



# The Way Forward

Accelerating agricultural development in African countries is crucial for achieving food security and reducing hunger, as well as for job creation and trade. For the foreseeable future, agriculture remains the most important sector for accelerating economic transformation through agro-based industries. Numerous consultations and meetings on how to enhance agricultural development on the continent have resulted in wide ranging commitments by both public and private sectors at the regional, continental and global levels.

However, implementation of these commitments has not been as successful as had been anticipated. Accelerating agricultural development in the context of regionally integrated value chains advocated in this report will require:

- Operationalizing these commitments;
- Addressing key challenges to agricultural development; and
- Promoting viable regionally integrated value chains.

“Agricultural transformation a key to food security and poverty reduction in Africa”

## 6.1 Operationalizing commitments to develop African agriculture

### Major commitments to develop African agriculture

There have been numerous commitments from as far back as the 1980s in the Lagos Plan of Action for the Economic Development of Africa and in the early 1990s in the African Economic Community initiative. This chapter focuses on recent commitments since 2003 because they are more relevant from a practical viewpoint. These commitments are:

#### *Maputo Declaration on Food Security (2003)*

Concerned that 30 per cent of the population of Africa were undernourished, and convinced of the need to utilize the continent's full potential to increase its food and agricultural production so as to guarantee sustainable food security and ensure economic prosperity for its peoples, African Heads of State and Government endorsed

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CAADP as the framework for agricultural development in Africa. CAADP consists of 4 investment pillars.

As discussed in chapter 4, these pillars are: extending the area under sustainable land management and reliable water control systems; improving rural infrastructure and trade-related capacity for market access; increasing food supply, reducing hunger, and improving risk management and crisis response; and improving agricultural research and technology dissemination and adoption.

The Heads of State and Government committed to allocation of at least 10 per cent of their national budgetary resources to CAADP implementation within 5 years. Operationalizing CAADP will accelerate agricultural and food production with diversified production structures and enhanced productivity. However, many African countries still devote less than 4 per cent of their national budget to agriculture and implementation is off-track.

#### *Sirte Declaration on Agriculture and Water (2004)*

In many parts of Africa, agro-ecological systems are characterized by frequent and recurring drought, soil degradation and water supply shortages. It is believed that agriculture and agro-ecological systems are most vulnerable to climate change, especially in Africa where the climate is already unpredictable and drought-prone in some arid areas. The problem is compounded by the fact that the sector is already under considerable stress, and African farmers have limited means to deal with the escalating problems of weather and climate change. The Sirte Declaration was conceived against this background and become very relevant to development of regionally integrated agricultural value chains in Africa.

The Sirte Declaration made several commitments to address the challenges of implementing integrated and sustainable development in agriculture, including livestock, fisheries and crops. It also made commitments on water resources, desertification and drought. It further made commitments to increase trade in agricultural products by reducing trade barriers and enhancing agricultural information systems necessary for effective regionally integrated value chains. The Declaration called for establishment of support institutions such as centres of excellence for agriculture, water and the environment and of an African Agricultural Development Fund, among other commitments.

#### *The Abuja Declaration on Fertilizer for an African Green Revolution (2006)*

The Abuja Declaration recognized that most farmers in Africa have virtually no access to fertilizer and that the poorest of them urgently need special support. The

Declaration called for a strategic investment programme to increase the availability and use of fertilizer along with other inputs to usher in the Green Revolution on the African continent. Fertilizer, from both inorganic and organic sources, was made a strategic commodity without borders. AU member States also resolved to increase fertilizer use from the current average of 8 kg. per hectare to an average of at least 50 kgs. per hectare by 2015.

For viable regionally integrated value chains, a reliable and consistent supply of basic inputs is essential. Evidence indicates that an increase in the use of mineral fertilizers has been to a large extent responsible for the substantial growth in agricultural productivity and hence in the success of the Green Revolution. Indeed, some experts have argued that fertilizer was as important as improved seed varieties in those countries where the Green Revolution has already taken place. The fertilizer input contributed as much as 50 per cent of the total yield in Asia (Tomich, 1995).

“Most African farmers have no access to fertilizers and need special support”

### ***The Abuja Food Security Summit (2006)***

The objective of this Summit was to streamline the many commitments to develop African agriculture and prioritize their implementation, starting with those that can yield critical and quick but also sustainable gains at national, regional and continental levels. On the basis of this, five themes were identified with corresponding commitments. The five themes were:

- Enhancing intra-African trade in food and agriculture;
- Resource mobilization to implement commitments;
- Integration of nutrition into all agricultural and food security programmes;
- Identification and replication of African successes; and
- Establishment of a system for selecting and prioritizing key CAADP-related Summit commitments.

### ***Sharm el Sheikh Declaration on the High Food Prices (2008)***

Concerned by the crisis caused by the high food prices and its adverse impact on African countries, particularly the poor and vulnerable households, the Summit committed to various short- and long-term measures. In the short term, the Summit committed to:

- Provide immediate assistance to the vulnerable segments of populations through targeted food assistance and safety net measures;
- Intensify agricultural production and productivity through the use of targeted input subsidies, particularly fertilizer, improved seeds, and enhanced access to water and small-scale irrigation for agricultural production; and

- Improve post-harvest crop management to minimize storage losses and increase processing.

In the medium to long term, the Summit committed to:

- Invest in appropriate social safety nets;
- Scale up investments for sustained agricultural growth including expanded public spending on rural infrastructure, services, agricultural research and technology development and transfer;
- Enhance sustainable land management practices including soil and water management and conservation;
- Enhance institutional and human capacities for agricultural development; and
- Review bio-fuel policies to make more grains and oilseeds currently used for fuel available for food and feed.

“ CAADP provides a framework for external support to African agriculture ”

### *Global policy reforms and financial commitments*

In addition to regional commitments and declarations, there have been a number of global commitments on food security and agriculture of relevance to Africa. Prominent among these were the World Food Summit of 1996 organized by FAO, which emphasized the need to reduce the number of hungry people in the world by half by 2015. Another relevant global commitment was endorsement of the MDGs of 2000. Through MDG 1, the United Nations is calling for reducing the number of the poor by 50 per cent by 2015.

From the Rome Declaration on World Food Security and the World Food Summit Plan of Action, the main global commitments have emphasized the need to support African agriculture more or less around the CAADP pillars. In addition to policy commitments and improvements, global financial commitments have also been made to address the challenges of food security and to mitigate the impact of high food prices in Africa and other developing countries.

These include funds pledged by IFAD, funds pledged by the G-8 countries and bilateral support by the United States. Multilateral development institutions and agencies such as AfDB and World Bank have also escalated their commitments and support to help African and other developing countries increase agricultural investment and production over the long run.

While most bilateral and multilateral commitments target States, some organizations provide financial and technical assistance to individuals and specialized agencies involved in agricultural transformation in Africa. For example, the Alliance for

Green Revolution in Africa (AGRA), which advocates for policies that support all key aspects of agriculture (from seeds, soil health, and water to markets and agricultural education, is mainly supported by private, non-profit organizations, namely the Rockefeller Foundation and the Bill & Melinda Gates Foundation. The AGRA commitments cover such areas as use of improved seeds and better soil management, improved access to water, water-use efficiency, and special support programmes for small-scale farmers and rural households.<sup>1</sup>

However, while overall development assistance to Africa has increased, donor support to agriculture has been declining, from a peak of \$8 billion in the early 1980s to just about \$3.4 billion in 2004 (UNCTAD, 2008). Evidence from 19 SSA countries shows that real agricultural expenditure grew rapidly in the 1960s, modestly in the 1970s, and stagnated in the 1980s and 1990s (UNCTAD, 1998). Besides domestic efforts, promoting African agriculture requires the scaling up of donor support, “from the current \$1-2 billion per year to roughly 8 billion by 2010,” as well as establishment of a “global fund for agriculture”.<sup>2</sup>

“Governments need to focus on implementing existing commitments to develop agriculture”

## Addressing challenges to implementing the commitments

In addition to their limited human and financial capacity to implement the commitments consistently, African governments and the international community need to prioritize according to their expected contribution to the transformation of the agricultural sector on the continent. This has been cumbersome. Lack of good governance and political will also constitutes a severe constraint to implementation of commitments, by eroding confidence and generating mistrust between donors and recipient countries. Accordingly, some commitments are either not fully implemented or phased out altogether. The following are some key actions that African governments need to take to confront the implementation challenges:

### *Prioritizing commitments*

In view of the number of commitments and the resource requirements for their implementation, it is important to define a framework for selecting and prioritizing them, taking into account country-specific priorities. Africa should use its limited resources and institutional capacity selectively, concentrating on those commitments that can best serve its accelerated and sustainable agricultural development and food security goals.

1 See <http://www.agra-alliance.org/section/about/grants>

2 Remarks by Kofi Annan, Chairman of the Board of Alliance for a Green Revolution in Africa, during his speech, marking World Food Day for 2008.

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### ***Institutionalizing commitments***

It is imperative that the commitments made at the various Summits and other high-level meetings are formally adopted and institutionalized in the respective countries. Often, the commitments just remain as “declarations” and are not translated into laws domesticated in the national legal systems in the respective countries. Such formalization could provide better guarantees, that with changes in government and transfer of power and duties, adherence to commitments could still be expected.

African countries should therefore ratify the commitments by passing them through parliament and the legislative process. The commitments would therefore be included in National Development Plans and adequate financial resources for their implementation would be allocated. An example of this is the commitment of AU member States to allocate at least 10 per cent of their budgets to agriculture. Most countries are way below this target because they are not obliged to honour the commitment since it has not yet been passed as a law.

### ***Political will is essential for implementing commitments***

Most of the bilateral and multilateral aid extended to African countries is programme and reform specific. The willingness of donor countries and agencies to honor their commitments is largely dependent on the ability of African governments to follow a mutually agreed course of action or reform agenda. On this basis, SWAPs could be used more frequently in the agricultural sector. This would facilitate the use of recipient country systems, harmonization of donor programmes, strengthening of ownership and management for results, which are the main goals of the Paris Declaration on Aid Effectiveness.

Failure to adhere to accountable and transparent economic management often makes donors and agencies reluctant to honour commitments to implement proposed projects. It is important for African governments to respect and adhere to the terms of agreement and disbursement in order to increase the confidence of donors to disburse the aid and make new commitments.

### ***Building analytical capacity***

Donor agencies are paying greater attention and are more willing to offer assistance when the capacity of partner governments to undertake their own analysis and to monitor progress is well established. Frequently, lack of technical competence on the part of the host government has resulted in the failure of donor agencies to honour their commitments fully. At other times, implementing agencies have been compelled through tied-aid mechanisms to use a significant portion of donor financial

commitments to sponsor technical experts from developed countries. This results in high costs and lower aid effectiveness.

Building the capacity of technical personnel who can competently design and monitor complex agricultural projects is therefore critical to establishing a mutually agreed sequence of reform interventions that are conducive to increased and more efficient donor support. In addition, this can “buy the recipient country some implementation space” and discourage donors from micro-managing projects by introducing parallel management units with expatriate staff (Tsikata, 2001).

### ***Budget support for sourcing areas of donor commitments and efficient management of investment proposals***

Governments should provide funds to support national agencies or units that conduct analysis on prospective agricultural investment proposals that have the potential to attract commitments from donors. Such specialized agencies collect and analyse information on the social and economic returns of such proposals before donor financing and commitments can be sought. Their activities should be integrated into government budgetary processes as their work can also help government Ministries and regulatory authorities to carry out necessary reforms or to implement the investment proposals more efficiently, to the satisfaction of donor agencies.

### ***Monitoring and evaluation***

In view of Africa’s limited resources, spreading efforts and resources thinly over all possible areas of intervention has little prospect of succeeding. The commitments should therefore be accompanied by a credible monitoring and evaluation system that can effectively assess progress towards desired goals and provide feedback that can be used to improve implementation in the future. Development partners have come to realize the value of building good relationships with government, especially through the use of a well-established and strategically focused institutional framework for managing and monitoring commitments (Tsikata, 2001). Such strong institutional mechanisms for accountability and transparency build mutual trust between the donor agencies and the host governments.

Implementing commitments to develop African agriculture in a systematic manner should be a government priority in Africa. The fact that agriculture remains neglected and underdeveloped despite the numerous commitments testifies to the huge implementation gap. Operationalizing commitments would go a long way to resolving the challenges constraining viable value chain development for accelerated and sustained economic growth and transformation in Africa

“*Monitoring and evaluation of the implementation of commitments is needed at national and regional level*”

## 6.2 Addressing key constraints to agricultural transformation in Africa

“ Addressing general constraints to agricultural development indirectly facilitate value chain development ”

Strategies to promote integrated national and regional value chains and markets have to be designed and implemented in a policy framework that addresses the general constraints to agricultural development in Africa as outlined above. Addressing these constraints will provide an indirect stimulus to value chain development. Key policies in this regard encompass:

- **Promoting sustainable agricultural production systems:** Africa needs to promote sustainable agricultural production based on increased productivity on one hand, and conservation of the environment on the other. This requires a large increase in irrigated land, rehabilitation of degraded land through soil and water conservation measures, improved security of land tenure and equitable land distribution, measures to improve land use that restrict encroachment of cultivation into fragile ecosystems, and improved water management to protect water resources, resolve water-based conflicts, extend water utilization and raise quality.
- **Address chronic under-capitalization of agriculture:** African governments should implement the Maputo agreement and devote at least 10 per cent of public expenditure to agriculture in order to realize the projected NEPAD/CAADP goal of at least 6 per cent agricultural growth annually by 2015. There is also the need to create an enabling environment for increased access to private credit and insurance schemes for agricultural production, processing and marketing. This should include promotion of microfinance institutions that serve farmers.
- **Increased funding for agricultural research and technology:** Agricultural research continues to be under-funded at around 0.7 per cent of agricultural GDP compared to a desired rate of 2 per cent. Therefore, agricultural research funding should be increased with a continuous update of research capability in the new areas of biotechnology. Efforts in this regard should provide incentives for private sector participation and funding of agricultural research.
- **Increased use of yield-enhancing practices and technologies:** Africa lags behind in the use of yield-enhancing technologies and should set targets in order to promote their use. Fertilizer use should be raised from the current level of 125gm/ha to at least 500gm/ha, which is about half the world average and aim at reaching the world average. Similarly, the use of tractors, which now stands at 13/100km<sup>2</sup>, should be increased to at least the levels in East Asia of 89/100km<sup>2</sup>. The continent also needs to increase the use of

improved seeds and improved livestock to enhance yields to internationally competitive levels.

- **Additional investments in soil and water conservation:** Africa accounts for 27 per cent of the degraded land in the world, mainly due to insecurity of land tenure and lack of adequate promotion of soil- and water-conservation measures that embody high returns. Before expanding cultivated areas, governments should put emphasis on soil and water conservation measures and create incentives for the effective participation of communities and individual farmers.
- **Improved marketing and rural infrastructure:** Improved rural infrastructure and marketing are essential for Africa to promote competitiveness in agricultural products. Measures in this area include: increased road densities in rural areas; increased use of ICT; adequate energy supply with preferential treatment for farmers and agro-industries; and improved port handling facilities (both coastal and inland) with simplified and efficient customs clearance procedures.
- **Measures to mitigate the potential adverse impact of bio-fuels:** This can be done through measures to restrict bio-fuel production to non-food crops and assist governments to carefully assess and balance strategic needs for food security and bio-fuel production.

“ Value chain development also benefits from policies to improve infrastructure and the business environment ”

In addition to the above agro-specific policies, agricultural transformation and value chain development will also benefit from broad policies and reforms aimed at improving the business environment and investment climate, building infrastructure, enhancing access to education and technical skills development in rural areas and trade facilitation.

## 6.3 Promoting regionally integrated value chains

Policies and programmes with more direct impact on value chain development need to be systematic and sustainable. The underlying VCD strategy may vary across countries. Some countries may follow a comprehensive planning approach while others adopt an incentive-based approach to support private sector activities that promote value chain development. Direct interventions should encompass:

- **Awareness raising and coordination of activities:** This involves provision of essential information to both farmers and potential investors on profitable value chain activities. Facilitating access to information regarding buyers, sellers and other market conditions, can be achieved through

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special events or through such institutional arrangements as subcontracting exchange schemes. In this regard, a list of potential suppliers with documented products and processes is provided to customers.

- **Supporting spillovers from lead firms:** Encouraging lead firms within a value chain to provide support to farmers and SMEs can provide much needed services that advance market access, adherence to standards, introduction of brands, etc. Specific interventions by governments and donors in this regard could include co-financing of activities, with focus on the training and capacity-building of small farmers and SMEs, tax and other financial incentives and corporate responsibility initiatives.
- **Access to finance:** Facilitating access to credit by farmers and SMEs would help to alleviate one of the critical challenges of value chain development. This can be done through programmes that encourage direct lending, where business partners provide credit to farmers and other SMEs within the value chain, or improve the creditworthiness of farmers and SMEs. Governments and donors can help to provide soft credit lines and credit guarantees to banks in the initial stages with a view to enhancing linkages. Credit schemes can be linked to upgrading of activities by SMEs, including acquisition of technologies and establishment of out-grower schemes, in order to improve value chain integration and coordination, especially in support of farmers.
- **Promoting inclusive standards:** Governments and donors could help African farmers and SMEs to meet standards and even help them to harness opportunities to add value to their products. Lead firms, often multinational corporations, are increasingly setting these standards. The value chain is an important instrument in the enforcement of standards with each player ensuring that the product emanating from the previous stage adheres to the standards and specifications of the next.
- **Focus on regional integration to enhance horizontal linkages in value chain development:** Supporting regional value chain development requires strong cross-country collaboration and government commitment to implement agreed plans. These include harmonization of policies and legal frameworks, as well as institutional arrangements that promote regional infrastructure and the movement of people and goods. These arrangements should clearly indicate how the benefits and costs related to value chain development would be shared.

## References

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Economic Commission for Africa



African Union

Economic growth in Africa declined to 5.1 per cent in 2008 and is projected to fall sharply in 2009. Despite high commodity demand and prices in the first half of 2008, continued sound macroeconomic management and commitment to economic reforms, increased domestic investment and productivity, recent debt write-offs, private capital flows, increased non-fuel exports and consolidation of peace in some parts of the continent, the global financial crisis and recession are adversely influencing medium-term growth prospects in Africa.

Progress towards meeting the targets of the MDGs has been mixed, with some noticeable gains in universal primary education but very limited headway on poverty reduction and health-related goals. In particular, Africa has to strengthen gender equality and women empowerment as factors strongly correlated with other social development goals.

Given the recurrent food shortages and slow progress in poverty reduction, the continent needs sustained investment for agricultural transformation in agricultural production systems, agricultural research and extension services, use of yield-enhancing practices and technologies, increased investment in soil and water conservation, and improved marketing and rural infrastructure.

Africa must also build linkages between agriculture and manufacturing, and with other sectors at national and regional levels. Increased investment in agribusiness and agro-processing maximizes value added, expands markets, creates jobs and enhances productivity and international competitiveness. Regional value chains and markets will help Africa overcome the constraints of small national markets and populations, and optimize its diverse but fragile agro-ecological systems. These initiatives and measures to enhance regional trade and investment are essential to stimulate agricultural transformation and broad-based growth.

