Introduction

Marketplaces have always been a central part of everyday life in West African society. The traditional marketplace has been a center for selling goods, communing, and entertainment. However, because of globalization and urbanization, two new features—supermarkets and street trading—are redefining the nature of the traditional West African marketplace.

An emerging middle class with purchasing power is attracting foreign direct investment in retailing, and is giving rise to modern supermarkets. This trend is being bolstered by the desire of many African cities to modernize. New shopping malls are being built across the region, with a combination of public and private funds; and global supermarket chains are being sought as anchor clients. This is giving rise to a supermarket revolution.

But while a retail boom is taking place inside supermarkets, another related boom is occurring in the streets of West Africa’s expanding cities, as millions of unemployed people seek a livelihood in street trading. This phenomenon has grown so rapidly that it is overwhelming determined efforts of city authorities to curb it. Today, the majority of all new jobs in the region are being created in street trading. Though these jobs typically support subsistence, street trading is becoming an accepted reality of the region’s marketplace and we are now seeing entrepreneurs starting to leverage it. In Ghana, a sophisticated catering truck is changing the nature of food vending. It is also becoming globalized as foreign manufacturers, especially Chinese, integrate street traders into their distribution chains.

This issue explores the future of the West African marketplace. In the first article, we look at the emerging supermarket revolution and its impact. In the second article, we explore how supermarkets are incorporating small-scale farmers in their supply chains. The third article looks at how street trading is evolving in the region.
Editorial

All over West Africa, supermarket chains are emerging and starting to consolidate their hold on the retailing sector. This should appear as a positive trend, one that will help to modernize the retail sector. But it is also a trend that raises important policy concerns, for the emergence of big supermarket chains can have far-reaching impacts.

As they consolidate their hold, a few supermarkets will have a significantly disproportionate share of the markets, as has happened elsewhere. The four major South African supermarket leaders (that make up only about 2% of all food retail outlets) have over 65% of retail grocery sales and the share is rising. Supermarkets tend to become oligopolies, which raises important public policy concerns. Their supply-chain policies have important impacts on farmers, especially those of small scale. And if, in the near future, they eventually become the dominant supplier of food to urban areas, their role in issues of nutrition and food security for West Africa’s rising numbers of urban poor cannot be ignored. Undoubtedly, the future of food security in the region is closely tied to how the supermarket revolution unfolds.

Generally, the rise of supermarkets comes with potential gains for the region’s economies. The most significant of these is that the domestic markets created by supermarkets can prove to be more important than the often elusive export markets that so obsess policymakers. In Kenya, for instance, supermarkets are already buying three times more produce from local farmers than Kenya exports to the rest of the world. The good news here is that supermarkets not only help create a large domestic market for local farmers; they are also a catalyst for developing exports. This is because the modern supply logistics they help to develop among local suppliers and the quality standards they bring help to transform the practices of farmers, making it easier for them to break into export markets as well. Indeed, in South Africa one of the major supermarkets has already put in place globally recognized quality standards, which effectively means that its suppliers are ready to export. By integrating local farmers into their global chains, supermarkets could also help farmers to access the global markets in which they operate. Already South Africa chains are helping Zambian farmers to export to South Africa. With entry of global giants like Wal-Mart, farmers can potentially now export to any part of the world.

Indeed supermarkets could provide a stable, dependable market for farmers’ produce and create jobs in the related activities of transportation and distribution of these produce. They also have the potential to improve the quality and lower the prices of food for urban populations.

However capturing these inherent benefits can be problematic. For many small farmers who are used to traditional ways of farming for markets, there is a steep learning curve involved in doing business with supermarkets. Most farmers are ill equipped to participate in the increasingly complex supply chains of these supermarkets. And the investment required to build capacity to participate in these supply chains is beyond the reach of most small-scale farmers. For this reason, the farmers who are usually able to tap the supermarket opportunity tend to be those already engaged in the export business and thus possess the required capacities.

There is a real danger that small farmers could be excluded from this significant market opportunity even as it unfolds right in front of them. This underscores the need for targeted interventions to help them become part of the supply chain. Crucially, these interventions ought to be urgent because supermarket revolutions tend to proceed rapidly in building and consolidating their supply networks. The window of opportunity for small farmers is very narrow.

There is another important issue: while participating in supermarket supply chains can be beneficial to farmers, a recent study (in Nicaragua) found that supplying supermarkets may not necessarily be more beneficial to farmers when compared to traditional markets. It is possible that as the power of supermarkets increases, they can capture a disproportionate share of value. Therefore, it is important to craft policies that can increase competition in the sector.

Given the growing role of supermarkets in developing food markets and agriculture in general, any developing food policy needs to consider the role of supermarket and indeed actively shape it.
The marketplace has always played a central role in West African life; both as a place for buying and selling, and as a community space. Markets have especially been important for providing women with economic resources as well as a political voice: in every major marketplace across West Africa, market women, working through their elected “market queens”, exercise significant political and soft power and authority in their communities.

Hitherto, West African markets have been dominant in supply of food especially to the urban areas. However, this dominance is being challenged by the rise of supermarkets. This is important, as urban food markets are key growth areas given the rapid urbanization of the region.

As an emerging sector, supermarkets are still at an infant stage. In Nigeria, supermarkets, (including convenience stores/small groceries) currently control only 1% of sales in the retail food sector. Traditional and open-air markets still dominate, with 34% and 65% of sales respectively. However, for some cities in the region, the supermarket revolution is well on the way with 25% of Dakar consumers purchasing their groceries from supermarkets. The place of the supermarket in the region is likely to change rapidly, perhaps very rapidly; for historical evidence shows that supermarket revolutions, once underway, tend to rapidly transform the marketplace.

Trends already indicate that a major transformation is underway with many global supermarkets present or planning to enter the region. A record US$1.3 billion in foreign investment went into the retail sector in the region between 2010 and 2012. A recent buyout of a major South Africa retailer, Massmart, by Wal-Mart, the world’s biggest retailer, is a clear indicator that Africa is the next frontier in the supermarket revolution. Wal-Mart has already announced plans to open 1,246 stores on the continent by 2016, and is particularly interested in expanding in Nigeria. Wal-Mart is in fact, already represented in the region, as Massmart already runs stores (Game supermarkets) in Nigeria and Ghana.

Nigeria, the most attractive market in the region seems to be the microcosm of what the future holds as it is showing the most dynamism.

- Shoprite plans to have 13 stores in Nigeria by 2013, and 700 in the future, while Massmart hopes to increase stores from the current 2 to 13.

- The Dutch retailing giant SPAR has also entered the region by buying out a local chain in Nigeria.

- Kenyan supermarket giant Nakumatt has indicated interest in entering the Nigerian market.

- A variety of local players are also consolidating and expanding their supermarket chains. Lagos’ Goodies Superstores, for instance, has 14 supermarkets.

- While local supermarket chains have not expanded regionally, some specialized Nigerian chains are beginning to branch out. Nigeria’s Nice fashion chain, which has 22 shops in 9 Nigerian states, has an outlet in Ghana. It is likely that other local chains may also begin building outlets across the region.

It is not improbable that in the next 10 years supermarkets could be the dominant players in the West African marketplace. The key driving factor in the growth of supermarkets is a growing middle-class that is creating demand for a sophisticated shopping experience. This has further been fuelled by government drive to renew urban areas by encouraging and investing through Public Private Partnerships (PPPs) in modern shopping malls that seek to attract major supermarket chains as anchor clients. For example, Kwara and Lagos states in Nigeria have partnered with private developers to build new malls.
The Future

A steep increase in the pace of urbanization combined with globalization and the influx of foreign direct investment means that Africa will see changes that are far more dramatic in its food supply system. Indeed, in some countries like Kenya supermarkets already control over 30% of the food supply. (In South Africa they control over 65%).

While the supermarket revolution is already under way, the extent of the revolution could be mitigated by a number of factors, such as:

- **Taste:** For even those who can afford to shop in malls or supermarkets, there are still many people who prefer the traditional ways of shopping. More importantly, many buyers and households in the region have a tendency to shop in bits rather than stock-up and find small shops more convenient.

- **Poor public transport in most cities means that malls may not be very accessible to those without private cars.**

- **Supermarket prices are on average 10-20% higher than those found in other traditional outlets. This is largely because modern retailers have high fixed and operating costs (including taxes and having to use power generators).**

- **Modern supermarkets need large parcels of land for the malls that house them. Given the contentious nature of land ownership in the region, it is quite difficult to get a good location. Also, in urban areas retailers are in fierce competition with developers of high value residential and commercial plots. Returns on retailing investments are lower than returns on high-end apartments or office blocks.**

Given the above factors, the future is thus likely to see a retailing ecosystem dominated by supermarkets but with significant roles for traditional markets and convenience shops. It is also probable that idiosyncrasies of the region will require retail investors to rethink the transference of the traditional western supermarket model into the region. For instance, Wal-Mart is trying to enter Kenya by buying a small chain that focuses on small shops serving lower income brackets. It is probable that, a market landscape dominated by such small, but upgraded shops might actually emerge, in place of the shiny malls that seem to be the current fad. As informality and slums become dominant features, cities and the region’s supermarket chains will also need to adapt to this reality.

**Impact**

The supermarket revolution is likely to have a disproportionate and far reaching impact particularly on economically vulnerable small traders and small-scale farmers – presenting both an opportunity and a threat.

Some of the urban renewal projects built to house supermarkets have come at the expense of demolishing traditional marketplaces. In Lagos, the state government launched a crackdown on illegal roadside trading and at the same time partnered with the private sector to construct modern markets. Modern shopping establishments are preferred by governments because they are easy to tax and regulate, compared to traditional channels. Yet, it is the traditional (mostly informal) channels that employ many of the lower-income people and also supply them with goods. Using public funds to develop new shopping malls to house supermarkets cannot be termed as pro-poor development.

The impact of the rise of supermarkets on small-scale suppliers, especially small-scale farmers and small food processing and manufacturing farms is potentially large. While supplying supermarkets presents a large opportunity, it comes with big challenges. The scale of procurement is typically much larger and requires both volumes and coordination among suppliers and between suppliers and retailers and/or intermediaries. Also, supermarkets are typically more demanding as to quality and safety standards. To meet these requirements, producers have to make investments and adopt new practices. For instance, fresh produce will need to be washed, packed, labeled, and bar-coded, ready to go on supermarket shelves. That is hardest for small suppliers, who thus risk exclusion from a dynamic and rapidly growing urban market that will be increasingly dominated by supermarkets. Indeed, they have the potential to totally exclude small farmers at the expense of commercial farmers who have the resources to make needed investments to meet supermarket requirements. In the wake of the supermarket revolution in South Africa, it is those farmers who were already exporting (to European markets) and thus had developed systems for quality and logistics, that were able to gain a foothold in the sector. Further, supermarket suppliers are paid in 20-30 days, compared with the cash-on-delivery system used in the traditional wholesale system. Many small-scale farmers and suppliers cannot afford to wait for 30 days for payment due to their lack of working capital and access to credit.

Further, given the global nature of the procurement...
systems for the global supermarket chains and very different subsidy regimes for farmers around the world, (European and American farmers for example, enjoy substantial subsidies) supermarket chains with global supply chains might find it cheaper to source abroad than locally.

Currently, data on performance of supermarkets, particularly how they affect domestic markets and trade in general is lacking; yet the power of supermarkets can be significant. (In South Africa, the 4 main supermarkets control only 2% of retail outlets, but 55% of retail sales). They have the potential to control both the farming and the food supply business. There is thus a serious need for in-depth case studies of the impacts of emerging supermarket chains. Such in-depth understanding is imperative if more inclusive policies are to be put in place.

Indeed, there have been complaints across the region by local farmers who claim difficulties in supplying to the emerging supermarkets.

- Nigerian farmers are having difficulty selling vegetables to the high-end market, as foreign-owned supermarkets import green pepper, carrots, and tomatoes from their countries of origin.

- The Gambia Association of Food Processors has accused supermarkets in the country of refusing to sell locally processed foodstuffs. The supermarkets have explained that local suppliers are not willing to supply on credit (though the Association insisted that even those willing to sell on credit have been denied access).

Government industrialization policy that should assist farmers’ access the new markets has not proved helpful. For instance, lack of processing facilities means that despite being the second largest producer of tomatoes in Africa after Egypt, Nigeria spends over N11 billion (about $68 million) annually on tomato and tomato paste imports. Most of the tomatoes grown in Nigeria spoil quickly due to the lack of processing facilities and poor infrastructure to reach fresh markets.

All the same, supermarkets will bring benefits beyond providing markets to farmers:

- Proliferation of supermarkets will improve the quality and safety of food sold locally, as farmers strive to meet quality standards imposed by supermarkets. And raising the quality of produce sold on the domestic market would make it easier for countries to export.

- In addition to higher quality, supermarkets can also lower the price of food for urban populations.

- Supermarkets could boost employment in cities and surrounding areas by providing jobs in transport and distribution (see box on Kenya).

- The emergence of supermarket chains operating across several countries, such as Shoprite, has the potential to further consolidate regional markets that are currently fragmented. (As has happened in Southern Africa). While this means potentially larger markets, (fruit farmers in Ghana can sell their fruits in Nigeria) it also means that farmers have to compete regionally, rather than in protected local markets. Farmers in countries like Ghana and Cote d’Ivoire who already export will have a greater advantage.

Interventions

While there are many potential benefits for farmers that can accompany the proliferation of supermarkets, there is a steep learning curve involved to which many farmers are ill equipped to adapt. There is thus an urgent need for development programs and policies to assist local farmers, particularly small-scale farmers, to adopt the new practices required by supermarkets’ procurement systems.

A study of how the revolution has taken place in South Africa and more recently in Kenya can help craft interventions to make the transformation in West African more inclusive. Experience in Kenya (see box) shows that with the right support, small-scale farmers can benefit from the rise of supermarkets.

Direct policy interventions that require supermarkets to do local procurement and ensure inclusion of small-scale farmers and business may also be needed (especially if the farming and business sectors are not well developed). For example, Tanzania made it a requirement for supermarkets to source at least 70% of their produce locally. However, such a policy may impose onerous burden on investors especially if they have to build supply chains and at the same time develop farmers. Other parties and in particular Development Partners can be especially useful in helping small-scale farmers upgrade and supply these chains. Lessons can be learned from Zambia, where the International Business Leaders Forum in the UK, the British Council, and the Danish Embassy in Lusaka supported research that was aimed at finding possible ways to create a partnership between Shoprite, ZamSeed, Ministry of Agriculture Food & Fisheries (MAFF), NGOs, and the Luangeni Community. The project led to improved production and supply chains from the rural communities of Chipata to begin producing high quality vegetables (cabbage, tomatoes, green beans) that are being
The Food and Agriculture Organization (FAO) points out that farmers need to have the resources and training to be able to actively participate in the rapidly transforming domestic market. Potential assistance might include:

- Help with organizing cooperatives and effective associations in order to be able to meet the scale and volume needed to supply a supermarket;
- Credit schemes to obtain the technology needed to be able to meet the stringent quality and safety standards demanded; and
- Knowledge dissemination to place farmers in a stronger position ahead of complex negotiations.

Traditional markets also need to be supported to compete with supermarket chains. The Lagos state government is adopting a promising approach of combining traditional and modern markets. The government partnered with a private sector consortium to construct the Oluwole Urban Market & Multifunctional City Centre. The new facility comprises four levels with shops as well as traditional market stalls. The objective was to provide for the different layers of the existing retail space demand as well as encourage new and complementary uses. The malls have stalls for the petty traders and hawkers that are characteristic of this area of Lagos, and on the top floor small business units for the myriad of businesses (insurance companies, microfinance banks, telecom company customer centers, etc) that service the market population. However, many informal traders have already complained that they cannot afford the rent charges in the revamped markets.

Impact of Supermarkets on Smallholder Farmers: The Kenya Experience

A study of 400 randomly selected farm households in Kiambu District, where Nakumatt and Uchumi, the two biggest Kenyan supermarket chains source produce found that participating in supermarkets has been beneficial to small-scale farmers supplying to these chains. They found that while supplying supermarkets had its challenges, (supermarkets make their payments only once a week and further, supermarkets refuse delivery from farmers who do not supply regularly, or do not meet the contractual standards), participation in supermarket channels was found to have the following positive impact:

- Higher output prices and market assurance increased farmers’ ability and willingness to upgrade their technology, including use of high-quality seeds, more organic fertilizer, and better irrigation equipment.

- Increased scale efficiency due to reduced marketing risk. Farmers tend to specialize, harnessing economies of scale.
- Almost 50% average gains in per capita income. As a result, poverty rates among supermarket suppliers fell by 20%.
- Increased hired labor in rural areas by 60%. The special supermarket requirements that entail intensified production and post-harvest handling, increased farmers’ demand for hired labor.
- Benefits to women, as female laborers are preferred for certain operations such as cleaning and bundling vegetables.

Therefore, the supermarket revolution can contribute to agricultural growth in the small farm sector and broader rural development. However, the study also makes the point that when developments expand geographically, disadvantaged households may be bypassed. Better-educated and trained farmers are more likely to be involved in supermarket channels. Moreover, good infrastructure and access to public transportation and credit are factors that facilitate participation. Hence, typical market access constraints will have to be addressed to avoid undesirable social outcomes.

Impact of Supermarkets on Small Scale Farmers: Wal-Mart and Nicaragua Farmers

In Nicaragua, small-scale farmers are weighing the risks of entering into contracts with supermarket chains. A study using data from cooperatives supplying supermarkets sought to understand the effect of supply agreements on producers’ mean output prices and price stability. The study found that while mean prices paid by the supermarket (Wal-Mart) was significantly lower than the traditional market, the Wal-Mart contract systematically reduced price volatility. However, the study found evidence, that farmers may be paying too much for this contractual insurance against price variation.
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Supermarkets and Small-scale Farmers
What Does the Future Hold?
Insights from Ghana

The supermarket revolution in Ghana is a recent phenomenon. Although there have always been small supermarkets in the major cities, there has been a dramatic rise in the number of new outlets over the past decade, including the entry of South African retail giants Shoprite and Massmart (under the Game trade name). To draw insight into what this boom means for small-scale farmers, we conducted a brief survey of some leading supermarkets in Accra. These included the Koala Shopping Mall, Maxmart, the Baatsona Total Supermarket, and Shoprite. Although all the supermarkets sell lots of imported fresh farm products, there is also evidently a boom in the sale of locally farmed vegetables, fruits, herbs, dairy products, as well as locally processed foodstuffs sourced from local farmers like dried fruits, nuts, plantain chips, tapioca, etc. Below we present some key trends that are shaping the future of this opportunity for small farmers.

- **Intermediaries dominate the supply chain and are growing more powerful.** Virtually all of Accra’s leading supermarkets deal with middlemen instead of directly with the farmers. The intermediaries are small-scale companies that buy from the farmers and sell to the supermarkets. Some supermarkets work directly with farmers who supply them directly, but this is a small minority. The main reason why middlemen dominate the relationship is because supermarkets are not in the business of preparing and packaging products for the shelf. Instead, they outsource this function to the intermediaries who buy from the farmers, prepare, package, and distribute directly to shelf. Thus, only a few farmers who have the capacity to do packaging are able to supply directly to the supermarkets.

- **The relationship between intermediaries and farmers is diverse.** We spoke to two middlemen – SLD Ltd. who between them supply to 13 leading outlets in the city.

SLD, which supplies to Koala and Palace shopping malls works with about nine small farmers who bring their produce to Accra’s traditional markets to sell. The farmers bring their produce to the market by 3 a.m., and SLD goes to the market to buy from them for onward preparation and packaging to the supermarket by 8 a.m. SLD says it has a relationship with farmers it has known for years and trusts. The company’s officials embark on occasional visits to the farms to ensure that the farmers adopt healthy farming practices that conform to the standards of its supermarket partners. The company also has a 24-hour credit arrangement with the farmers – where it buys on credit and pays them the next day.

According to SLD, it has its own farm, (2 hours outside of Accra) which has been out of operation for three years for various reasons, mostly weather-related. It plans to restart the farm next year. When it does, the company says it will continue to buy from the farmers to complement its own farm output but at a reduced scale. For the small group of farmers it works with, this development will have significant implications. Sales will drop, and it is highly probable that some of them will lose the current business they have with SLD. They will also lose other advantages. For instance, SLD currently helps the farmers who have no cold storage to sell their excess fresh vegetables at the end of market day to restaurants. Without this support, the farmers will incur significant perishable costs. This speaks to a major possibility that is likely to emerge: if intermediaries begin to establish their own farms, this will effectively cut off small farmers from the supermarket supply chain.

SLD says it is compelled to operate its own farm because it wants to have greater control over quality standards. It appears that increased competition from importers who supply superior-quality produce to the supermarkets may be driving middlemen to integrated backwards and establish their...
own farms in order to exercise better quality control and also eliminate the transaction costs involved in dealing with multiple small farmers.

An alternative approach will be for intermediaries to work more closely with farmers by providing capacity building and technical support to help them meet the quality standards required. This is the approach taken by Eden Tree, an Accra-based company that works with 136 farmers and supplies to 11 of Accra’s leading supermarket outlets. Probably Ghana’s leading supplier of farm produce to supermarkets, Eden Tree has a deeper relationship with farmers. The company has grouped the 136 farmers into 4 out-grower cluster associations. The company provides these associations with both financial support and technical training. Farmers have to be dues paying members of the associations and attend regular meetings in order to enjoy these benefits. Financial support is given as a commodity-loan swap, under which the farmers take loans from Eden Tree and pay back with farm produce. But despite the technical training it offers, Eden Tree says that many of its farmers still have challenges meeting the quality standards. To deal with this quality inconsistency, the company has a very rigorous quality management and packaging system, which enables it to satisfy the supermarkets. According to the company, more farmers want to join the associations but it is not admitting more until it has expanded its cold storage capacity beyond its current 40-foot chiller.

- **Accra’s large expat community influences the sourcing decisions of supermarkets.** The tastes and preferences of the large community of foreign residents in the city have a major impact on whether supermarkets sell local or foreign produce. According to one leading supermarket, about 45% of its customers are foreigners who have a preference for imported produce. This is a major determinant of how much shelf space local produce can have. A tour of supermarkets shows that imported produce has a prominent presence, often dominating the fruits and vegetables section. While there are vegetables and fruits that are imported because they cannot be farmed in the West African climate, the preference for imported produce also extends to those that can be locally supplied. Because the expatriate community have bigger buying power, and tend to consume more fruits and vegetables, their preference for imports means that local farmers and their middle men are missing out on a major customer-base and profit-stream of the supermarket boom.

- **Local middle class buyers will ultimately determine the fate of small farmers.** Unlike foreign residents, local residents prefer locally produced foodstuff. Fortunately, Accra’s rising middle class has kept its taste for local produce and this is driving sales and giving more shelf-space for the produce of local farmers. This trend will continue because local produce is also more price-competitive compared to imported ones.

- **Price-competitiveness of locally farmed produce will be sustained.** Locally farmed fruits and vegetables enjoy an overall retail price competitiveness over imported ones. This is a rather unique advantage among virtually all local industries that compete with foreign imports. The high freight cost of importing perishables seems to explain why the local produce is cheaper – since overall, foreign farmers enjoy major farm subsidies that should have given their produce an edge. This is one advantage that local farmers can sustain into the foreseeable future. But if air freight costs to the region continue to decline as they have been in the last five years, and imported farm produce could be transported more cheaply, there could emerge a significant threat to local farmers.

- **Foreign farmers planning to open farms in Ghana are a threat to local farmers.** There is evidence that foreign farmers are planning to cash-in on the supermarket boom by setting up farms in Ghana. According to sources, a Spanish farm, called Avatar is about to establish a farm in Ghana with the intent to target the supermarkets. While this may provide jobs for locals who will be employed by Avatar, it may adversely affect small-scale suppliers if the foreigners are able to operate at scale and thus earn significant cost-competitiveness. According to one of the leading supermarkets which already imports from this company, it is expects that Avatar could eventually offer foreign produce at local prices. While the supermarket in question admits that this could affect the local farmers it currently buys from, it maintains that it wants to increase the standards it offers to its customers. It however believes that this could help with technology diffusion to local farmers although it is not clear how this would happen. Perhaps the supermarket could make it a pre-condition for Avatar to train local farmers before it buys from them. It is possible that if the first foreign farm successfully sets the pace, others might enter the market, which would lead to a displacement of small farmers.
It is not clear how much farmers are benefiting from the relationships. Both supermarkets and middlemen were unwilling to discuss details of their value-sharing. It is therefore not possible to tell how much farmers are actually benefiting from their produce being sold in supermarkets. One supermarket said it buys produce worth US$2000 per day from one of its suppliers, which translates to roughly US$70,000 worth of sales per annum. It is however not interested in knowing or influencing how much of this value goes to the farmers involved. The supermarkets admit that their customers are their priority, not the farmers; and so long as the middlemen provide the standards they require, they are happy to do business with them. It will take detailed research to know how well farmers are reaping from the supermarket boom.

The Future

All three supermarkets we spoke to say they see demand in Accra booming over the next decade, driven by a growing urban middle class and a growing expatriate population. While this presents a clear opportunity for local farmers to secure ready markets, it will take some significant actions to make the farmers actually reap real gains from this boom.

First, there may be a need for some kind of local content legislation to regulate the procurement practices of supermarkets and compel them to buy more from local farmers or at least, maintain a certain quota for locally farmed produce. Sadly the local content drive in Ghana seems focused on Oil and Gas where legislation has already been passed yet it is in agriculture that such laws are likely to have a greater impact on the poor. In addition to this, it will be necessary to establish an intervention that provides both technical and financial support for local farmers as well as their middlemen to be able to maximize this opportunity. The approach adopted by Eden Tree is worth encouraging, and development partners should be encouraged to explore how they can work with Eden Tree to support its program. Finally, there is a need for a pro-local farmers lobby to advocate on behalf of farmers.

The entry of multinational supermarkets into the market makes the need for legislation and advocacy particularly pressing. Shoprite, the South-African retail giant already has two outlets in Accra and is on the verge of opening a third one. While such multinationals may source some produce locally, they tend to depend primarily on their already established external suppliers. The international best practices that they bring could help improve farming practices locally and by working with local farmers, also help to build their capacities and confidence to target export markets.
Street trading is ubiquitous within the region. Urban area street intersections are thronged with a myriad of street traders trying to sell to motorists. The goods for sale range from foodstuff, to furniture, to electronic equipment, to foreign currency. While traders include both males and females of all ages, women dominate, representing about 70% of street traders. This is due to the limited economic opportunities for women. At the same time, street vending has a special appeal for women due to its flexibility. Women can easily combine street vending with other household duties, including taking care of children. The youth who are currently bearing the brunt of high unemployment in the region also make up a significant proportion of street traders.

The importance of street trading cannot be overstated. In Africa, the informal sector as a whole is estimated to account for 60% of all urban jobs and over 90% of all new urban jobs. It has further been estimated that after home-enterprises, street trading account for the largest share of these jobs.

The key driver of street trade is the lack of formal employment opportunities in the cities for the millions of poor rural migrants who continue to flock to cities in search of better lives. The ease of entry into the street trade has made it the default economic activity for many urban poor. The consequence has been the swelling number of traders who have come to be seen as a nuisance in many cities.

Governments and city authorities have responded with a range of actions from large-scale sustained eviction of street traders, to sporadic event-driven evictions. Studies indicate that a majority (about 70%) of street traders live in perpetual fear of eviction, with foreigners being particularly susceptible. Currently authorities in Sierra Leone have embarked on a sustained effort to remove street traders who have choked the streets.

Despite a sustained onslaught to get rid of them, hawkers have refused to disappear. The regular battles between street traders and city authorities are essentially becoming containment strategies to control the numbers rather to eliminate the practice. Indeed some cities like Abuja and Accra are gradually accepting the reality of street trading and are now beginning to integrate them into urban plans.

Street trading is in many ways a survival strategy for thousands of urban poor rather than an entrepreneurial-driven activity. This explains the persistence of such activity despite spirited efforts to stop it. Many street traders see this as the only viable option they have for a livelihood.

Apart from poverty, the other key driver has been globalization and regional integration. Regional integration has made it easy for people to move across the region and to carry or smuggle cheaper goods from duty free-port countries like Togo to sell in other countries. Today Lome Freeport has supplies a significant proportion of many of the goods that end up in the streets of West Africa.

Goods from all over the world can be found in West African street markets. The street economy has become more commercial and international in character, with many African traders acting as buyers, shippers, and wholesalers in relatively small-scale, yet complex international supply chains. This has been boosted by the rise of Chinese trade with Africa, combined with the establishment of Chinese traders, especially wholesalers. The bulk of cheap Chinese goods are retailed to consumers largely through the streets.

National politics are also playing a big role in entrenching street trading. As their numbers swell, street traders have become an important political force. Their power is particularly felt during elections, when governments tend to relax regulations to seek their votes. Street vendors were instrumental in the election and
re-election of the current government of Sierra Leone.

These trends suggest that street trading is likely to intensify despite efforts to reduce it. Indeed, as streets become an acknowledged place to shop, real entrepreneurs have entered the industry and are somewhat formalizing it. Two examples in Ghana are a pointer to the changing nature of street trading. Koko King Breakfast Street Stalls is revolutionizing the way koko, a popular traditional street breakfast meal of millet, porridge, and bread, is served (see box), while a mobile food shop named “choptruck” is selling lunch on the streets of Accra (see picture). Choptruck is adding a new dimension to the traditional food stalls normally called ‘chop bars’. These innovations have brought in technologies, innovations, and much higher investment, changing the equation on who can participate in that segment. Wholesalers and formal retailers are also adapting to the new reality, especially in Francophone countries where they are sending their employees to sell their wares on the streets.

Informal economic activities will thus feature prominently in the region’s economic future.

**Formalizing Street Food: The King of Street Breakfast “Koko King”**

“Koko”, a popular porridge in Ghana is the quintessential street breakfast. For many years, women sold it by the street side in the mornings and evenings in every major city or town in Ghana. This however changed significantly in 2010 when a company called “Koko King” entered the Ghanaian market as a formal, registered entity competing with these street vendors. What Koko King is doing differently is packaging to make it more appealing to the middle and upper classes. The company has revolutionized the traditional Koko breakfast for many of Accra’s professionals. The local porridge, Koko now comes in more auspicious packaging and for 3 GHs ($1.5), people can purchase a full breakfast of bread, sugar, milk and Koko, properly and hygienically packaged and delivered to their workplaces or conveniently on the street as they drive along assigned points across Accra. Koko king presently has nine different varieties of breakfast options ranging from local porridge, wheat and oats, and sandwiches.

The company employs about a hundred people at various levels of the business comprised of mostly Junior High School, Senior High School, and Diploma graduates.

**Impact and Interventions**

Street vending does provide a kind of livelihood, especially for migrants escaping from the very poor parts of the region. Indeed some of the street traders even send remittances to their less well-off relatives left behind, which also entices others in the villages to migrate to join the profession.

Further, when vendors come together to form street markets, they generate demand for additional services and thus jobs: market porters, night watchmen, and recyclers, etc. Residents of low-income urban areas are critically dependent on street vendors as their only source of low-cost goods in small quantities—particularly fruits and vegetables, other fresh food and basic household goods.

Street trading thus plays an important role in supporting livelihoods. Many street vendors also see street trading as a stepping stone to other careers like dressmaking or hairdressing. For many of them, this will remain an unfulfilled dream because they don’t earn
enough to save up the needed amount for skill acquisition. Given that many vendors have this motivation, support programs that enable them to combine trading and skill acquisition could prove highly fruitful.

Some interventions in Abuja and Accra has been to develop special markets located next to busy streets as a way to attract pedestrian traffic and reduce the roadway congestion brought by vending to motorists. However, these markets have proved unpopular with street vendors, as many cannot afford the rental fees. Worse, moving into these markets will make them immobile, which defeats the whole strategic advantage of street selling – the mobility advantage of being able to pursue pedestrians and motorists. However, the city of Durban, in South Africa, has had success in developing street markets and could serve as a useful lesson for West African cities.

Durban’s success can be attributed to a highly participatory approach that involved street traders plus all relevant departments in the city. The key innovation was to recognize that it makes sense to keep street vending in natural market areas of the city, as that is where vendors will go anyway. By working with vendor organizations to develop sensible rules, city officials can rely on vendors to help make those rules sustainable and end the need for costly punitive actions. The project has been an astounding success: traders’ incomes have risen by between 20% and 200% and their legal and physical security have also improved. The result was a market that accommodated the concerns of all stakeholders.

Another approach has been to grant licenses to street traders. This can serve as a useful regulatory tool but it matters how many licenses are granted. This is because there is a direct trade-off between the numbers of licenses and sites allocated and individual earnings of traders. If too many licenses are granted, it could mean an excess of traders and products and a corresponding collapse of prices and low-earnings. The challenge therefore is to determine how many licenses to allocate and how to distribute them fairly. At the moment, there are very few examples of cities able to do careful calculations of the carrying capacity of streets.

Going forward, it is important to create and institutionalize dialogue among the key players. The voices of traders should be valued in the policy process. Lessons can be learned from Kenya, where collaboration between formal and informal sectors (through their respective trade associations) helped provide street vendors space to be part of the policy discourse. There is therefore need to organize and strengthen street vendor organi-