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# Improving urban food supply and distribution in developing countries: the role of city authorities<sup>☆</sup>

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## Abstract

The case is made for improving food supply and distribution (FSD) in developing cities, particularly to benefit the poor. The case rests on evidence of increasing urbanisation of the poor, frequent conflicts between traders and city authorities, badly planned markets and urban agriculture, increasing congestion and poor roads. Ways to improve urban FSD are suggested, with examples of good practice. A leading role for city authorities is indicated. Fulfilling this role requires abilities which many developing city authorities currently lack, including pursuing cross-departmental policies. Evidence for the case is not complete: in particular, empirical studies are needed of the extent to which good practice in urban planning and management improves food access and quality and reduces prices. © 2001 Elsevier Science Ltd. All rights reserved.

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## 1. Why urban food supply and distribution problems are increasing

Cities in many countries are growing more rapidly than development of management and policy to deal with the food supply and distribution problems—mainly affecting the poor—which accompany rapid growth. There is a variety of evidence to support this assertion. In many cities

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roads, market places, water, sewerage and power are run down in the city centres, and practically non-existent in the surrounding informal settlements of the poor. City regulations governing trade are often outdated and discourage the informal trade on which many urban livelihoods now depend. Hostility and clashes between city authorities and traders are common. Existing markets are often congested and lack essential services while new markets are often poorly planned and underutilised. As a result, food supply and distribution in many cities is less efficient than it could be. There are four broad causes, as described below.

### *1.1. Developing cities are growing rapidly and many are becoming poorer*

#### *1.1.1. Urban population is growing rapidly, particularly in large cities*

Developing countries are far less urbanised than high income economies but the rate of urbanisation has in recent years been relatively higher as implied by Table 1. Urban population growth in Asia, Latin America and Sub-Saharan Africa is 3–4 per cent per annum, significantly higher than overall rates in these continents which range between 1.5 to 2.5 per cent. Half of the increase is concentrated in cities with populations of over 500,000. The population of Dhaka in Bangladesh is growing at an annual rate of 5 per cent (adding 1300 people per day to a population of 9 million). During 1951–1991, the population of Greater Bombay more than quadrupled (from under 3 million to 12.6 million). Annual population growth in Kampala (Uganda) is 5.2 per cent while that of Santiago (in Chile) with a population of 5.4 million (in 1991) is 8.1 per cent. At these rates, the UN estimates that by the year 2025 about 61 per cent of the world's population will be living in urban areas.

#### *1.1.2. The poor live increasingly in urban areas*

Increasing urban poverty is a feature of urbanisation in developing countries. A survey of 14 countries (China, Bangladesh, Colombia, Nigeria, Indonesia, India, Pakistan, Ghana, Senegal, Zambia, Brazil, Dominican Republic, Peru, Guatemala) on poverty and undernutrition covering last 15–20 years found that in a majority “the absolute number of poor and undernourished individuals living in urban areas has increased, as has the share of overall poverty and undernourishment coming from urban areas” (Haddad, Ruel, & Garrett, 1999, p. 1891). Over the period 2000–2005 “the rural population of the developing world is expected to remain constant in total, while the urban population is projected to double” (Haddad et al., 1999, p. 1900).

Table 1  
Urban population (as per cent of total population)<sup>a</sup>

	1980	1997	Difference
High-income countries	75	78	+3
Latin America and Caribbean	65	74	+9
East Asia and Pacific	21	33	+11
South Asia	22	27	+6
Sub-Saharan Africa	23	32	+9

<sup>a</sup>Source: World Bank (1997) World Development Report.

Concentration of poor households in slums on city peripheries is another feature of urbanisation in developing countries. In the city of Cebu (in the Philippines), 57 per cent of the population live in slums with a population density 17 times that of the city as a whole (Etemadi, 1999). The population of Ahmedabad living in slums rose from 23 to 41 per cent between 1976 and 1997. The socioeconomic conditions in the slums of this city may be typical of many: high levels of illiteracy, 75 per cent of adults earning less than the minimum wage, 93 per cent of households with no toilet, two-thirds have to travel 1–2 km to the nearest bus stop, school, post office or clinic (Dutta & Amis, 1999).

#### *1.1.3. Migration to cities imposes increased food costs on the poor*

Recent migration of the rural poor to cities is an important cause of rising urban poverty, as in the case of Ahmedabad, India (Dutta & Amis, 1999). When the poor migrate to urban areas many have to buy food instead of growing their own. It is estimated that urban households spend 30 per cent more on food than rural households and the urban poor spend 60–80 per cent of their income on food (FAO, 1998). Land is generally not available for agriculture in cities. Planning controls reflecting competing demands tend to reduce land use for agricultural production, either for subsistence or market gardening purposes.

#### *1.1.4. Poor economic performance is a further cause of rising urban poverty*

Poor economic performance and rising unemployment, and the cost to the urban poor of macroeconomic adjustment policies (including removing consumer subsidies) have contributed to declines in per capita urban incomes. Even in a relatively well-off city like Johannesburg, per capita urban income fell by more than 10 per cent between 1970 and 1991 (Beall, Parnell, & Crankshaw, 1999).

### *1.2. Urbanisation increases food distribution costs, and urban food needs are increasingly complex*

With their expanding population and sprawl, developing cities are increasingly dependent on distant food supply sources, including imported food. As a result transport and handling costs make up an increasing part of food costs to the urban consumer (usually more than half the retail price). Therefore, efficiency gains in distribution play an increasing role in containing food cost increases.

Besides being cost efficient, the urban trade must be able to satisfy the complex diversity of food needs in growing cities. The wide variety of diets and cooking methods adopted in urban households reflect the cosmopolitan character of urban populations, differing by ethnicity, religion and income background. Large “floating populations” of non-resident workers, students, shoppers and tourists add to the diversity of food needs in cities. “Urban lifestyles—both spouses working, longer distances between residential areas and central markets—increase the need for convenience foods for mid-day meals, more retail outlets near residential areas and more convenient shopping hours” (FAO, 1999a).

### *1.3. The environment for private investment in urban food distribution is often discouraging*

Current agricultural marketing reforms are making urban food supply and distribution increasingly dependent on the private sector. But the poor state of market facilities, roads, regulations, taxes and property rights often does not encourage private investment, and the informal sector is often left outside the law. Arbitrary interventions in trade by governments at all levels are a further discouragement. Private trade has increased in response to market liberalisation in the 1980s and 1990s in many countries. However, there is the potential for further increase through improving the environment for private trade.

### *1.4. City policy and management has not kept pace with growing urban FSD problems*

The evidence suggests cities in many countries are growing more rapidly than development of policy and management in city governments to deal with the food supply and distribution problems accompanying rapid growth. A number of factors have prevented city policy and management from keeping pace with growing FSD problems. They include the following.

#### *1.4.1. Lack of FSD focus in urban planning and management*

Most urban authorities give low priority to FSD issues and lack any food policy. The emphasis is on education, housing, environment, sanitation and traffic control. Dealing with FSD problems requires a cross-cutting approach among these typical functions of city authorities, since each affects FSD directly or indirectly, as Table 2 indicates. With some exceptions (e.g. China<sup>1</sup>), cross-departmental policy initiatives are unfamiliar territory to many city authorities, particularly in developing countries.

#### *1.4.2. Misinformed decision makers*

Key city decision makers are often not aware of good practice in improving urban FSD. Many see food traders as a nuisance because of the large volume of garbage associated with the food trade and over-spill of traders onto streets and pavements. Decisions may be taken by councillors or imposed by central agencies on the basis of political rather than sound planning considerations. It is, therefore, not surprising that attempts by city authorities to modernise urban food marketing systems provoke conflict and often do not fulfil expectations. Recent cases include construction of the Bouake Wholesale Market in Ivory Coast and the transfer of traders to newly built markets in Accra, Ghana, which provoked conflict and boycott of the markets. Both required closer consultation with traders during the planning process.

#### *1.4.3. Fragmentation of responsibility*

Responsibility for providing infrastructure and support services for food suppliers and distributors (such as water, toilets, parking, information) is often fragmented between a number of public and quasi-public agencies controlled at different levels of government. Functions often overlap at the city level. Some technical agencies have dual status as decentralised branches of central ministries and as departments of city authorities, with dual accountability. Policy co-

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<sup>1</sup> The largest cities in China (such as Beijing and Shanghai) have provincial status and are essentially self-governing.

Table 2  
Typical functions of city authorities and their impact on the food supply and distribution (FSDS) in the city<sup>a</sup>

Function	Impact on FSD
<i>Provision of services</i>	
Planning, construction and management of urban markets	Direct
Maintenance and upgrading of public infrastructure including water, sewerage, drainage and lighting	Direct and indirect
Solid waste disposal	Direct and indirect
Education at vocational, primary and nursery levels	Direct where specific training is provided to traders
Levying of municipal taxes and market fees	Direct
Public transport	Direct
Social welfare services for the poorest, elderly, disabled and children	Indirect
<i>Regulation</i>	
Regulation of public land occupancy and construction	Direct
Licensing and control of commercial and industrial activities, including the activities of food traders	Direct
Consumer protection through enforcement of food quality and sale-point hygiene standards, including inspection of food trading outlets and restaurants	Direct
Traffic management, including parking, signals and routing and restrictions on vehicular movement	Direct
Policing public health standards	Direct
Pollution control, including regulation of industrial and vehicular effluents/emissions and noise control	Direct
<i>Development planning and coordination</i>	
Preparation of enforceable master plans governing permissible land use and occupancy in cities	Direct (for marketing infrastructure and urban agriculture)
Integrating public sector capital expenditure and matching private investment in co-ordinated budget for development of cities (e.g. Indonesian Integrated Urban Infrastructure Investment Programme)	Direct (for marketing infrastructure and urban agriculture)
Economic development and employment creation plans (undertaken by many local and regional authorities in Western Europe)	Indirect (attitudes to informal traders and urban farmers)

<sup>a</sup>Source: Summarised from Davey (1996).

ordination and accountability are often weak, and interdependent tasks are not integrated in a single budgeting and planning framework.

#### 1.4.4. Weak city authorities

Many city authorities in developing countries are hindered by lack of legal authority and resources to perform their statutory functions. They are dependent on central government for legislative authority to raise revenue, acquire land and control development. Revenue sources have been reduced by tighter central government finances during structural adjustment

programmes. Some countries have attempted to minimise the problem of functional fragmentation by vesting constitutional authority for all core urban tasks in single authorities. Examples include metropolitan authorities in UK and municipalities in South Africa and Zimbabwe. But consolidation of functions may accomplish little if city authorities lack power or resources.

#### *1.4.5. Geographic fragmentation of city authorities*

The influence of history and politics on the demarcation of local government boundaries has led to the situation where jurisdiction over cities is fragmented or split between a number of local authorities varying in size and legal status. This geographic fragmentation limits the capacity of city authorities to regulate physical development of urban settlements and ensure provision of essential infrastructure and services. A case in point is the Calcutta Metropolitan Area with its population of 13 million and 107 local authorities.

Some municipalities, such as Bulawayo in Zimbabwe and Hermosillo in Mexico, have ample boundaries that cover the whole urban settlement and potential area of expansion. The boundaries of others have been extended over time. For example, boundary extensions of Ahmedabad, India, have roughly doubled the area falling under the municipality every 25 years. Boundary extension, however, tends to occur only after “new” areas have developed, thus limiting the capacity of the city authority to plan development and ensure adequate provision of infrastructure.

## **2. Key problems in urban food supply and distribution and what can be done**

Studies of food markets in developing countries indicate active food trade between cities (e.g. Palaskas & Harriss-White, 1993). Such studies compare food price movements in different cities and tend to find that prices change in the same direction within the same period. However, the variety of obstacles faced in food marketing in developing cities (FAO, 1998, 1999b, c) suggests there are often efficiency gains to be made in production, collection (i.e. bulking of produce from farmers), transporting, storage, processing and sale. Efficiency gains should reduce seasonal price variation, raise prices to producers and lower them to consumers.

### *2.1. Production: urban farming potential*

Urban agriculture contributes only a small proportion of national food supplies (Ellis & Sumberg, 1998). But it is important within urban areas, particularly for the poor (Maxwell, Levin, & Csete, 1998). A significant amount of food production for city consumers takes place within cities or on their boundaries (urban and peri-urban farming—referred to here for brevity as ‘urban farming’) and is strongly influenced by city policies. Urban farming is an important:

- source of income for the urban poor;
- source of poultry, vegetables, dairy products for urban dwellers; and
- creator and user (for fertilizer) of city organic waste, both plant and animal.

Use of urban space for agriculture has received little attention from urban policy makers, who often see it in a rather negative light. They argue that it creates more waste to be disposed of and

takes up land which should be used for housing. In some countries—Pakistan for example—urban agriculture, including livestock raising, is forbidden by law.

But the extent of urban and peri-urban agriculture is greater in many countries than is formally acknowledged and is increasing. For example, acreage farmed in the Zimbabwean capital, Harare, doubled between 1990 and 1994 (Mbiba, 1995). Even in the USA the extent of urban farming is greater than often thought. In Philadelphia, a recent study showed 20–25 per cent of the regional economy devoted to agriculture—which city planners had not realised (Dahlberg, 1998).

Properly managed urban agriculture has the following benefits:

- Stable supply of fresh food to urban dwellers, particularly the poorest;
- Productive open space management; and
- Cost effective environmental management through productive use of organic waste as farm manure. Decisions by city authorities regarding solid and liquid waste disposal can have important effects on urban agriculture. For example, the city of Hubli–Dharwad in India previously stored solid organic waste it collected and then auctioned it to farmers. Increased contamination with plastics has raised the costs of separating the organic waste. The city authorities now intend to sell off its organic waste to a private manufacturer, who will produce a richer but more expensive compost using the waste. There are fears among Hubli–Dharwad’s smaller farmers that many will not be able to afford the new compost. They are calling for more account to be taken of their interests and for a portion of the municipal waste to be kept for their use (Nunan, 2000).

Although urban food producers face a number of problems (such as water, waste disposal and free range livestock) their main difficulty is access to land, especially for low-income residents in high-density poor suburbs. Decline in space for urban agriculture is attributable not only to increased urban population density but also to changes in planning regulations, sometimes at the insistence of donors as a condition for infrastructure and housing development credits. Many cities in developing countries have much land in public ownership, with serious land use inefficiencies. These inefficiencies suggest that land for urban agriculture is often potentially available without reducing that for urgently needed new infrastructure or housing.

Land access difficulties encourage unauthorised use of open spaces like roadsides and undeveloped public and private sites. In Harare, Zimbabwe, it was found that 93 per cent of urban farmers in high-density poor suburbs access plots illegally. In the low-density suburbs, illegal land use involves only 24 per cent of the farmers (Mbiba, 1995).

Addressing the land access problem is critical to success in promoting planned development of urban agriculture as the case of Zimbabwe shows. Pre-independence urban agricultural policy in Zimbabwe was based on the British model of garden allotments, dating from the First World War to minimise the impact of food shortages in the war economy. Local authorities in Britain were vested with power to requisition undeveloped land for provision of allotments and, through intensive campaigns, encourage cultivation on such plots. In similar vein, the pre-independence administration in Zimbabwe encouraged cultivation on urban plots, especially by migrant workers as a means of supplementing their income. To minimise its environmental impact, land was specifically demarcated for this purpose and regulations instituted to control farming in urban areas. However, Harare Municipality in independent Zimbabwe has not welcomed urban food producers, reportedly having a squad which destroys “illegal” urban farms (Mbiba, 1995). The

urban farmers tend to be from poor households and include a number of women co-operatives. These “illegal” farmers consider application procedures for “legal” access to official plots as cumbersome.

The British and Zimbabwean experiences show that urban cultivation can contribute to urban food supply and be properly regulated; it is feasible for city authorities to acquire, demarcate and allocate garden plots in cities to the urban poor without significantly reducing land available for other activities (e.g. housing); use of the plots by poor households will be intensive, particularly when unemployment, poverty and food price and supply instability increase household food security risks; access rules and procedures should be simple; tenure and management can remain with the city; a nominal rent can be charged with renewable leases which depend upon beneficial cultivation of the land.

Although most urban authorities neglect urban agriculture, there are a number of promising initiatives, including:

- Flexibility in zoning of land, e.g. Uganda (Mougeot, 1998).
- Leaseholds for urban plots, e.g. Argentina (Mougeot, 1998).
- Urban agriculture for school catering programmes, e.g. Costa Rica (Mougeot, 1998).
- Credit and technical assistance to groups of urban farmers, e.g. Nigeria (Mougeot, 1998).
- Providing urban plots to enable survival through times of hardship, e.g. Havana, Cuba (Moskow, 1999).
- Integrating urban agriculture into city development projects, e.g. Belem city, Brazil (Madaleno, 2000), and Beijing, where the city government invited foreign participation in agricultural projects on the outskirts of the city (Chatterjee, 1998).

Urban development planning has the potential to include urban agriculture into its lower density periurban expansion plans, in the recycling of urban organic waste, and in the integration of formal and informal markets (Mougeot, 1998).

## 2.2. *Potential for better urban food distribution*

The urban food distribution network consists of a variety of wholesalers, retailers and cooked (“fast”) food providers. They differ in size, ownership (sole proprietors, co-operatives and corporate entities), tasks they undertake, and whether they are traditional or modern. Activities, characteristics and problems of these distribution agents are outlined below. The suggestion is that there is potential for better distribution and that city authorities can help to bring this about.

### 2.2.1. *Food wholesaling: a weak link in the marketing chain*

Wholesaling consists of primary wholesalers or “collectors”, and secondary wholesalers who break bulk and sell on to retailers.

*Primary wholesalers* (“collectors”) are responsible for assembling (or bulking) produce from widely dispersed rural producers. They sell mainly through a network of secondary wholesalers and retailers in cities, though some may directly retail as well. In developing countries they are often small, itinerant traders, specialising in handling and/or transporting particular produce from particular production zones. Their main problems include: limited access to formal credit but often being required to provide trade credit to producers; high transport costs caused by bad

roads; and lack of parking space and produce handling facilities at urban markets, thus delaying off-loading of produce and increasing cost of hiring trucks. These traders are also burdened with taxes imposed by local authorities along trading routes, and often face harassment by police and other security agencies, involving costly delays and payment of bribes at official and unofficial checkpoints.

*Secondary wholesaling* for domestic staple foods tends to be poorly developed in low income countries. Modern warehousing and other storage, loading and handling facilities are used mainly for handling imports and manufactured products rather than domestic staple foods. In many cities wholesale markets for major staples are missing or lack adequate space for parking and basic waste disposal, water and sanitation facilities.

For instance, Lahore (Pakistan) lacks any wholesale market for grains. Development and expansion of wholesale markets in cities of Asia and Latin America often lags behind growth in urban population and merchandise flow. Expansion of facilities is prevented by lack of space mainly because the markets are located in city centres where they were historically sited (Tollens, 1997).

In Africa, wholesale markets are usually “spontaneous” and dispersed widely across each city. They often lack basic parking, handling, storage, security and sanitation facilities, thereby increasing retailers’ costs in sourcing stocks. It is a common practice for traders in these markets to combine wholesale and retail trade, handling substantial volumes of produce—sometimes on roads near retail markets. Thiaroye Gare and Syndicat “wholesale markets” for fruits and vegetables in Dakar, Senegal developed spontaneously and handle about 400,000 tonnes of food, most of it on roads around the retail market. The situation is similar in other West African capitals like Abidjan, Lagos and Accra.

Such market arrangements create a dilemma for city authorities. The congestion, parking, security and waste problems at “spontaneous” city markets suggest the need for improved, formal markets. A similar need is suggested by overcrowded city centre markets. But construction of new markets with better facilities has in many instances failed to attract sufficient patronage by traders and consumers. This is partly because relocating trade to a new market inevitably has the risk for traders of losing customers at their present location, and uncertainty about custom at the new market. Furthermore, the new markets usually have tariffs for users, to defray the cost of market services, whereas traders at informal markets pay no charges.

But poor consultation with traders during planning appears to have been a major reason for traders’ reluctance to use new markets. In Buenos Aires, for example, the location of a new wholesale market for fruit and vegetables far from the city centre increased access costs for retailers, leading to low patronage. Market tolls at the new Bouake Wholesale market in Ivory Coast were considered unacceptable by traders having been imposed by city authorities without sufficient consultation.

The poor development of wholesaling in cities of many low income countries:

- undermines intermediate stockholding of produce between producers and consumers;
- contributes to high supply and price variability for domestic staples, particularly perishable food produce;
- shifts the burden of post-harvest management (involving storage and intermediate processing) onto ill-equipped small farmers and processors exposing them to substantial losses;

- discourages the adoption of standard weights, measures and grades that facilitate efficient, impersonal long distance trade;
- increases trading costs since all produce purchased has to be physically sampled;
- increases liquidity problems faced by both traders and farmers because it hinders potential use of stored produce as collateral for loans. Such “inventory credit” significantly enhances trade financing. Credit supplied against the security of moveable property including stored produce is critical for the development of trade.

Improved wholesaling should, therefore, be of significant benefit for food marketing in developing countries. But the danger for city authorities is to assume that construction of new markets will necessarily improve wholesaling. Disciplined grading only arises when the final consumer demands quality, and inventory credit development requires clear property rights for stored produce. Stages in the development of wholesale markets have been identified (Kobayashi, 1999).<sup>2</sup> But there should be no presumption that development of markets in all countries will follow the same path. For example, in cities of developing countries today, modern supermarkets serving the minority with higher incomes, coexist with undeveloped open food markets serving the majority.

The first lesson for city authorities keen to improve markets is to foster close cooperation with traders, retailers and consumers in planning market improvements. Interviews with market users suggest they want the following improvements in markets (FAO, 1999a):

- responsive and efficient management of markets;
- markets that offer: adequate space for stores, protection from the elements, security for persons and property and adequate lighting and electrical systems;
- adequate parking space allowing for easy flow of produce in and out of markets;
- clean and dry trading environment; waste disposal facilities; clean toilet facilities and adequate water supply;
- in-market storage facilities, including cold stores for butchers and fishmongers; loading and unloading facilities; decent eating places and overnight sleeping facilities (especially for transporters);
- child day care facilities; first aid, post, telephones, fax;
- access to banking facilities and to market information and credit;
- simplified documentary procedures and requirements.

However, experience with misplanning of markets suggests that costs of these services are crucial; that if market tolls are too high, trade simply reverts to the streets. Therefore, designing market improvements according to affordability of tolls is critical. Where the trade is at an early

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<sup>2</sup>Stage 1—Bazaars, with producers transporting and selling themselves or in groups. No government involvement, no grading, no clear distinction of wholesaler’s and broker role. Examples are China, Russia and many African countries. Stage 2—Market laws brought in, wholesaler and broker roles emerge. Stage 3—Standardisation and grading, wholesaling extends to more commodities and plays a larger role in price formation. Examples are Japan and Netherlands. Stage 4—Wholesale markets move to city fringe to facilitate logistics; wholesalers focus increasingly on adapting product to customers’ needs, to compete with dominance of supermarkets, which reduce the conventional wholesale trade. Examples are New York and London.

stage of development and incomes are low designs need to be simplified and cheaper options explored with users.

The second lesson is to keep an open mind on the most appropriate form that improvement should take—in order to avoid constructing expensive white elephants. For example, periodic markets (‘market days’), selling all types of goods and services, with mobile postal and health facilities have been pioneered in Curitiba in Brazil, with much success (The Market Society, 1997).

### 2.2.2. *Retailers*

Many cities in developing countries have in recent times experienced a steep rise in informal sector retailing, as a result of economic crisis (in Asia) and implementation of adjustment policies (in Africa and Latin America). Some of the typical problems in the traditional food retail sector are:

- Provision of new or expansion of old retail markets has usually not kept pace with rapid increase in the number of urban retailers. This creates acute pressure on existing facilities and over-spill of traders onto streets and pavements.
- Many slum dwellers have considerable difficulty reaching main retail markets (e.g. the majority of slum dwellers in some Latin American cities cannot reach the main markets) (Pryer & Crook, 1988).
- Unauthorised “spontaneous” markets lacking even the most basic facilities are the prevalent form of market, especially in the slum areas.
- Traffic and environmental management are more difficult in spontaneous markets, and revenue mobilization by city authorities is reduced (since many traders are mobile and unregulated). Consumers and traders, particularly young children of traders, are exposed to health and safety hazards due to lack of basic facilities for security and hygiene.
- Tensions, which sometimes develop into open confrontations, characterise relations between city authorities and traders, especially following attempts by city authorities to relocate them to new markets (e.g. in Kathmandu in 1998). This is often due to inadequate consultation.
- Multiple handling of produce, which occurs because of the large number of small and micro retailers, increases distribution costs and, therefore, consumer prices.
- Limited access to trade finance is an obstacle to retailers in expanding the scale of their operations.

### 2.2.3. *Cooked (“street” or “fast”) food providers*

Cooked food providers can be classified as modern (including restaurants and “fast” food outlets) or traditional (dominated by small operators selling along streets, at central car parks and in poor suburbs). Demand for cooked food has grown quickly in most cities as a result of changes in urban lifestyle induced by the need to commute to distant workplaces and schools, increasing number of women working outside their homes, and urban poverty which fragments households. Food supply from this source depends upon local conditions. For example it accounts for as much as 20–25 per cent of household food expenditure in Bogota and Caracas, but only 6 per cent in Buenos Aires (FAO, 1998, p. 10). In Africa, where there are relatively fewer restaurants and modern “fast” food outlets, consumption of “street” food is growing rapidly.

Regulation of cooked food outlets is usually limited to the modern sector. Modern restaurants and “fast” food outlets are required to register, pay formal taxes and comply with health, safety and environmental regulations. The poor tend to be priced out of the formal market.

“Street” food providers, who are predominantly women, are unregulated and rarely operate according to any formal health, safety and environmental standards. They mainly serve the poor including those most vulnerable to food insecurity like school children, low paid workers, unemployed youth and the old and disabled. Street sellers play an important role in food distribution. However, consumers are often exposed to increased food-related health risks. Although this problem may be seen as marginal by policymakers, it deserves attention because the affected urban poor population is large and growing and has difficulty in accessing curative health facilities. The way forward is to promote good practice in street food preparation e.g. using clean cooking oil and clean water, rather than policing what cannot be policed.

### **3. The role of city governments in improving urban food supply and trade**

In the growing cities of developing countries there is a case for city authorities to take the lead in developing and pursuing policies for poverty reduction, which cut across traditional departmental boundaries.

#### *3.1. Why city authorities should take the lead*

City authorities need to take the lead in improving the environment for trade, because:

- growing cities have an increasingly large share of population;
- city authorities have to bear the costs of poorly functioning food supply and distribution, such as increased congestion, waste and begging;
- improvement of physical and regulatory infrastructure in cities is a key function of city authorities;
- there is often lack of clarity about the residual role of central government agencies in food marketing (Hubbard & Smith, 1999);
- there is often political ambivalence in government (at all levels) towards facilitating private trade;
- central government spending cuts have reduced investment budgets. Other sources of finance need to be found to replace and improve urban infrastructure. Many cities are turning to collaborative investments with private companies to improve infrastructure, particularly for power, water and highways.

#### *3.2. A cross-department policy initiative is required in city authorities*

As cities become larger, more ethnically diverse and with larger poor populations, cross-departmental policy initiatives become more important for city government to achieve objectives in areas such as FSD, public health and environment. Cross-departmental policies involve focusing attention on the problem, consulting stakeholders widely on what can be done, reviewing

departmental roles, reviewing the impact of existing regulations, expenditure and subsidies, setting and publicising objectives, and monitoring performance.

Obstacles in the way of such a cross-departmental policy initiative on FSD include unfamiliarity with FSD as an issue relevant to city authorities,<sup>3</sup> the prevailing assumption that food is a national not a local matter, and that many authorities of developing cities which are fragmented and weak, fail to deliver even their statutory services, and lack the initiative and capacity to promote cross-departmental policy initiatives.

### *3.3. What should be the guiding principles for improving FSD?*

The fundamental principle is that city authorities adopt a consultative, open-minded, information seeking approach. This requires building skills in communication—with traders, transporters, investors, legislators and central government.

A second principle is to promote competition. This may require shifting their own approach from suspicion of private trade in foods to favouring growth of trade, including trade in staple foods. It may also require reducing the influence which particular large traders have in the city authority. An observation made over two decades ago remains appropriate: “Municipal authorities may be dominated by local commercial interests and these often impede the adoption of efficient marketing. . . One step in improving urban food supply channels is to break group wholesaler monopolies sheltering under restrictive municipal regulations” (Abbott & Makeham, 1979, p. 51). FSD policy should avoid protecting large scale firms by licensing controls or tax reductions. In east and southern Africa in recent years regulations protecting large scale millers, butchers and traders have been abolished. Employment in FSD has increased with the entry of numerous small scale traders, millers and butchers. Consumers have benefited from lower prices and increased variety.

A third principle is to avoid letting policy be dominated by fashions for “modernisation” or “preserving tradition”. Cities all over the world have increasingly mixed populations in wealth and cultures, and production and distribution systems which combine the modern and traditional. This diversity should be seen as a strength. Larger firms bring market stability and can reduce costs in bulk operations. Smaller operators increase variety and consumer access. Instead of promoting either modernisation or traditional arrangements, cities should encourage developments which lower the cost of living and thereby stimulate employment growth in the city.

### *3.4. Summary of key problems in urban food trade and possible interventions by city authorities*

City authorities have scope for both contributing to improved food supply conditions, and for enhancing the performance of urban food distributors. The main difficulties in the urban food distribution system are summarised in Table 3, together with the interventions city authorities can use to reduce them.

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<sup>3</sup>“People don’t want the mayor telling them what they should eat” was one reaction in local government to the suggestion that city authorities should concern themselves with food issues.

Table 3

Difficulties facing urban food traders and possible interventions by city authorities<sup>a</sup>

<i>Difficulties</i>	<i>Policy intervention</i>
<i>Transport:</i>	
Poor rural/urban road and rail network	Ensure, through policy dialogue, that rural/urban road and rail infrastructure development plans take account of the needs of urban food supply and distribution.
Lack of parking and handling facilities at urban markets	Locate markets at sites with adequate space for parking, and handling facilities for off-loading and sorting of produce. Indicators: ratio of parking space to size of market and volume of produce handled per period.
<i>Transit costs:</i>	
Tax burden on traders (especially collectors)	Rationalise policy on taxes and levies imposed by local authorities on goods in transit through policy dialogue.
Bribes and delays at security checkpoints	Encourage, through policy dialogue, reduction in number of checkpoints and improved standards of discipline among security personnel.
Lack of well-managed warehouses	Promote private investment in warehouse and storage facilities through providing serviced sites.
<i>Health/environment:</i>	
Lack of effective food quality control	Ensure, through dialogue with relevant agencies, revision and strict enforcement of laws on food quality and consumer protection. Educate traders (especially “street” food providers) and consumers through training and public information campaigns involving the media.
Unhygienic conditions and lack of security at markets	Provide basic shelter, drainage, sanitation, waste disposal and security facilities at markets. Revise, educate traders on and enforce bylaws on hygiene standards at markets.
Lack of trade finance	Support initiatives to improve supply of finance to micro-entrepreneurs through policy dialogue.

<sup>a</sup> Source: Authors and FAO (1999a).

#### 4. Conclusion

This paper has set out the case for improving food supply and distribution in developing cities, in order to benefit the poor in particular. The case rests on evidence of increasing urbanisation of the poor, frequent conflicts between traders and city authorities, badly planned markets and urban agriculture, increasing congestion and poor roads. But the study of urban food supply and

distribution issues is at an early stage and data are scarce, particularly regarding food price differences within and between cities. It is possible that such price comparisons would indicate little if any difference in prices, owing to competition for survival among informal traders who absorb the higher costs where the quality of FSD is poor.

The paper has suggested that FSD quality depends substantially on the quality of planning and management by city governments. But firmer evidence is needed of the extent to which good practice in urban planning and management improves food access, quality and reduces prices. A further research priority is how to integrate FSD into city authorities' planning and management development.

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