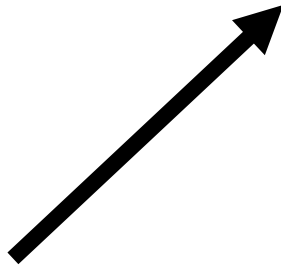


Agribusiness in Africa: Prospects and challenges for contributing to industrialization and economic transformation

David Tschirley, Thomas Reardon, Jason Snyder, Claire Ijumba

The Diet Transformation (opportunities and challenges)

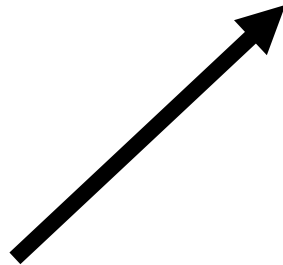
The Diet Transformation (opportunities and challenges)



**First proliferation,
then consolidation
of firms**

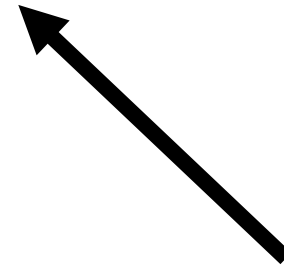
(The **J** curve)

The Diet Transformation (opportunities and challenges)



**First proliferation,
then consolidation
of firms**

(The **J** curve)



**Global
employment
deindustrialization**

Urbanization and income growth in Africa are driving a Diet Transformation



Urbanization and income growth in Africa are driving a Diet Transformation



Fresh produce

Vast increase in demand through markets



Prepared foods



Animal protein



Processed packaged foods

... which will (need to) drive other transformations ...



Science applied to...



... large farms ...



... and small farms

WH403

Olerai22

Simba61

Beans (X56)

Beans (KB9)

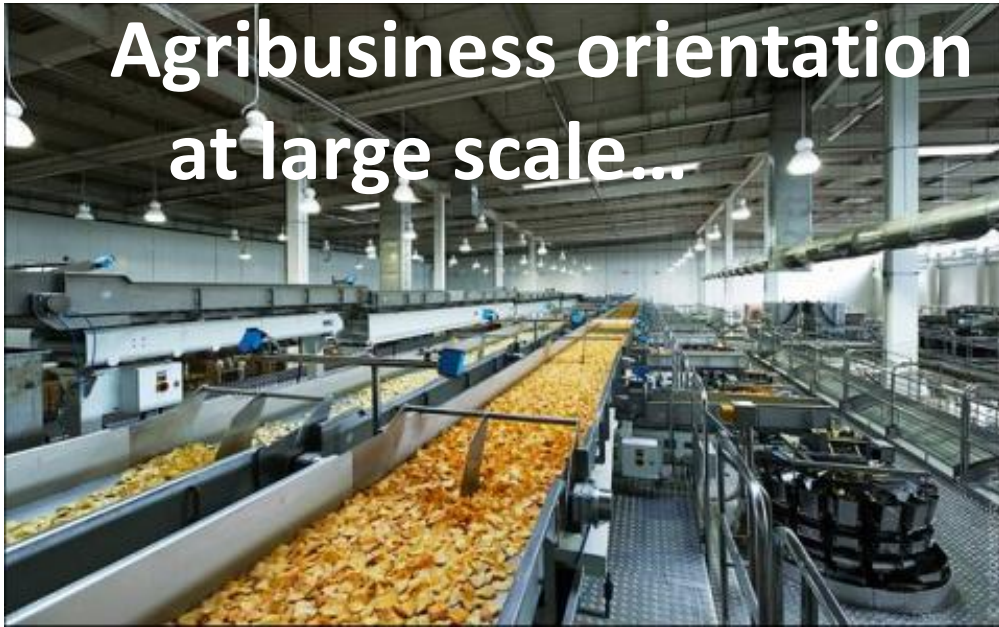
Cowpea (M66)

Irish Potato variety (Tigoni)

AFRICA AGRIBUSINESS

magazine

Agribusiness orientation
at large scale...



... and small scale



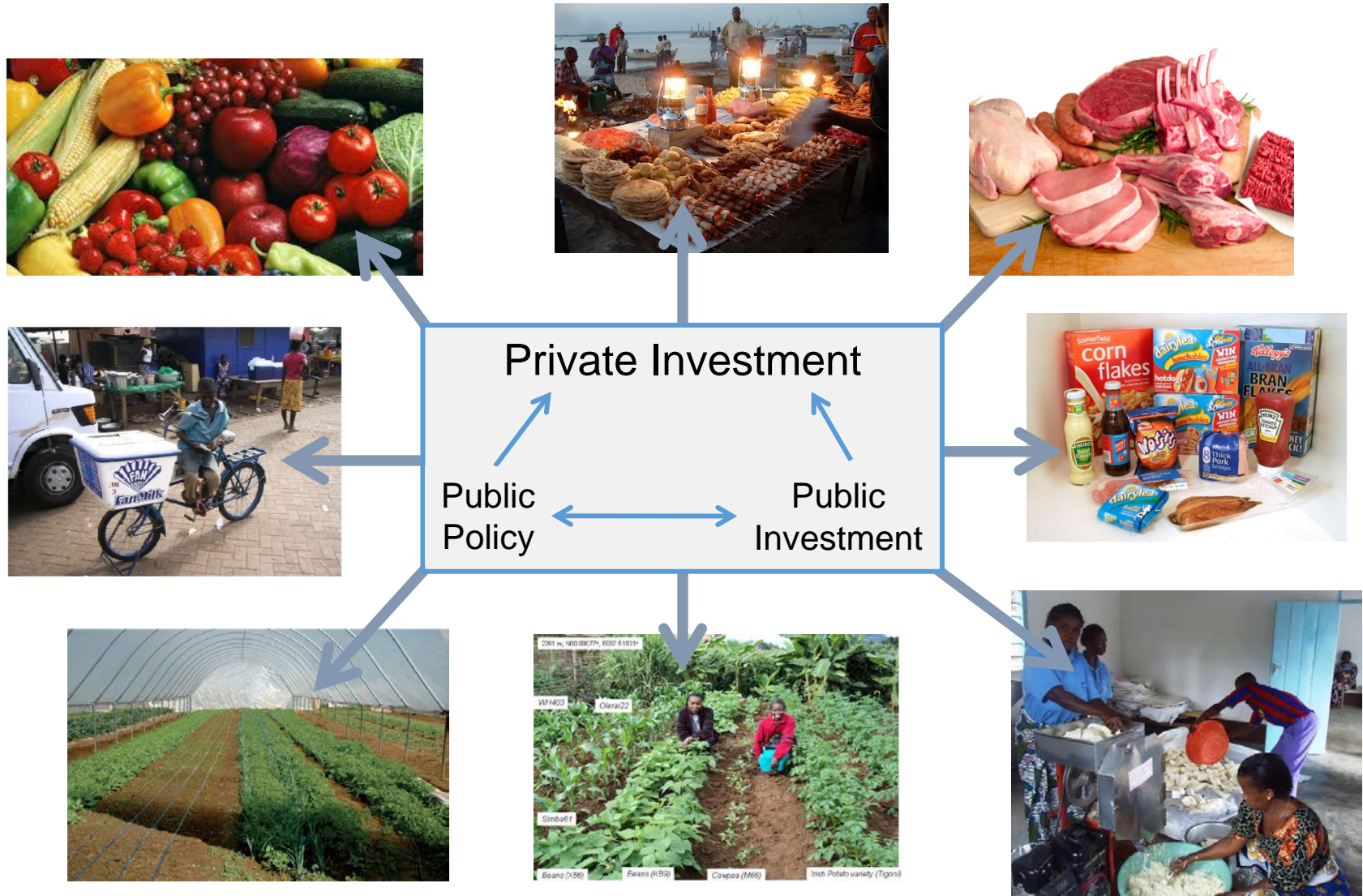
Reaching consumers through modern retail ...



... and improved traditional retail



... all of which will be heavily influenced by public policy and investment



Implications for ...

- Nutrition
- Energy and water use
- **Market opportunities**
 - 7x to 8x growth in market demand next 30 years
 - 7% annual
 - Rising value added over time
- **Employment and skill needs**
- **Public policy**

Three questions

- Can African firms capture most of this market growth?
- If so, what kind (size) of firm is likely to do so?
 - The **J** curve
- What level of employment might this generate?
 - Global employment deindustrialization

#1: Imports, or local / regional?

- Data from inventory of processed foods
- Three cities each in Tanzania and Mozambique
- Categories:
 - Milled grains including rice
 - Dairy
 - Juices
 - Poultry

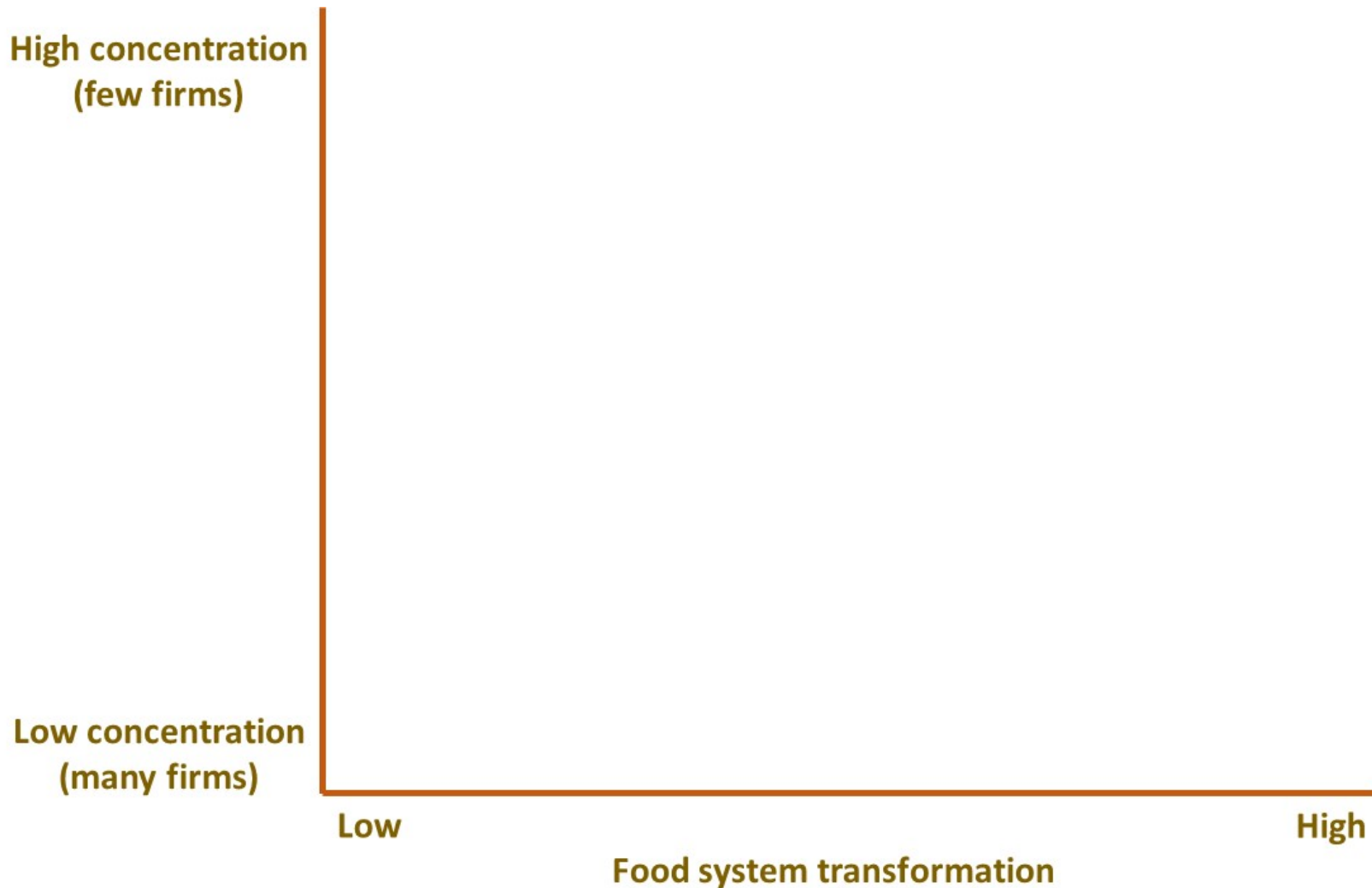
#1: Imports, or local / regional? (2)

Share of all processed products by place of manufacture

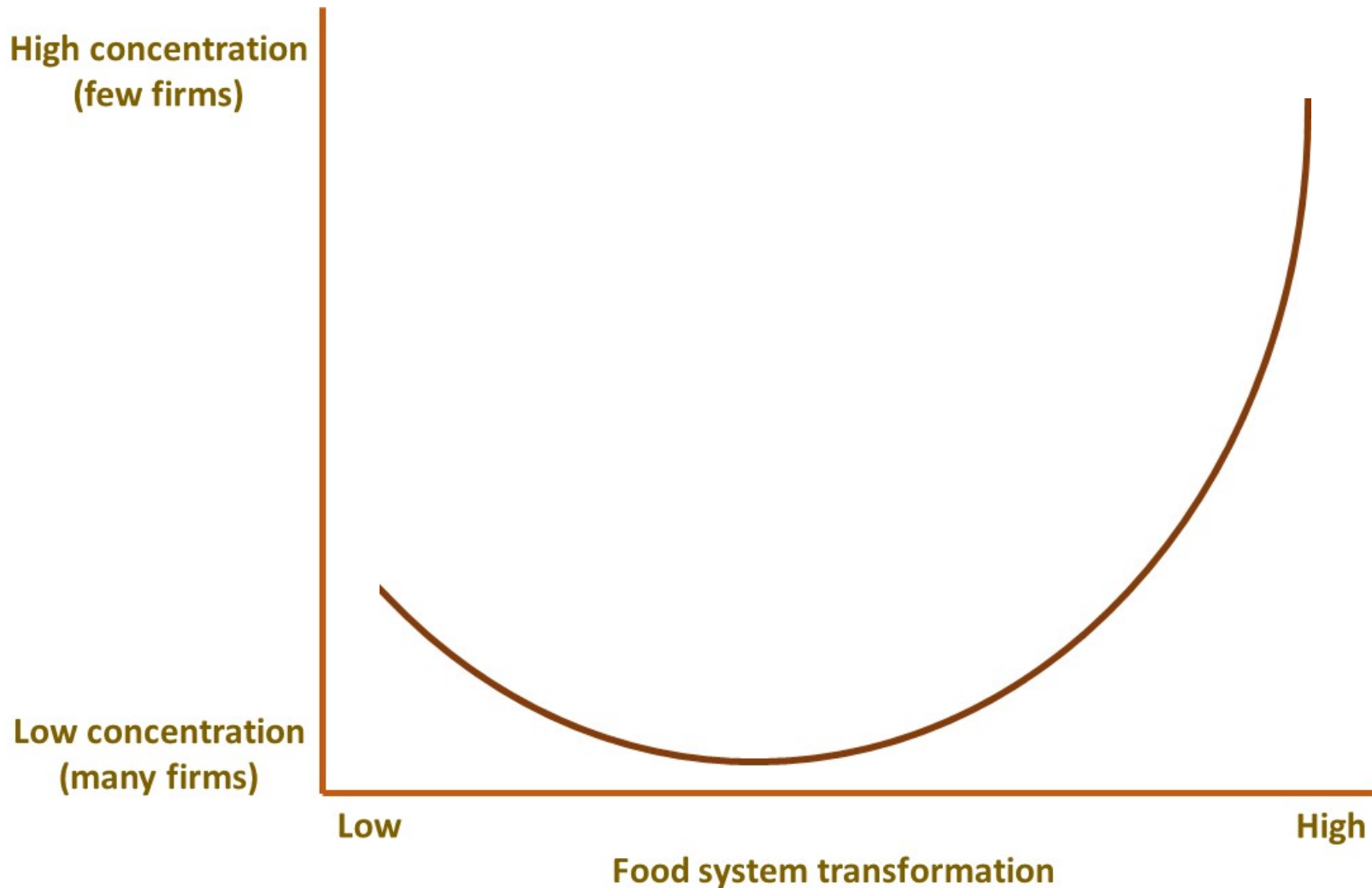
| Place of Mfr | Country of sale | |
|---------------|-----------------|----------|
| | Mozambique | Tanzania |
| Local | 0.14 | 0.60 |
| Regional | 0.00 | 0.12 |
| International | 0.86 | 0.27 |

Note: South Africa considered "International"

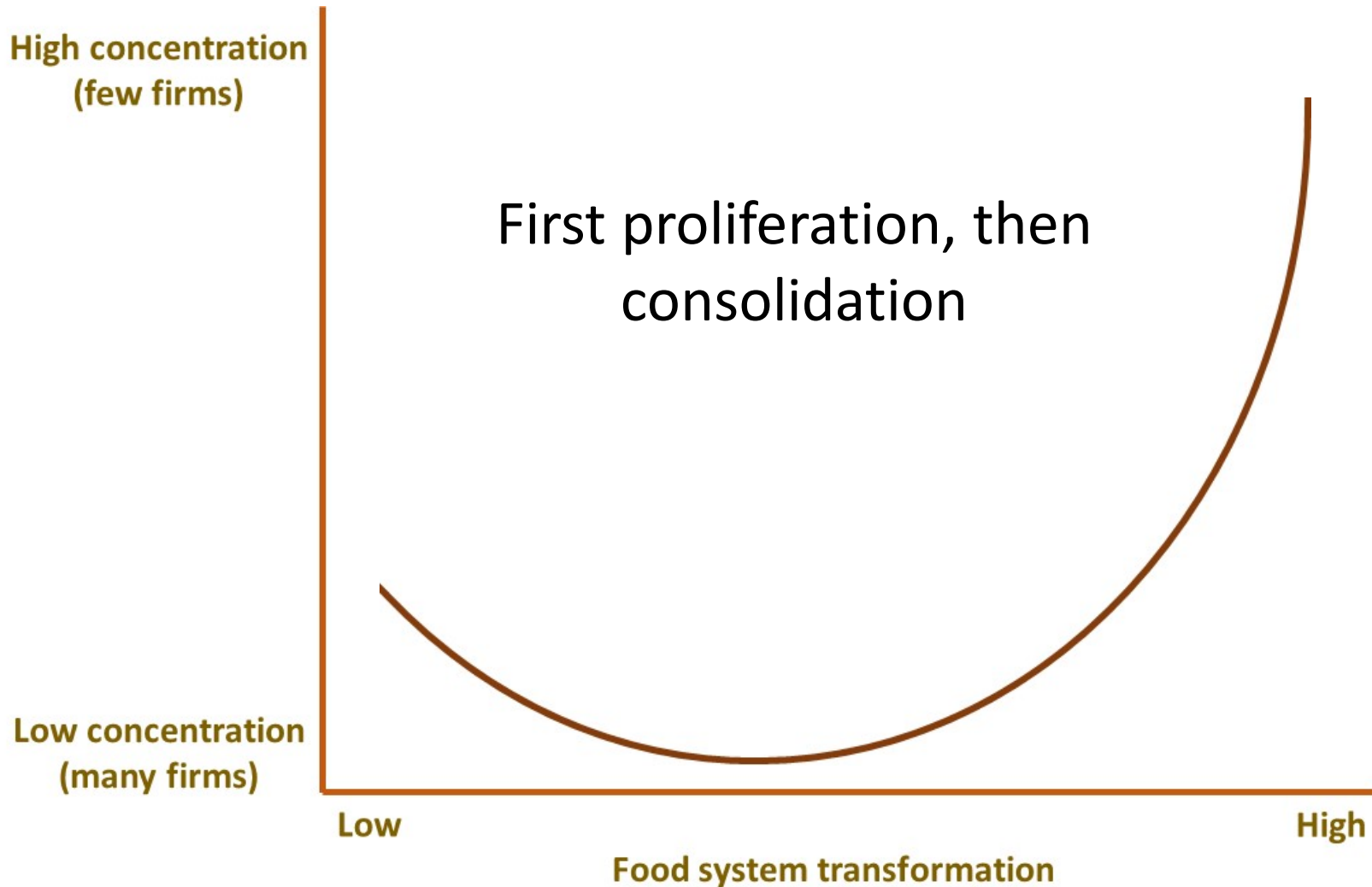
#2: What kind of local / regional firm?



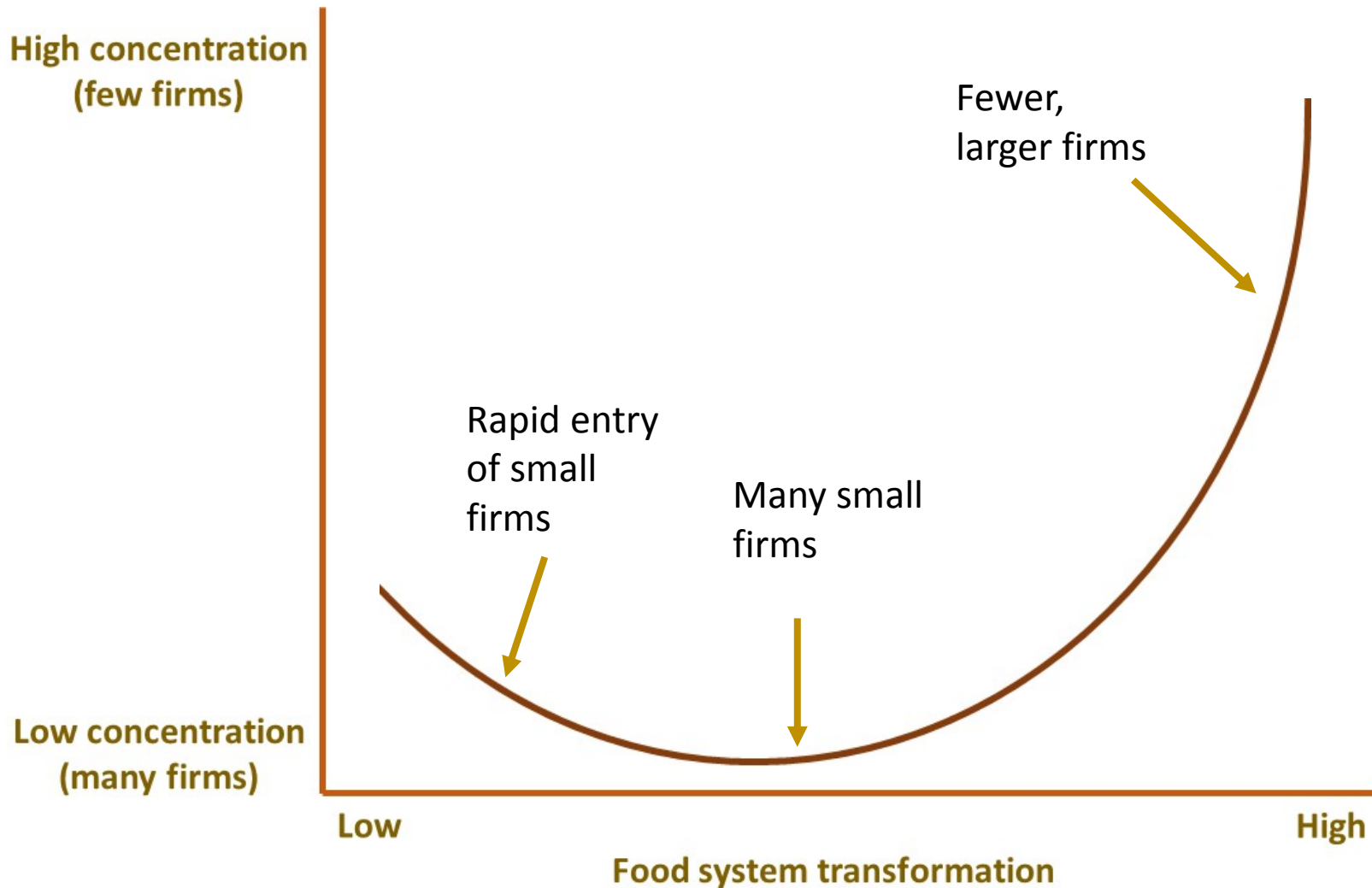
#2: What kind of local / regional firm?



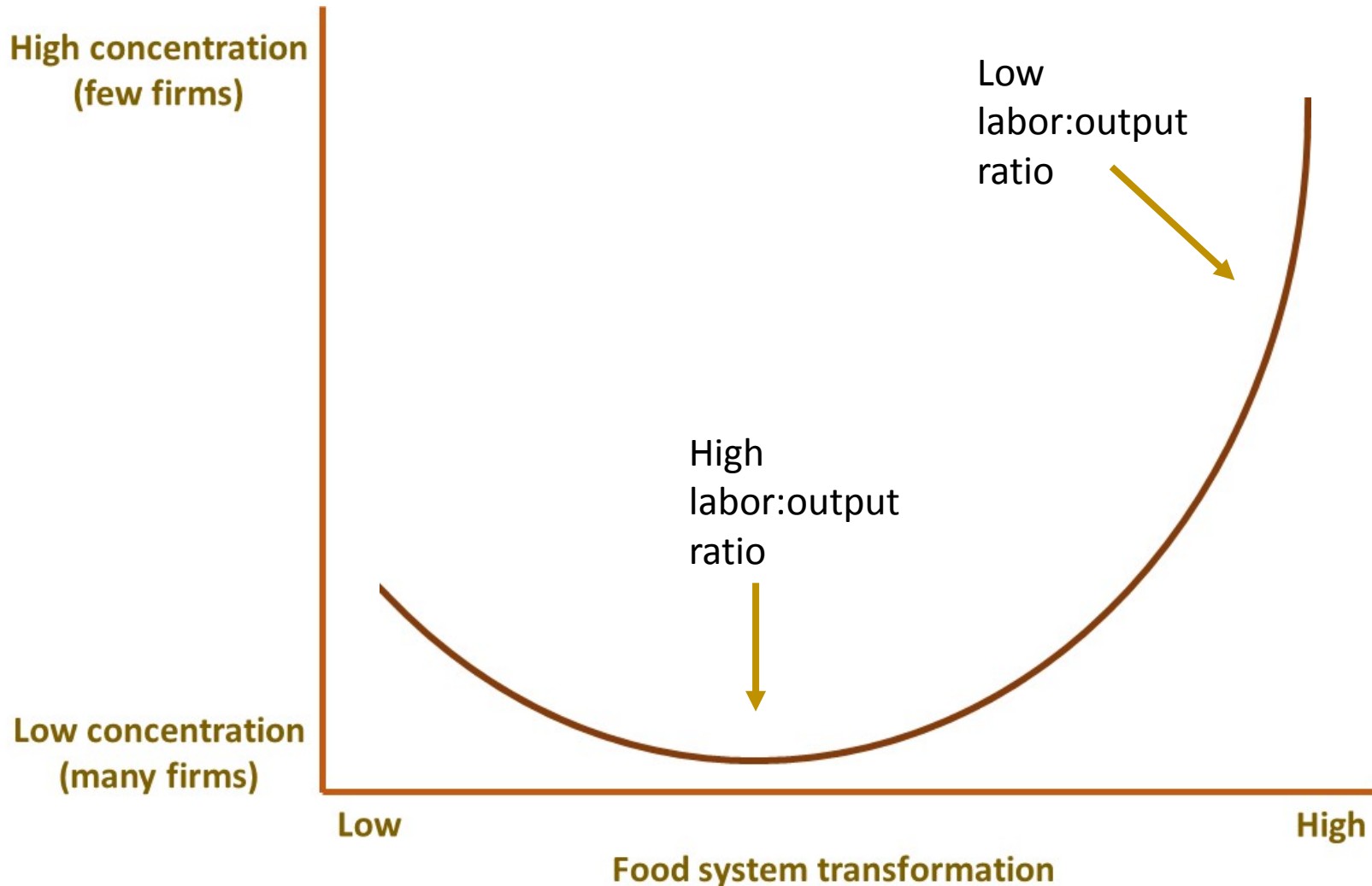
#2: What kind of local / regional firm?



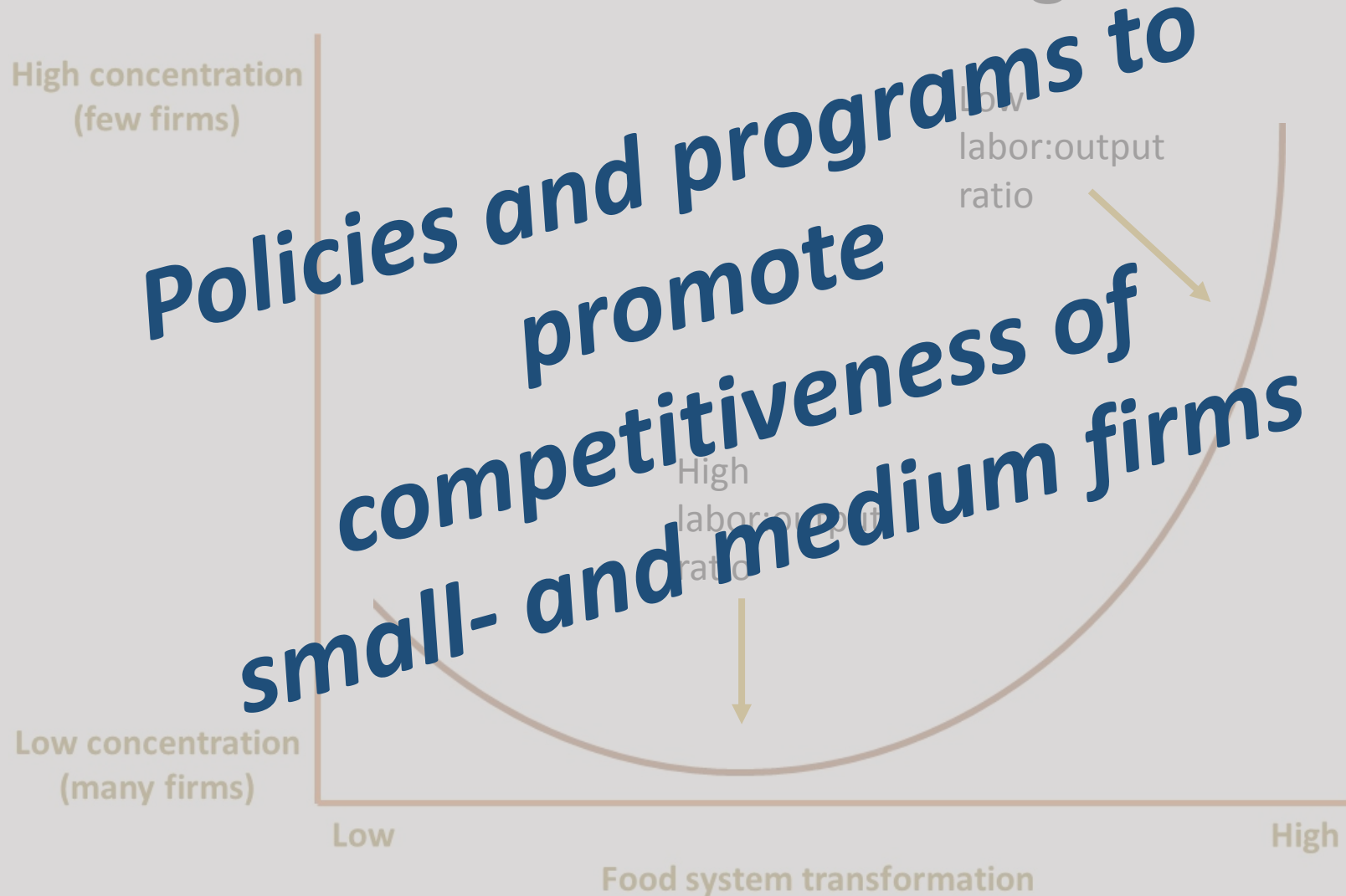
#2: What kind of local / regional firm?



#2: What kind of local / regional firm?



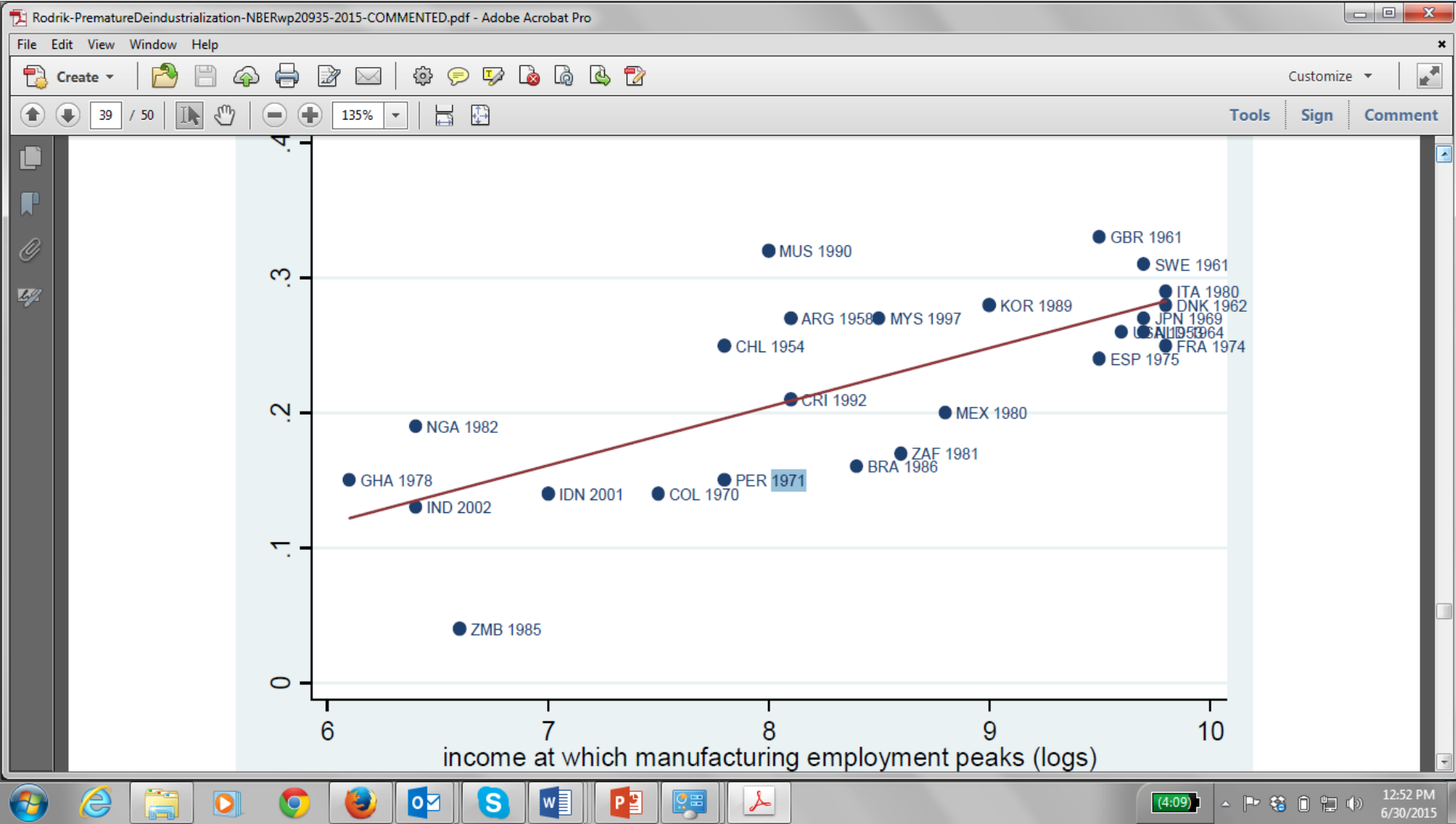
#2: What kind of local / regional firm?



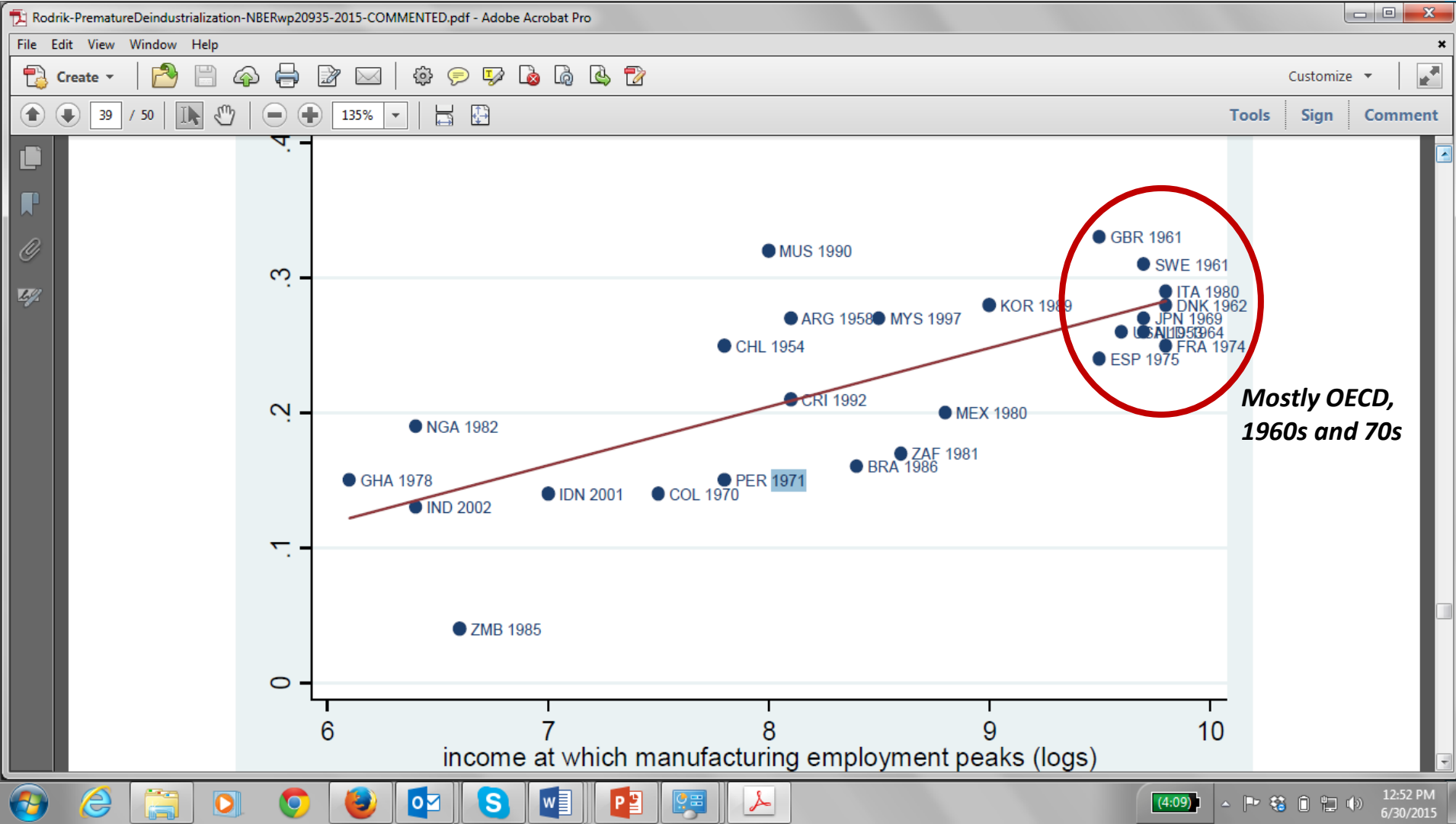
#3: Global employment deindustrialization

- Countries reaching peak manufacturing employment at
 - Much lower levels of pc income
 - Much lower share of mfg employment in total employment
 - Driven by automation
 - IT
 - Robotics
 - Big Data
- } Ever smarter and more capable machines

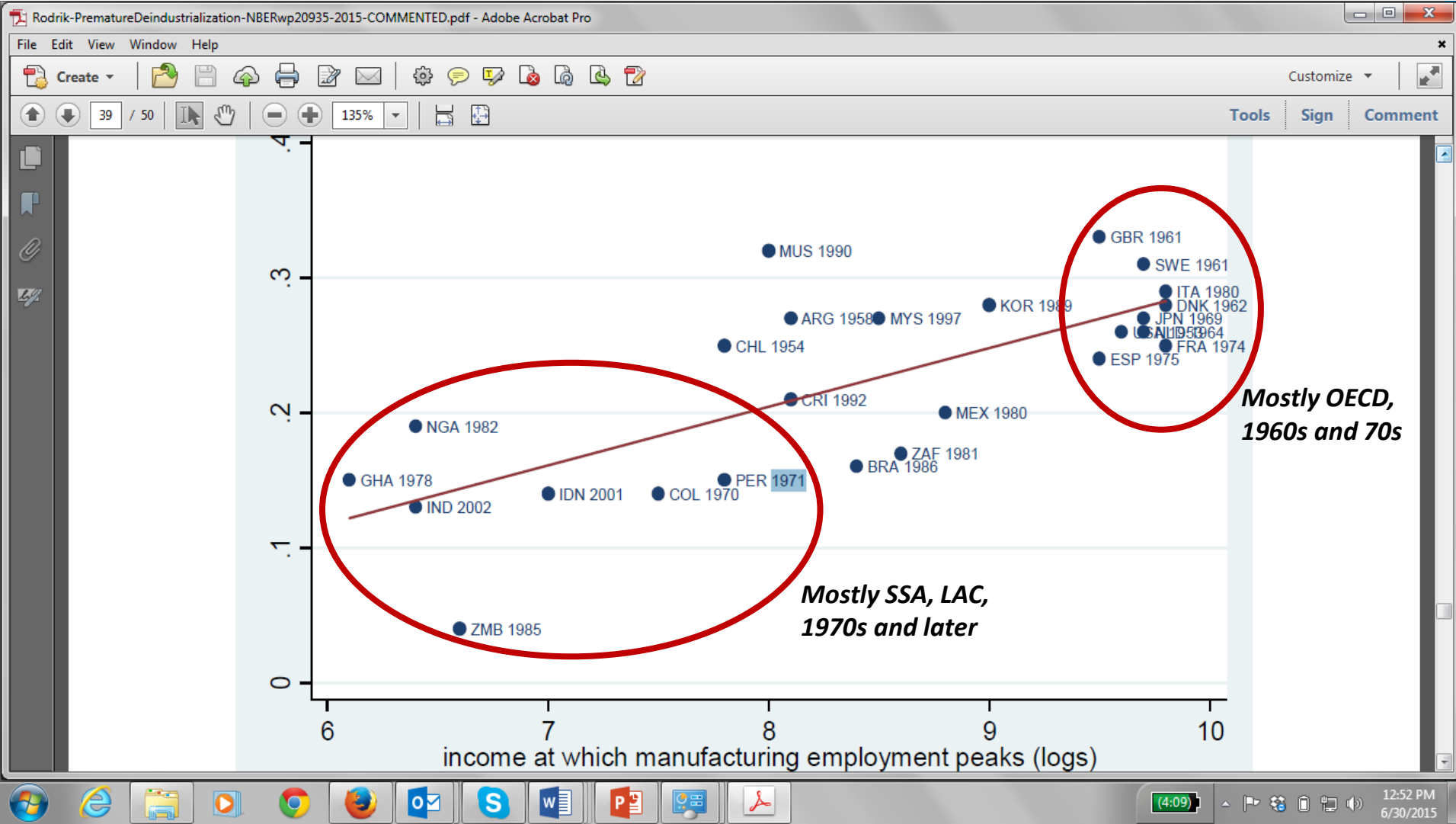
#3: Global employment deindustrialization



#3: Global employment deindustrialization



#3: Global employment deindustrialization



What policy stance?

- Promote labor intensive mfg wherever possible
 - Business environment
 - **Including industrial policy**
 - Openness to trade
 - ***Especially regional***
 - Investment in transport and communications
 - Investment in human skills
 - **Labor must be productive, not just cheap**
- Realize that much employment will be in *informal services*
 - Legal protection of workers
 - Investment in skills
 - Infrastructure to reduce costs of operation

What policy stance? (2)

- Unlink social benefits from employment
 - Expanded public provision of a basic package of benefits for all

All this requires more fiscal revenue that is well-spent ... requires effective public institutions