



Brussels Development Briefing n.33

Drivers of success for agricultural transformation in Africa

2nd October 2013

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Catalyzing Agricultural performance as a force
for economic and social transformation.

Martin Bwalya, NEPAD.

[Panel One]

**Agriculture: a driving force for economic
and social transformation in Africa**

**Catalyzing Agricultural performance as
a force for economic and social
transformation**

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Brussels Policy Briefing no. 33

**Key drivers of success for agricultural transformation in
Africa**

2 October 2013, Borschette Center, Brussels, Belgium

Plan of the presentation

1. The Issue and drive
2. CAADP@10: Achievements and Lessons
3. Embracing CAADP as tool to catalyze agriculture transformation
4. Conclusion



The Issue and scope

The Compelling context leading up to NEPAD-CAADP

Pre-2000 (1);

- Income & human poverty; Social & Economic inequality increasing (UNEP 2002) – **only continent**
- 1/3 of population living in chronic hunger;
- No. of food emergencies tripled between the 1980s & early 2000 (only continent with increasing food aid delivery requirements)
- **the Human Development Index (HDI); In 2000:**
 - No African countries in the high HDI group
 - Small number in the medium HDI group;
 - Majority in the low HDI group (32 out of 35)
- **Net food importer: 10% in 1994, close to 30% now**



CAADP



Dec 1992



Sept 1992



March 2005



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The Compelling context leading up to NEPAD and CAADP

On the other hand:

- 6% arable land irrigated against 22% in the world on average (2009)
- 17 kg fertilizer unit per ha (222 kg in Asia and 120 Kg in world average)
- largest share of arable land in the world(16%) and largest share of uncultivated arable land (79%) is in Africa
- The Agricultural resource predominantly rural
- Poverty predominantly rural (over 70% of continent's poor live in rural areas and depend on agriculture for food and livelihood)



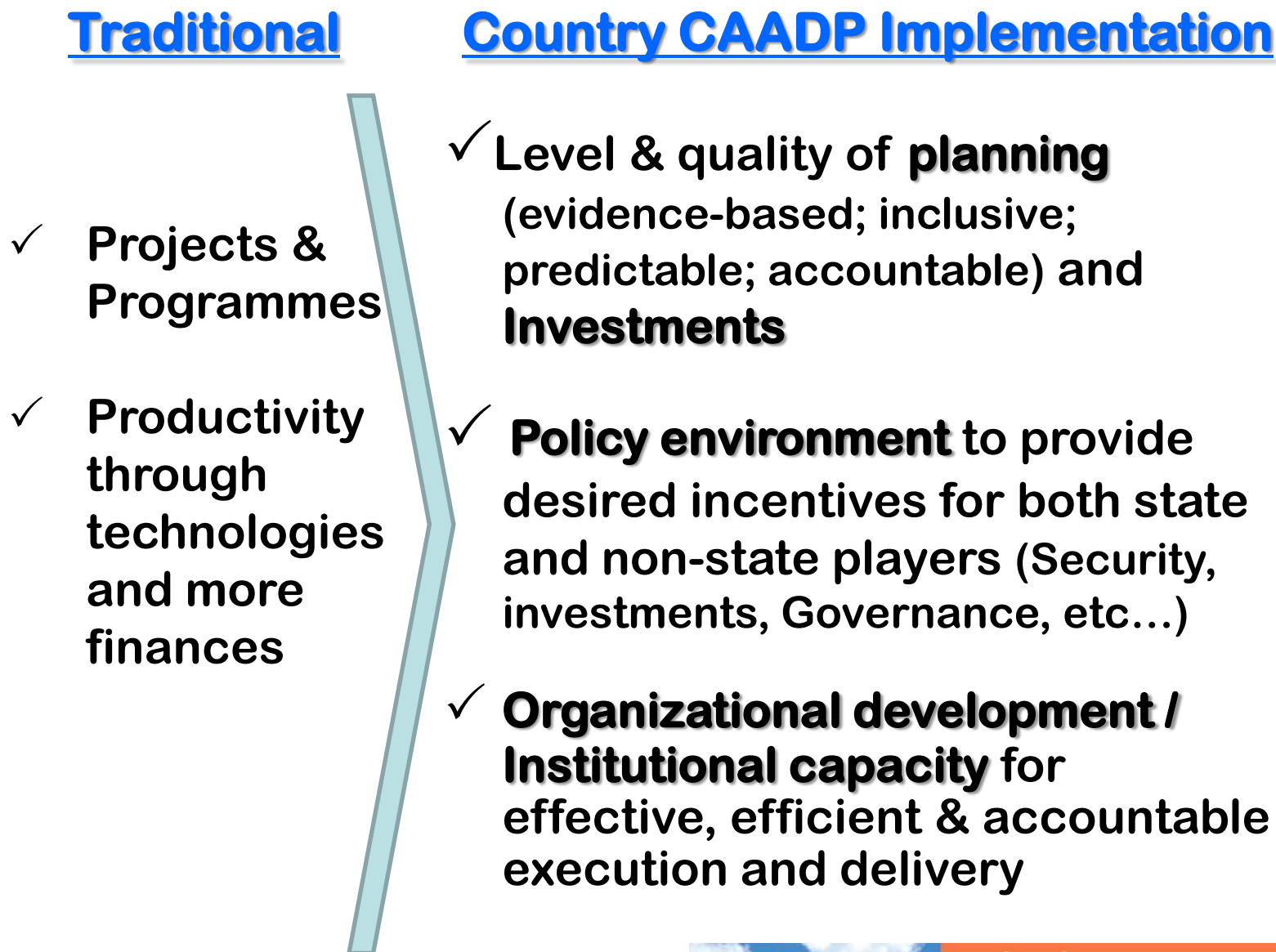
NEPAD and CAADP – Continental Framework ...

- ✍ **By Design, NEPAD & CAADP – a political response to the poverty and food insecurity challenge**
- ✍ **Poverty and chronic food insecurity and hunger - as critical hindrance to socio-economic growth and development**
- ✍ **A Governance issue; i.e. public access; inclusive development; empowerment at all levels**



NEPAD core priority result areas

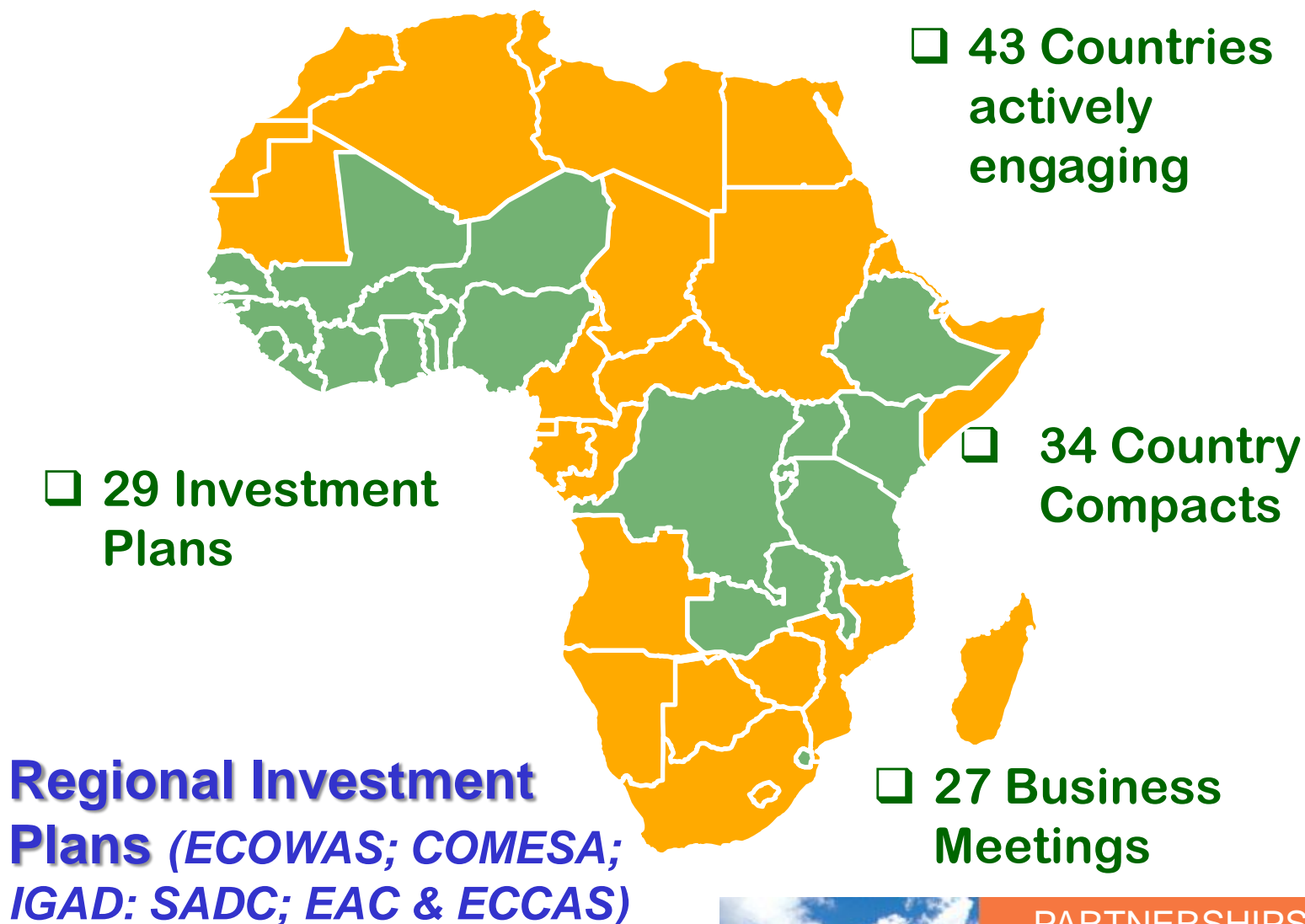




10 years of CAADP

**“Achievements,
Lessons and Insights”**

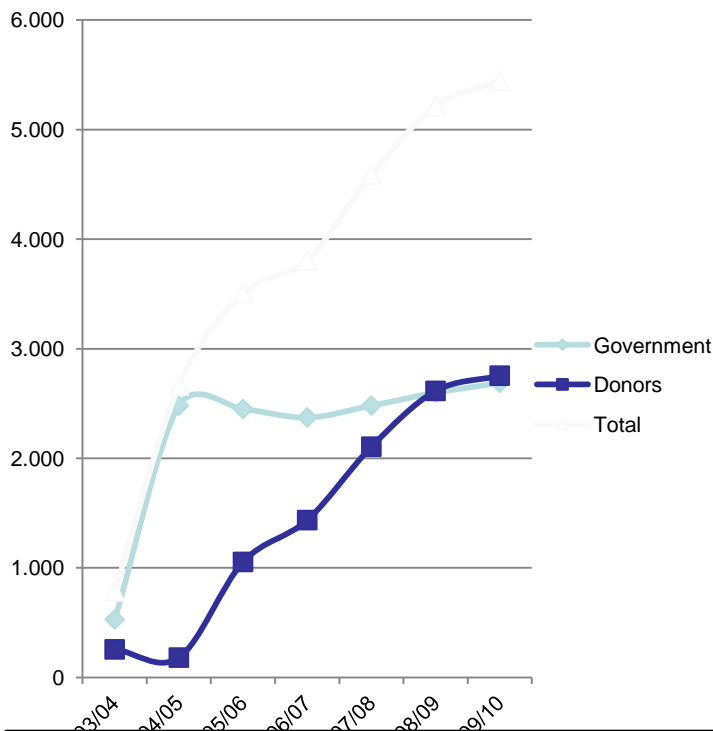
Achievements and lessons



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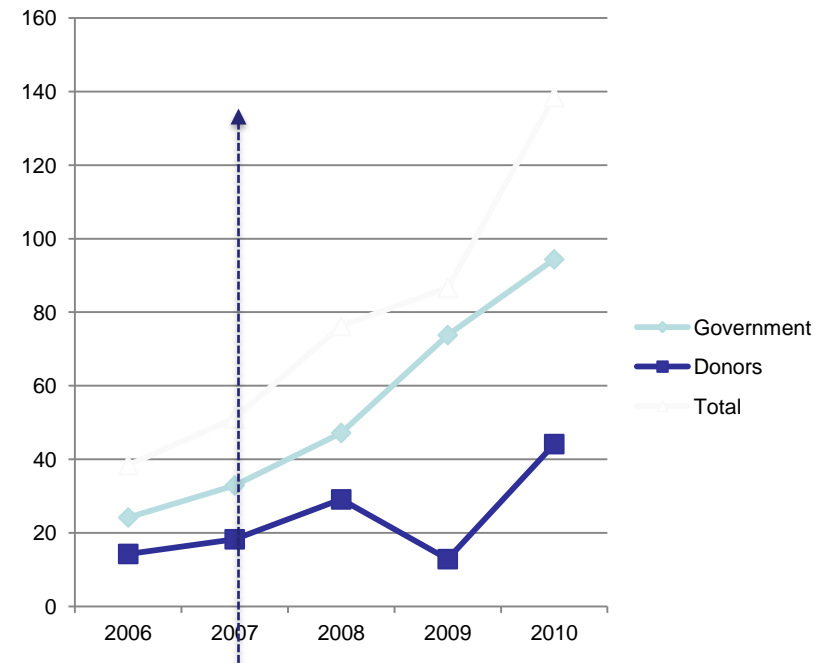
Achievements-Lessons: Public Financing

Govt + donor financing of investments in agriculture in Ethiopia, 2003-2010 (million Birr)



Source: Ministry of finance and economic dev't,

Govt + donor allocations to agriculture in Rwanda, 2006-2010 (million Rwandan Francs)

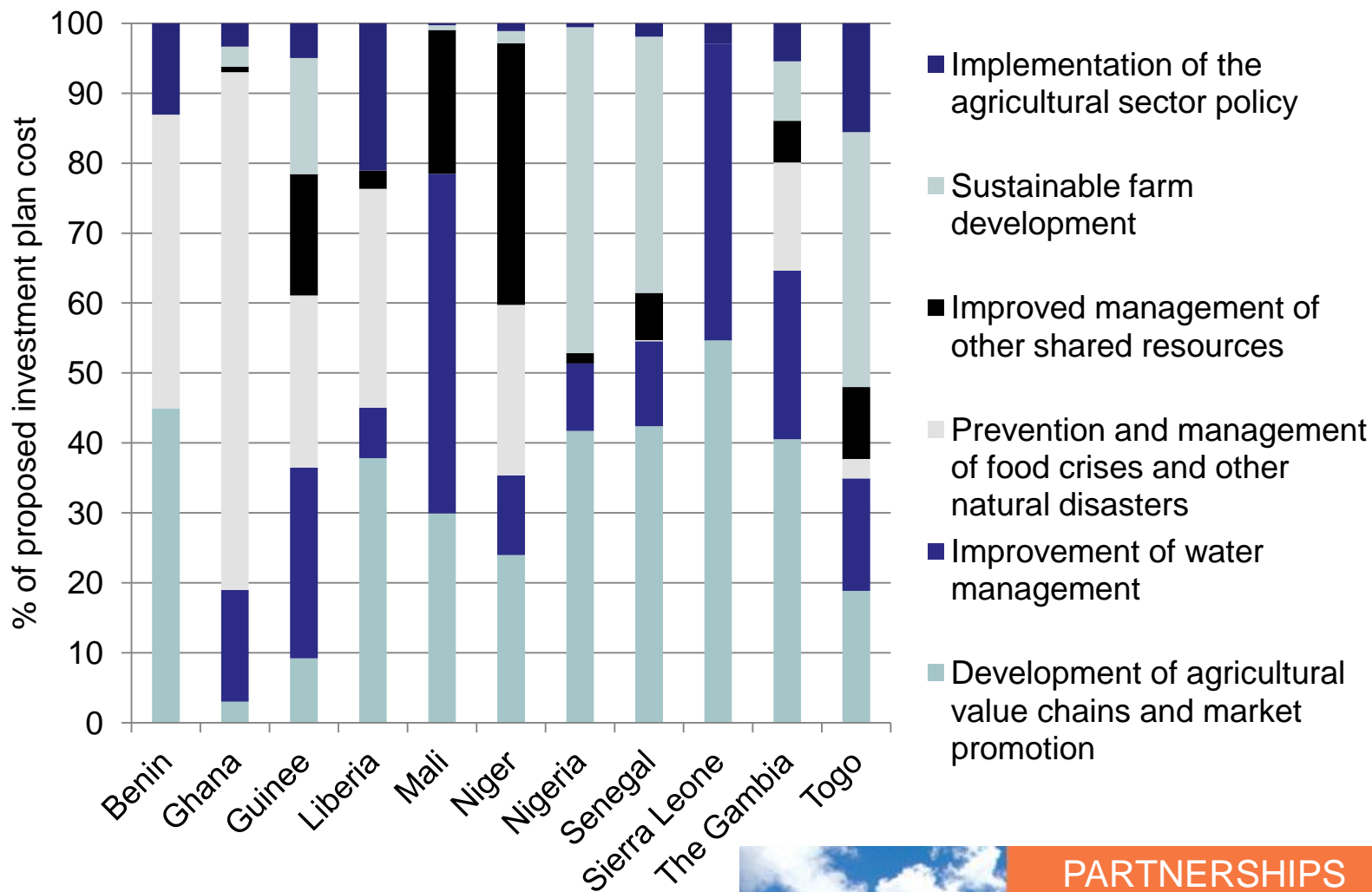


Source: ministry of finance and economic planning,



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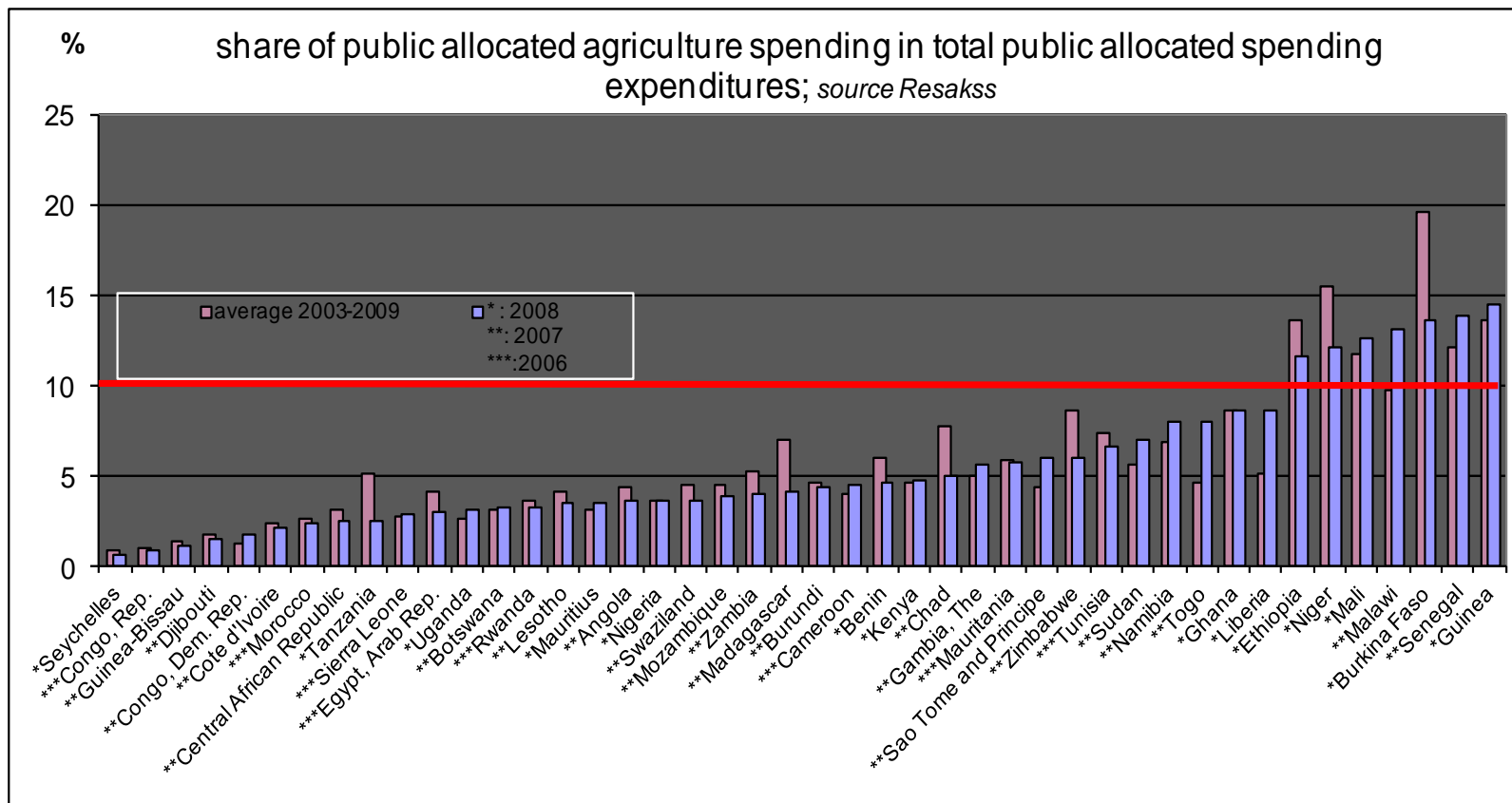
Share of investment plan per program area



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Translate opportunities into political decisions - Financing

Increased public expenditures in agriculture are a good investment but remain low (6% in average)



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Sustaining the CAADP Momentum

Progress/Achievements

- Coherent vision & agenda on Agriculture
- Democratic governments
- Improved PLANNING
- Economic growth – best decade (Inclusiveness ??)
- Aligning public financing (*call on 10% getting louder; steady progress, averaging 6%; improved public finances*)

Challenges/weakness

- Still heavy focus on public finances & aid;
- weak inter-ministerial/ inter-sectorial systems
- multiplicity of initiatives
- Still food insecure and malnutrition
- Leveraging private sector is still weak
- Attention to regional agenda
- Strategic commodities and commerce

Poverty, Hunger and Malnutrition – one of the most critical factors “pulling down” Africa socio-economic growth and development

1st decade: Key Insights

Catalyzing Agricultural performance as engine to drive economic and social transformation

- Positioning 'wealth creation' as primary driver
- Link to immediate social pressures (poverty, food security and food sovereignty)
- Expand entrepreneurship (numbers and quality) along the agricultural value chain
- Leverage private investments and implementation capacity
- A regional trade agenda essential for sustaining optimal solutions
- Transforming Policies and Institutions
- Supportive skills development and S&T essential



CAADP

**Embracing CAADP
as tool to catalyze
agriculture
transformation...**

Impact to which
CAADP
contributes
(indirect link)

Level 1 - Contribute to Africa socio economic growth & development (Wealth creation; Resilience; Improved Food and Nutrition Security)

Changes in
African
agriculture
resulting from
the
implementation
of CAADP
approach are
measured at
this level

Level 2 - Sustained inclusive agriculture growth: agribusiness; jobs, poverty reduction

Main Assumptions: Agriculture transformation and sustained inclusive agriculture growth is a key plank of Africa socio economic development strategies in 2013-2023 and active coordination with other relevant sector is in place through political leadership and institutional mechanisms

2.1 Increased
agriculture
production and
productivity

2.2 Better
functioning
agriculture
markets,
increased market
access and trade

2.3 Increased
private sector
investment
along the
agriculture
value chain

2.4 Increased
availability and
access to food
and access to
productive
safety nets

2.5 Improved
management of
natural
resources for
sustainable
agriculture
production

Added value of
CAADP support
and
interventions to
institutional
transformation
and CAADP
operational
effectiveness is
measured at
this level

Level 3 Transformational Change as a result of CAADP: Conducive environment; systemic capacity

Main Assumptions: Political leadership ensure conducive and stable policy environment. Increased systemic capacity, inclusiveness and evidence based action improve public sector planning, implementation and review. Transformational change stimulates private sector investment.

3.1
Improved
and inclusive
policy design
and implementat
ion capacity

3.2 More
efficient /
stronger
institutions

3.3 More
inclusive and
evidence
based
agriculture
planning and
implementatio
n processes

3.4
Improved
partnership
between
private and
public
sector

3.5 Increased
public
investment in
agriculture
achieving
better value
for money

3.6 Increased
access to
quality data,
information
and an
informed
public

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INPUT: CAADP SUPPORT, TOOLS, PROCESSES, CAPACITY BUILDING, PEER REVIEW MECHANISMS

Main Assumptions: Targeted and coordinated support, capacity building, peer review and learning generates institutional transformation

Strategic orientations (1/3)

1. Transform the agriculture value chain

- ✍ Linking farmers (**smallholder**) to markets – entrepreneurship development
- ✍ Strengthen institutional capacity, *e.g. fragmentation in Govt Ministries' mandates & functions; accountability systems; human capital development; etc...*
- ✍ Strengthen and align policies and policy design processes to national vision and priorities
 - *linking to evidence*
 - *strengthening related accountability mechanisms*
 - *empower non-state players in policy design processes*
- ✍ Optimize “within-the-continent markets and trade
- ✍ Expand investment financing / quality of investments (Public budget & Private)
- ✍ Risks & risk management

2. Ensure sustainable agriculture production systems in the face of expanding demand

- ✍ Manage adverse impact on the natural resource systems and capacity
 - *land and water degradation*
 - *climate change / green house gases*
 - *destruction of biodiversity*
 - *over-fishing, increasing water extraction*
- ✍ New challenges
 - *Urbanization; Youthful population; Globalization; including food + energy prices; climate change; nutrition*
- ✍ Governance and accountability in natural resource access and use (land, water, etc...)
- ✍ Maintain biodiversity and ecosystem services



3. Link to and embrace the social drivers of change



Transform subsistence agriculture to a commercialized and productive agricultural industry (Power of smallholder)



Link to aspirations & economic opportunities of the poor

- Job creation and incomes (political; social and economic imperative)
- Access to means of production (land, water and technologies)
- Wealth retention and contributing to economic growth



Embrace its youth in transforming agriculture development (40% of Africa's population under 23)



Strengthening local (African) leadership, ownership and responsibility



CAADP - two impact areas ...

[1] Agric Transformation & capacity

- ✍ **Planning** (evidence-based; inclusive; predictable & accountable)
- ✍ **Policy environment:** strengthen policies & policy design processes; elevating interests of the “masses” in public policy
- ✍ **Organisation-Institutional and skills development** (capacity for effective & efficient implementation & delivery; Partnerships)
- ✍ **Expand investment financing** (public & private)

[2] Productivity, Production & entrepreneurship & wealth creation

- ✍ **Productivity** - Intensification and Production (Strategic Commodities)
- ✍ **Competitive and viable agriculture** (including agro-industry and commerce)
- ✍ Manage adverse impact on the natural resource systems and capacity
- ✍ **Aligning with ecosystem potential and resilience**



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Only a small share of rural household access formal finance

| | % of commercial bank lending to agriculture | Average nominal interest rates by banks for loans to agriculture | % of rural households receiving credit for agriculture |
|------------|---|--|--|
| Ethiopia | 10% | 11% | 1% |
| Ghana | 6% | 25-40%* | 8% |
| Mozambique | 7% | 23-30%** | 2% |

* Real rate of 14-29%

** Real rate of 12-19%

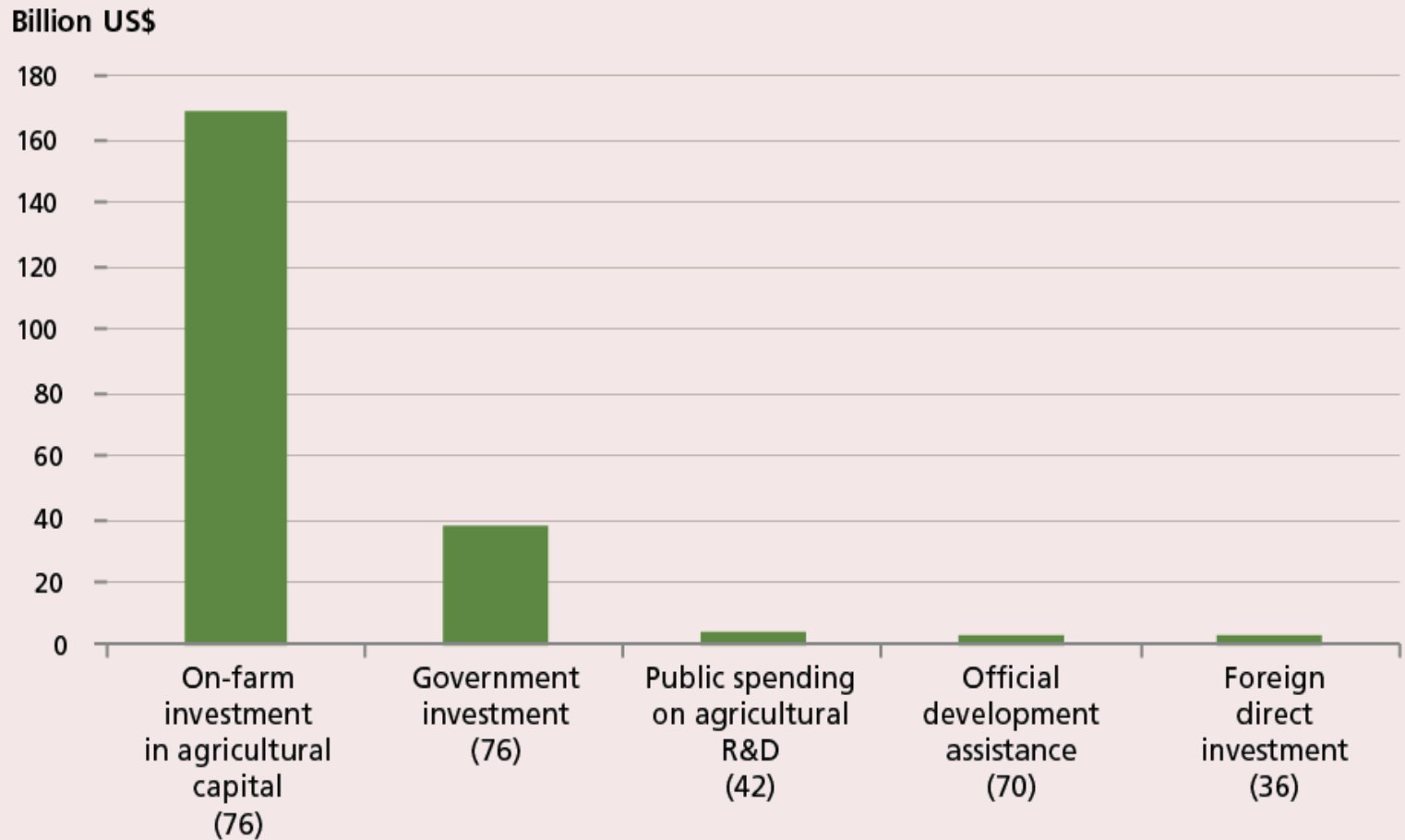
Source: World Bank (2012): Agribusiness Indicators – Ethiopia, Ghana, Mozambique



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Farmers - largest investors in agriculture

Investments in agriculture in selected low- and middle-income countries, by source



Source: FAO 2012. The State of Food and Agriculture: Investing in Agriculture for a Better Future

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Conclusions and lessons

- ✓ Foundation is emerging for long term reform of African agriculture (*e.g. Planning, Accountability, inclusiveness...*)
- ✓ Agriculture, back in the centre as driver for inclusive development – Issue is keeping it there
- ✓ National level (incl decentralised systems) ownership and drive indispensable
- ✓ Advancing for optimal solutions
 - Agriculture for wealth and job creation
 - Strengthening capacity, systems & Institutions
 - Leveraging Private sector (Implementation capacity; knowledge & Investments)
 - Regional agenda (markets & trade)
 - Link to sound Industrialisation policy and strategies



Some points to ponder ?

- ✓ How to “harness” the **political energy** to reform agriculture
- ✓ Walking the talk on “**private sector**” (what are the levers for change) with rural economy at the centre
- ✓ Pulling agriculture transformation through sound **entrepreneurship development and industrialisation** (value addition; jobs; wealth; wealth retention) – how, myth or doable
- ✓ Achieving competitiveness in regional/global markets
- ✓ Learning from successes





I thank You