POLICY BRIEF

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Leveraging Competition Policy to End Hunger

2025

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Solidarity for the Achievement of the SDGs

Abstract

The Brazilian G20 presidency brought much-needed attention to the problem of hunger with the launch of the G20 Global Alliance Against Hunger and Poverty. Through its G20 presidency in 2025, South Africa renewed this commitment to address food security and poverty, as well as inequality.

According to the UN, 730 million people faced hunger in 2023. The situation is particularly disturbing in Africa, where hunger has been rising steadily since 2015, with the unaffordability of nutritious foods a key driver. Food prices are on average more than 30% higher in African cities than in other low- and middle-income countries. One of the drivers of high prices has been a lack of effective competition due to high levels of market concentration.

Research by the African Market Observatory shows that excessive margins are being charged in the food value chain, inflating food prices. At the same time, farmers are being squeezed by high input costs. Both worsen food insecurity. For example, the price of maize in Kenya showed an average excess margin of 82% between January 2023 and June 2024. Fertiliser prices have been excessive across the region – in Malawi, prices have been 200% higher than world market prices. These situations reflect a lack of competition and high levels of concentration, in national and regional markets, that require further investigation.

Nearly half of the countries in sub-Saharan Africa do not have competition regimes in place. Of the countries with such institutions, the majority are nascent and have not yet built their enforcement capacity. At the regional level, only one authority of the five regional blocs in Africa is actively enforcing competition law.

This policy brief shows that the extreme levels of concentration in agricultural and food markets across Africa are driving up food insecurity and poverty and harming small producers, informal enterprises, and vulnerable consumers. Aligned with Taskforce 4 and the sub-theme of food security, it makes the case for strengthening competition institutions through technical and legal capacity building, effective regional cooperation, and increased investment in data, research, and analysis.

Achieving SDG 1 and SDG 2 requires the removal of barriers that prevent markets from functioning properly. Strong competition institutions are an important first step toward unravelling entrenched market concentration and making sure that the rules of the market are fair for everyone.

Keywords: Monopoly, Market Power, Market Concentration, Cartels, Hunger, Poverty

Diagnosis

The extreme levels of market concentration in agriculture and food systems distort competition, limit economic opportunities for small producers, and drive up hunger. Tackling this market concentration is an important step towards ending hunger, a key priority of the Brazilian G20 presidency as evidenced by the launch of the G20 Global Alliance Against Hunger and Poverty.[1] South Africa has committed to continue to prioritise food security during its G20 presidency.[2]

At the global level, transnational agriculture and food companies have benefitted from the upheaval caused by international shocks, such as the Russian invasion of Ukraine and the COVID-19 pandemic, by inflating consumer food prices,[3] tripling their profits,[4] and squeezing out small producers.[5]

Yet this phenomenon is not new. Over the past 100 years, a few corporations have expanded their dominance in the agriculture input market – fertilisers, machinery, seeds – with detrimental impact.[6] Farmers and small producers in the supply chain have less bargaining power and lower margins, new companies have difficulty entering the market, and consumers face higher food prices. This leads to corporate complacency, less innovation (due to reduced research and development), and less investment.

[1] See https://globalallianceagainsthungerandpoverty.org
[2] As part of its G20 Presidency, South Africa has set up three taskforces, one of which focuses on food security. See https://g20.org/g20-south-africa/g20-presidency/
[3] Whizy Kim, "Prices at the supermarket keep rising. So do corporate profits," *Vox*, March 17, 2023, https://www.vox.com/money/23641875/food-grocery-inflation-prices-billionaires
[4] Maarten Hietland, "Hungry for Profits," Amsterdam, The Netherlands: SOMO, January 2024, https://www.somo.nl/hungry-for-profits/
[5] Competition Authority of Kenya, "Animal Feed Market Inquiry Report, 2024," Nairobi, Kenya.
[6] Jennifer Clapp, Titans of Industrial Agriculture, MIT Press, 2025.

In Africa, the consequences are dire. According to SOFI 2024,[7] about 286 million Africans – 20% of the population – faced hunger in 2023. Approximately 900 million Africans are unable to afford a healthy diet and 35% of the population in sub-Saharan Africa lives in poverty.[8]

Yet, despite these alarming numbers, the price of food in African cities is more than 30% higher[9] than in other developing economies. In 2022, the median household in Africa spent a significant amount on food, representing approximately 55.8% of their budget.[10] And, despite having excellent conditions for growing food, Africa remains a net food importer.[11]

African farmers face further disadvantage with highly concentrated markets for inputs, facilitating anticompetitive behaviour.[12] For example, three out of five major fertiliser companies operating across 24 African countries have been involved in cartel activities, leading to inflated prices.[13] Between January and July 2023, urea fertiliser prices in East and Central Africa were three times higher than global prices, reducing farmers' access and lowering production yields.[14] In Malawi, high fertiliser prices in 2022 led to a low maize harvest. While Cyclone

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[7] FAO, IFAD, UNICEF, WFP, WHO, 2024, "The State of Food Security and Nutrition in the World (SOFI)," Rome https://openknowledge.fao.org/items/ebe19244-9611-443c-a2a6-25cec697b361

[8] Carbone, Giovanni and Lucia Ragazzi, 2023, "Is Poverty Growing Again in Sub-Saharan Africa? Trends and Measures," Milan, Rome: Italian Institute for International Political Studies https://www.ispionline.it/en/publication/is-poverty-growing-again-in-sub-saharan-africa-trends-and-measures-137866

[9] Nakamura, Shohei, Rawaa Harati, Somik V. Lall, Yuri Dikhanov, Nada Hamadeh, William Oliver, Marko Rissanen and Miuki Yamanaka, 2016, "Is Living in African Cities Expensive?" Washington, DC, United States: World Bank, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2765252

[10] Ewout Frankema, "Why is food expensive in sub-Saharan African cities?" in Pathways to African Food Security, pp.111-123, 2025, DOI:10.4324/9781032649696-12.

[11] "African Food Systems: The Importance of Climate Adaptation," Washington, DC, United States: World Bank, 2022, https://www.worldbank.org/en/news/infographic/2022/05/10/african-food-systems-the-importance-of-climate-adaptation#:~:text=Africa%20remains%20a%20net%20food,to%20%24110%20billion%20in%202025 .

[12] Buthelezi, Thimbalethu, Myriam Hammadi, Simon Roberts and Carin Smaller, 2023. *Empowering African food producers and agricultural enterprises through stronger competition law and policy*. Geneva, Switzerland: Shamba Centre for Food & Climate.

[13] Buthelezi, Thimbalethu, Myriam Hammadi, Simon Roberts and Carin Smaller, C. 2023. *Empowering African food producers and agricultural enterprises through stronger competition law and policy*. Geneva, Switzerland: Shamba Centre for Food & Climate.

[14] "African Market Observatory (AMO) Price Tracker," Centre for Competition, Regulation and Economic Development, accessed March 25, 2025, https://www.competition.org.za/africanmarketobservatory-amo-price-tracker

Freddy has been blamed for the poor yield, research indicates that it only impacted 10% of crop production, whereas fertiliser prices played a larger role.[15]

Unfortunately, many countries in Africa lack sufficient regulatory institutions and enforcement capabilities.[16] A recent review of 48 sub-Saharan African countries reveals that 22 lack national competition laws or institutions. Of the remaining 26, most are underfunded and understaffed.[17] Without robust enforcement mechanisms, anti-competitive behaviour remains unchecked. This results in extreme levels of concentration in agrifood markets, driving up food insecurity and poverty.

Recommendations

Addressing extreme market concentration in agrifood systems requires a comprehensive reform agenda alongside the political will to enact change. The following recommendations focus on taking the first steps toward unravelling entrenched market concentration.

1. Support strong competition laws, policies, and institutions at the continental, regional, and national levels

The G20 should recognise the importance of strong competition laws, policies, and institutions to support open, fair, and competitive agriculture and food markets as an important lever to reduce hunger and poverty.

[15] Namhla Landani and Arthur Khomotso Mahuma , "Maize prices in Kenya and Malawi have soared, but Tanzania's haven't: economists explain why," *The Conversation*, August 25, 2024, https://theconversation.com/maize-prices-in-kenya-and-malawi-have-soared-but-tanzanias-havent-economists-explain-why-235811

[16] National competition laws is legislation passed by a country to control the behaviour of firms in a market. The law usually establishes an authority or agency to carry out the task of enforcing the law. The law prohibits anti-competitive behaviours such as cartels, abuse of dominant position of market power, anti-competitive mergers and restrictive business practices. The agency functions are usually to review and investigate anti-competitive cases and make recommendations to government on any laws, policies and regulations that enable anti-competitive conduct

[17] Buthelezi, Thimbalethu, Myriam Hammadi, Simon Roberts and Carin Smaller, C. 2023. *Empowering African food producers and agricultural enterprises through stronger competition law and policy*. Geneva, Switzerland: Shamba Centre for Food & Climate.

In Africa, the G20 is encouraged to support the nine established competition authorities[18] by helping to enhance their capacity to investigate and enforce laws against anti-competitive behaviour. This includes technical assistance, legal support, and better market monitoring tools. Furthermore, the G20 should commit to helping build capabilities in the 17 emerging competition authorities[19] through South–South cooperation, knowledge sharing, and access to data-driven market analysis.

2. Enhance global and regional cooperation to improve enforcement

The G20 should enhance international cooperation to hold multinational agribusinesses accountable for anti-competitive practices affecting the agrifood markets, with a particular focus on their activities in Africa.

G20 members should ensure that their firms operate fairly in all countries. They should leverage global platforms, such as the International Competition Network (ICN),[20] to advance collaborative enforcement efforts between national competition regulators. Initiatives such as the ICN's special project on food, led by Kenya and South Africa, should be expanded to drive policy changes and improve regulatory frameworks.

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[18] The nine authorities (Botswana, Kenya, Kingdom of Eswatini, Mauritius, Namibia, South Africa, Tanzania, Zambia and Zimbabwe) as identified in Buthelezi, Thimbalethu, Myriam Hammadi, Simon Roberts and Carin Smaller, C. 2023. *Empowering African food producers and agricultural enterprises through stronger competition law and policy*. Geneva, Switzerland: Shamba Centre for Food & Climate.

[19] The 17 emerging competition authorities (Angola, Benin, Burkina Faso, Cameroon, Cape Verde, Chad, Cote d'Ivoire, Democratic Republic of Congo, Ethiopia, The Gambia, Madagascar, Malawi, Mali, Mozambique, Nigeria, Rwanda, Seychelles) as identified in Buthelezi, Thimbalethu, Myriam Hammadi, Simon Roberts and Carin Smaller, C. 2023. *Empowering African food producers and agricultural enterprises through stronger competition law and policy*. Geneva, Switzerland: Shamba Centre for Food & Climate.

[20] The International Competition Network is the foremost global body representing competition authorities around the world with 140 member states.

In Africa, the G20 should support regional institutions, such as COMESA, ECOWAS and the EAC, to regulate cross-border anti-competitive behaviour effectively. Countries without national competition laws can benefit from their guidance and fill enforcement gaps. Improved coordination between national and regional competition authorities can also help prevent contradictory regulations and strengthen enforcement mechanisms across borders.

3. Increase market transparency and data availability

The G20 should call for greater investment in data collection and market research to better understand price distortions, monopolistic practices, and trade barriers and how they impact food security.

By supporting market observatories and research institutions, it will be possible to generate independent, data-driven insights that inform policy reforms. The G20 should support such efforts. In addition, market analysis should adopt a value-chain approach to help identify structural weaknesses and anti-competitive practices at different levels of the supply chain.

In Africa, resources should be pooled to improve market intelligence, cross-border data-sharing, and coordinated actions to dismantle monopolistic control in key agrifood sectors.

4. Reform public policies that are harmful to agricultural and food markets

The G20 should call for the reform of public policies that promote harmful subsidies, especially in the Global North, and limit regional trade to instead support food security for all – especially the most vulnerable.

Policymakers should facilitate cross-border food trade, especially in times of climate-related shocks. This includes addressing non-tariff barriers that hinder regional trade, reinforce monopolistic practices, and drive up food prices. Harmful agricultural subsidies should be reformed and instead designed to promote market access for small-scale farmers.

5. Invest in irrigation, infrastructure, support services, and logistics for smallholder farmers and SMEs

The G20 should support development finance for economic infrastructure to support climate adaptation by smallholder farmers, small producers, and SMEs.

Climate change requires urgent investment to improve the resilience of smallholder farmers, who account for most of the food production in Africa. This includes water management and infrastructure to improve market access. Smallholder farmers are penalised since they do not receive commensurate value for their produce and face high input costs. Climate change increases their vulnerability. A combination of measures must place smallholder farmers at the centre of adaptation and improved food security.[21]

Political will, strong institutions, and coordinated action are needed to dismantle entrenched concentration in agriculture and food markets. By implementing these recommendations, G20 countries can:

- improve market access for small farmers and SMEs;
- lower food prices;
- increase agricultural productivity through investment and innovation; and

[21] Bob Baulch, Seng Kiong Kok, and Aubrey Jolex, "A New Approach to Monitoring Farmer Prices: Method and an Application to Malawi," *The Journal of Development Studies* 60, no. 6 (2024): 874–94. doi:10.1080/00220388.2023.2291320.

- Strengthen food security and resilience in the face of climate change.

With the right policies and institutional frameworks in place, Africa can transition towards a more inclusive and sustainable agrifood system, ensuring fair competition and economic growth for all. By advocating for stronger competition institutions and greater international and regional cooperation, the G20 can provide the tools to achieve SDG 1 and 2. At a time of political upheaval, strong institutions are more necessary than ever.

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