

From periodic markets to supermarkets: what hope for equitable and sustainable food markets in Africa?

Gina Porter, Department of Anthropology, University of Durham, Durham, UK
(r.e.porter@durham.ac.uk)

In 1989 the World Bank produced its long-term perspective study, 'Sub-Saharan Africa: from crisis to sustainable growth'. The aim was for a strategy which encompassed sustainable growth with equity (p. 4): 'the growth strategy must be both sustainable and equitable - sustainable because sound environmental policies can protect the productive capacity of Africa's natural resources and equitable because long-term political stability is impossible without this'. This long-term strategy was aimed at releasing the energies of ordinary people by enabling them to change their lives: the state would move from entrepreneurship to the promotion of private production and the informal sector would 'be valued as seedbed for entrepreneurs, not a hotbed of racketeers' (ibid. 5). It is instructive to now fast-forward 16 years to 2005 and the World Bank's latest World Development Report 2006, hot off the press. This is entitled 'Equity and Development': it emphasises equity with growth - 'enhancing the investment climate for everyone' (xii). The focus on equity is welcome, but the fact that sustainability seems to have declined in visibility is more worrying: there are just two references to sustainable development in the index of the 2006 report.

If we look at what has been happening in real food markets in sub-Saharan Africa over the last decade and a half between that 1989 World Bank study and the latest 2006 World Development Report, the trends towards or away from equity and sustainability are complex, with both positive and negative components. Drawing on my research experience over the period in West Africa and a review of literature focused on marketing in western and southern Africa (Porter, Lyon, Potts and Bowyer-Bower 2004), I want to first briefly consider what has been happening to informal food trading through traditional periodic markets in West Africa, and secondly to examine the emergence of the supermarket and its current and potential role in food supply patterns in the region.

Periodic markets and urban food supply

Periodic markets currently form a vital component in the supply chain linking rural producers to urban consumers across much of western and central Africa. Vigorous traditional periodic market systems performing bulking, wholesale and retail functions have existed from pre-colonial times, interlinking the whole region. This contrasts substantially with much of southern and eastern Africa, where indigenous marketing systems were actively, and institutionally, undermined during the colonial period, in order to protect large-scale European farmers from competition. Despite the continuity of the rural periodic market tradition in West Africa, individual regional market systems have seen aspects of both continuity and substantial change since the late 1980s. This is nothing new: these systems have always been in a state of flux, with changes occurring according to patterns of prevailing trade, commodity demand, environmental conditions, political influence, etc. Some markets decline and may ultimately die, while new markets emerge and, if conditions prove conducive, will flourish.

In terms of continuity, we can see, for example, the way personalised relationships continue to dominate the periodic market system.¹ In terms of change, I have observed a major reorganisation of markets in association with road transport developments over the last few decades in both Ghana and Nigeria. Where new roads are built, traders continue to move (as they have commonly done in the past) from off-road areas to the roadside. On major paved (and some good gravel) roads, passing transport commonly provides good business for traders. Transport owners are usually extremely reluctant to take their vehicles on bad roads, when there are good roads to ply. This is particularly the case during periods when imported spare parts and new vehicles are difficult to come by (a common situation during the 80s and 90s Structural Adjustment programmes). Consequently, this also encourages urban-based produce dealers and their assistants to buy produce in more accessible markets. Eventually, remoter bush markets may die altogether, unless they have a specific role to play (such as bulking particular bush products or handling contraband goods). For women resident off-road who are expected to headload their family's produce to the market, the impact may be longer journeys to the paved road (Porter 1997, 2002).

In some regions (such as Nigeria's Jos Plateau) expanded motorcycle and vehicle ownership (due to changes in import duties and expansion of irrigated production in the Jos case) has improved access to remoter villages and allow more rapid movement of perishable produce to the roadside and urban markets. This probably mostly improves prices for rural producers, though it may be contributing further to the decline of smaller bush markets and the livelihoods of dealers and commission agents who make their living there². Meanwhile, larger roadside and peri-urban markets may even become so successful that they are transformed from periodic to daily markets. Again, this follows a long-established pattern of evolution.

Nonetheless, despite the resilience of the traditional periodic market system, the possibility that alternative food systems may start to compete with and ultimately replace the traditional periodic market system in West Africa can not be ignored. Rapid expansion of urban populations is putting increasing pressures on Africa's traditional food supply systems. Although traditional systems based on bulking through periodic markets seem to work remarkably effectively, a new competitor may be emerging with potential implications for actors throughout the food distribution system in West Africa: the supermarket.

Supermarkets and the agri-food system

The rise of the supermarket in Africa is a fascinating story. In most parts of Africa the origins of the supermarket can be found in the colonial stores set up principally to service a European expatriate population missing home food and similar comforts which could not be sourced locally. Stores like Kingsway and UTC increasingly extended their services to African elites and the growing middle classes after independence, but so far as food was concerned, the emphasis was commonly

¹ There are many examples for Nigeria in a recent series of studies by the Nigerian Marketing network: see www.dur.ac.uk/nigerian.marketing

² There is evidence to suggest that soil fertility is declining as a result of continuous cropping, while increased water extraction raises the spectre of serious water shortages. Findings from a study of 23 Plateau villages in 1991 and 2001 are reported in Porter 2001; Porter et al. 2003).

principally on retailing imported tinned and frozen luxury foods. Expatriate and local people alike in West Africa went to the indigenous urban market – or the itinerant hawker – to buy more basic food items such as fresh vegetables, rice and other grains, tinned fish, tomato paste, etc. In Nigeria I observed the reorientation of these stores during the 80s recession, as import restrictions forced a focus on local goods (Porter 1990). Here and across much of Africa, the supermarket sector in the 80s and 90s appears to have been relatively small-scale and focused on urban elites.

However, the potential of supermarkets to transform the food retail sector in urban Africa, with possible far-reaching impacts on the agri-food system, has increased substantially again over the last decade³. Weatherspoon and Reardon (2003) suggest that supermarket procurement systems will increasingly figure centrally in the factors that condition African farmers' market access. They have detected major changes in the sector since the mid-1990s, in southern and eastern Africa, where they suggest supermarkets are now extending into poor neighbourhoods of large cities and into smaller towns: "the new trend in the region is 'supermarkets for the poor', a diffusion and extension of supermarkets....to being mass market merchandisers" (ibid: 333). These larger outlets already offer cheap food and convenience to the urban poor in Kenya, the former homelands of South Africa (where they serve rural consumers too) and parts of Zambia (ibid: 342, 351). Weatherspoon and Reardon warn that this could lead to exclusion for smaller farms and firms from the transforming food economy because of the larger volumes, quality and safety standards the supermarkets require. In Kenya supermarket development (which has 20-30% of food retail market share) has already impacted significantly on the horticultural products trade.

It would seem that the supermarket companies are now extending their march northwards. Zambia has already been colonised by the South African food retailer Shoprite (a chain which targets the poor): it established 18 supermarkets there between 1996 and 2003. The same company has plans to expand into Nigeria, where there are now reportedly 102 supermarkets supplying about 5% of total food retail (Weatherspoon and Reardon: 343, citing Nzeka 2002.) However, Shoprite offers a rather different approach from the majority of Nigeria's current supermarkets and one with substantial implications for a much broader sector of the food chain.

Supermarkets like Shoprite have their own procurement systems and in South Africa, where they are well established, this has already led to the rise of intermediaries in wholesale markets that supply to supermarkets (ibid: 345). It is a characteristic feature of these chains that they move towards new intermediaries, sidestepping or transforming the traditional wholesale system (Reardon et al. 2003). Supermarkets may also have some direct contracts with (mostly larger) growers. Freshmark (owned by Shoprite), for instance, reportedly has no written contracts for its 300 South African growers because this is essentially a de facto buyers market, but farmers are

³ The following sections draw substantially on Gina Porter, Fergus Lyon, Deborah Potts and Tanya Bowyer-Bower: Literature Review: Improving market institutions and urban food supplies for the urban poor: a comparative study of Nigeria and Zambia: scoping phase.

informed of volume requirements, pesticide and microbial residue standards and quality attributes of size, colour etc. (ibid: 348). Such requirements are similarly imposed by other companies. Growers will be expected to make daily deliveries of washed, packed, labelled and bar-coded produce in their own or rented refrigerated trucks and growers. They may be paid only 20-30 days later, so requiring farmers to have considerable capital assets to participate.

The Zambian experience may be relevant to Nigeria, Ghana and other West African countries, as these companies start to expand their operations in the region. The supermarket companies do sometimes buy from small growers in Zambia, if they cannot source produce from larger growers (in southern Africa usually those already organised to serve the export market), and there are now a few donor-supported programmes to help small farmers supply these companies. Shoprite's procurement system in Zambia, however, also involves importing South African produce where the supply in Zambia cannot be secured. According to Weatherspoon and Reardon (2003) the firm argues that this has reduced average produce prices for consumers in Zambia. It also means, however, that Zambian horticultural producers now have to compete in a regional market, instead of just their local traditional market (ibid: 352). A World Bank report (2003) confirms the mixed impact of supermarkets in Zambia, estimating that 60% of the value of food items is sourced within the country, but that higher value processed and packaged foods are mostly imported. They list a series of factors which constrain local suppliers, including difficulties with consistency in product delivery, food safety assurance, and cash flow problems imposed by Shoprite's payment terms.

Some important implications of supermarket expansion in African food retailing to local urban mass markets for local farmers are suggested by Weatherspoon and Reardon (ibid: 351-2):

1. the need to supply in larger volumes individually, or to participate in tightly coordinated small-farmer schemes.
2. the signs of convergence between export standards and domestic retail standards: the two major chains in South Africa require food safety certification by laboratories that certify for export, hence the creation of stringent standards.
3. the need to be highly competitive in price while meeting stringent quality and safety standards, since the focus is moving towards supplying the urban poor.
4. A tendency to rely on imported supplies (from the sub-region) until local suppliers are able to reach required standards.

They predict the rapid exclusion of thousands of small African farmers from supply lists to supermarkets and large food manufacturers as has happened in Latin America, unless donor and governments help small farms to meet the 'challenge and opportunity of this retail transformation' (ibid: 352)⁴.

Conclusion

In West Africa, it has yet to be seen how local policy makers and the traditional food system meet, adopt and adapt, or resist, the new challenge presented by the

⁴ This point is reiterated by D'Haese and van Huylenbroeck (2005) in a study of the rise of supermarkets in Transkei.

supermarket. The procurement practices of the giants in the supermarket sector will, if allowed full reign, certainly reformulate the 'rules of the game' for farmers and first-stage processors (Reardon et al. 2003: 1146). There are potential gains, at least in the early phases of this development, for poor consumers (D'Haese and van Huylenbroeck 2005), but the possibility that small producers will be increasingly crowded out as contracts are established with medium to large farms cannot be ignored. The economic and social sustainability of the small farm sector may be at risk. Barrett and Mutambatsere (2005) suggest the rationalisation of supply channels could lead to a return to non-competitive agricultural marketing channels, reminiscent of the parastatal marketing board controls which were mostly eliminated in the 1980s and 90s following pressure from multinational donors. Even if small farmers manage to obtain and retain contracts, they may be forced to squeeze family and non-family labour to an unsustainable level, in order to produce to the volumes, quality and time scale required of them (Porter and Phillips-Howard 1994). There may also be environmental implications associated with more intensive production (Morvaridi 1995). There is a substantial literature charting the problems associated with contract farming developments in Africa (for an early example see Little and Watts eds. 1994). If sustainable livelihoods are to be supported in the food sector, this potential revolution in produce marketing- from the traditional periodic market based on personalised relationships of trust, to the supermarket and the forces of big business - will need to be monitored with great care.

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