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## **Implementation of the Comprehensive Africa Agriculture Development Programme**

### **REPORT**



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## I. PROGRAMME BACKGROUND AND JUSTIFICATION

1. After more than two decades of considerable neglect, agriculture is coming back to the forefront of Africa's development agenda. Given the crucial importance of agriculture in most African economies, the Heads of State and Government of the African Union in July 2001 opted to include it as the only productive sector among the five sectoral priorities of the New Partnership for Africa's Development (NEPAD). This choice was later reinforced by the United Nations Secretary-General's initiative in support of an African green revolution. Also, after 25 years, the World Bank opted to devote its *World Development Report 2008* to the central theme of "Agriculture for Development", with a special focus on agriculture-based pathways out of poverty.

2. The renaissance of Africa's agricultural agenda is reflected in the NEPAD Comprehensive Africa Agricultural Development Programme (CAADP) adopted at the African Union (AU) Summit in Maputo in 2003. CAADP provides a framework for consensual policies and priorities for African Governments, regional organizations, farmers, private agribusinesses and development partners. The objectives of the Programme are to develop dynamic domestic and regional agricultural markets; make Africa a net exporter of agricultural products by integrating farmers into the market economy and improving market access; ensure that wealth is distributed more equitably; make Africa a strategic player in agricultural science and technology development; and ensure sustainable management of the natural resource base. The Programme has also set the explicit target of achieving an average annual growth rate of 6 per cent in agriculture.

3. Initially, NEPAD was expected to facilitate the launching of selected flagship programmes and projects at national, regional and continental levels. Accordingly, bankable investment project profiles were prepared as an entry point for the implementation of CAADP. However, many of these profiles failed to attract significant national and development partner support. But later it was recognized that, although initially conceived as a programme, CAADP was in fact a framework that could assist AU member countries in developing programmes and projects in line with NEPAD principles, values and targets. This change in conception marked a significant departure in the approach and responsibilities of key stakeholders.

4. CAADP is now in its fifth year of implementation, which is an appropriate juncture to take stock of the progress being made towards achieving the expected outcomes of the Programme, and to identify its future direction.

5. It is in this regard that ECA, in its 2008-2009 work programme, mandated the Food Security and Sustainable Development Division to prepare a parliamentary document to report to the Committee on Food Security and Sustainable Development (CFSSD) on the status of implementation of CAADP.

6. The objective of the present report is therefore to:

- (a) Review the framework, principles and objectives of CAADP;
- (b) Assess the status of implementation and achievements of the Programme;
- (c) Draw lessons from the implementation; and
- (d) Make recommendations on the way forward.

## **II. CONSENSUAL FRAMEWORK FOR AGRICULTURAL GROWTH, POVERTY REDUCTION AND NUTRITION SECURITY**

### **A. Framework and objectives**

7. The Comprehensive Africa Agriculture Development Programme and the Sirte Declaration on Agriculture and Water are at the heart of efforts by African Governments under the AU/NEPAD initiative to accelerate growth and eliminate poverty and hunger on the continent. The main goal of CAADP is to help African countries reach a higher level of economic growth through agricultural development that would help eliminate hunger, reduce poverty and food insecurity, and boost exports. As a programme of the African Union, CAADP emanates from and is fully owned and led by African Governments. Although continental in scope, it is an integral part of national efforts to promote growth in the agricultural sector and economic development. It is not a set of supranational programmes to be implemented by individual countries. Rather, it is a common framework reflected in a set of key principles and targets established by the Heads of State and Government to (i) guide country strategies and investment programmes; (ii) allow for regional peer learning and review; and (iii) facilitate the alignment and harmonization of development efforts.

### **B. Principles**

8. As a common framework for accelerating long-term agricultural development and growth among African countries, CAADP rests on the following key principles and targets:

- (i) Agriculture-led growth as a main strategy for achieving the Millennium Development Goal of eradicating extreme poverty and hunger;
- (ii) Allocation of 10 per cent of national budgets to the agricultural sector, and harnessing of regional complementarities to boost growth;
- (iii) Policy efficiency, dialogue, review and accountability for all AU/NEPAD programmes;
- (iv) Partnerships and alliances to include farmers, agribusiness and civil society communities;
- (v) Roles and responsibilities in programme implementation assigned to individual countries; coordination assigned to designated regional economic communities; and facilitation assigned to the NEPAD secretariat;
- (vi) Pursuit of a 6 per cent national average annual growth rate in the sector.

### **C. Added value**

9. There are a number of other important features that characterize the CAADP agenda and processes. The first is the NEPAD-wide emphasis on African ownership and leadership, as well as the financial and political commitment of national Governments which, in conjunction with the principles of accountability and mutual review, has helped raise the credibility of the agricultural agenda to an unprecedented level in the history of development dialogue, partnership and practice in Africa. The second is the AU/NEPAD declared choice of an agriculture-led growth strategy to achieve the goal of poverty reduction through the CAADP agenda. Without a doubt, this has contributed to the increasing prominence of agriculture on the development agenda. The third feature is the implicit, basic philosophy underlying the entire AU/NEPAD effort – and hence the

CAADP agenda – which is based on the conviction that Africa can do business better and differently, more efficiently and with greater and more tangible results. The fourth is the continued quest for consistency and continuity in regional and national development efforts, facilitated by a specific and limited set of shared long-term growth and investment targets, as well as the transition to evidence- and outcome-based planning and implementation. Finally, the CAADP process promotes partnerships and alliances to facilitate the alignment of the development efforts of national Governments and development partners, in order to pave the way for better development outcomes in the future.

### **III. STRATEGIES AND PROCESSES**

#### **A. Strategic functions**

- **Promote the Programme's principles**

10. NEPAD promotes CAADP principles in CAADP implementation processes and investment programmes. It helps countries to adapt these principles, operationalize the pillar frameworks and use the CAADP round-table processes, by leveraging its technical expertise, supporting regional economic communities, and strengthening links with its other units.

- **Manage communication and information**

11. NEPAD manages communication and information to support the implementation of the CAADP agenda and partnerships. It collects and shares information on processes and tools by establishing a knowledge database and conducting public information campaigns (local and international) to raise awareness of what CAADP is doing and the changes it is generating.

- **Facilitate and coordinate monitoring and evaluation**

12. NEPAD facilitates and coordinates monitoring and evaluation by conducting impact assessment studies and peer reviews of the CAADP agenda, and facilitating the sharing of lessons. In 2008, NEPAD reviewed the first five years of CAADP to evaluate its progress towards achieving its goals. This was a forward-looking review designed to renew the commitment of member States and development partners to the continuous and accelerated implementation of CAADP.

- **Link resources with programmes**

13. NEPAD builds partnerships and coalitions to link resources with agricultural investment programmes. Strong international and regional partnerships are vital for the success of CAADP. NEPAD is stepping up work to mobilize resources.

- **Harness key thinking and experience**

14. NEPAD harnesses key thinking and experience on emerging national, international and global issues related to agriculture, to articulate African perspectives and contribute to the advancement of the CAADP agenda. NEPAD makes sure that up-to-date information on trends in

African agriculture and rural development is easily available both locally and internationally. NEPAD directs strategic information about developments affecting CAADP to all stakeholders.

## **B. Pillars**

### ***Pillar 1: Land and water management***

15. The application of water and its managed use has been an essential factor in raising the productivity of agriculture and ensuring predictability in outputs worldwide. Africa has the opportunity to capitalize on the existence of about 874 million hectares of its land considered suitable for agricultural production by increasing the managed use of water. The current area under managed water and land development totals some 12.6 million hectares, equivalent to only about 8 per cent of the total arable land. Currently, the percentage of arable land that is irrigated is barely 3.7 per cent in sub-Saharan Africa and 7 per cent in all Africa, with 40 per cent of the total irrigated area being in North Africa. These are the lowest percentages in the developing world. The investments required for land and water development until 2015 are estimated at some US\$37 billion.

### ***Pillar 2: Rural infrastructure and trade-related capacities for improved market access***

16. Investments should be made in rural infrastructure, particularly rural roads, storage, processing and market facilities that will be required to support the anticipated growth in agricultural production and improve the competitiveness of production, processing and trade in the crop, livestock, forestry or fishery subsectors. Africa's rural infrastructure is inadequate by almost any measure and its road network is particularly underdeveloped. Africa's people have to travel the greatest distances to their nearest large markets. The poor state of Africa's infrastructure reflects years of neglect, and the fact that the level of production often cannot justify the required investment and maintenance costs.

17. Trade-related capacities for improved market access need massive reform. Africa's share of overall world trade is insignificant and continues to decline. According to a recent G-8 report, Africa's exports account for only 1.6 per cent of global trade despite Africa accounting for 3 per cent of the world's population. In agriculture, Africa's share of world exports has dropped steadily, from 8 per cent in 1971-1980 to some 3.4 per cent in 1991-2000.

18. Reversing the decline in Africa's share of international trade will require increased efforts by African countries, with the assistance of the international community, to alleviate their domestic supply-side constraints. These can be divided into two broad categories: structural constraints and policy-induced constraints. The structural constraints, which are particularly prevalent in sub-Saharan Africa, stem from the region's high dependence on a limited number of export commodities, weak technological capacities, inadequate legal and regulatory institutional frameworks, and insufficient transport, storage and marketing infrastructure. The policy-induced constraints result from trade and macroeconomic policies that provide few incentives for agriculture and exports.

19. The constraints with regard to intra-African trade in particular include inadequate physical infrastructure, unstable market opportunities related to production variability, relatively small

markets, lack of current market information and trading skills, uncertain policy environments, and rapidly changing trade regulations. Given the hurdles that Africa will continue to face in global markets, regional integration may, despite its challenges, be an important way forward for African countries.

20. There are also trade issues at local level, such as the low incentive for farmers to produce because commercial production is not remunerative. Increased production will have to be underpinned by investments in rural infrastructure and trade-related capacities for improved market access, to the tune of US\$94 billion.

### ***Pillar 3: Increasing food supply and reducing hunger***

21. For long, hunger has remained widespread in Africa. Despite gains in some countries, hunger remains a major peril for far too many people, with many adverse consequences for the health and productivity of the population, thereby exacerbating the poverty situation. There is no doubt that eventually Africa will develop a diversified agricultural sector with commercial as well as smallholder farming. Africa can do much to attain a higher level of food security, but there is a need for partnerships with other developing and industrialized countries and the multilateral system. Within countries, successful action requires partnerships between communities, governments and the private sector.

22. The goal to *increase food supply and reduce hunger* would require some \$7.5 billion, of which, \$6.5 billion would be for national programmes and \$1 billion for regional action programmes. This investment will help improve the livelihood of some 15 million rural households or about 100 million people by 2015.

### ***Pillar 4: Agricultural research, technology dissemination and adoption***

23. To avert food insecurity and reduce poverty, African leaders have set a target to increase agricultural output by 6 per cent a year for the next 20 years. Without technological upgrading and adoption, even large-scale investment would not be sufficient for Africa to succeed.

24. Achieving a 6 per cent annual growth rate would require (a) accelerated adoption of the most promising available technologies; (b) technology delivery systems that quickly bring innovations to farmers and agribusinesses; (c) renewing the ability of African agricultural research systems to efficiently and effectively generate and adapt new knowledge and technologies; and (d) mechanisms that reduce the costs and risks of adopting new technologies. It would also require action on many fronts, including the following:

- (i) Increasing investment in research and technology development;
- (ii) Increasing the share of private sector funding of agricultural research; and
- (iii) Institutional and financial reforms aimed at making national agricultural research systems more sustainable.

25. The goal of the proposed NEPAD research programme is to double the current annual spending on agricultural research in Africa within 10 years. In essence, this would amount to annual investments of some US\$1.6 billion for the period up to 2015. It would comprise five sub-themes

which would collectively test the central hypothesis *"that conservation and efficiency of use of soil and other natural resources will be optimized under conditions of market- and/or policy- and institution-driven productivity"*. The five research sub-themes are:

- (a) Integrated natural resource management;
- (b) Adaptive management of appropriate germ plasma;
- (c) Development of sustainable market chains;
- (d) Policies for sustainable agriculture; and
- (e) Scientific capacity-building.

**Table 1: Orders of Magnitude for Africa's Contribution to Investment**

Objective of investment	Investment (US\$ billion) (rounded off)							
	Immediate: 2002-2005		Short term: 2006-2010		Medium term: 2010-2015		Total: 2002-2015**	
	Total	Africa	Total	Africa	Total	Africa	Total	Africa
<b>Investment:</b>								
Land and water investment	10	4	20	10	7	4	37	18
Rural infrastructure	22	9	35	17	32	18	89	44
Trade-related capacities for improved market access	1	0	1	0	1	0	3	1
National food Security	1	0	3	1	3	2	7	3
Regional food security	0	0	0	1	0	0	1	1
Research & Technology	1	0	1	0	3	2	5	2
<b>Sub-total</b>	<b>35</b>	<b>13</b>	<b>60</b>	<b>29</b>	<b>46</b>	<b>26</b>	<b>141</b>	<b>68</b>
<b>Operations &amp; Maintenance:</b>								
Land and water	2	1	12	6	18	10	32	17
Rural infrastructure	7	3	13	6	17	9	37	18
<b>Sub-total</b>	<b>9</b>	<b>4</b>	<b>25</b>	<b>12</b>	<b>35</b>	<b>19</b>	<b>69</b>	<b>35</b>
<b>Humanitarian, etc.:</b>								
<b>Safety nets and emergencies</b>	<b>12</b>	<b>5</b>	<b>15</b>	<b>6</b>	<b>15</b>	<b>6</b>	<b>35</b>	<b>17</b>
Rounding off error adjustment	-	-	-	-	-	-	-1	-
<b>Total</b>	<b>56</b>	<b>22</b>	<b>100</b>	<b>50</b>	<b>96</b>	<b>53</b>	<b>251</b>	<b>125</b>
<b>Annual total</b>	<b>13.9</b>	<b>5.5</b>	<b>20.0</b>	<b>10.0</b>	<b>19.2</b>	<b>10.6</b>	<b>18.0</b>	<b>8.9</b>

*Note: In this table, the ratio of Africa's contribution has been kept the same for all objectives of investment. In reality, Africa's capacity to invest varies according to whether heavy infrastructure or emergencies etc. are involved. Such detail, however, can be taken up at the planning stage. The function of this table is to provide indicative magnitudes of the investment envelope towards which Africa could plan.*

### C. National round tables

26. Although CAADP is continental in scope, it is realized through national efforts to promote growth in the agricultural sector and economic development. As such, CAADP is not a set of supranational programmes, but a framework embodying a set of key principles and targets.

27. Success will be measured by the extent to which policies and investment programmes change, guided by the common principles and goals of the CAADP agenda.

28. The national round tables, which are still under way, will lead to national pacts between donors and individual Governments that will help different countries to achieve the goals of the four pillars.

- ***National round-table processes and responsibilities***

29. With the four pillars as a framework, CAADP efforts trickle down to the national level through a round-table process that focuses on:

- (a) Exploiting synergies and inclusive, evidence-based discussions on socio-economic bottlenecks and deciding appropriate action on those matters;
- (b) Identifying gaps in donor funding needed to achieve agreed priorities;
- (c) Initiating work to monitor and evaluate progress of CAADP at the national, regional and continental levels;
- (d) Aligning State policies with regional priorities and the four pillars; and
- (e) Developing long-term commitments to finance agricultural investment programmes that are aligned with CAADP principles and targets.

30. The country round-table process is flexible and is being constantly adapted, becoming more robust as it is used and refined.

#### **IV. STATUS OF IMPLEMENTATION**

##### **A. Role of the African Union Commission and the secretariat of the New Partnership for Africa's Development**

31. In general, CAADP has made significant progress over the last one and a half years under the leadership of the African Union Commission (AUC) and the NEPAD secretariat to establish itself as a *credible and actionable collective framework* to boost agricultural growth, reduce poverty, and achieve food and nutrition security among African countries. The following achievements illustrate this progress:

##### ***1. Facilitation and coordination***

32. In line with the African ownership of the agenda, the AU/NEPAD secretariat has taken a leadership position in clarifying the agenda; defining the challenges for its implementation, and developing a clear path forward at the regional and country levels. In this regard, it has led the preparation of key CAADP implementation documents, including:

- (a) The CAADP implementation road map document which provides overall guidance for the implementation process;
- (b) The country-level implementation concept note, which guides the elaboration of national implementation activities; and
- (c) Several other documents dealing with the logistics and future challenges of the CAADP implementation process and responses.

33. The AU/NEPAD secretariat has also directly and through the regional economic communities (RECs) provided backstopping support to countries on adaptation and development of the CAADP agenda through the CAADP round-table processes.

**2. *Leadership and ownership by lead regional economic communities) and their member States***

34. The RECs have taken the leadership in stimulating and facilitating support to national players on CAADP implementation in their member States. The RECs are supporting member States on engagement through the round-table processes aimed at identifying and refining national agriculture and rural development priorities, and designing related investment programmes. More than a dozen countries are working at various levels to organize their CAADP round-table processes. For example, Rwanda signed the first country CAADP compact in March 2007. Sierra Leone will become the fifth country to sign the CAADP compact in September 2009, after Rwanda, Burundi, Togo and Ethiopia.

**3. *Mobilization of African technical expertise***

35. Leading African institutions have been mobilized to provide the necessary technical expertise and facilitation to guide programme planning and implementation. In particular, these institutions are helping develop framework documents for each of the pillars to serve as technical reference and guidance for RECs and their member countries as they develop and implement policy intervention and investment programmes. The documents analyse key challenges and issues and identify success factors and best practices.

**4. *Strategy analysis and knowledge systems to facilitate evidence- and outcome-based planning and implementation***

36. Regional strategy analysis and knowledge support systems (ReSAKSS) have been created, under the governance of the leading RECs and in collaboration with the Consultative Group on International Agricultural Research (CGIAR), to facilitate peer review, benchmarking, adoption of best practices, and mutual learning among member countries, in order to improve policy and programme planning, implementation and outcomes. The regional nodes will work with existing regional research organizations and networks and be linked with country knowledge systems to generate the necessary technical information to inform the implementation process and track progress.

**5. *Alignment by development partner agencies***

37. AUC and NEPAD have succeeded in raising the profile of the CAADP agenda in the international development community, as reflected in the declarations and commitments of all G8 summits since Sea Islands. As a consequence, a growing number of bilateral and multilateral development partners are embracing the CAADP framework and are aligning their assistance to the agricultural sector with the Programme's agenda. This alignment is reflected in their recent strategy documents and initiatives.

**6. *Partnership and alliance with the private sector***

38. Activities are under way to proactively engage the private sector within and outside Africa, in particular under pillar 2 of the CAADP agenda. These activities seek to build the necessary public-private partnerships and business-to-business alliances to boost investments, raise technical

and institutional skill levels, and improve infrastructure capacities in Africa's agricultural sector. Dialogue has started between African business communities and political leaders and leading international agribusiness companies through the Corporate Council on Africa (United States), the Business Alliance for Africa (United Kingdom), and the Oslo Conference for an African Green Revolution, to develop and implement a shared investment and partnership agenda.

## **7. *Continent-wide policy dialogue and review***

39. The CAADP Partnership Platform, a continent-wide forum for policy dialogue and review, has been established. It brings together the leadership of the African Union Commission, the NEPAD secretariat, regional economic communities, development partner agencies, the private sector and farmer organizations twice a year to review progress in implementation and to agree on actions to ensure that the agenda remains on track. The Platform, which held its second meeting under the auspices of the AU Commission, ensures that major strategy and policy issues are identified and handled at the highest level and in a timely fashion, to facilitate steady progress in implementation.

40. Taken individually, the above actions may not be that impressive. The real achievement, however, is that for the first time in the history of agricultural strategy development and cooperation in Africa, there is a broad consensus on objectives, targets, implementation processes and partnership principles. As a consequence, the chances for the different parties involved to work together to accelerate growth in the agricultural sector and make progress towards the poverty reduction objective are better than ever before. The establishment of the Platform has indeed laid a foundation, without which consistency, efficiency, steady progress, continuity and scale in implementation cannot be achieved.

## **B. Progress by African Governments towards meeting their commitments and achieving the targets under CAADP**

41. The progress that has been achieved by African countries toward meeting the CAADP targets and commitments is to be evaluated at this stage with respect to two goals:

- (a) a 6 per cent annual growth rate in the agricultural sector; and
- (b) a 10 per cent share of the national budget devoted to agriculture.

42. A third dimension related to sector governance will need to be added as the implementation process advances at the national level, in particular following the organization of country round-tables and the signing of national CAADP compacts. The evaluation will look in particular at improvements in policy and strategy design and implementation, including the quality and inclusiveness of the policy dialogue and review processes.

- **Progress towards achieving the 6 per cent annual growth rate in the agricultural sector and reaching MDG1**

43. The recovery in African agricultural growth started in the late 1990s, well before the adoption of CAADP. The challenge now is to sustain this momentum over the medium and long term. The 4-5 per cent average growth in agriculture has been accompanied by an upsurge in overall

productivity levels, with total factor productivity jumping by nearly 50 per cent. As the effective implementation of the CAADP started only in 2006, evaluation of progress under the CAADP agenda should focus on the extent to which the recent recovery is being sustained, accelerated and broadened. In this regard, while it is too early to claim any causality between CAADP and the developments of the last few years, it should nevertheless be noted that agricultural growth has accelerated since 2003, and is spreading to more and more countries. There are about a dozen countries that grew at annual rates of 5 per cent or more between 2003 and 2008, which is very close to the 6 per cent goal of CAADP. Overall, the number of countries that have met or exceeded the target growth rate has more than doubled over the last 5 years, from 5 to 11.

44. In line with the renewed growth process in most African countries, progress towards the poverty MDG has also accelerated over the last few years. However, this progress is much slower than needed for most African countries to meet the MDG target of halving the proportion of people suffering from hunger by 2015. In fact, recent estimates show that the poverty rate is being reduced by 7 per cent annually, which is only about one third of the required reduction, with only 10 years remaining. Currently, only one third of African countries are on track to achieve the poverty and hunger millennium goals.

- **Progress towards meeting the 10 per cent share of the national budget devoted to agriculture**

45. According to the NEPAD report on compliance with the 2003 Maputo Declaration to allocate 10 per cent of national budgets to agriculture (NEPAD, 2007), the proportion of countries allocating less than 5 per cent of their national budget to agriculture fell slightly from 61 per cent in 2003 to 57 per cent in 2007. This implies that more efforts are needed to help these countries to double their allocations if they are to meet their 2003 commitments.

46. On the other hand, the number of countries allocating 5 per cent to 10 per cent of the national budget increased from 22 per cent in 2004 to 24 per cent in 2007. The countries in this cluster are Benin, Chad, Mauritania, Nigeria, Sao Tome and Principe, Swaziland, Uganda and Zambia.

47. The proportion of countries allocating more than 10 per cent of the national budget to agricultural development increased from 13 per cent in 2003 to approximately 19 per cent in 2007. These countries are Ethiopia, Madagascar, Malawi, Mali, the Niger, Senegal and Zimbabwe.

48. While there is a general uptrend in the number of countries allocating more than 5 per cent of the national budget to agriculture, many countries have still not attained the target. Therefore, AU/NEPAD should continue to encourage these countries to increase and/or sustain their level of expenditure in agriculture. However, there is a controversy when it comes to country comparisons because of the difference in the methods of data collection on agricultural expenditures and on the very definition of the agricultural and rural development sector.

### **C. Progress by the G8 and other bilateral and multilateral partners towards meeting their commitments**

49. Progress by the development community with respect to the CAADP agenda can be evaluated based on actions in the following areas:

- (a) Evolution of overall assistance to the agricultural sector in light of the commitment to increase support to the sector;
- (b) Alignment of assistance strategies and ongoing activities with the CAADP agenda; and
- (c) Support to the CAADP implementation process on the ground.

- **Current trends in development assistance to agriculture in Africa**

50. Commitments for African agriculture among OECD countries have been high on the agenda of the past G8 summits. At the recent G8 summit in Heiligendamm, the group reasserted its position to support the CAADP agenda and goals. We do not have access to sufficient data to determine whether there has actually been any corresponding change in total overseas development assistance (ODA) for African agriculture. Based on publicly available data on foreign aid to African agriculture by OECD countries, the share of total ODA to the sector has been declining steadily (bilateral and multilateral combined), from a high of about 26 per cent in the late 1980s to under 5 per cent by 2005. All top six bilateral donors to the region have also reduced their direct assistance to agriculture. It is evident that development partners will need to increase assistance to the sector to help broaden and accelerate the recent economic and agricultural growth recovery process, in order to raise the number of countries that will achieve MDG1, and shorten the period for doing so by those that will miss the 2015 target.

- **Aligning assistance strategies and ongoing activities with the CAADP agenda**

51. The CAADP agenda offers a real opportunity to once again reverse the recent decline in overall ODA for the agricultural sector. In fact, a growing number of bilateral and multilateral development partners are aligning their strategies for assistance to agriculture as well as the portfolio of their activities in the sector with the priorities and targets of the CAADP agenda. The following are examples of major steps that have been taken by leading development partners to align with and support the CAADP agenda: (a) re-engaging in agriculture and re-emphasizing efforts in support of the sector in response to CAADP, as in the case of Sweden and the United Kingdom; (b) re-alignment of existing assistance programmes and elaboration of new cooperation strategies in support of CAADP, as in the case of the United States Initiative to End Hunger in Africa, and the European Commission's document on advancing African agriculture; (c) adoption of CAADP as a strategy framework for assistance to the agricultural sector in Africa, as in the case of the African Development Bank; and (d) launching of the TerrAfrica Initiative by a consortium of development partners and technical agencies, in addition to the alignment of World Bank and GEF resources to support the sustainable land management agenda of CAADP.

52. In addition to the strategic alignment actions, development partners have also started investing in the CAADP agenda, in particular in support of early action programmes.

- **Support to the CAADP implementation process on the ground**

53. While funding early action activities as described above, development partners have also been providing the necessary resources to support continental, regional and country-level consultations, priority setting, programme planning, and other processes that allow regional economic communities and their member States to take real ownership of and play a leadership role in the implementation of the CAADP agenda. The bulk of this funding comes from the European Commission, Germany, Sweden, the United Kingdom, the United States and the World Bank.

54. In particular, the funding has allowed (a) the AUC and NEPAD secretariat to mobilize the necessary expertise to effectively play its facilitation, dialogue and advocacy roles; (b) lead African institutions to provide the technical leadership at the pillar level to guide and inform the implementation process in order to ensure successful outcomes; (c) lead regional economic communities to strengthen their capacity to work with their member countries to support the implementation process; (d) regional knowledge systems to be created in order to facilitate the adoption of best practices, mutual learning, peer review, policy dialogue, and the tracking of progress and performance; and (e) the CAADP Partnership Platform to be created and implemented.

55. Discussions are currently ongoing among development partners about the establishment of a multi-donor CAADP trust fund to raise the level of available resources and scale up support as the pace of the implementation process quickens. Development partners are also using the Global Donor Platform for Rural Development to coordinate and harmonize support for the CAADP implementation process. The Platform has recently appointed a CAADP task leader for that purpose.

#### **D. Progress in mobilizing the private sector and integrating smallholder farmers**

56. Engagement with the private sector is not yet occurring in a systematic manner, but it is expected to pick up rapidly after the adoption of the framework document for pillar 2. In fact, the secretariat has facilitated and coordinated the final technical review and validation processes for the CAADP pillar 2 framework, which is designed to increase market access through improved infrastructure and trade-related interventions (June 2008). The framework is ready for widespread distribution and will have to go through the due process for political endorsement by the AU Heads of State and Government. The framework was elaborated in collaboration with the members of leading African agribusiness and farmer organizations, such as the Southern African Confederation of Agricultural Unions (SACAU) and the West and Central African Réseau des Organisations Paysannes et des Producteurs Agricoles (ROPPA).

57. The expert group is also in contact with global agribusiness associations such as the Corporate Council on Africa based in the United States, the Business Alliance for Africa based in the United Kingdom, and the African Enterprise Challenge Fund. The framework document has identified successful, smallholder-friendly models of public-private partnerships and business-to-business alliances to promote the competitiveness of domestic agricultural value chains and development of the agribusiness sector in general.

## **V. THE WAY FORWARD**

58. The implementation of CAADP is at the crossroads and important decisions need to be taken. In this regard, two options are available to policymakers: they either do business as usual, or give a new strategic direction to the Programme. Fortunately, AU has opted for the redirection of the NEPAD framework, including its integration into the structures and processes of AUC.

### **A. OPTION 1: Business as usual**

59. In this scenario, which is proposed by the CAADP secretariat in the CAADP strategic plan 2009-2010, the most important actions should focus on advancing the implementation process on the ground by accelerating the alignment of strategies and the scaling up of investments. Action is required at three levels:

#### **1. Regional and national strategy alignment and investment programmes**

60. Two sets of actions are to be considered: (a) completion of all country round-tables, adoption of country CAADP compacts, and implementation of all sectoral policy, budgetary, and investment programmes in the following countries, which are all at different stages of the process: Benin, Burkina Faso, Ghana, Kenya, Malawi, Mali, the Niger, Nigeria, Senegal, Togo, Uganda and Zambia in addition to Rwanda, which has already completed its process; and (b) completion of the above actions in the remaining countries of COMESA and ECOWAS as determined by their member States.

#### **2. Building partnerships and alliances around individual pillars**

61. The framework for the implementation of the four CAADP pillars is now ready and will provide a forum for substantive action. The first CAADP Africa Forum will be held from 30 November to 4 December 2009 in Nairobi, Kenya on the theme “The Bottom of the Pyramid: Agricultural Development for the Vulnerable”. The Forum is supposed to provide an annual platform for peer-learning and sharing on progress in African agriculture among policymakers and practitioners from across the continent. Each year, the Forum will choose a theme that is of common and current concern. It will support the sharing of best practices in agriculture across Africa, and provide input into country-driven development of the agricultural and rural sector. The Forum will serve as a bridge between the highly specialized knowledge and experience offered by the CAADP pillar lead institutions and other knowledge centres, and the realities on the ground in African countries.

#### **3. Policy dialogue and review to ensure successful implementation**

62. The next steps include the establishment and satisfactory operation of all review, dialogue and knowledge mechanisms at the continental, regional and country levels in particular the CAADP Partnership Platform and the monitoring and evaluation activities.

#### **4. Roles and expectations of different actors over the coming years**

63. *African Governments*: Acceleration of the implementation process and future programme outcomes will depend on the continued active government leadership in planning, design and partnership activities through the CAADP round-tables. Of particular importance is the early involvement of ministries such as that of finance which, as in the case of Rwanda, can become real champions for the agricultural sector. Similarly, the quality of dialogue with development partners at the national level in the negotiation of CAADP compacts and the monitoring of implementation of the commitments in the compact are also of critical importance.

64. *Regional economic communities*: The main role of the RECs is to ensure continued satisfactory coordination of the country planning, design and partnership activities, in addition to advancing the transboundary components of these activities by preparing and adopting the respective regional CAADP compacts. Furthermore, the RECs have to establish and operate, as part of their current institutional structure, the forums for peer review and dialogue, in order to promote the adoption of best practices and scaling up of success stories through benchmarking and mutual learning.

65. *AU Commission and NEPAD secretariat*: The communications work through the NEPAD secretariat needs to be scaled up significantly to ensure that the growing numbers of parties that are involved in the CAADP agenda have access to high-quality information on the implementation process and all related activities. The AUC and NEPAD secretariat also need to scale up the monitoring and evaluation work to better track progress on the ground and facilitate necessary adjustments to ensure successful outcomes. Finally, the AU/NEPAD secretariat must ensure that all meetings of the CAADP Partnership Platform are well organized.

66. *Development partners*: The number of bilateral and multilateral development partners that are actively supporting the CAADP implementation process is growing steadily and needs to continue, in order to bring on board partners that have traditionally been strong supporters of the agricultural sector. Continued active and broader participation in the CAADP Partnership Platform by representatives of development partner agencies in the country round-table process should be a focus over the next year. The establishment of the CAADP trust fund, which is being explored currently, should be seriously pursued and realized as soon as possible. The European Commission's Communication on Advancing African Agriculture is a good illustration of how multilateral partners can align with the CAADP agenda and should be adopted as a model.

67. *The private sector*: The adoption of the framework document for pillar 2 will facilitate the scaling up of partnerships with the private sector. In the meantime, the RECs and the NEPAD secretariat should explore the possibility of partnerships around strategic, regional and continental actions.

#### **B. OPTION 2: Rethinking the implementation strategy**

##### **1. The current strategy**

68. One of the conclusions of the CAADP Review Report 2009 is that: "The processes that have evolved to translate the CAADP principles into reality, through broad consultation and by trial and

error, have had limited effectiveness. They have been constrained by sometimes confused objectives, overly ambitious targets, lack of human and financial resources, and governance and administrative structures that are not adapted to the scale of the task at hand. However, many different factors are coming together to promise a much more hopeful and effective future”.

69. This observation indicates that the CAADP framework has suffered from many shortcomings that have impeded its implementation. There is no doubt that the NEPAD/CAADP framework has brought to the fore the issue of agricultural development as a priority both at continental and at intercontinental levels. But it took almost five years to convince Governments that although CAADP was conceived as a programme with so-far-unfulfilled expectations that investment funds would quickly follow, it is in fact a framework. It remains to be seen, however, whether CAADP would continue life as a framework or a programme capable of delivering services that could be described as “continental public goods”.

70. As the process of implementing CAADP through round-tables has been running for less than three years, it is difficult to assess the programme’s impact on growth in the agricultural sector. However, it is relevant to take a critical look at the framework in order to make recommendations that will help to shape it over the next 5-10 years.

71. In terms of implementation, two major issues can be raised: the round-table approach and the four pillars selected. By adopting the round-table approach, CAADP has transformed itself into an “advisory bureau” with the mandate of designing and monitoring the implementation of national agricultural policies through compacts with Governments. This approach has many weaknesses. It might be very superficial and fail to set clear priorities. At national and continental levels, if CAADP has nothing to offer Governments except development ideas, it will not have the clout needed to alter development plans and political systems that are established at national level with the support of specialized agencies. Without such clout, the relevance and influence of the programme will steadily fade and eventually vanish. It is difficult for the round-table approach to capture complementarities within and between countries based on comparative and competitive advantages. It may also fail to promote economies of scales by exploiting the high productive potential of ecological zones that stretch beyond national boundaries.

72. With regard to the four pillars, they are being implemented following a “silo” approach, whereby each pillar is assigned to a specific agency with little synergy between the assigned agencies. The resulting coordination failure can prevent the achievement of the overall objective of CAADP. For instance, the development and dissemination of appropriate technologies (pillar 4) will not be successful if marketing systems and support services remain inadequate (pillar 2), or if market access is difficult due to poor infrastructure (pillar 2), or if access to land and water remains an unsolved problem (pillar 1).

73. It appears more rational, therefore, to shift the role of CAADP from one of providing advisory services to one of facilitating the structural transformation of African agriculture<sup>1</sup>. CAADP

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<sup>1</sup> Argwings et al. (1998) in Perspectives on Agricultural Transformation: A View from Africa, summarized agricultural transformation as: The process by which individual farms shift from highly diversified, subsistence-oriented production towards more specialized market-production. The process involves a greater reliance on input and output delivery systems and increased integration of agriculture with other sectors of the domestic and international economies.

should spearhead the establishment an African common market for agricultural products by promoting the production, processing, distribution and consumption of strategic agricultural commodities identified by the African Summit on Food Security in December 2006. The fact that after four decades of agricultural development efforts and through changing paradigms and initiatives, Africa continues to grapple with poverty and hunger and has lost significant shares of the global agricultural commodity market to Asia and Latin America, demonstrates that the African agricultural sector still faces severe, chronic structural problems .

74. The current food crisis, for example, could have been an opportunity for Africa as a predominantly agrarian region. Instead, it has served to strengthen advocacy to meet the target of 10 per cent of national budgets allocated to agriculture, achieve regional cooperation in agriculture, and provide policy and institutional support to the sector. CAADP should take advantage of this momentum to move from its present role as facilitator and planner to that of trigger of the structural agricultural transformation of Africa. This could be done through the promotion of agribusiness, which remains at the infancy level in most African countries.

## **2. An alternative approach**

- **Promoting agribusiness and agro-industry through regional commodity value chains**

75. The growing agricultural import bill, which now stands at some US\$33 billion annually, coupled with the loss of export market shares in the face of considerable unexploited intra-regional production and trade potential, is symptomatic of an increasing disconnection between farmers and regional and global markets, both upstream (input/factor markets) and downstream (output/product markets).

76. In fact, the African food and agricultural market is characterized by extreme fragmentation along subregional, national and even subnational borders, resulting in markets of sub-optimal size that cannot guarantee the profitability of private investment. Paradoxically, while being largely closed to each other, these fragmented national and subregional markets are increasingly open to imports from outside the region. As a result, the gap between national/subregional domestic production and regional demand tends to be filled by imports from non-African sources, which are often propped by agricultural subsidies and support measures from the source countries.

77. A practical way to achieve significant economies of scale and vertical coordination in African agriculture would be to work at the subregional/regional level around a limited number of strategic food and agricultural commodity chains. Indeed, the creation of an optimal economic space for agricultural transformation requires further broadening and strengthening of the integration of African food and agricultural chains. For selected strategic commodities, a common African market that transcends national and subregional borders would offer an appropriate economic space to allow for profitable private investments. This implies, for those strategic food/agricultural commodity chains, moving market integration beyond the national and subregional levels to encompass the regional and global markets.

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Agricultural transformation is a necessary part of the broader process of structural transformation, in which an increased proportion of the economic output and employment are generated by sectors other than agriculture.

78. The new role of NEPAD/CAADP should then be to promote public-private partnerships for the development of regionally integrated value chains for the strategic agricultural commodities identified at the Abuja Summit<sup>2</sup>.

- **Creation of preferential investment zones**

79. Developing vertically coordinated regional chains, (of production, processing and marketing) for strategic commodities would require building public-private partnerships to create an environment that is conducive to both the profitability and the security of private investment. More explicitly, the creation of such an environment could start with the opening of free subregional/regional preferential investment zones in those areas with the greatest unexploited production potential for selected strategic agricultural commodities. This will stimulate the mobilization of private investment in agriculture on a regional scale.

80. In such zones, the creation of the right policy, institutional and legal frameworks for the development and management of land and water resources, the provision of the necessary supportive public infrastructure and services, and the establishment of trans-national agribusiness companies would grant further incentives and security for private investment. This would be conducive to the mobilization of pooled investments through regional agricultural companies (joint ventures) with a view to developing, in a vertically coordinated manner, the primary production, processing, transport, and regional marketing of the strategic food commodity chains. This strategy could be further strengthened with the development of capital markets to contribute to the optimal development of the production potential of commodities, and to enhance sectoral growth and employment linkages within the regional food and agriculture systems.

- **Establishing centres of excellence for technology development and transfer**

81. NEPAD/CAADP could also play an important role in building public-private partnerships in agricultural research through the creation or strengthening of subregional centres of excellence for technology development and transfer.

82. One important requirement for increasing the productivity and competitiveness of African agriculture is to significantly reduce unit costs of production, processing and distribution at all stages. Technological developments in biological sciences, energy, information and communications offer new opportunities that could help address this challenge. The public and private sectors in African countries must be encouraged to seek out and exploit these opportunities.

83. Public investments in research and technology generation and diffusion are needed to encourage broad-based adoption of available technologies and to strengthen indigenous capacities to develop and/or adapt and diffuse the kinds of technologies needed to compete effectively in domestic, regional and global markets. This will require strengthening African research capabilities. In the face of small national budgets, the establishment and/or strengthening of regional agricultural research centres of excellence would help build critical research personnel and financial resources, and achieve economies of scale. Subregional centres of excellence for higher agricultural education and research in technology generation and adaptation could be created along the lines of agro-

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<sup>2</sup> Commodities such as rice, maize, wheat, sugar, meat and dairy products, cotton, coffee and cocoa have unexploited production potential that could be harnessed to respond to increasing regional demand.

ecological zones and strategic food commodities. Such centres of excellence would give special attention not only to farm-level technologies, but also to adaptive post-harvest research (storage, processing and transport) technologies and appropriate biotechnologies for food as well as cash crops.

## **VI. Concluding remarks**

84. The mitigated results of CAADP over the last five years of its implementation can be traced to the lack of a clear objective. While national Governments still have the responsibility to promote national agricultural development plans, CAADP should focus on activities that cannot be realized by individual countries.

85. Rapid growth in the agricultural sector is central to any strategy for reducing poverty and hunger on the African continent. Yet investments aimed at increasing agricultural productivity need to be linked to market opportunities if they are not to depress commodity prices and farm incomes. It is widely perceived that high market transaction costs, weak domestic consumer demand, and lack of export possibilities are major constraints on Africa's agricultural growth prospects.

86. There are important efficiency gains to be captured in addressing the above constraints from a regional perspective. But, given the predominant role of agriculture in the economy of most African countries, promoting agriculture-led growth across Africa will be difficult to achieve without strengthening linkages and generating mutual benefits across countries. The advantage of the regional value chains approach is that greater economic gains might be realized by improving marketing channels across borders in a regionally integrated manner, either through road infrastructure or market information systems, rather than by taking a purely national approach. Through more integrated and competitive markets, countries can also specialize in those products in which they have a comparative advantage. By improving economic efficiency and unleashing regional growth dynamics through the movement of capital, goods and labour across borders, the development of strategic agricultural commodity value chains will ultimately help create jobs, increase farmers' incomes, and consequently reduce the incidence of hunger and poverty across the continent.

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