

The Quiet Revolution in the “Hidden Middle” of African & Asian Agrifood Systems

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1. What is the “middle” of the agrifood system?

Upstream: Farm segment

Middle or Midstream (wholesale/traders, logistics (truckers, warehouses, cold storage), processors (packing plants, milling, food manufacturers)

Downstream: retailers and food service

2. The middle is of huge importance.

Shares of value added & costs in food supply chains in Africa & Asia:

Farm segment, 40%

Middle: 40%

Downstream: 20%

→ Productivity of the Middle is as important to national food security as yields of farms

To see the importance of the middle...

Think of an HOURGLASS, e.g. in Nigeria

The broad base: 8 million maize farmers

The narrow neck: 10-20,000 maize traders (SMEs),
80% of their volume via 1000s of 3PLS SMEs (third party logistics) and millers

The broad top: >100 million maize consumers

→ Traders & logistics & processors SMEs are crucial players in food security in Nigeria

3. Why is the huge middle “hidden” in the policy debate?

a) Where policy debate treats the middle segments, the conventional wisdom is that they are stagnant, sleepy, traditional, exploitative, not making investments

b) But usually the middle is simply ignored, because the policy debate has not kept up with the rapid development of rural-urban and rural-rural supply chains

... in 20-25 years rural-urban supply chain volumes grew 800-1000%!

... 50-60% of national food consumption in urban areas in Eastern & Southern Africa and South Asia

... 60-70% in urban areas in West Africa & SE Asia

... 50-70% of rural consumption purchased in Africa/Asia

4. Instead we found a QUIET REVOLUTION in the midstream

**a) We surveyed 15,000 actors in supply chains
in Africa and Asia**

**b) We found amazing dynamism in the
midstream in BOTH regions**

**... We did not find the midstream was sleepy,
only traditional, stagnant!**

→ instead:

... we found the transformation of supply chains not gradual but abrupt, sudden

... image of a TIDAL WAVE



富嶽三十六景 神奈川沖
浪裏

天保十三年

c) in Asia AND Africa, we found a Quiet Revolution

... the rapid proliferation of 10's of 1000s of SMEs, truckers, cold storage, warehouses, processors, traders

... creating an avalanche of millions of small investments adding up to a massive shift, a tidal wave

5. Examples

a) aquaculture in Bangladesh , 25 fold in 20 years, 300% increase in SMEs in the middle. 600% growth in the feed sector

b) Aquaculture in Myanmar, 400% in supply chain actors in 10 years

c) Poultry/feed/maize complex in Nigeria: 600% growth in feed in 10 years

d) Proliferation of maize flour SMEs (with packaging, branding) in urban & rural Tanzania

e) Potato cold storage boom in rural India: 1% of farmers used cold storages in 1999 in Agra, by 2009 99% used them

f) Rapid spread of outsourced mobile ag services SMEs such as in rice harvesting in Myanmar

g) Rapid spread of women-run SMEs of prepared millet in Senegal & Northern Nigeria in a decade

h) Rapid development of teff milling, wholesale, and transport in a short time: from horses to Honda trucks in 10 years

6. But there is a big PARADOX

a) Our surveys tell us of Quiet revolution successes in the hidden middle

b) Yet in the surveys & in stakeholder meetings & policy discussions we hear of many constraints

→ Thus a **paradox**, in Ousmane Badiane words:

“the plane has taken off and is flying at 10k feet, but it could be flying at 35k feet if we address the constraints faced by SMEs in supply chains”

c) Next talk on the constraints & policy implications