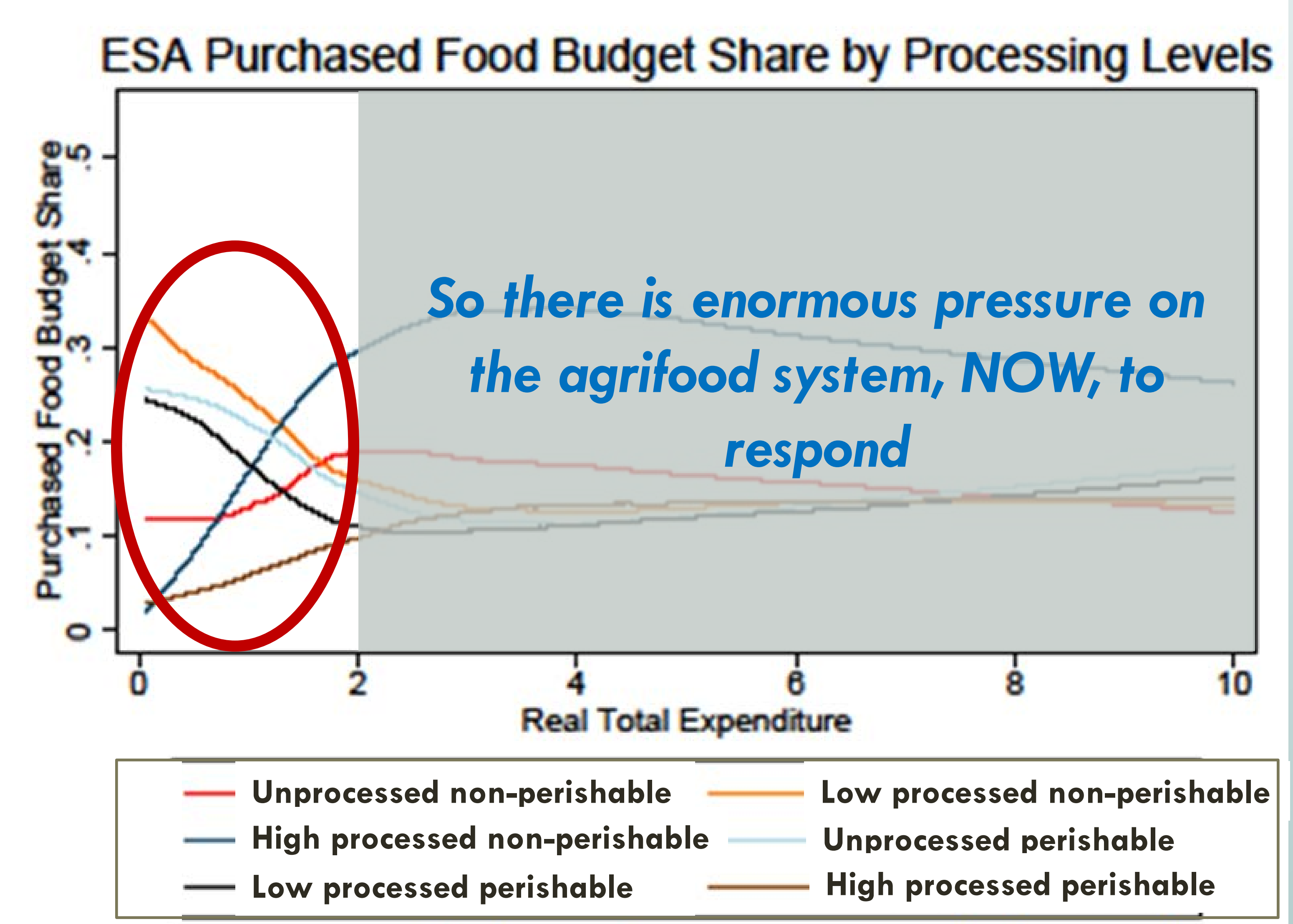

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#3: URBAN DEMAND IS DRIVING THE TRANSFORMATION

- Urban demand now over 50% of all food demand through markets in East and Southern Africa
  - The least urbanized area of the continent
  - Up to 70% and 80% elsewhere
- Huge agribusiness opportunities
  - Growth up to 8x over 30 years for some processed & perishable foods
- Especially <u>secondary and tertiary cities</u>
  - About 60% of urban population, growing rapidly

#5: LOCAL DEMAND AND SUPPLY DOMINATE

- About 90% of all food is from local production
- And reliance on imports is <u>not</u> systematically rising, even in Africa

#6: CITIES ARE NOT ADEQUATELY PREPARED

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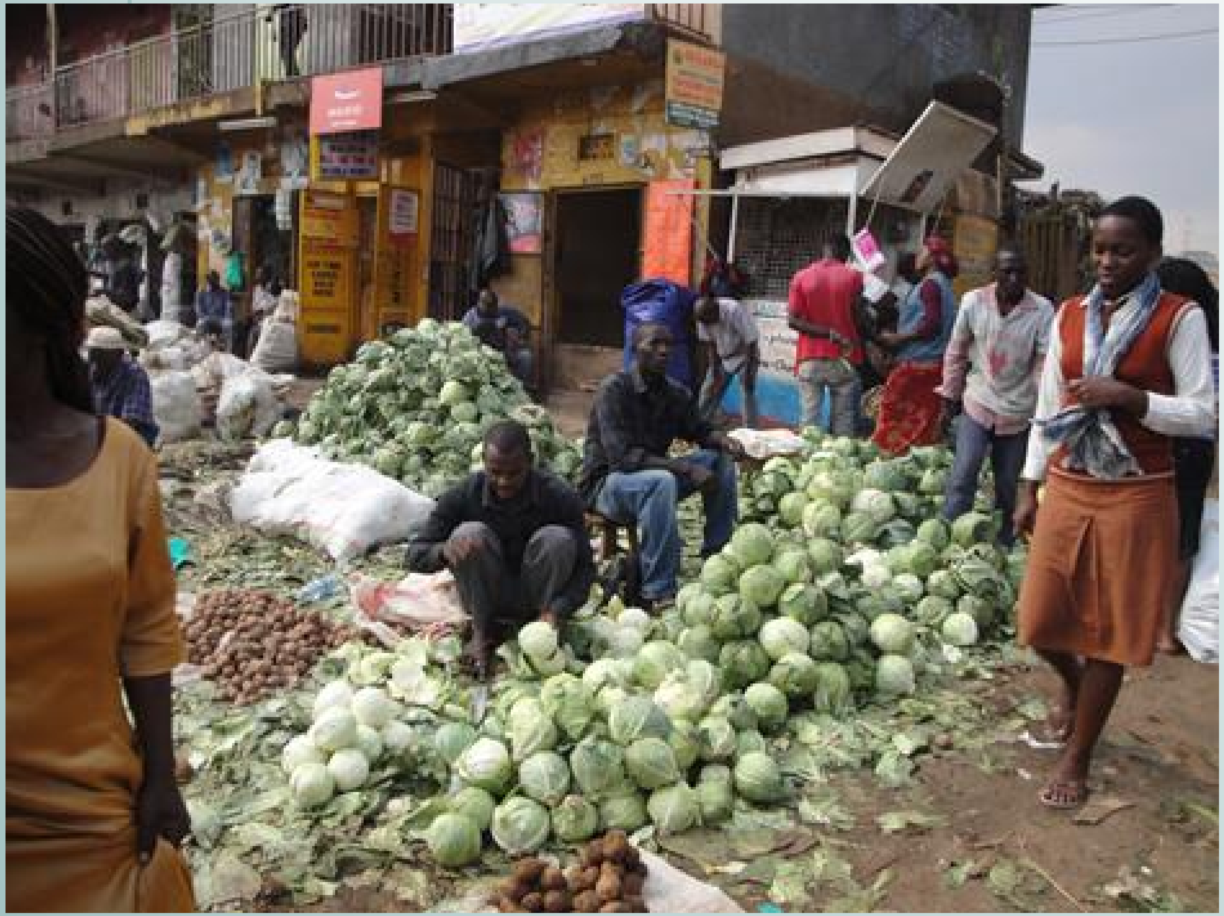

#6: SUPERMARKETS ARE NOT SOLVING THE PROBLEM

- Cleaner, safer cheaper …
- Rapid growth …
  - from a small base
  - And in an urban planning vacuum wrt food (Battersby, 2017)
- More processed: large impacts on consumption of processed food (Rischke et al, 2016) …
- … and on negative nutritional outcomes (Demmert et al., 2017)

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What we need to know

(an incomplete list!)

#1: ARE LOCAL SMES RESPONDING TO THE HUGE AGRIBUSINESS OPPORTUNITIES?

- What is the level, structure, and spatial distribution of the local agribusiness response?
- Major implications for level and location of employment
  - Among Tanzanian millers:
    - smallest 20% of grain millers employ 15x more labor per unit output
    - Next smallest employ 6x as many

#2: ARE THESE SMES BAD FOR SAFETY AND QUALITY?

How does nutritional quality and food safety vary by:

- Imported vs. local products ?
- Firm size among locals?
  - Some concerned that SMEs are a major problem for food safety
  - A conundrum:
    - how to promote greater employment growth in agrifood system while safeguarding food quality and safety?

#3: HOW RAPIDLY ARE SUPERMARKETS TAKING OVER MARKET SHARE?

- Currently low in Africa and S Asia, higher in E and SE Asia
- The sector can grow very rapidly in total sales while growing very slowly in market share
  - Continuing role, for a long time, for the so-called traditional marketing system

#4: WHAT ARE THE OBESOGENIC FOODS AND HOW ARE THEY REACHING CONSUMERS?


Cheetos
Puffs
Flamin' Hot
Cheetos
Puffs

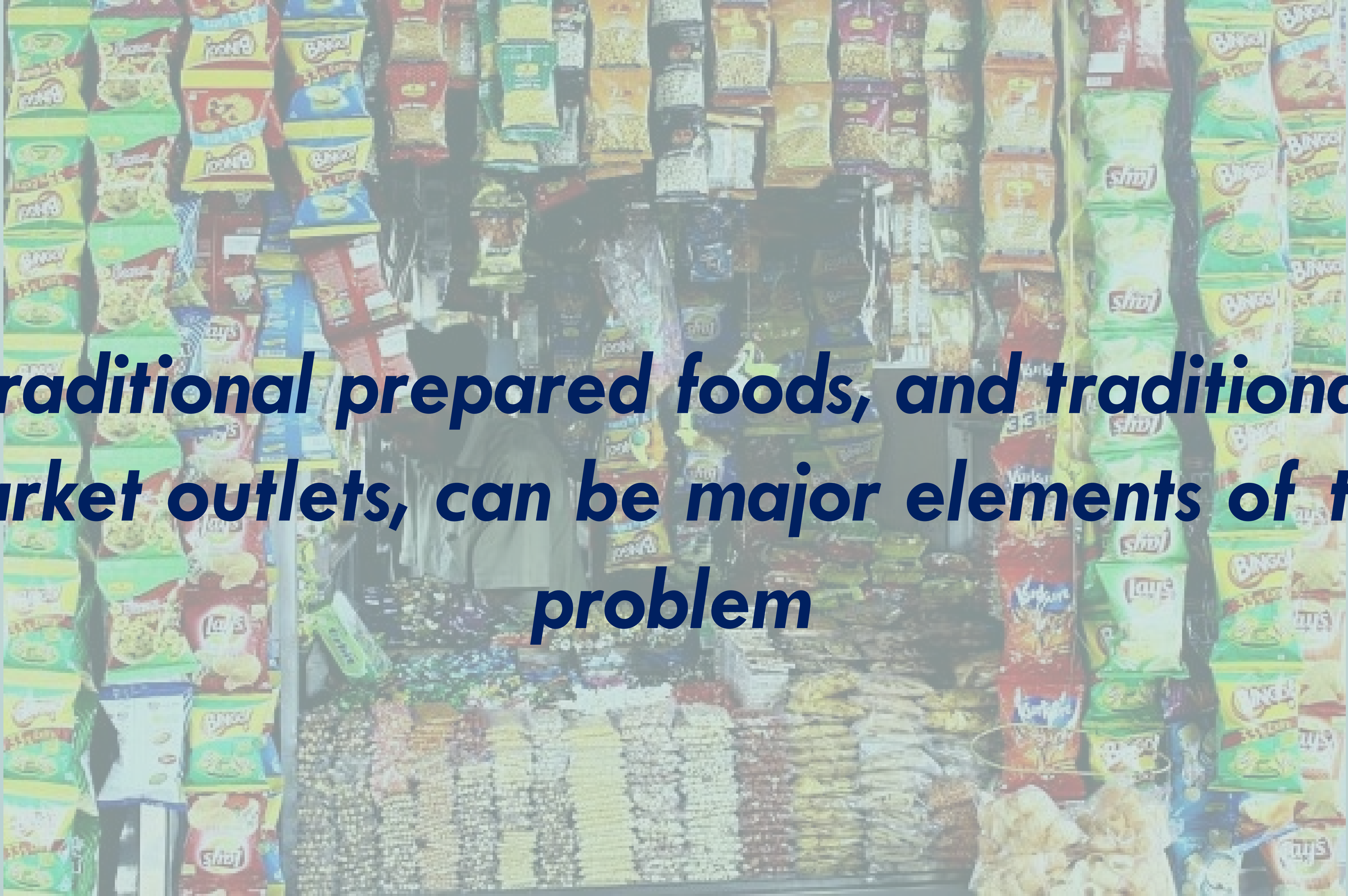

KFC
FRESHLY


Simba
Cheese & Onion


soft drink
STONEY
500 ml

We may be accustomed to thinking about the degradation of developing country diets as a product only of FDI, and packaged foods


Bingo!
Lay's
Kurkure



Traditional prepared foods, and traditional market outlets, can be major elements of this problem

#5: HOW ARE AFRICAN FOOD ENVIRONMENTS CHANGING AND WHAT CAN BE DONE ABOUT IT?

Very little quantitative data

- This has to change in an ongoing way

Many helpful and potentially reasonable suggestions

- Global Panel, HLPE, others

Most of which depend on public investment and regulation

- Poorest countries (already experiencing the nutrition transition) <u>least able</u> to do this

#5: HOW ARE AFRICAN FOOD ENVIRONMENTS CHANGING AND WHAT CAN BE DONE ABOUT IT?

A strong expressed preference in Africa for local, healthy, even organic foods (a completely casual observation!)

And some of the key suggestions (mandatory labeling, public campaigns) are in a sense <u>narrow interventions</u> that can have <u>broad effect</u>, especially if they can leverage latent demand

- Others (improving the built environment, regulating trade) are far more complex

The battle is primarily in the <u>political economy</u> and in <u>people's minds</u>, and needs to be fought there

THANK YOU