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Moving Africa from a global consumer to a global producer

Opening Remarks delivered by

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- **H. E. Muhammadu Buhari**, President of the Federal Republic of Nigeria
- **Mr. Akinwumi Adesina**, President of the African Development Bank
- **Mr. Abdalla Hamdok**, Acting Executive Secretary of the United Nations Economic Commission for Africa
- **Mr. Eric Maskin**, Nobel Laureate in Economics (2007)

Excellencies,

Representatives of national and regional institutions, the private sector, and development partners,

Distinguished participants,

Ladies and Gentlemen,

I am pleased to attend the 11th edition of the African Economic Conference, on the theme, *“Feeding Africa: Towards Agro - Allied Industrialization for Inclusive Growth”*. It is fitting that we are having this meeting here in Nigeria, a country that is successfully implementing its very innovative and seminal Agricultural Transformation Agenda (ATA). This agenda aims at addressing two paradoxes that many African countries are also facing— the paradox of **food insecurity in the midst of fertile, but uncultivated arable land**; and the paradox of **a weak linkage between agriculture and industry, in the midst of unexploited opportunities**.

Let me begin by articulating the paradox of Africa’s failing agrarian economies that are unable to meet its food security needs. African economies are still largely agrarian; contributing close to one-fifth of GDP, and accounting for seven out of ten people employed in countries on the continent. To quote Kofi Annan, *“Africa is a potential global agriculture powerhouse.”* Since our independence, over the past six decades, we have not succeeded in translating our potential into a development reality. We are endowed with 600 million hectares of uncultivated arable land (about 60 percent of the global total), yet about one-third of sub-Saharan Africans still suffer from hunger. Instead of being a net exporter, we are a net importer of food — spending at least \$35 billion of scarce foreign exchange annually.

Three main factors account for African agriculture's under-performance and low productivity.

First, a large proportion of Africa's agriculture depends on rain. Only 6 percent of the total cultivated area in Africa is equipped for irrigation, compared to 46 percent in South Asia and 56 percent in East Asia.^[1] Accelerated irrigation has the potential to improve land-use efficiency and boost agricultural productivity by as much as 50%.^[2]

Second, slow growth in productivity, currently accounts for one-third of the world average. This is mainly due to Africa's under-investment or under-capitalization in terms of technology, information, infrastructure, and fractured markets.

Third, urban-biased development policies exacerbate rural poverty. It leads to rural-urban migration, increased urban informal economies, and urban poverty.

Under-performing agriculture is stifling the effective functioning of the industrial sector. Consequently, this has resulted in the second paradox – weak linkage between the agricultural and industrial sectors, in the face of a myriad of opportunities. Africa, more than any other developing region, has a huge potential

[1] FAO AQUASTAT database, updated November 2016 <http://www.fao.org/nr/aquastat>

[2] Global Environment Outlook, Regional Assessment for Africa (UNEP, 2016)

for agro-allied transformation. This includes hosting a large spectrum of suitable agro-climatic conditions that allow a broad range of agricultural production.

Countries must invest more and strategically in order to escape the low productivity trap

Unless agriculture is fully transformed, Africa will remain trapped in a low productivity cycle. The continent will be unable to provide the impetus for agro-allied industrialization and local manufacturing that creates employment and livelihood opportunities for a youthful and growing population. Urgent actions to transform Africa from a global consumer to a global producer include:

- 1. African countries need to increase investment in agriculture, as clearly articulated in the 2003 Maputo Declaration on Agriculture and Food Security and re-confirmed in the 2014 Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods.** Despite the commitment to spend 10 percent of total spending on agriculture, only 6 countries have consistently allocated over 7 percent of government expenditures to the sector – Ethiopia, Guinea Bissau, Malawi, Mali, Mozambique, and Namibia. African countries must also invest in Research and Development. African Governments must provide incentives for farmers to adopt new technologies, expand irrigation, intensify the use of fertilizers and improved seedlings. In addition, they must promote access to market infrastructure, encourage innovations and ensure

sustainable access by women and men to land, credit and insurance that lowers risks.

2. **Using agriculture to power industrialization calls for a strong public-private sector partnership that increases small farm holders' productivity and enhances their contribution to national and regional value chains.** As a matter of urgency, African governments must establish policies that accelerate public and private investments in agriculture, stimulate innovation and reduce risk. We must also **be ready to be creative and innovative. Agriculture should not be just a 'way of life' but a 'business enterprise'.** While commercial farming has a role to play, it is not the **panacea.** Large companies and commercial farms must develop and implement strategies to increase smallholders' share of market access, as well as their use of improved seed varieties and advanced farming techniques. The State has a strong role in making this happen.

3. **Regional integration is key to breaking the second paradox.** Harnessing the power of greater regional integration, through regional and global value chains, is critical to achieving economic diversification, competitiveness, technology, and knowledge transfer. This is particularly important for land-locked countries.

4. **Africa must focus attention on agro-allied industrialization that is inclusive and leaves no one behind.** In this regard, we must recognize the great vision

of the African Development Bank President in promoting the High Fives agenda —*Powering Africa, Feeding Africa, Industrializing Africa, Integrating Africa, and Improving the quality of life for the people of Africa*. This must all be done in the context of reforms that provide more equal and sustainable access to land and protect the rights of marginalized people. The reforms must also expand access to information, technology and agricultural inputs for women and men in all regions and countries.

UNDP is encouraging inclusive agro-allied industrialization

We are actively promoting inclusive agro-allied industrialization through support to access to finance, technology and developing local and regional value chains. We have supported Multi-stakeholder Platforms at the sub-regional level, in partnership with Regional Economic Commissions to strengthen the design of specific regional agricultural value chains.

Promoting agro-allied industrialization is an effective strategy to realize the Agenda 2030 and Agenda 2063. In this regard, financing agro-allied industrialization, building value chains, using technology and innovation, and promoting more equitable capabilities and opportunities for greater growth are vital to achieve productive employment and reduction in poverty and inequalities.

Mindful of the challenges ahead, UNDP stands ready to support Africa's pursuit of a home grown agenda for economic and social transformation through strong collaborative effort between governments, private sector, civil society and citizens that will move Africa from being a global *consumer* to a global *producer*.

African governments must work together with their bilateral and multilateral partners to support the agro-allied industrialization agenda. In this regard, developed and emerging countries must work to remove unfair trade barriers, eliminate harmful agricultural export subsidies, and reduce regional protectionism that limits Africa's access to markets and makes the continent a dumping ground.

Excellencies, Ladies and Gentlemen,

Agriculture can be the golden gate to Africa's prosperity; it is the high octane oil that, if properly processed, can radically transform the continent. I have the highest confidence that our Abuja conference will guide us on that journey.

Thank you for your attention.