Feed the Future Innovation Lab for Food Security Policy

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"Essential non-essentials" Five policy myths about African food value chains, with implications during COVID-19 and beyond

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Key Findings:

- Domestic supply chains are central to national food security in Nigeria and Africa.
- Rural households also depend on food supply chains.
- Letting food move, and helping traders and truckers keep moving and selling ***at all times is essential!***
- Limited understanding or recognition of the critical role of food supply chains can undermine food security policies in normal times with even worse effects when hit by shocks such as COVID-19.

Introduction

In a recent paper on policy responses during COVID-19 and their impacts on food value chains in Nigeria, we argue that emergency measures taken to contain the COVID-19 pandemic were rooted in persistent myths about African food systems. These myths do not reflect the current reality of recently transformed food systems in many parts of sub-Saharan Africa (SSA). Food system functioning has been severely hampered by policies adopted due to the myths.

Below we outline five myths and provide a 'reality check' for each, using results from recent surveys of food value chains in Nigeria. We illustrate the impacts of policies implemented during the early stages of the COVID-19 pandemic using examples from new surveys of fish and poultry value chains. Finally, we give policy recommendations for keeping African food systems functioning well, during COVID-19 and beyond.

Myth vs Reality

(1) Imports are central to national food security. The literature often notes that Africa is a net food importer and that Africa's food sector development has been held back by food imports. In the COVID-19 debate, there are frequent references to Africa's food security being undermined by disruptions to imports caused by the pandemic. A "reality check" shows that imports are minor and domestic value chains are by far the dominant source of food in Africa. In Nigeria, the share of imports is just 7.3%. In all sub-Saharan Africa, it is 13%.

(2) Rural areas dominate the national food economy, but rural households purchase little food. This image has its roots in the reality of 20-30 years ago when rural households were mostly subsistence farmers. Now, 50% of Nigeria's population is urban. Even in rural areas most food is purchased: 78% in Nigeria.

(3) Small farmers are still traditional and poorly integrated into markets. The idea that African farmers overwhelmingly use only traditional technologies, obtain low yields, and sell little to the market is persistent. In reality, rural-urban food value chains have grown extremely rapidly over the past 25 years, and many African farmers purchase inputs. For example, 60% of rice farms and 70% of maize farms in Nigeria's main rice and maize producing regions use inorganic fertilizer.

(4) Food value chains have a "missing middle" with few or stagnant SMEs. The phrase "the missing middle is frequently heard in policy debates to imply limited numbers or severe lack of capacity among small and medium enterprises (SMEs). In contrast, our recent study of maize, feed, and chicken value chains in Nigeria reveals thousands of commercial poultry farms, a1000 km north-south maize supply chain, 10,000-15,000 urban maize traders, and thousands of rural maize aggregators. All these actors depend on thousands of third-party logistics SMEs in trucking and warehousing.

(5) Marketplaces and logistics services are not critical for food security. There has been little coverage in the African policy debate of logistic services, and wholesale and retail wet markets and their extreme importance is not reflected in food security policy debates. Both the retail and domestic wholesale segments are crucial to food security due to the strong reliance on food purchases, with 80% of African food flowing through the wholesale sector each year

The logistics sector underpins the functioning of the wholesale and retail segments.

Policies during COVID-19, their roots in myths, and impacts on food value chains. The myths above appear to have been the "priors" of many policymakers entering the COVID-19 crisis, and influenced their policy choices during this time. Broadly, a failure to appreciate the scale and dynamism of food value chains and the importance of market infrastructure and logistics services for both urban and rural food security in Africa led to policy decisions that severely impacted their operation.

Thus, while food value chains were declared "essential", lateral value chains supplying logistics, finance, materials, and labor were deemed "non-essential", depriving food value chains of inputs and services crucial for food production and distribution. For example, while chicken farming was classed as essential, workers crossing state borders to work on chicken farms were not, and poultry farmers experienced shortages of vaccines due to blocked veterinary medicine supply chains, resulting in bird deaths and large income losses.

Restricted operation of wet markets, transport, and logistics reflect an inadequate understanding of what those measures would do to markets and food flows. The share of surveyed businesses reporting challenges operating of their business jumped from 39% in February to 80% in April, with the categories of challenges that increased the most related to controls on movement and business operations. The share of respondents attempting to buy inputs or sell products declined by approximately half from February to April. The share of fish farms buying inputs such as feed dropped from 83% in February to 29% in April, while the share of farms selling fish collapsed from 79% to 6%, reflecting transport problems and sluggish demand.

State and federal governments focused on palliative measures. Measures announced to cushion the effect of lockdowns included cash and food transfers to vulnerable households. Unfortunately, the scale of these transfers appears too small to have generated significant impact. Our poultry/fish survey showed that only about 1% of 550 actors interviewed in the fish and poultry value chains, received assistance from any source in March or April. No respondents reported receiving any assistance from the government, implying that safety nets were not widely available.

Policy implications during COVID-19 and beyond. Policies and investments that facilitate smooth operation of food value chains and support actors in them during COVID-19 are similar to measures that will support these outcomes after the crisis has receded.

Keeping the "bones and arteries" of the food system open safely is the basic requirement. Letting food move, and helping traders and truckers keep moving and selling is essential. If SMEs experience severe problems of cash flow or access to transport, then people do not eat. Investments markets, roads, and other infrastructure that support these activities have an important role to play. SMEs can be supported through targeted loans and subsidies that could be leveraged to upgrade facilities and business operations.

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