



United Nations
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African Economic Conference

Opening Statement

by

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Your Excellency Muhammadu Buhari, President of the Federal Republic of Nigeria;

Dr. Akinwumi A. ADESINA, President, African Development Bank Group;

Mr. Abdoulaye Mar Dieye, UN Assistant Secretary General and Director, Regional Bureau for Africa, United Nations Development Programme (UNDP)

Excellencies, Ministers, Ambassadors and head of Missions;

Distinguished participants;

Ladies and Gentlemen;

It is indeed an honor and a great pleasure to welcome you all to this very important conference, taking place here in Nigeria, the heartbeat of the African continent. Allow me to sincerely thank the Government and People of the Federal Republic of Nigeria under the able leadership of H. E. President Buhari for their generosity, warm welcome and for hosting the 2016 edition of the African Economic Conference. I also wish to thank the African Development Bank and the United Nations Development Programme (UNDP) for collaborating with the United Nations Economic Commission for Africa to organize this meeting in Abuja, Nigeria.

The theme for this conference is *Feeding Africa: Towards Agro-Allied Industrialization for Inclusive Growth*. This theme responds very well to ECA's ongoing structural transformation campaign for the continent to promote accelerated, sustained and inclusive growth and development as articulated in Agenda 2030, Agenda 2063 and other agreed continental and global development agenda. Since the turn of this Century, Africa made notable gains of growth and productivity underpinned by improved economic governance and steady though slow diversification. Yet, as we all know, progress towards Africa's social development goals remains slow. In particular, unemployment, poverty and inequality rates as well as food insecurity remain high and must be addressed as a matter of priority if the Continent is to avoid reversals.

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The Sustainable Development Goals adopted in October 2015 clearly underscore and emphasize the need to ‘leave no one behind’. Part of this commitment is making sure that access to food, a fundamental right of everyone on this planet becomes a reality as clearly formulated under SDG 2. We need to ‘End hunger, achieve food security and improve nutrition and promote sustainable agriculture’.

To achieve these objectives, Africa needs a new policy approach in order to influence the nature and pace of sectoral shifts as well as the scale and distribution of benefits. Starting from an overwhelmingly agrarian society where the agriculture sector employed more than 85 percent of the labour force and contributed over 60 percent of GDP in most African countries in the 1960s. Today, agriculture contributes less than 40 percent of GDP but still employs a disproportionately higher percentage, more than 60 percent, of the labour force in most countries.

This is a grave reminder that national policy interventions should not only focus on incentivizing movement of factors of production towards activities and sectors with higher returns, but also seek to improve the productivity of traditional mainstay sector of the economy, which remains the main source of livelihoods for more than 55 percent of Africa’s population. Within agriculture, therefore, lies our natural comparative advantage to pursue commodity-based industrialization.

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Transformative and inclusive development has been Africa’s key objective since independence. If we properly re-call that as early as 1962, the ECA advised that this aspiration was possible and could indeed be achieved through a significant shift of the workforce to more productive activities while investments were channeled towards boosting productivity of all sectors. Africa’s development challenge therefore has

historically been on how to incentivize movement of the labour force and investment into higher value activities within and across sectors, including agriculture, in order to foster inclusive and sustainable development.

Through various editions of Economic Report on Africa, we at ECA, have consistently highlighted the need for a developmental State and development plans to foster Africa's structural transformation, benefiting from the continent's natural resources endowments to promote industrialization and particularly agro-allied and commodity-based industrialization, and export diversification through dynamic industrial policies. Indeed the desired structural transformation will not be realized without strong and inclusive institutions backed by well-coordinated development plans supported by innovative and flexible industrial policy mechanisms.

Agriculture-based industrialization, is an imperative for Africa's desired structural transformation framework. Therefore, agro-allied industrialization should essentially be developmental targeting local content measures with specific emphasis on skills development, technological capabilities and access to capital and markets as well as buyer-supplier cooperation at every stage of the value chain. It is equally important for the policy framework to be based on a good understating of the global dynamics including power structures, new shifts in trading partners and the various barriers and preferences characterizing the global landscape. In this context, boosting intra-Africa trade remains imperative for creating the markets needed for successful agro-allied industrialization and providing opportunities for learning and innovation, which are beyond individual nation states.

Let me stress here the need for a leadership that provides a clear vision on agro-allied industrialization, its articulation within the overall development plans based on the broad mobilization of the different stakeholders in society including the private sector and local communities. I would argue that this vision would only be realized through a democratic developmental state that endeavor to strengthen bureaucratic capacity to undertake dynamic long-term planning and the coordination of economic activity

based on robust monitoring and evaluation systems to better measure and monitor progress , prioritize domestic resource mobilization as the main means of financing development, while being true to the pan African principles in accelerating the pace of regional integration.

In this context, it is important to focus on regional integration to enhance horizontal as well as vertical 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.

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As we embark on the process of agro-allied industrialization, we cannot be oblivious of the challenges of Africa's industrialization. The industrial sectors' contribution to GDP of about 29 percent today is dominated by primary commodity production with manufacturing's share in total value added stagnated at around 13 percent over the last 3 decades. It is also important to highlight the challenges entailed in the current pattern of growth, being narrowly based on export of few raw commodities and not generating an adequate number of decent jobs to absorb Africa's overwhelming youth bulge. Here, we can see the critical role for agriculture's contribution to industrialization through the several key linkages such as provision of food and raw materials to non-agricultural sector; creation of effective demand for products of non-agricultural sector, contributing to investable surplus through savings and taxes, as well as foreign exchange earnings through agricultural exports in addition to employment of a vast army of under-educated and traditionally-skilled rural labour force.

Sector specific policies for transforming Africa's agriculture are crucial for achieving food security and reducing hunger, as well as for job creation and trade. Numerous consultations have resulted in a number of regionally agreed commitments such as Maputo Declaration on Food Security and the Comprehensive African Agriculture Development Programme (CAADP), Sirte Declaration on Agriculture and Water, the Abuja Declaration on Fertilizer for an African Green Revolution and Sharm el Sheikh Declaration on the High Food Prices (2008), to mention a few. However, the implementation of these commitments has not been as successful as had been anticipated.

Accelerating agricultural development in the context of regionally integrated value chains will require: prioritizing, institutionalizing and operationalizing these commitments, addressing key challenges to agricultural development; and Promoting viable value chains by both public and private sectors at the national, regional, continental and global levels.

In the spirit of these regionally agreed commitments, let me emphasize and highlight key priority areas on sector-specific policies for transforming Africa's agriculture:

- a. **Promoting sustainable production systems** that increase productivity in agriculture whilst ensuring conservation of the environment is of the utmost priority towards agricultural transformation. African countries are encouraged to implement measures towards soil and water conservation; equitable access to land and improved land use through an integrated policy framework that is responsive to their market structures. By addressing these constraints, indirect stimulus will be provided to the goal of value chain development.
- b. **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 development finance institutions and credit programmes that serve farmers and SMEs. Credit schemes can be linked to upgrading of activities by SMEs, including acquisition of technologies and essential skills.

- c. **Boost efforts to attract investments into agriculture** especially for development of human skills, research and technology. These investments are essential for African countries to encourage innovative development and use of improved seeds, fertilizers and hybrid crops, as well as improving resilience of the sector through the provision of private credit and insurance schemes for agricultural production, processing and marketing.
- d. **Improved rural infrastructure and marketing are critical for agro-allied industrialization.** Without sustainable and accessible rural infrastructure, real productivity and thus transformation in this sector is impossible. Infrastructure and access to markets are necessary to promote competitiveness at all levels of the value chain. Infrastructure includes 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 with simplified and efficient customs clearance procedures.
- e. **Promoting regionally integrated value chains** should be a natural goal for achieving agricultural transformation, especially by incentivizing lead firms to provide support to farmers and SMEs in the areas of advance market access, adherence to standard, introduction of brands etc. Such incentives could be coupled with joint co-financing ventures to provide training and capacity building of small farmers and SMEs, and corporate responsibility initiatives for example.

- f. **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.

- g. **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.

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This conference provides us with a golden opportunity to support the various pillars of Africa's agro-allied industrialization by sharing best practices and experiences on how to achieve our collective goal of a transformative equitable and inclusive development in our beloved continent. I am sure the research and evidence based analysis which will be presented in the coming days will enhance our understanding on how the continent may transform its agro-industrial sector to feed and generate prosperity for all the African people.

I thank you for your kind attention.