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Drivers of success for agricultural transformation in Africa

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<http://brusselsbriefings.net>

Agricultural growth recovery and economic
transformation in Africa

Ousmane Badiane, Director for Africa.



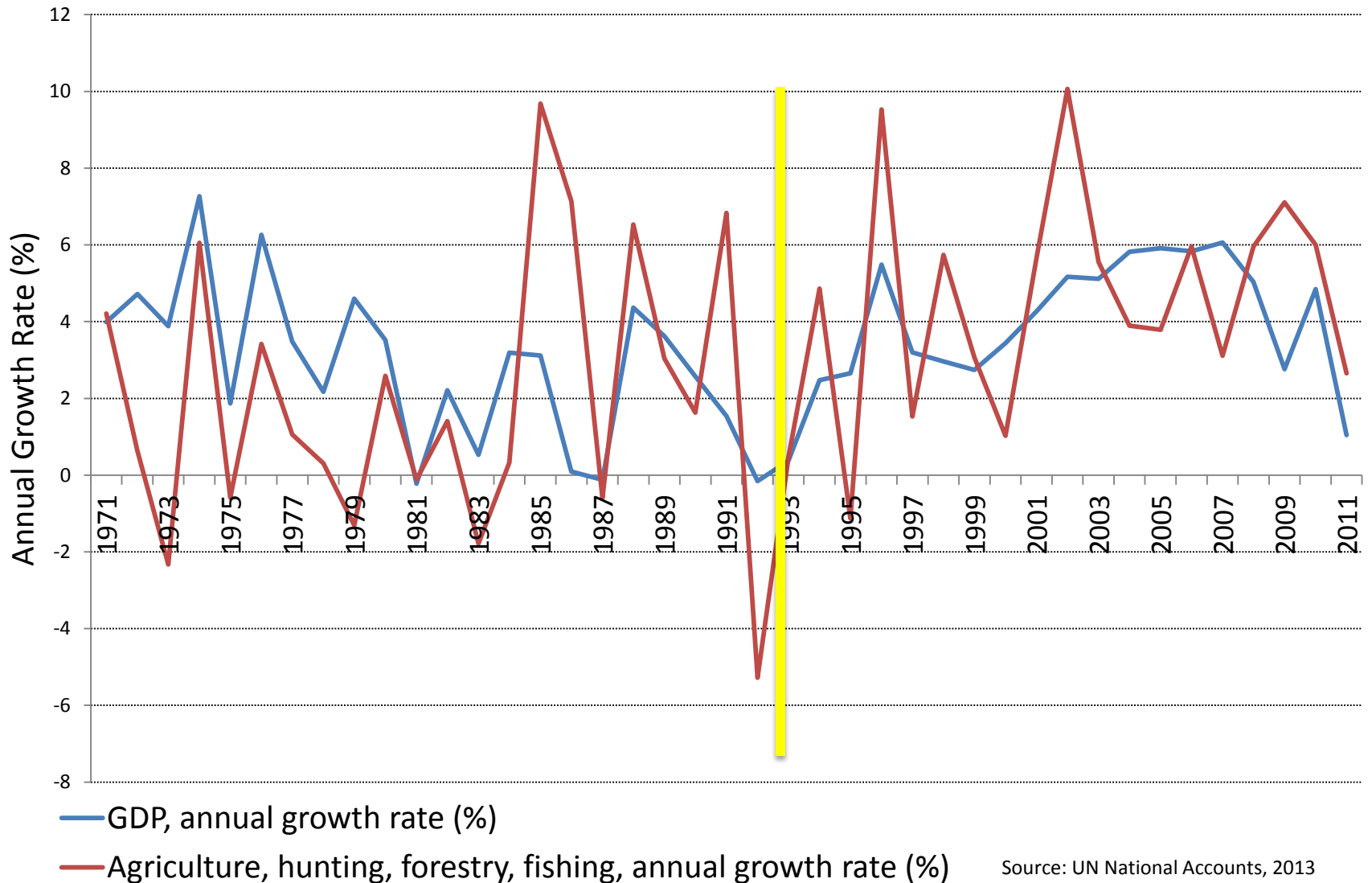
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AGRICULTURAL GROWTH RECOVERY AND ECONOMIC TRANSFORMATION IN AFRICA

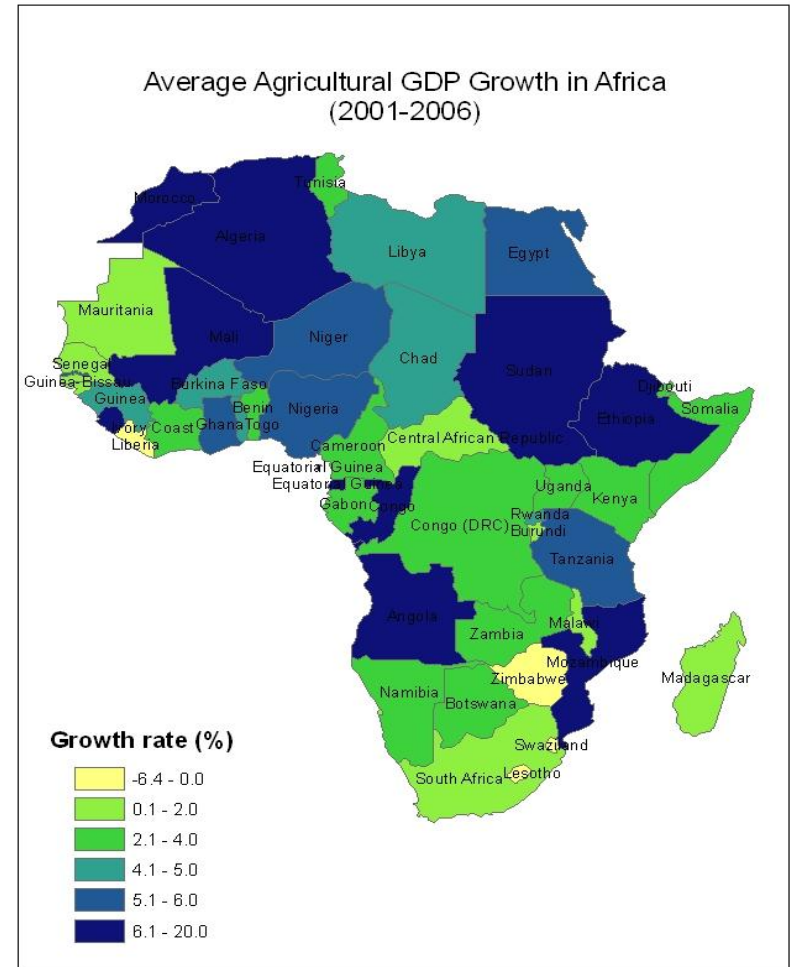
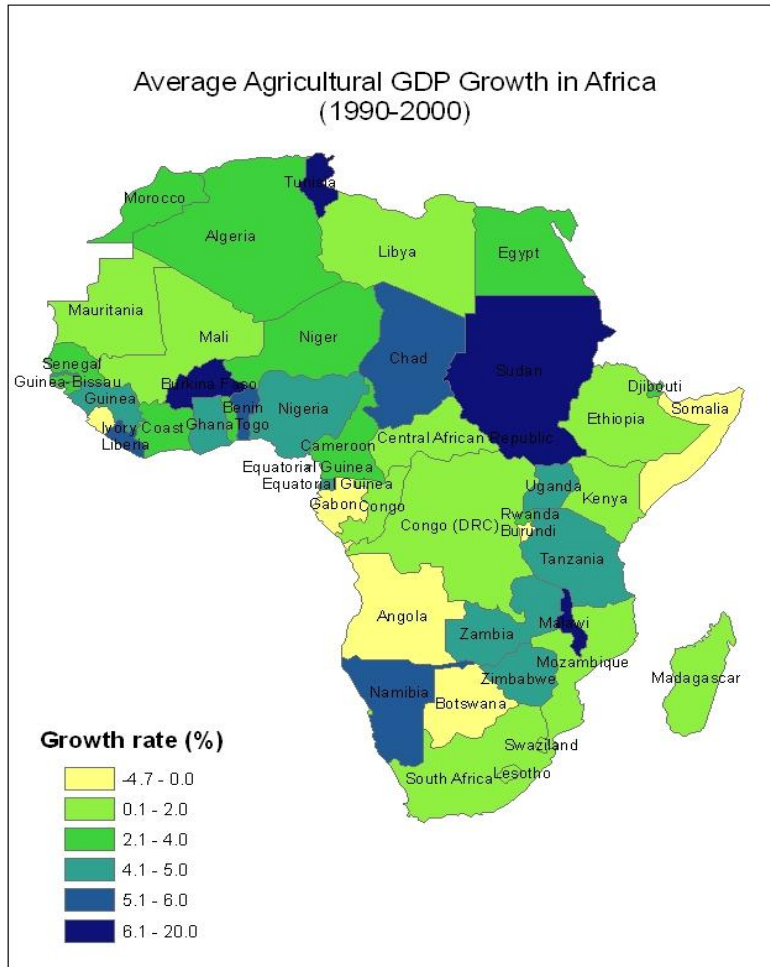
OUSMANE BADIANE
Director for Africa

International Food Policy Research Institute

AFRICA IS UNDERGOING ITS LONGEST PERIOD OF SUSTAINED GROWTH SINCE THE 1960S



THE GROWTH IS ACCELERATING AS WELL AS SPREADING GEOGRAPHICALLY



SOURCE: IFPRI / Badiane and Ulimwengu

Data from national accounts / UN database: <http://data.un.org/Explorer.aspx?d=SNAAMA>

IFPRI/Badiane

THE ECONOMIC GROWTH PROCESS

○ COUNTRIES BECOME RICH BY PRODUCING MORE OUTPUT PER GIVEN WORKER

⇒ *THIS INVOLVES PRODUCING MORE OF THE SAME GOOD*

⇒ *AND MORE IMPORTANTLY, PRODUCING A LARGER BASKET OF HIGHER VALUE GOODS*

○ COUNTRIES ALSO BECOME RICH OVER TIME

⇒ *STARTING FROM AN AGRICULTURAL AND RURAL BASE*

⇒ *MOVING TO AN URBAN AND INDUSTRIAL BASE*

THE ECONOMIC GROWTH PROCESS

○ THE DOUBLE CHALLENGE OF MANAGING THE GROWTH PROCESS

⇒ *RAISING PRODUCTIVITY AGRICULTURE AND THE RURAL ECONOMY*

⇒ *WHILE DIVERSIFYING INTO HIGHER VALUE GOODS OUTSIDE OF AGRICULTURE*

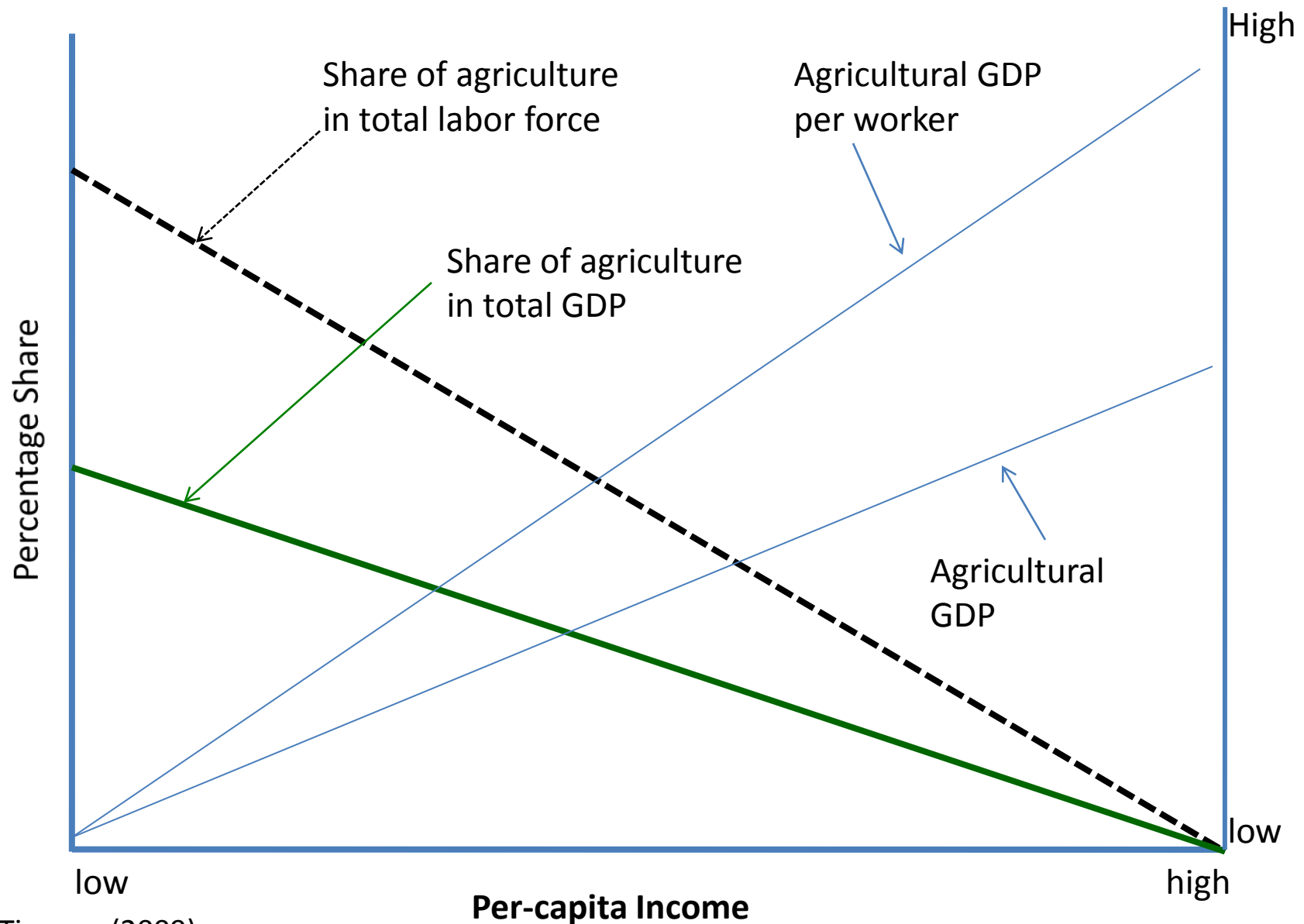
○ DETERMINING FACTORS

⇒ *HUMAN AND PHYSICAL ASSETS*

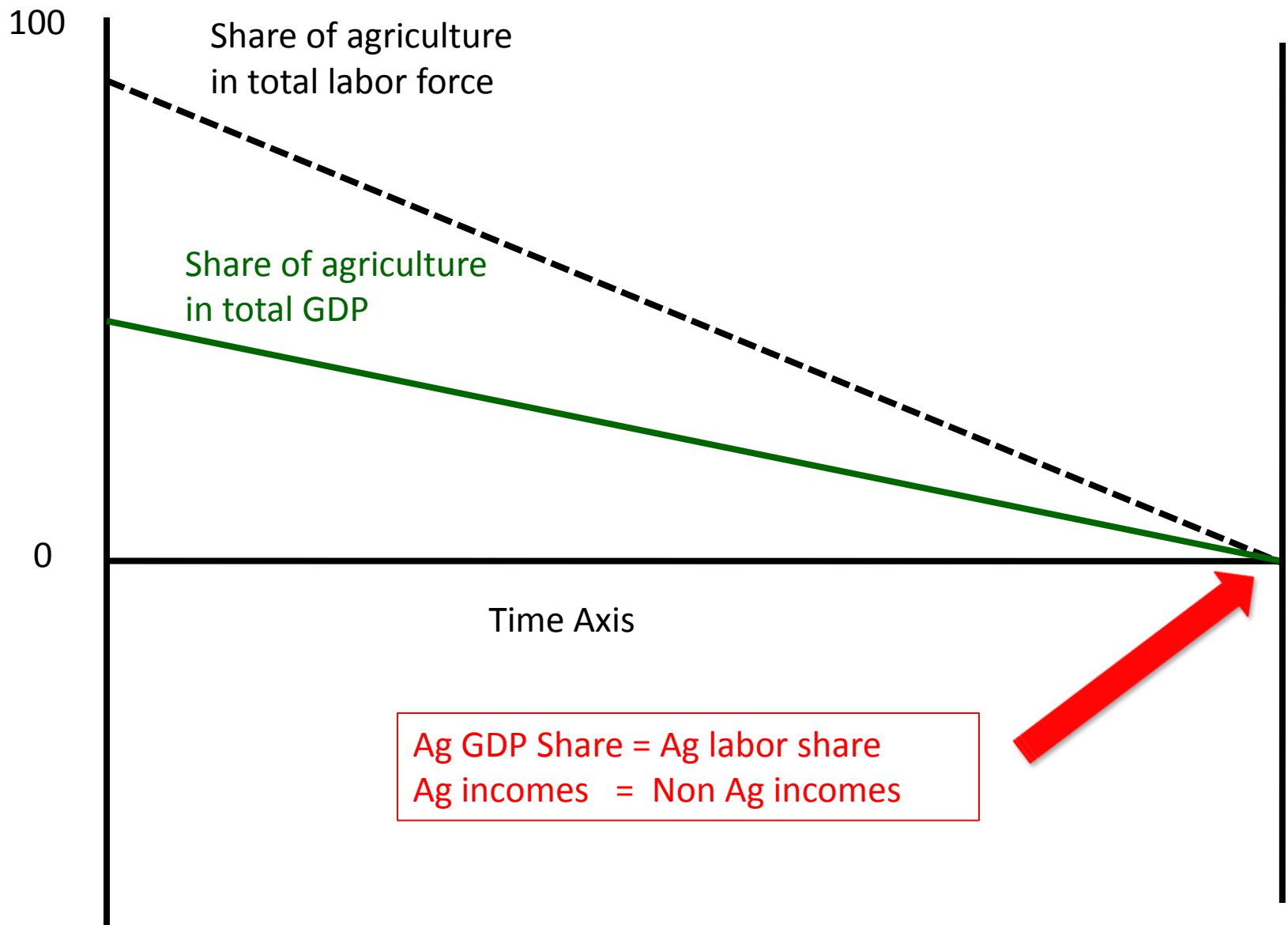
⇒ *INSTITUTIONAL AND TECHNOLOGICAL RESOURCES*

⇒ *POLICY AND COORDINATION CAPACITIES*

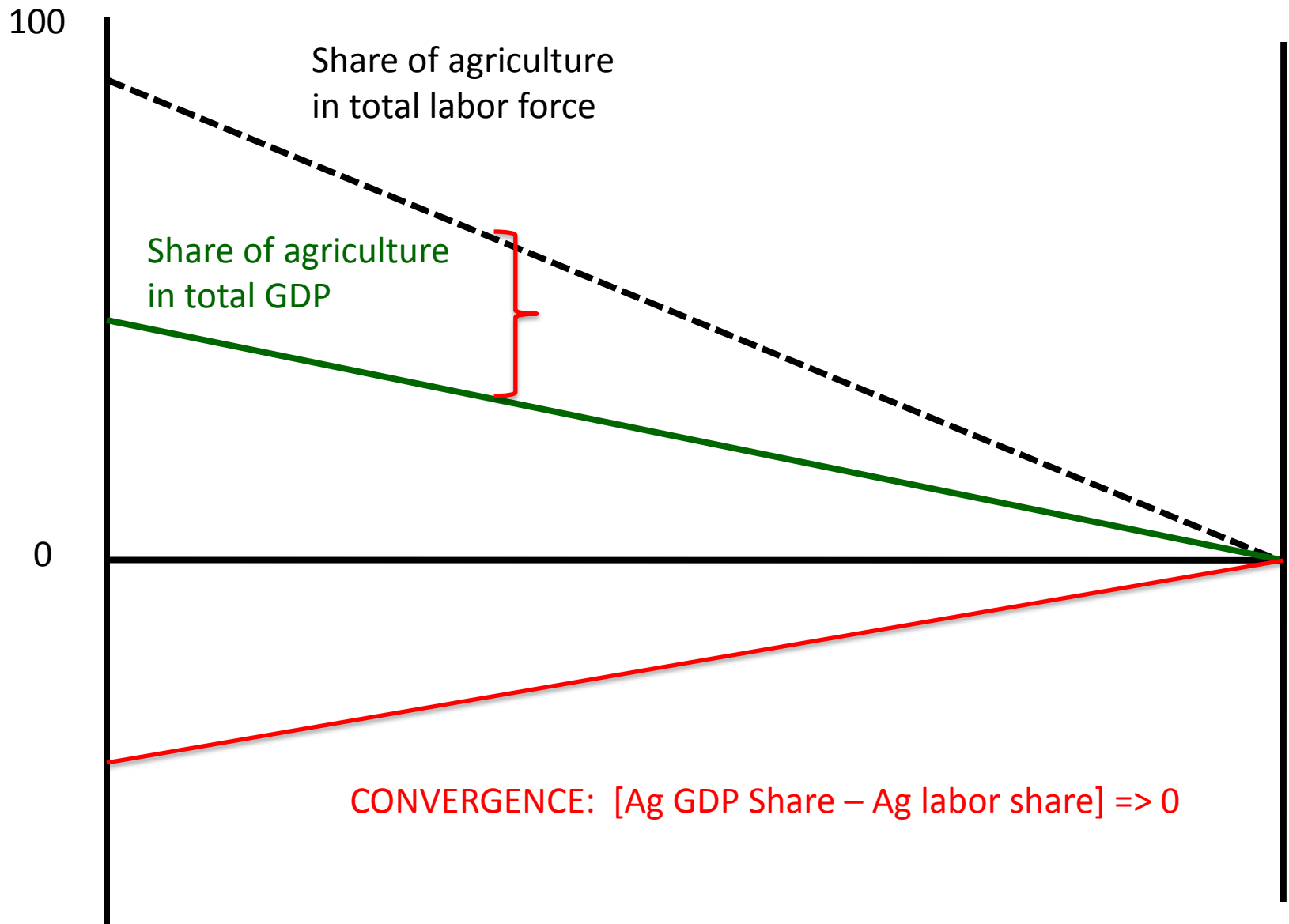
AGRICULTURE IN THE ECONOMIC TRANSFORMATION PROCESS



AGRICULTURE IN THE ECONOMIC TRANSFORMATION PROCESS

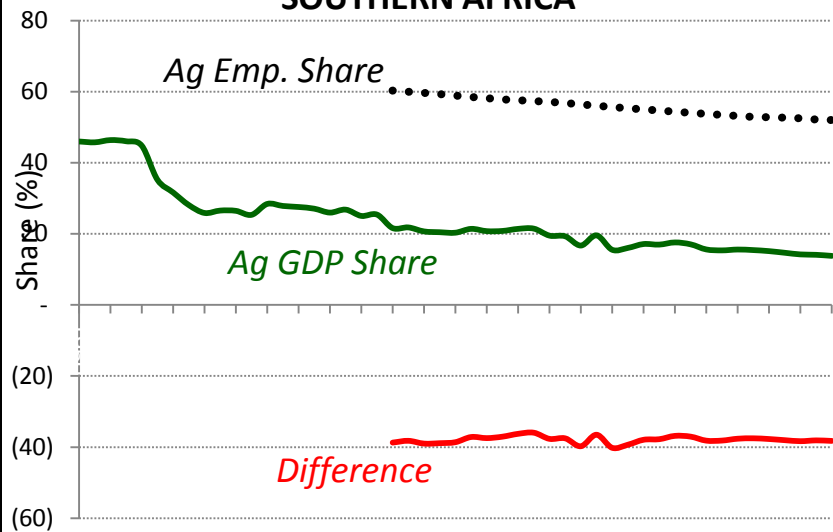


AGRICULTURE IN THE ECONOMIC TRANSFORMATION PROCESS

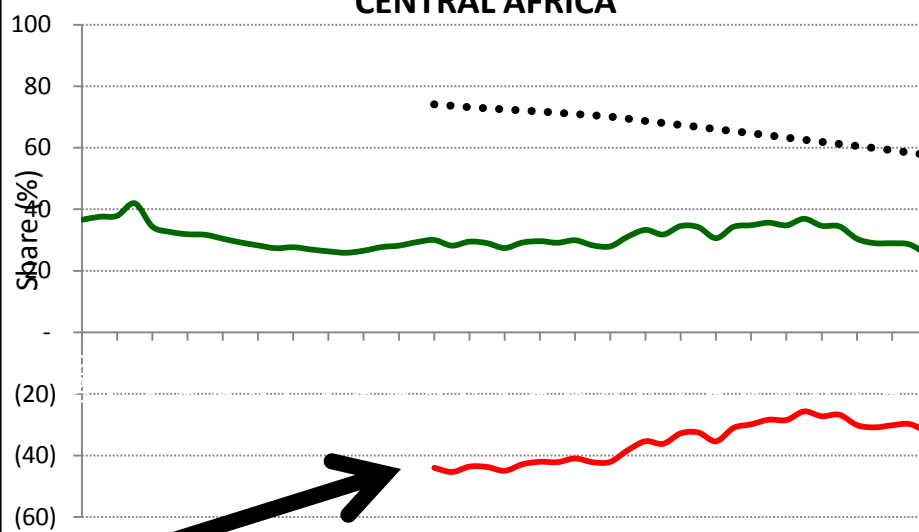


TRENDS IN STRUCTURAL CHANGE AMONG AFRICAN COUNTRIES 1960 - 2008

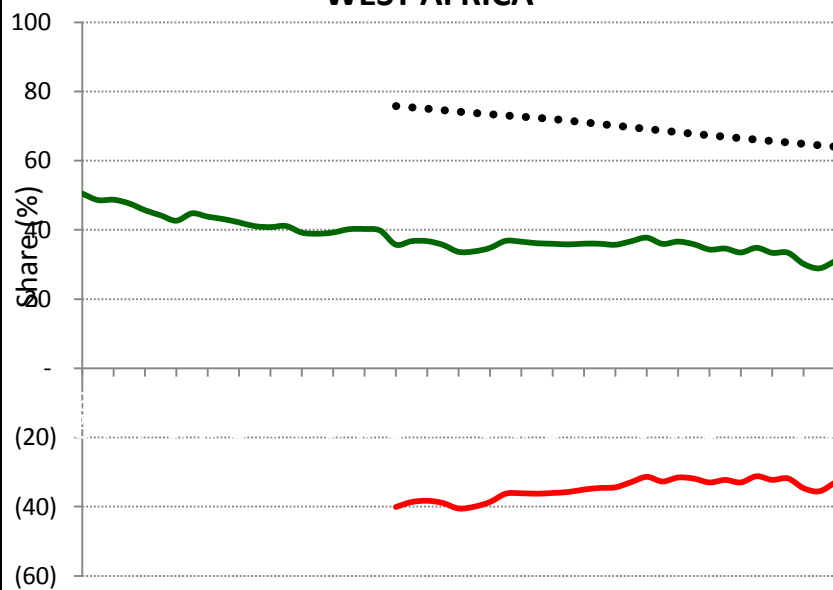
SOUTHERN AFRICA



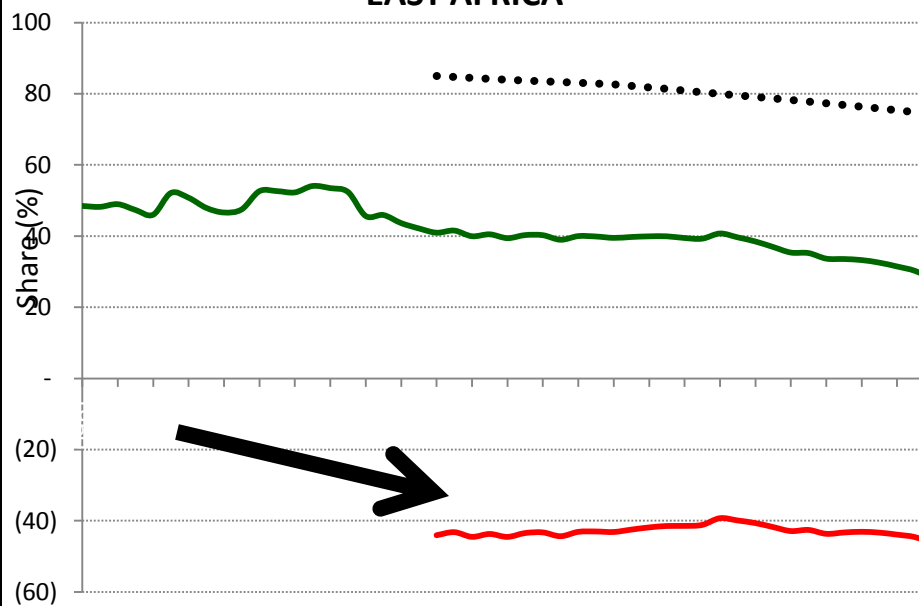
CENTRAL AFRICA



WEST AFRICA



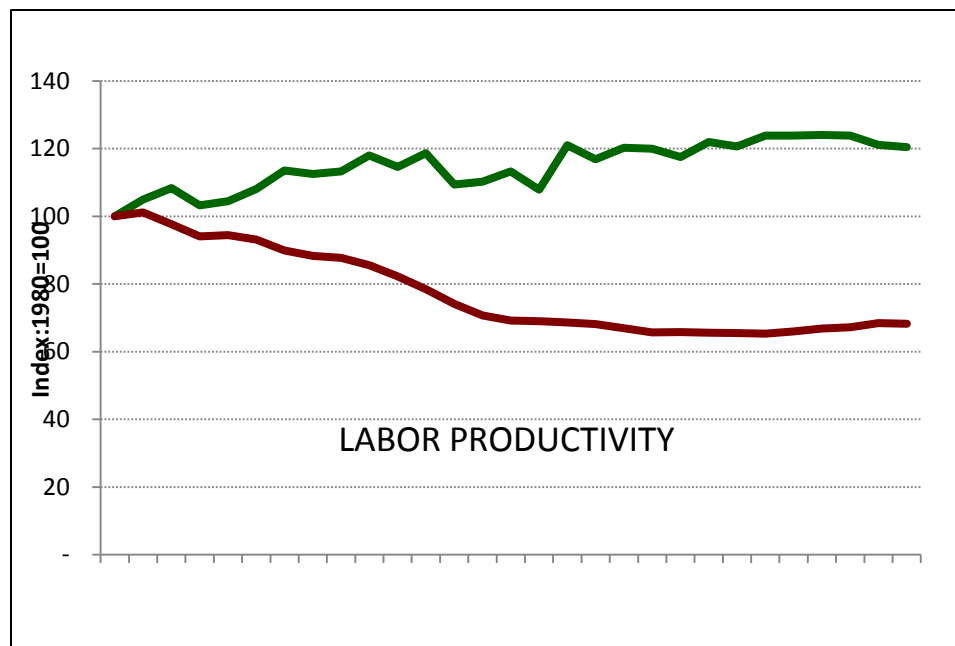
EAST AFRICA



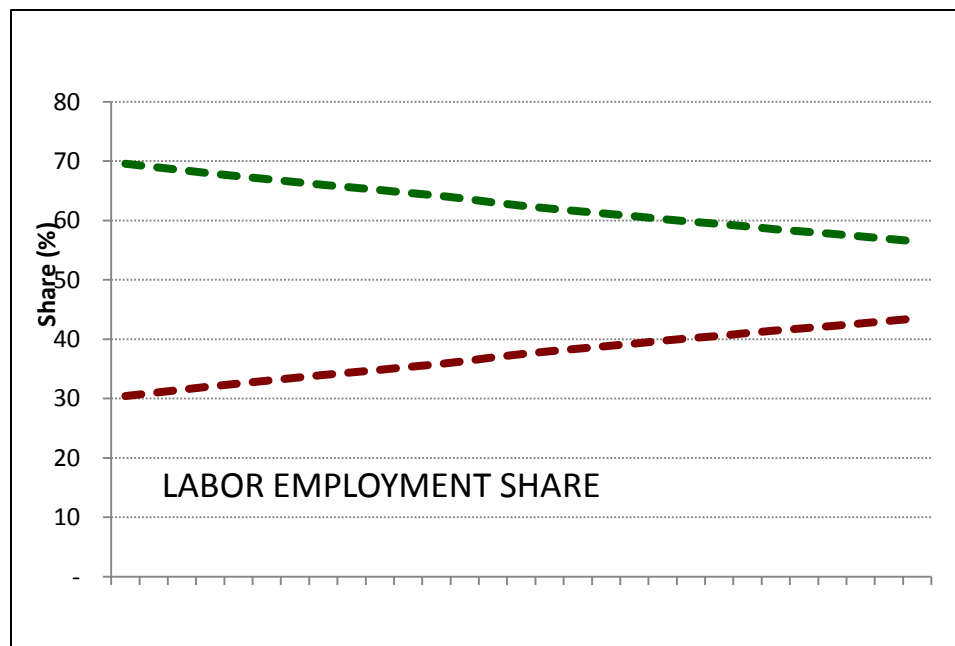
TRENDS IN LABOR PRODUCTIVITY AND EMPLOYMENT IN AFRICA 1980 - 2008

— Agriculture
— Non-agriculture

LABOR PRODUCTIVITY HAS STAGNATED IN AGRICULTURE AND DECLINED SHARPLY IN NON AGRICULTURAL SECTOR, DRIVEN PRIMARILY BY LOW-PRODUCTIVITY SERVICES

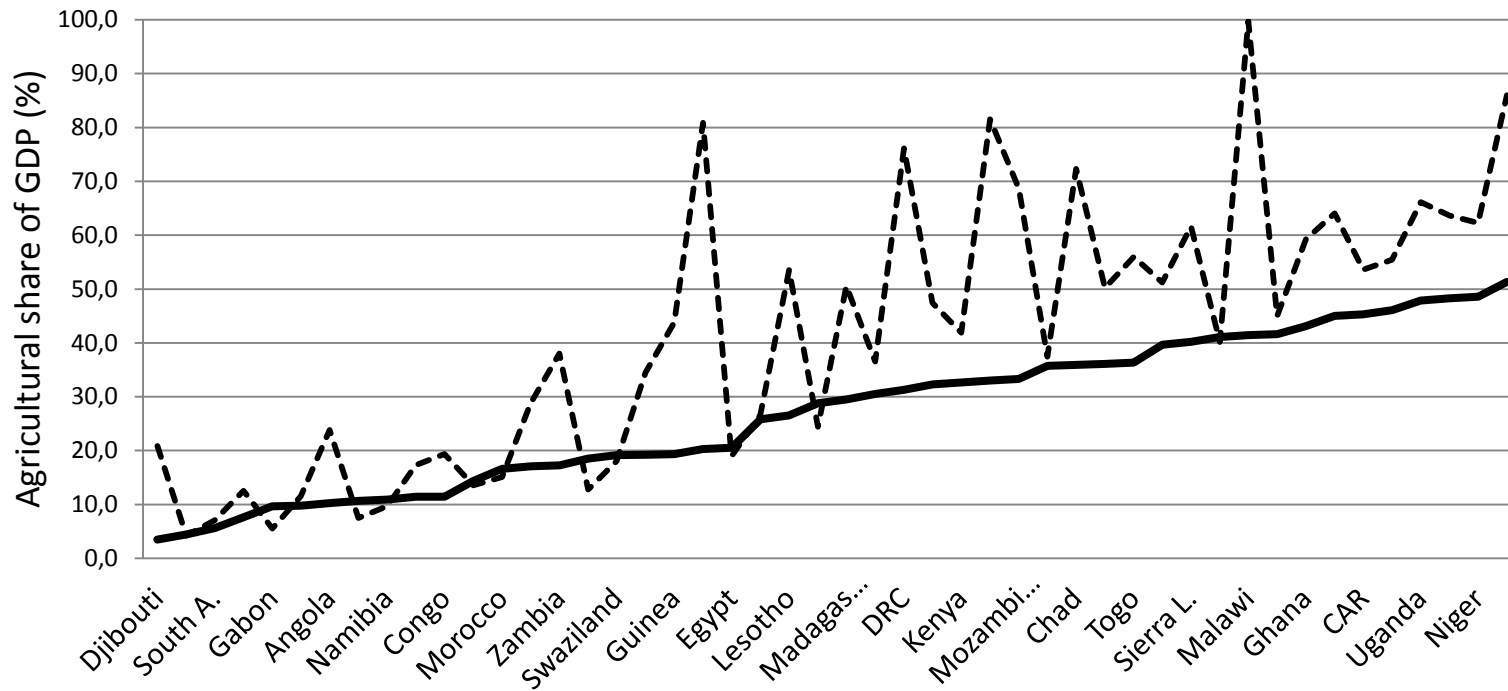


EMPLOYMENT HAS FALLEN SLIGHTLY IN AGRICULTURE AND INCREASED RAPIDLY IN NON AGRICULTURAL SECTOR, AGAIN DRIVEN BY SERVICES AND LESS BY INDUSTRY



Source: FAOSTAT 2011

AGRICULTURAL SECTOR UNDERPERFORMANCE AND STRUCTURAL CHANGE



— Observed Ag GDP Share

-- Expected Ag GDP Share

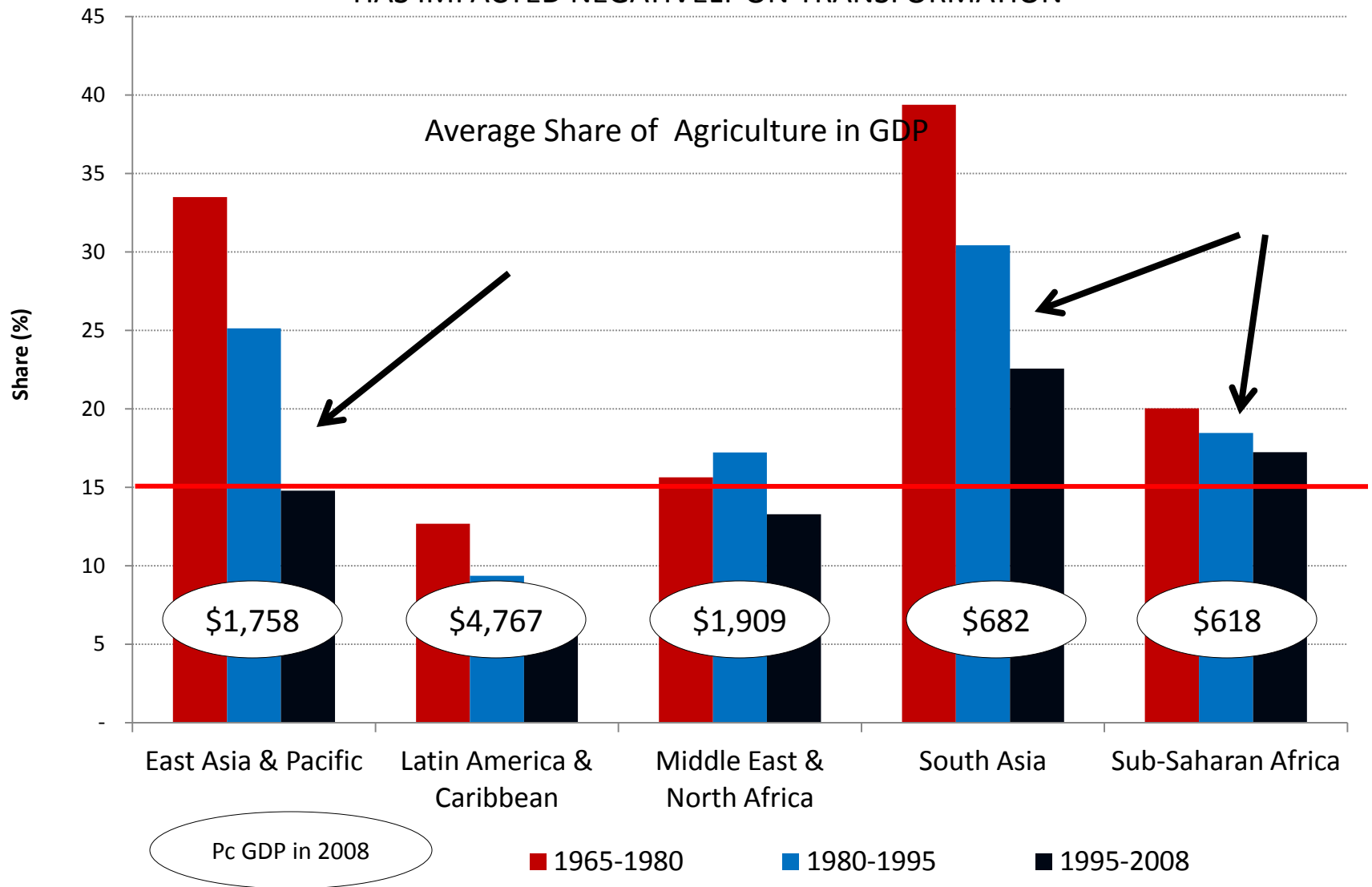
Relationship based on sample of 210 countries over 1960-2008 period

THE SHARE OF THE AGRICULTURAL SECTOR IN OVERALL GDP IS LOWER IN NEARLY ALL AFRICAN COUNTRIES THAN WOULD HAVE BEEN EXPECTED BASED ON THE LEVEL OF PER CAPITA

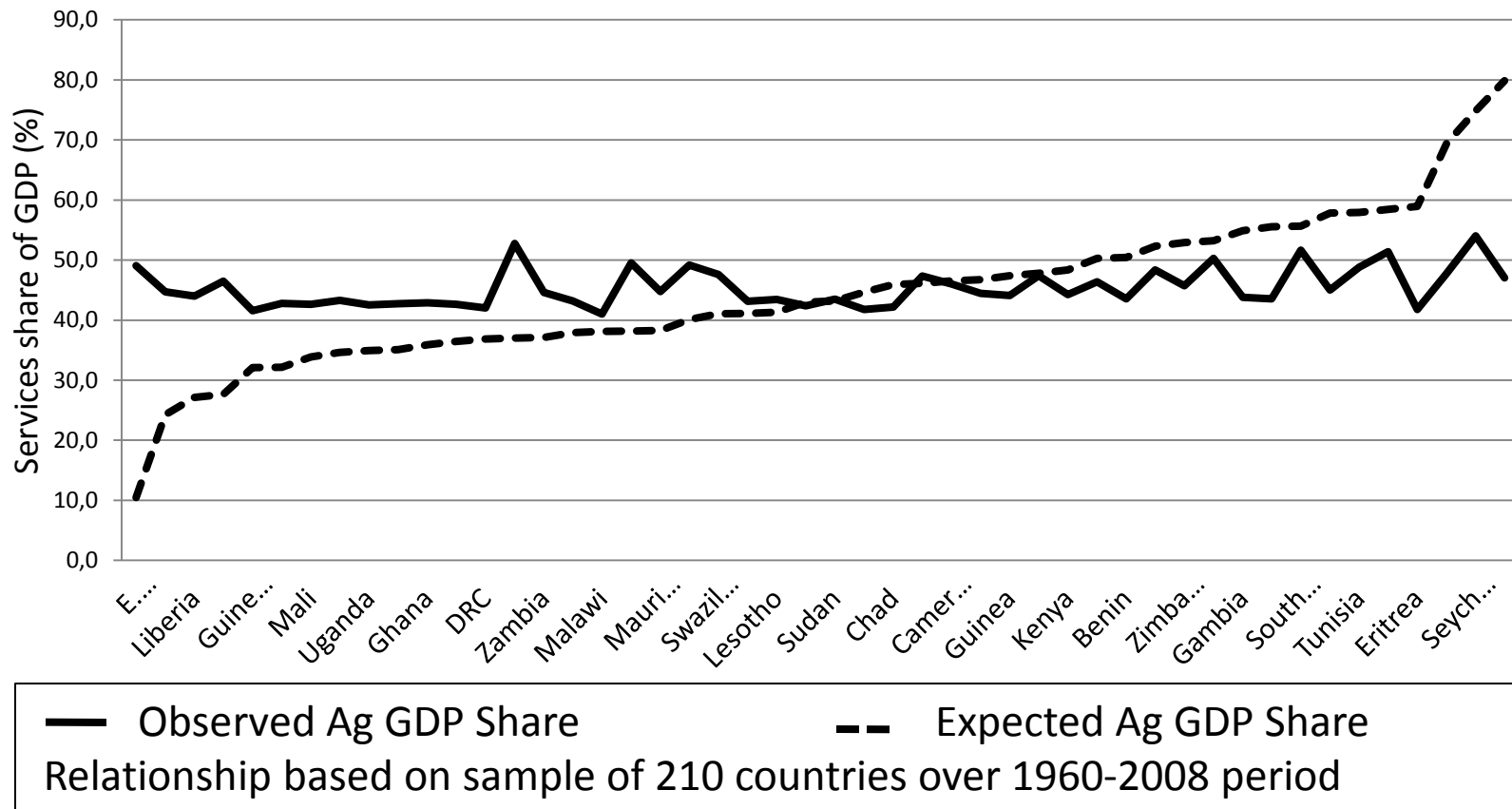
OBSERVED AVERAGE SHARES OVER THE LAST 30 YEARS ARE AROUND 30%, NEARLY 20 PERCENTAGE POINTS BELOW WHAT WOULD BE EXPECTED BASED ON COUNTRIES' LEVEL OF DEVELOPMENT

CONCLUSION NO. 2

RELATIVELY UNDERSIZED HIGHER-PRODUCTIVITY AGRICULTURAL SECTOR
HAS IMPACTED NEGATIVELY ON TRANSFORMATION



OVERSIZED SERVICE SECTOR AND STRUCTURAL CHANGE IN AFRICA



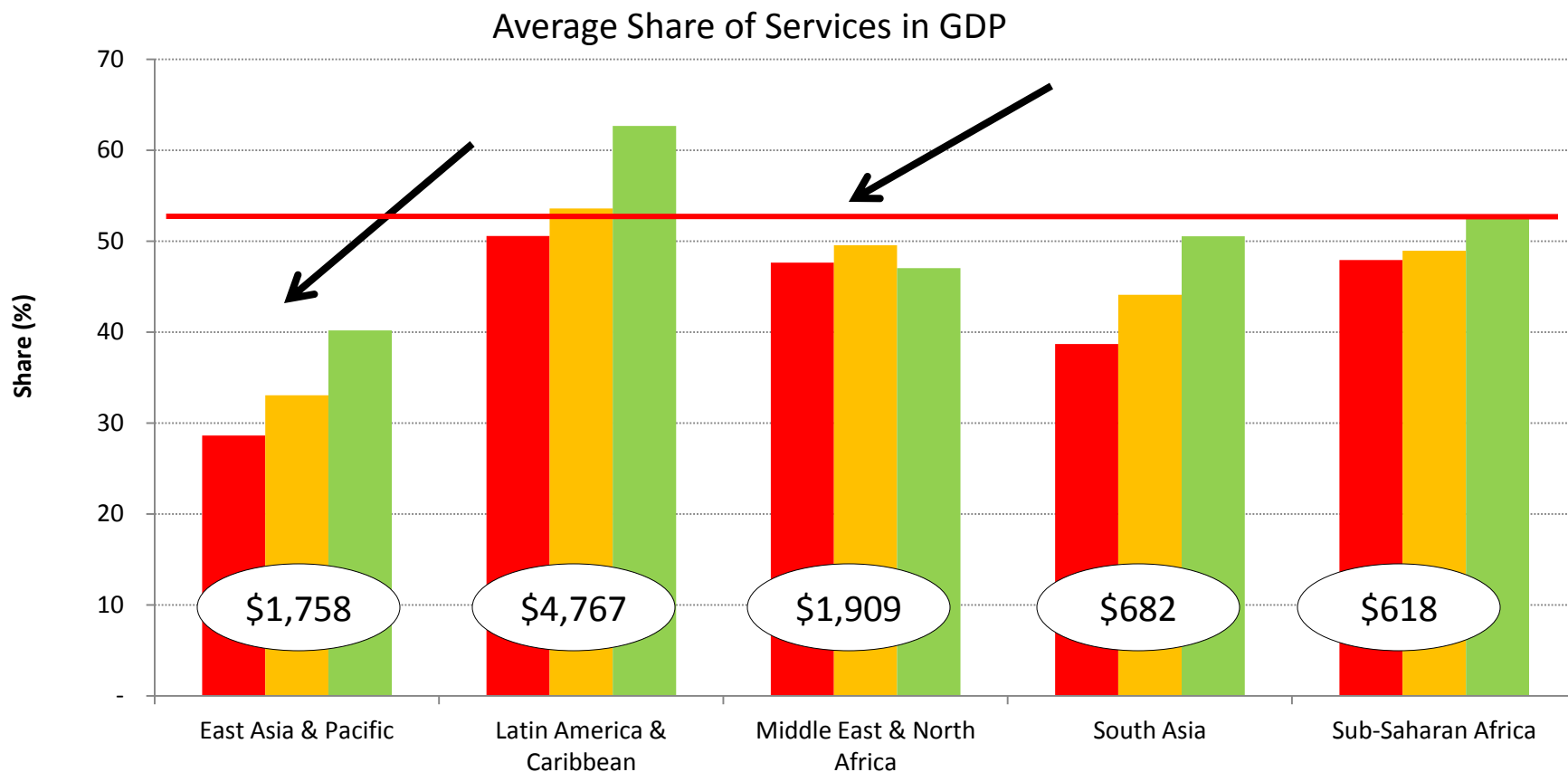
ON THE OTHER HAND, THE SHARE OF THE SERVICES SECTOR IN GDP IS MUCH LARGER IN THE MAJORITY OF COUNTRIES COMPARED WHAT WOULD HAVE BEEN EXPECTED BASED ON THE LEVEL PER CAPITA INCOMES

THE RELATIVELY BIGGER SERVICES SECTOR IS LINKED TO THE UNDERSIZED AGRICULTURAL SECTOR

IT IS A REFLECTION OF “NEGATIVE DIVERSIFICATION” WITH LABOR LEAVING THE UNDERPERFORMING AGRICULTURAL SECTOR TO MOVE INTO THE EQUALLY UNPRODUCTIVE OR LESS PRODUCTIVE SERVICES SECTOR

CONCLUSION NO. 3

RELATIVELY OVERSIZED LOWER-PRODUCTIVITY SERVICES SECTOR
HAS IMPACTED NEGATIVELY ON TRANSFORMATION



SOURCE: IFPRI/Badiane & Makombe
Data from WDI, 2009

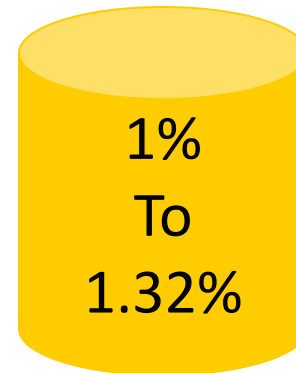
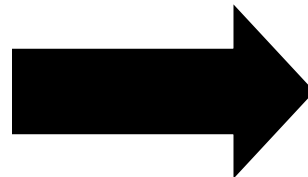
■ 1965-1980

■ 1980-1995

■ 1995-2008

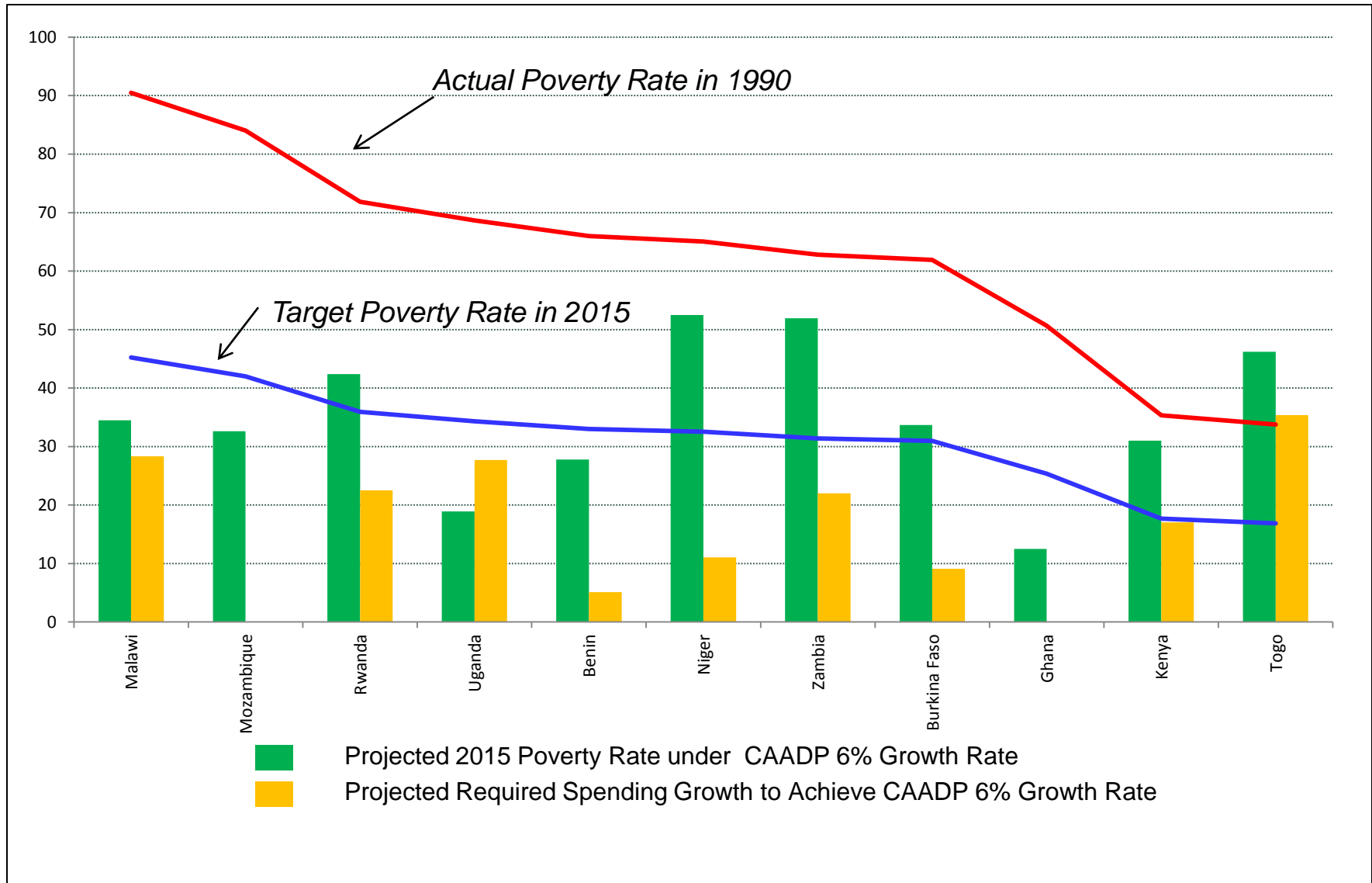
NEED TO FOSTER AGRICULTURAL GROWTH AND ITS CONTRIBUTION TO ECONOMIC TRANSFORMATION

AGR. GROWTH AND INDUSTRIAL GROWTH



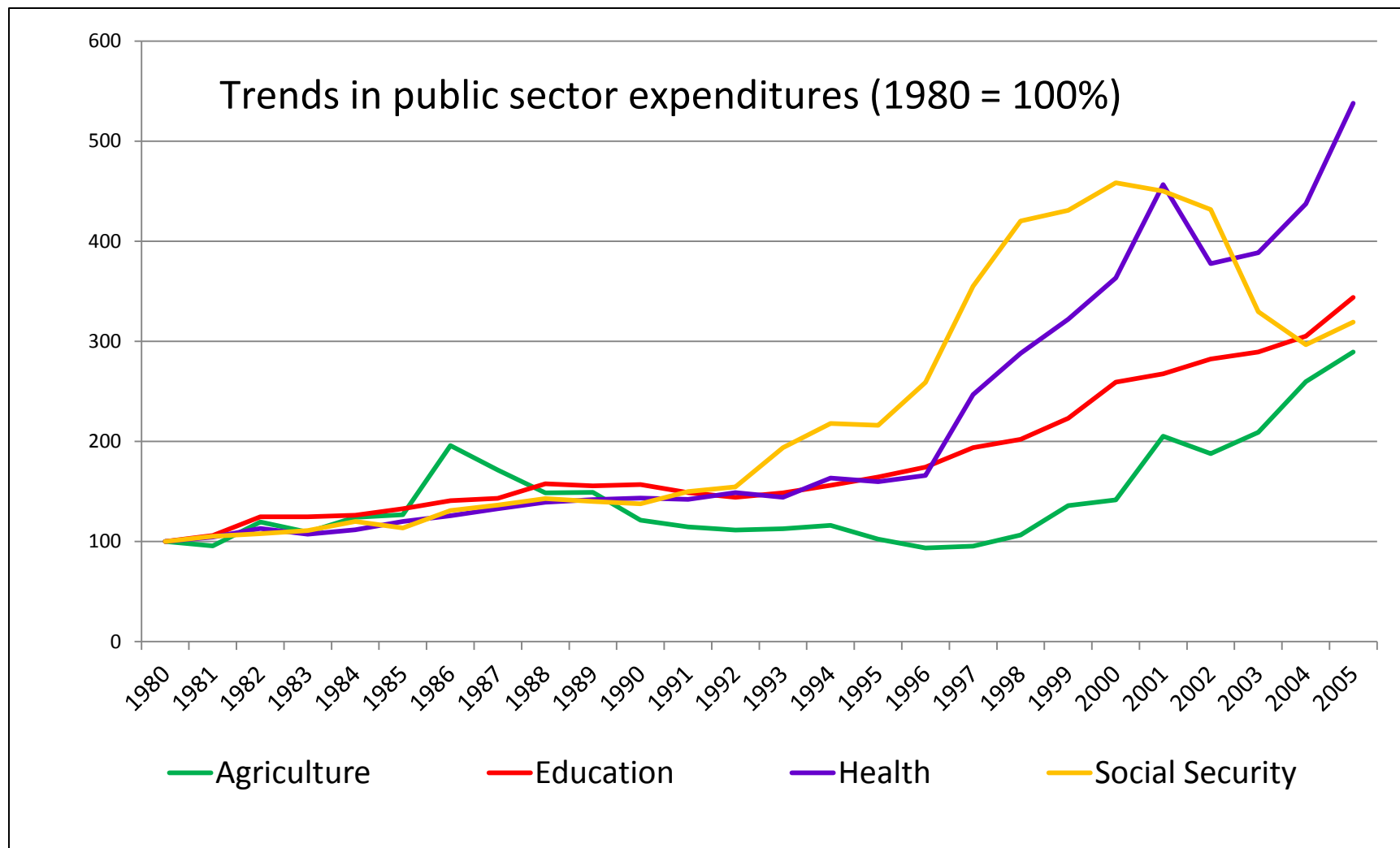
PRIORITY No. 1

MAXIMIZING GROWTH IMPACT OF AG SECTOR EXPENDITURES



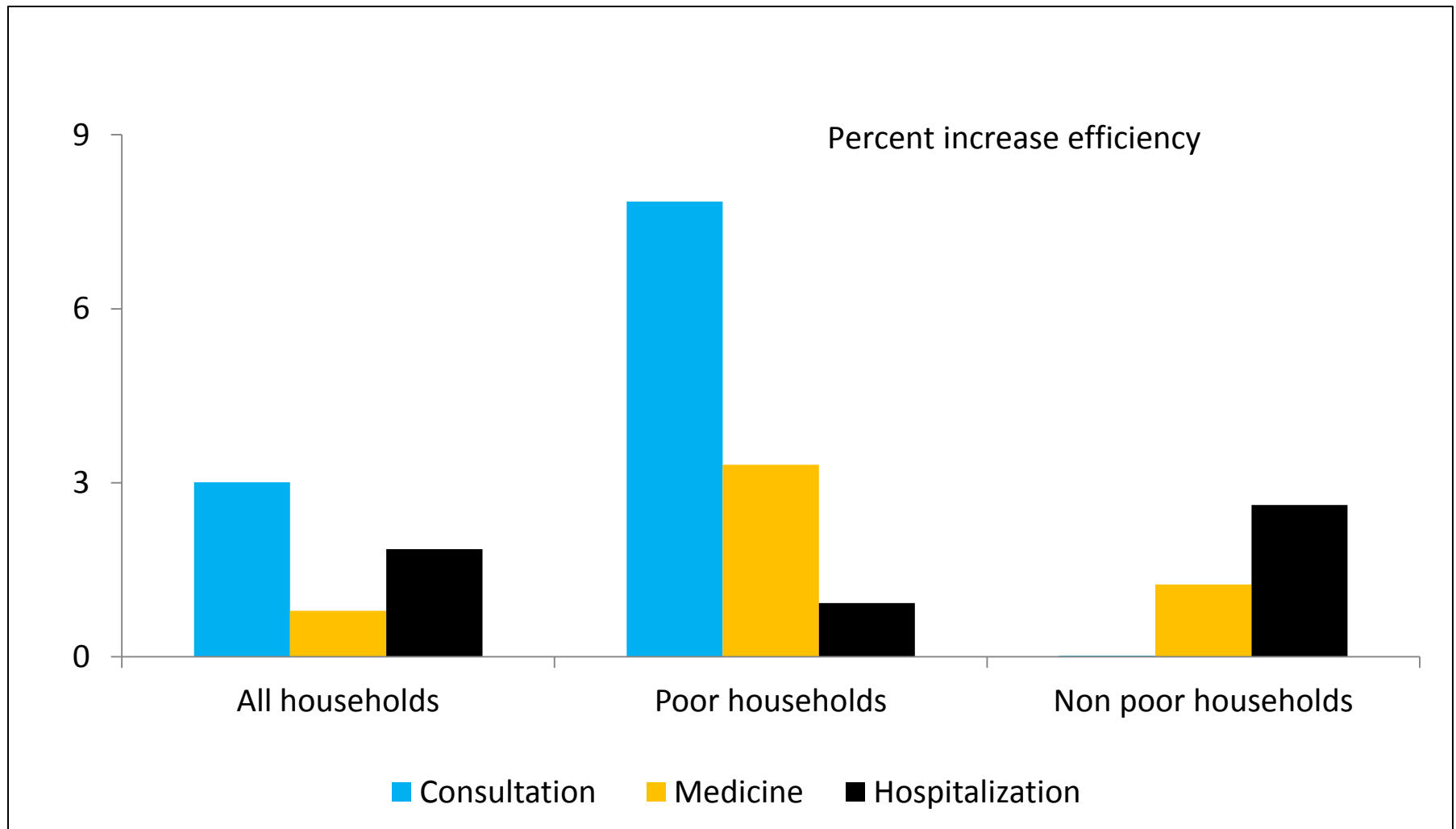
PRIORITY No. 2

FOCUS SOCIAL SECTOR EXPENDITURES ON GROWTH



FOCUS SOCIAL SERVICES ON PRODUCTIVITY GROWTH

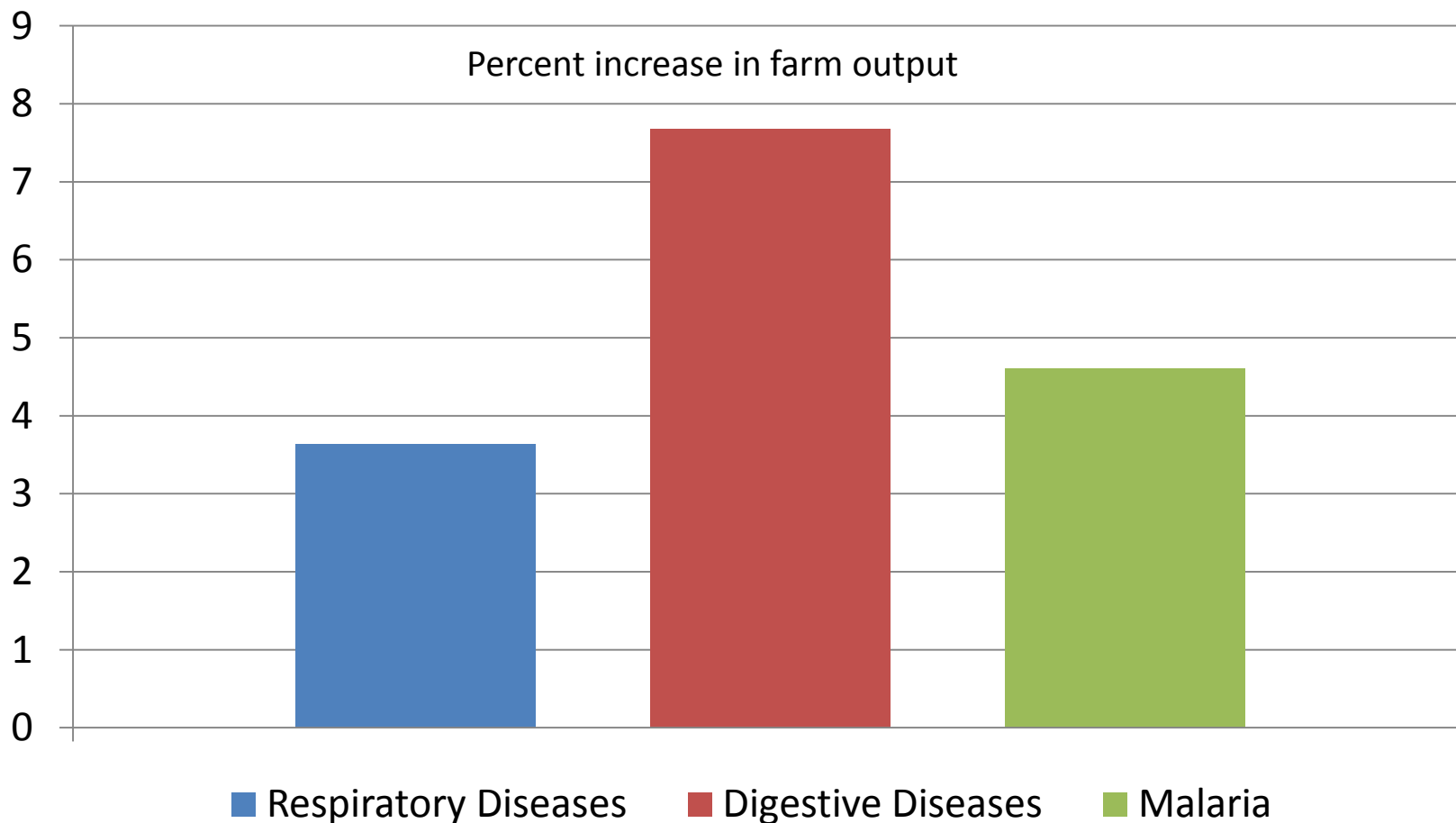
EXAMPLE OF HEALTH SECTOR EXPENDITURES



Efficiency effects of a 10% change in different types of health expenditures in Uganda: All diseases

FOCUS SOCIAL SERVICES ON PRODUCTIVITY GROWTH

EXAMPLE OF HEALTH SECTOR EXPENDITURES



Effects of a 10% change in consultation expenditures
on farm output (Burkina Faso)

PROMOTING SUCCESSFUL STRUCTURAL CHANGE

IMPLICATIONS FOR AGRICULTURAL GROWTH AND INDUSTRIALIZATION STRATEGIES

Development	
african strategies for transformation	
Volume 55 • Number 4 • December 2012	
Contents	
Upfront	
Editorial: Reclaiming a Continent <i>Wendy Harcourt</i>	433
Introduction: The Cynics, Optimists and Pirates are all Making Africa Beautiful <i>Charles Onyango-Obbo</i>	435
Rethinking Africa <i>Interview with Juma V. Mwapachu</i>	441
Africa Makes Progress, but Risk of Reversal is Real <i>Interview with Donald Kaberuka</i>	449
Fertilizing the Fields for Honest Government: Reflections on leaders, leadership and Africa's challenges <i>Interview with Hadeel Ibrahim</i>	453
Inclusive Growth <i>Arthur Muliro Wapakala and Aidan Eyakuze</i>	458
Thematic Section: Getting the Mix Right Transformation in African Economies <i>Ousmane Badiane, John Ulimwengu</i> and <i>Thaddee Badibanga</i>	463
Political Economy in South Africa <i>Xolela Mangcu</i>	477
Africa's Development Strategy <i>Jacqueline Munalula Musiitwa</i>	484
Reflections on Africa's 'Impressive Growth' <i>Geci Karuri-Sebina, Alloune Sall,</i> <i>Rasigan Maharajh and Alinah Segobye</i>	491
Dialogue: One Size Doesn't Fit All African Perspectives on Development Alternatives <i>Dzodzi Tsikata</i>	497
Is Africa on the Rise? <i>Jacqueline Chimhanzi</i>	503
Quiet Revolution in Africa <i>Elsie S. Kanza</i>	509
Development Capacity in Africa <i>Yakubu Lai Yahaya</i>	513
People-led Transformation in Africa <i>Hakima Abbas</i>	519
Local/Global Encounters: Other Realities; Other Stories Development and the Turkana People <i>Eugenie Reidy</i>	526
Challenges to the African Renaissance <i>Elsie Eyakuze</i>	535
Book Shelf	540
Window on the World	544
Who's Who	548
Last Word	554

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Agriculture and Structural Transformation in Africa

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