



NEPAD
TRANSFORMING AFRICA



AGRICULTURE IN AFRICA



**Transformation and
outlook**

Feeding Africa and the World

Our continent has enormous potential, not only to feed itself and eliminate hunger and food insecurity, but also to be a major player in global food markets. This potential lies in its land, water and oceans, in its men and women, in its knowledge and huge markets. Recognizing this opportunity, the African Union chose 10 years ago to make agriculture one of the pillars of the New Partnership for African Development.

Agriculture forms a significant portion of the economies of all African countries, as a sector it can therefore contribute towards major continental priorities, such as eradicating poverty and hunger, boosting intra-Africa trade and investments, rapid industrialization and economic diversification, sustainable resource and environmental management, and creating jobs, human security and shared prosperity.

We have come a long way since 2003. We committed to a process across the continent that mobilizes all member states, stakeholders in the agrifood sector, and primarily, agricultural producers' organizations, regional institutions and technical institutions. This process recognizes that African women constitutes close to seventy percent of the agricultural workforce and are major contributors to food production and security. Mainstreaming their participation and empowerment in Africa's agricultural revolution is therefore critical. Agriculture and agribusinesses can also provide opportunities to millions of our young people entering Africa's labour markets every year.

The Comprehensive African Agricultural Development Programme (CAADP) seeks to drive our continental agricultural revolution, by increasing investment in agriculture, fostering entrepreneurship and investment in agribusinesses and agrifood value

chains, improving national and regional agricultural markets, fostering Africa's collective food security and improving the management of natural resources.

Over the last decade, where countries have increased investments in agriculture as per CAADP targets (or have exceeded), they have seen reductions in hunger and poverty, and increases in productivity. This includes countries such as Ghana, Togo, Zambia, Burundi, Burkina Faso, Mali, Niger, Congo, Senegal, Ethiopia and Malawi. In an effort to boost investments and productivity, intra-African trade and regional agrifood value chains, ECOWAS, SADC, ECCAS and EAC have put in place regional agricultural policies.

2014 will be the Year of Agriculture in Africa. We will use this as an opportunity to accelerate our drive for food security, to become a net exporter of food, to add value to our agricultural products and for regional integration. Our engagements during this year in global trade negotiations, including on the Economic Partnership Agreements with the European Union, will therefore continue to focus on these African priorities.

This document provides us with a clear diagnosis of the opportunities and challenges we face, and presents our vision and priorities. As we move towards finalizing our continental vision for the next fifty years — Agenda 2063 — it is an important guide on this critical African sector.

Africa will have a population of two billion people by 2050, the majority women and youth. This prediction alone summarise the scale of our agricultural challenges: to feed Africans and to create wealth for them, and to conserve resources for future generations.

Dr. Nkosazana Dlamini Zuma, Chairperson of the African Union Commission





FOREWORD

Agriculture as a driver of economic transformation in Africa

The Comprehensive Africa Agriculture Development Programme (CAADP) is now in its tenth year. It has brought the importance of agriculture to the continent's economic transformation back to the forefront. It also attests to a new approach to the way in which Africa is shaping its future, with development and investment choices made by Africans providing the framework for contributions from our partners and investment decisions.

This AU-NEPAD agriculture programme has provided many benefits, one of which was that it strengthened democratic processes by making the participation of all stakeholders, including farmers, a guiding principle. Agriculture is everyone's business: national independence depends on its development because it enables us to escape the scourge of food insecurity that undermines our sovereignty and fosters sedition; it is a driver of growth whose leverage is now acknowledged by economists and politicians; it is the sector offering the greatest potential for poverty and inequality reduction, as it provides sources of productivity from which the most disadvantaged people working in the sec-

tor should benefit. Finally, farmers are the primary guardians of our natural heritage and environmental assets, and they should be granted opportunities to preserve and build on those assets.

The history of our continent is punctuated with greed for our soil and subsoil. This should encourage us to consider the opportunities provided by our diversified ecosystems, the relatively low population density of our land, rising global food demand and the positive trends for new sources of development funding.

Our role as decision-makers is to provide the impetus needed to ensure that our farmers make their profession an economic activity that generates well-being in rural areas, and meets employment challenges and the expectations of our citizens, namely those relating to security, well-being and independence. This is why we were inspired to publish this document, a white paper, which, based on the fortunes and misfortunes of the agricultural sector over several decades, traces the path of an agricultural project based on the momentum generated by the CAADP.

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African Union



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Executive summary

Our perspective on certain concepts

The adoption of innovation required to increase productivity cannot be simply decreed. Innovations must meet the needs of producers and, for health and environment, must concern the entire national communities. More importantly, innovation implies risks that farmers would consider as minimal in a more predictable environment with more secure predicted incomes that justify the adoption of new technology packages. Such an environment entails securing land access and tenure, more stable and predictable prices, and insurance and safety nets for farmers, among others. Contrary to the current widespread reluctance of our cooperating partners to encourage subsidy schemes in African agriculture, it should be recalled that developed and emerging countries have also used subsidies for inputs or outputs as a means of reducing this risk, both in the past and today. Africa sees risk reduction as one of the key drivers of the adoption of innovation in agriculture, and hence of productivity growth.

African agricultural development paths over the last 30 years

Contrary to popular belief, agricultural production in Africa has increased steadily: its value has almost tripled (+160%), and is almost identical to that of South America, and below but comparable to growth in Asia. However, there has been very little improvement in production factors (labour and land). Agricultural growth in Africa is generally achieved by cultivating more land and by mobilising a larger agricultural labour force, which produces very little improvement in yields. On average, cereal yields are less than half those obtained in Asia.

This agricultural growth occurred in an unprecedented demographic context. In the last 30 years, Africa's population has doubled overall and tripled in urban areas. The most direct consequence of this exponential population growth is that the continent now has more mouths to feed. Yet cereal production has been unable to keep pace with population growth, since it has only increased by a factor of 1.8. This gap is even wider for processed products and meat, which are increasingly called for by a larger and larger urban population. From being self-sufficient in the 1960's, Africa has become a net importer of cereals. Africa imports products that compete with its own: meat, dairy products, cereals and oils. Imports account for 1.7 times the value of exports. As a result, African agricultural exports have fallen by half since the mid-1990s.

Despite rapid urbanisation, the population in rural areas has also continued to increase in absolute terms. A special feature of African agriculture in comparison to the rest of the world is that the sector has continued to absorb a large proportion of the working population, and will have to continue doing so, since a very large number of young people will be entering the labour market: by 2025, it is estimated that 330 million young Africans will have entered the labour market, with limited opportunities for finding jobs in cities.

In most cases, the increase in available labour leads to additional land being put to use, albeit land that may not always be wholly suited to agriculture, or may be used at the expense of

forests and classified areas. As a general trend, land is being degraded and natural capital eroded.

Farming systems mainly rely on family resources

More so than in other continents, Africa is dominated by family farming, which relies mainly on family labour. Africa has 33 million farms of less than 2 hectares, accounting for 80% of all farms.

While the agricultural labour force is comprised mostly of women, rules governing ownership and transfer of land rights are less favourable to women than in Asia and Latin America.

Over the last 10 years, large-scale investment contracts in Africa have covered 20 million hectares, which represents more than the arable area of South Africa and Zimbabwe combined. Indeed, Africa's natural potential is under threat. Many farming systems are struggling to replenish soil fertility due to the lack of investment capacity and secure land tenure. Won over by the idea of industrial farming, decision-makers are sometimes inclined to make it easy for overseas groups to acquire land, not always with the greatest transparency. Yet family farming is best placed to optimise labour use and to enable greater land use, while reducing the risk of breaching local rules governing resources. Moreover, it has the greatest potential for increasing broad-based growth and sustainable wealth creation.

Agriculture and food security: a complex link in a changing context

One in four undernourished people in the world live in Africa: Africa is the only continent where the absolute number of undernourished people has increased over the last 30 years. Food insecurity remains an essentially rural phenomenon. It affects the rural world more than cities because the people producing food often do not make enough to feed their families due to the lack of adequate access to means of production (land, manure, tools), and rural communities are poorer and struggle to buy food. Permanent economic access to food has become the decisive factor in food insecurity. Food insecurity is first and foremost about pov-

erty and inequalities. Consequently, achieving agricultural development is a necessary condition for reducing food insecurity, but is not sufficient by itself.

Policies, institutions and stakeholders

The Comprehensive Africa Agriculture Development Programme (CAADP) has been a catalyst for African initiatives, such as defining national priorities, as well as for the process of Africans' regaining control of the dialogue with technical and financial partners. Indeed, CAADP has established itself as the expression of reclaimed ownership of agricultural policy by African States and citizens of the continent. It is therefore a means of breaking away from the conditions and restrictions imposed by 20 years of structural adjustment. Nevertheless, public commitment to boosting agriculture has been limited and has failed to match the targets set. In 2010, out of the 44 countries for which data is available, only 9 have reached or exceeded the target of allocating 10% of public expenditure to agriculture.

Concomitantly, the rise of regional integration and sector-based policies has served to speed up the structuring of Farmer Organisations (FO) at the sub-regional level; nevertheless, FOs remain fragile and cannot replace public services supporting agriculture. Even though their networks were increasingly recognised as key partners and integrated into various engagement processes by the public authorities at the national, sub-regional and continental levels, the FOs moved a step further to form the Pan African Farmers' Organization (PAFO) in 2010.

Economic institutions are lacking in Africa compared to other parts of the world, especially in the financial and insurance sectors. This hampers farmers' ability to take more risks and to increase investment.

What is at stake for agriculture and food security?

Economic challenges: reducing poverty by promoting inclusive growth. More than half of all people living in Africa depend on agriculture for all or part of their livelihood. Based on this

premise, fostering sustainable agricultural growth means working to boost income and to generally improve the living conditions of one in two Africans, the majority of whom are poor. Promoting agricultural growth also spurs economic development in upstream and downstream subsectors. There is also considerable job-creation potential. However, there are varying labour requirements for the different forms of agriculture. Industrial agriculture, besides the issues it raises in terms of efficiency in the use of resources, clearly creates fewer jobs than modern family farming. In Africa, both models need to be integrated and balanced.

Human challenges: reducing food and nutrition insecurity. Although agricultural development alone is unable to eliminate hunger and malnutrition, it is an obligatory, essential and priority element. Protecting rural activity systems is a determining factor. This will occur either by securing land access — in particular for women and young people; by controlling and minimising agricultural risks; by diversifying agricultural activity systems and sources of income (encouraging rural “multiactivity”); or by improving the structuring and regulation of markets.

Environmental challenges: promoting sustainable management of natural resources The challenge in coming years is to accelerate growth in production and productivity, by controlling its impact on the environment and natural resources such as land, water and energy, and to foster the adaptability of farming systems to climate change.

Political challenges: reaffirming sovereignty, and contributing to stability, security and Africa's international standing Within the context of structural tensions in global food markets, Africa, with its considerable and underexploited agricultural potential, has a strong case to put forward on the international geopolitical stage. The continent as a whole can at least satisfy most of its demand if it manages to exploit its internal complementarities.

Harnessing the potential: The economic situation of African States is now conducive to proactive policies. National income has more than tripled in less than 10 years. State income accounted for 85% of Africa's sources of financing by the end of the 2000s. Nevertheless, the public authorities have become accustomed to seeking external assistance at the expense of making

Family farming is defined in opposition to farms where the production process is based primarily on salaried workers who serve as an adjustment variable to maximise income from assets, while the aim of family farms is to maximise the use of labour in the family. The latter are often small in Africa, but may be large and modern in other parts of the world. Support to family farming in Africa is justified by the fact that these farms are in the majority and, for the same level of investment, offer margins of progress that are much higher than those of large mechanised farms. In other words, the return on investment in family farms in the African context will be higher and job creation maximised per unit area, provided that they access proper financing. We also recognise that some small farms will be unable to generate income for all active members of the family assets and will be forced to exit the agricultural industry which require accompanying measures.



Private sector investment should be broadly understood. The principal African investors are farmers themselves. They invest around \$100 billion every year in their farms, despite the almost total lack of credit facilities for the vast majority of them. However, foreign investments can be useful upstream (inputs) and downstream (processing) of agriculture to overcome the weaknesses of African industries, as well as in infrastructure to complement public funding. Experience shows that large-scale land-based investment can be justified from an economic efficiency point of view only in a few situations, where land is truly available, which means it is not used, and is acquired in all transparency.

more significant national budget contributions to finance the agricultural sector.

Goals and orientations for agricultural policies

Feeding 1.5 billion people by 2030 and 2 billion by 2050 is the daunting challenge that Africa intends to meet. The objective for the coming decades is to “ensure food security for a population that is increasing and becoming more urbanised, helping to create wealth and jobs, in rural areas in particular, while reducing inequalities and vulnerability and protecting environmental and human capital”.

Fostering investment in agriculture means attaching greater importance to the economic environment in order to reassure agricultural producers and other agents in the agrifood value chains. This could be achieved by focusing on five priority areas:

Increasing production more sustainably, while absorbing a growing labour force: by promoting the controlled use of inputs and agro-environmental techniques to manage soil fertility levels; increasing labour use, which prioritises an agricultural development model based on modernising family farms; reducing risks to agricultural production and revenue, which implies first providing agricultural producers and farmers with appropriate financial services and, second, ensuring better functioning markets; and securing access to land. The training of future generations of farmers is a major work in progress. Finally, the most sensitive challenge ahead is undoubtedly that of adapting to climate change.

Promoting diversification based on high quality processed products by offering more standardised products in terms of taste, shelf-life and, increasingly compliance with health and environmental standards.

Promoting efficient and more equitable value chain development by encouraging intra-branch approaches. Producers need to organise themselves collectively to ensure support to the sub-sector has a greater impact and to defend their interests when competing with other operators.

Making farms and agricultural systems more resilient to a changing environment: by building operational links between

agricultural policy and social protection policy.

Developing regional markets and controlling international integration: The regionalisation of markets, along with their smooth integration, is one of the most effective means of stabilising prices and securing domestic market supply. It is also a key driver for deploying protection mechanisms and tools to manage price instability and rapid response mechanisms for unfair trade practices in international markets.

Actions

The public sector must demonstrate the political will to develop ambitious policies structured around three main intervention areas: (i) the production of public goods; (ii) the use of economic policy instruments; and (iii) regulations.

Countries and stakeholders must now be steered towards effectively honouring the commitments made. As such, NEPAD action should go in three main directions to:

- capitalise on results obtained so far and foster the creation of an economic environment conducive to sustainable agricultural intensification;
- reaffirm African leadership and facilitate its expression through improved engagement with organisations across the continent; building better partnerships with farmers, farmers’ organisations and the private sector, and through greater mobilisation of national resources;
- coordinate talks on the future of the agricultural sector, clarify scenarios, predict trends and promote a vision for the sector and its role in solving the general problem of underdevelopment in Africa.

Strong principles for action. To contribute more decisively to sustainable change in the African agricultural sector, the CAADP must draw on several fundamental principles and guidelines. We need to:

1. Give much more emphasis to farming as a business, as a profitable venture, and raise the profile of the farming profession;
2. Promote change and transformation in agriculture according to

Africa's vision, starting from within the continent. This requires the mobilisation of the continent's resources, including its men and women, as well as a particular focus on small farms, which make up the majority of Africa's productive units and have the greatest development potential. There is also a need for increased financial resources, institutions and technical capacity for agriculture;

3. Foster transsectoral dialogue and encourage partnerships to ensure appropriation of and alignment with the agricultural development strategy;
4. Anchor economic change and transformation in a political economy approach;
5. Affirm Africa's interests in international negotiations and influence standards and rules of the game by supporting the new international balance of power;
6. Encourage subsidiarity and adapt it to the political maturity of CAADP constituencies at the various levels of its implementation;
7. Promote the systematic preference for sustainable agricultural systems from a socio-economic perspective (use of labour) and also from an environmental perspective (limited use of high-carbon inputs, the promotion of agroecology and agroforestry).

Five priority intervention areas:

Increasing agricultural production can only be achieved through sustainable agricultural intensification. This means fostering access to inputs — including the use of "smart" subsidy policies, encouraging the adoption of innovations and securing access to resources for women and young people in particular, possibly by law. Support will be offered as a matter of priority to family farms that make optimal use of land and labour on small surface areas.

Improving the structure and functioning of markets is based on eliminating market failures (monopoly situations, absence of services such as credit, insurance, etc.), the production of public goods (transport infrastructure, access to energy and water, information on prices, etc.) and market regulations addressing in particular distortions caused by international markets and price volatility. Integrating global markets depends on a gradual approach

based on an "infant industry" strategy for Africa's agricultural sector. It will also entail being better organised collectively to ensure that Africa's interests are defended in international negotiations to improve access to developed and emerging countries. Furthermore, it involves *improving the African food security strategy so that it becomes a food sovereignty and regional preference strategy*. This means more flexibility in regional tariff policy, concentrating research efforts on local products, regulations on the use and protection of genetic resources on the one hand and the defence of the interests of agricultural producers on the other.

Promoting investment assumes improved income forecasting and, therefore, specific actions to reduce risks, as well as better access to credit. It is also vital to secure the rights to land, water and rangeland, whether those acquired within the customary framework or those formalised by modern law. It also entails facilitating contractual relationships between firms and within firms, and between employers and agricultural workers. Even though investment in development corridors is an important and now popular tool, it should not penalise territorial balances. Public investment remains a must. Commitments made in terms of public expenditure for agriculture, R&D and infrastructure need to be honoured.

Fostering access to food and good nutrition will be the result of better living conditions among producers, the management of risks (economic and productive) and the establishment of social safety nets. Social policies will be especially sensitive to very small farmers who have no prospects of becoming integrated into the market due to a lack of resources.

The management of natural resources is key to protecting national interests. It entails prioritising land tenure systems that sustain value-added on the continent. The relevance of methods of natural resource use must be ensured by peer assessment, in line with the preferences of the local communities.

The African Union has come a long way since 2003. CAADP has laid the foundations for a robust agricultural project that could be continuously enhanced, according to results and lessons learned, and supplemented by new guidelines, as the challenges change and new opportunities emerge. Africa now has the means to achieve its goals.

Multisectorality: effective agricultural policy must be comprehensive and based on actions in different areas such as infrastructure investment, and economic policy measures, for instance on trade, taxation, social sectors, regulations, training and the effectiveness of institutions. The Ministry of Agriculture cannot address all these components alone. Agricultural policy must therefore be defined as an overall priority, and allocated to various administrations and stakeholders according to responsibilities, and to constituencies at different geographical levels according to their competencies under the principle of subsidiarity.





SECTION 1

African agricultural paths

To prepare for the future, it is important to draw lessons from the past. The aim of this first section is to analyse the performance of Africa's agricultural sector over the last 30 years and to compare certain aspects of agriculture in African regions with those in other parts of the world.

Agriculture in Africa has undergone fundamental change because of three factors: i) the threats it faces locally and internationally, ii) macroeconomic and sectoral policies, iii) and, in particular, reactions from agricultural producers when adapting to such change.

However, agriculture in Africa is pluralist, and this is perhaps the first important point. Approaches and performances vary from one region or country to another among the main subsectors and agro-climatic zones, and according to production systems or different types of agricultural producers.

In order to create public policy that changes the current dynamics to achieve the desired outcome, understanding the main forces and threats influencing agricultural development is crucial. Five major factors that characterise the agricultural environment are: demography and population; the structure of African economies; the dynamics between global markets and international trade agreements; and natural resources.

AFRICAN ECONOMIES ARE LARGELY UNDIVERSIFIED AND HIGHLY HETEROGENEOUS

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HUNGER, AN ISSUE FOR AGRICULTURE AND BEYOND

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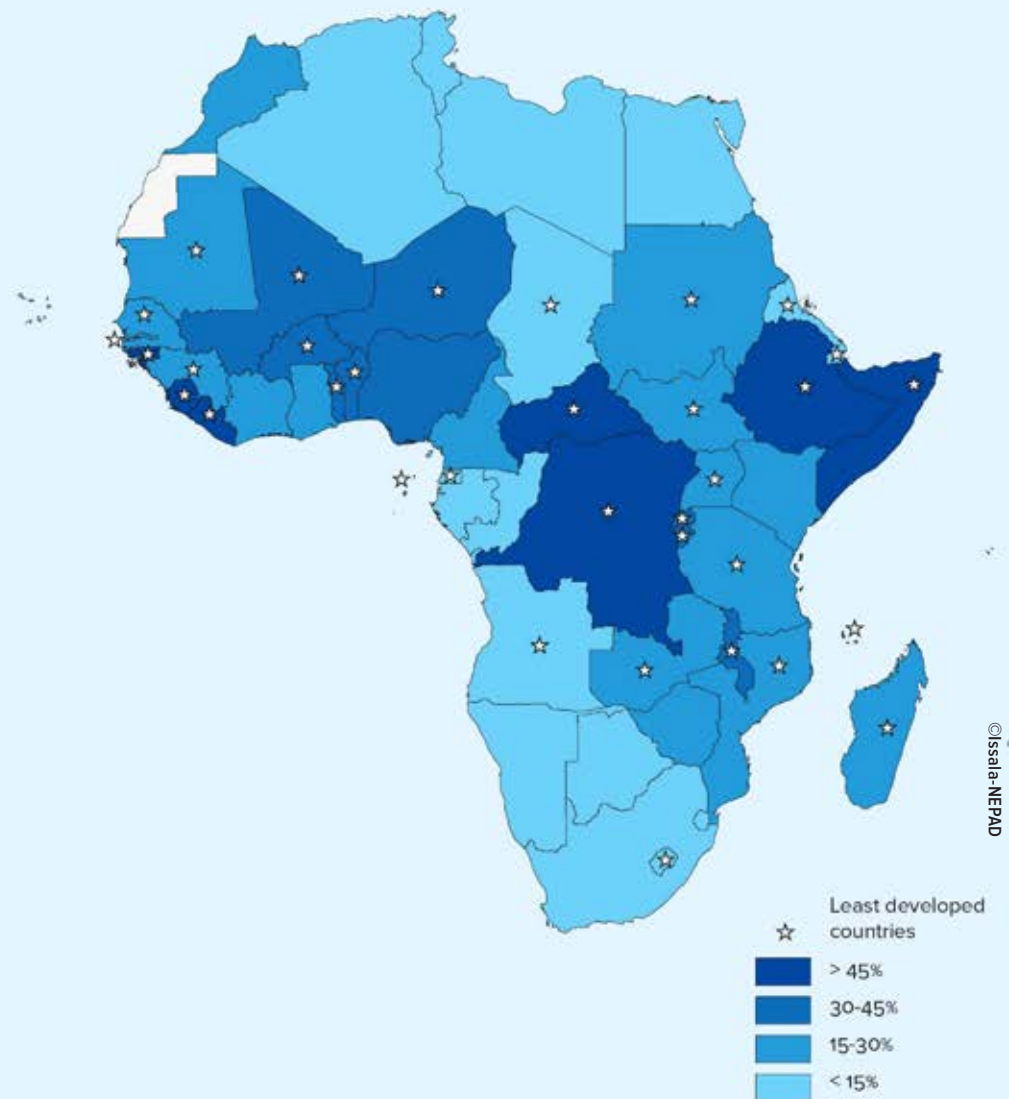


Economy and revenue

GDP per capita (2010, \$)

Libya	11,314	Lesotho	836
Equatorial Guinea	11,033	Kenya	809
Seychelles	10,681	Comoros	802
Gabon	8,724	Chad	767
Botswana	7,627	Mali	691
Mauritius	7,593	Benin	689
South Africa	7,157	Gambia	616
Namibia	5,651	Burkina Faso	597
Angola	4,477	Zimbabwe	594
Algeria	4,435	Rwanda	562
Tunisia	4,200	Tanzania	548
Morocco	3,248	Guinea-Bissau	508
Cape-Verde	3,156	Uganda	500
Swaziland	3,061	Mozambique	458
Congo	2,983	Togo	458
Egypt	2,788	Guinea	448
Sudan	1,705	Central African Republic	435
Nigeria	1,389	Eritrea	397
Djibouti	1,383	Madagascar	391
Ghana	1,311	Niger	381
Zambia	1,221	Ethiopia	350
Mauritania	1,194	Sierra Leone	325
São Tomé and Príncipe	1,183	Malawi	321
Cameroon	1,100	Liberia	226
Côte d'Ivoire	1,036	Democratic Republic of the Congo	186
Senegal	980	Burundi	180

Agriculture as a % of GDP (2010 or last available data)



African economies are largely undiversified and highly heterogeneous

The national economies within which agriculture in Africa is changing are extremely heterogeneous. While agriculture still holds a dominant position, especially in terms of employment creation, urbanisation is rarely accompanied by economic diversification.

Certain disparities in the structure of African economies are evident. A single country, South Africa, whose economy is diversified and integrated into the global market, generates 30% of the continent's GDP, although it is home to barely 5% of its population. North Africa, which has dynamic secondary and tertiary sectors and is strongly geared towards the European market, also stands out, with 35% of GDP and 20% of the African population. Apart from these two countries, which have succeeded in becoming industrialised, what distinguishes African economies is how important extractive industries are in each country. For 15 of these countries, the impact of extractive industries on GDP is equal to or greater than that of agriculture, while for the remaining 30 countries, the agricultural sector is still dominant.

Few countries have begun a real economic transition

Agriculture creates most of the jobs in Africa. Aside from the North and Southern African countries, some oil-producing countries in the Gulf of Guinea, and notable exceptions such as Nigeria, Cote d'Ivoire and Cameroon, agriculture accounts for half or more of the working population.

The agricultural population in Africa stands at 530 million people, and is expected to exceed 580 million by 2020. The population relying on agriculture accounts for 48% of the total African population (almost 70% in East Africa). A special feature of African agriculture in comparison to the rest of the world over the last 30 years is that the sector has continued to absorb a large proportion of the working population; half of all new entrants to Africa's working population have turned to agriculture, whereas in Asia, this statistic is only 30%. In the developed world, the number of farmers is declining.

African economies have undergone tremendous change over the last 20 years. After the 1990s, which were generally charac-

terised by low growth rates, African economies in the 2000s experienced strong, regular growth, with an average annual growth rate of 5.2%. However, the transition to more diversified economies is difficult to initiate. A significant proportion of growth occurring in the 2000s is linked to the rise in food prices and the volumes of mining and oil products exported by a few African countries, whose profits are not always equally and sustainably reinvested in economic diversification. However, the vision of an Africa whose growth depends on natural resources must be further discussed. Final consumption accounts for 45% of GDP growth, compared to just a third for extractive resources in the 2000s, owing to the emergence of a middle class (\$4-\$20/day), which now makes up 34% of the population. In addition, rapid urbanisation is rarely accompanied by the development of significant manufacturing sectors. The majority of jobs in the city, which are often informal, have been created in the construction and service sectors, including trade.

Rare success stories in very different contexts

It is now largely accepted that growth in the agricultural sector, which contributes to poverty reduction and makes internal demand more dynamic, has been a precondition for transforming economies that are now industrialised or undergoing industrialisation. There are very few African countries that have initiated such a virtuous process without relying on a considerable extractive sector. Global economic competition, soaring population growth and the impact of climate change are challenges that must be overcome in order to begin the sustainable process of economic transition. However, some countries with very different historical and geographic realities seem to be setting out on such a path: Ghana since the 1990s, and more recently Ethiopia and Rwanda, have all experienced periods of economic development accompanied by poverty reduction. In these three cases, agriculture plays a central role. But it requires a promising economic environment and clearly articulated sectoral policies to foster development.

1. The agricultural sector remains a major sector in most African economies

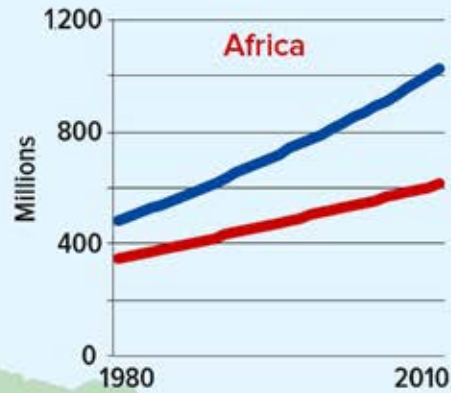
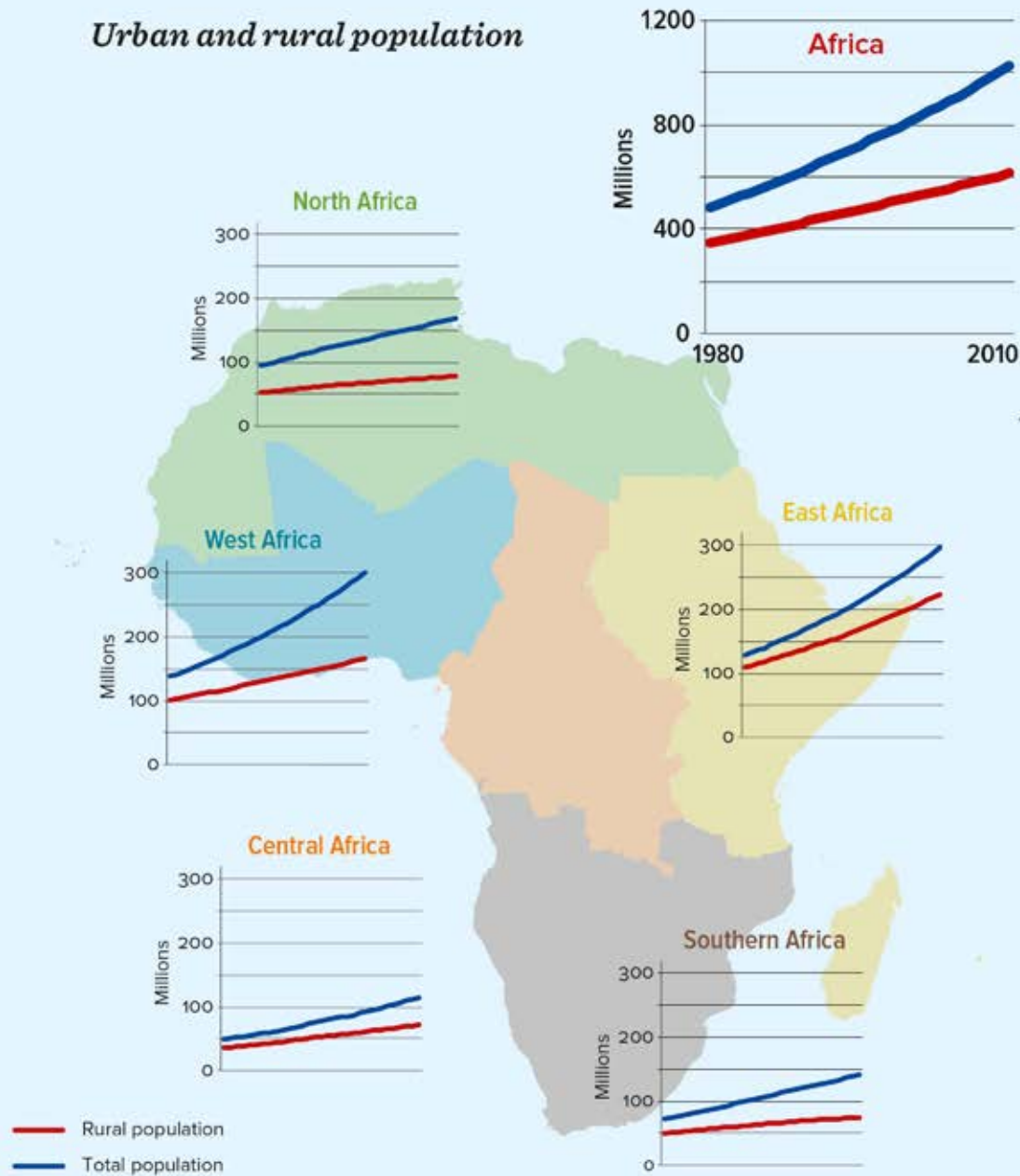
2. Agriculture is the main creator of jobs, while industry is very weak

3. Extractive industries spur growth but have little impact on employment and revenue



Population

Urban and rural population



Rural population as a % of the total population (2010)



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Demography and urbanisation

While the world's population has grown by 60% in the last 30 years, Africa's population has more than doubled. According to official statistics, only a dozen African countries have not seen their population double over this period, especially countries in North Africa that began their demographic transition earlier. This is also the case of the Southern Africa region, which has been hard hit by the AIDS pandemic. Finally, only Somalia, whose population has just suffered 20 years of conflict, has experienced population growth lower than the global average. Historically, the population of Africa has been very unevenly distributed, with higher population densities in North Africa, the Great Lakes region and along the Gulf of Guinea. This differentiated population growth is accompanied by two structural movements. Some areas that were historically sparsely populated are catching up, such as the savannah areas and the Congo Basin forest area. In addition, coastal areas that are economically attractive are more dynamic in terms of population growth.

Demography is causing disruption to African economies and agriculture

In addition to very rapid growth, the other major population trend is, of course, the urbanisation movement throughout Africa. While just over one in four Africans lived in cities in the 1980s, almost two in five live in urban areas today. However, the levels and dynamics of urbanisation vary from one region to another. The urbanisation of North Africa and Southern Africa, which began much earlier, is clearly more advanced. For example, 70% of Algeria's population lives in urban areas. East Africa is less urbanised (the regional average is approximately 25%, and less than 18% in Ethiopia). On the other hand, urbanisation has been extremely rapid in West Africa, where more than 45% of the population now lives in cities. Half of all Nigerians now live in urban areas, whereas in the 1980s, only a quarter lived in cities. Despite this rapid urbanisation, the population in rural areas has also continued to increase in absolute terms over the last 30 years, including in the most urbanised countries.

Only three African countries (Gabon, Cape Verde and Botswana) saw a decrease in their rural population over this period.

The most direct consequence of population growth is that agriculture in Africa now has more mouths to feed. In fact, food requirements in the continent have grown at the same rate as its population, or even more rapidly, as diets in urban areas are more diversified and richer in animal products. Urbanisation has also been accompanied by a relative increase in the consumption of imported cereals (wheat, rice, maize) rather than of the local cereals, roots, tubers and plantains generally consumed in many rural areas. When fluctuations on international markets are working in conjunction with structural changes, the tensions caused in domestic markets can be easily understood. The 2008 food price hike revealed the threat posed by dependence on international markets to food security and macroeconomic balances and, as a result, to national sovereignty.

Better infrastructure strengthens the competitiveness of local products

Increasing urbanisation and population density, along with transport infrastructure development, has contributed – sometimes significantly – to reducing the costs of transporting food products to the main consumption centres. This gradual change in geographic realities helps to structurally and sustainably strengthen the competitiveness of African agriculture in domestic markets.

With the exception of the Southern Africa region, demographic growth generally leads to an increase in the working agricultural population. In most cases, the increase in available labour results in additional land being put to use, albeit land that may be less suited to agriculture or used at the expense of forest areas. On the other hand, agriculture has become more intensive in areas that have always had a high population density (the Mediterranean areas of North Africa, the Great Lakes region, and the Ethiopian highlands, etc.).

1. Food demand estimated at \$313 billion is growing and diversifying

2. In the last 30 years, Africa's population has doubled, and its urban population has tripled

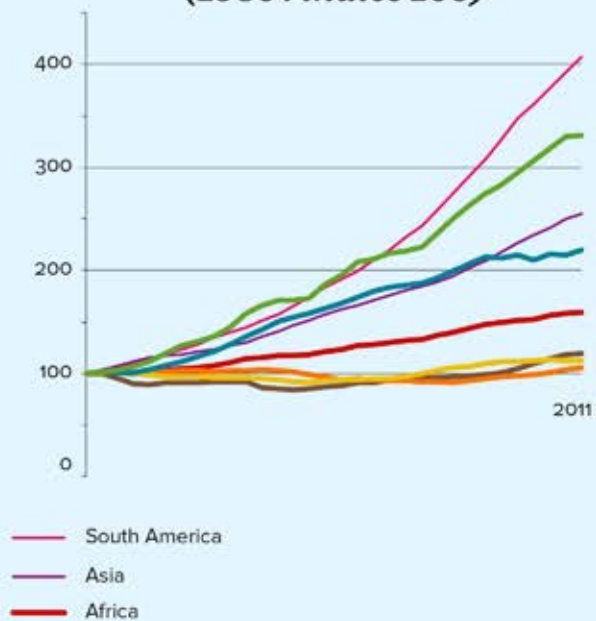
3. Despite rapid urbanisation, the rural population is growing and land pressure is mounting

Agricultural growth

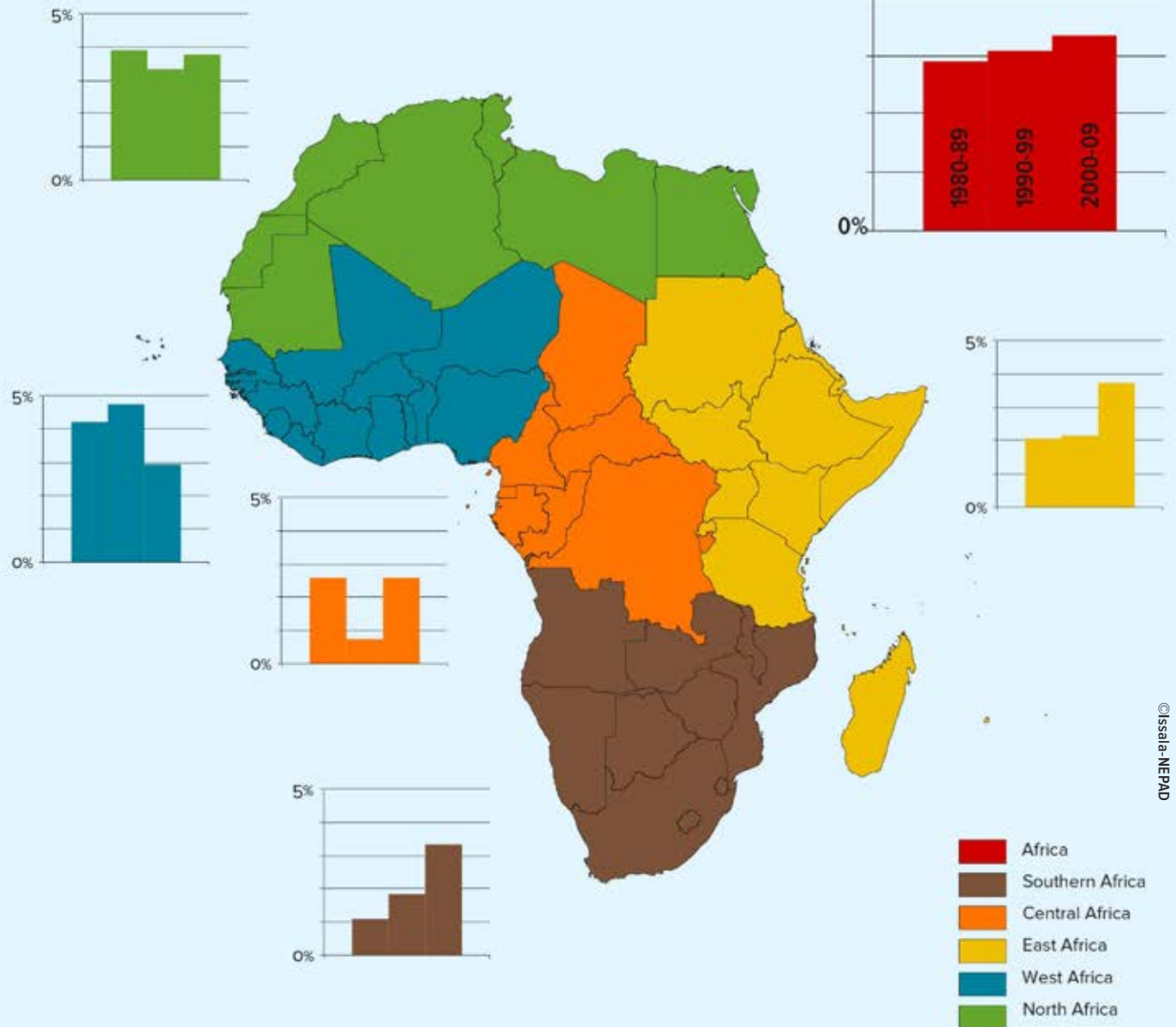
Use of fertilizers (N,P)



Agricultural productivity (value/assets) (1980 : indice 100)



Average annual growth rate of the agricultural sector (value)



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Africa's agricultural sector performance and development paths

Contrary to popular belief, agricultural production in Africa has increased steadily over the last 30 years: its value has almost tripled (+160%), showing an increase that clearly exceeds the growth rate for global agricultural production over the same period (+100%), almost identical to that of South America (+174%), and below but comparable to growth in Asia (+212%).

Production is increasing, but productivity is stagnating

Nonetheless, above and beyond this overall performance, the African model of agricultural growth differs significantly from the dynamics seen in Asia or South America. Agricultural growth in Asia over the last 30 years was due in large part to intensive agriculture (improved varieties, greater use of inputs and irrigation), while in South America it was due to a significant increase in labour productivity caused by the gradual mechanisation of agriculture. This has not been the case in Africa, where there has been very little improvement in production factors (labour and land), except in North Africa and, to a lesser extent, in West Africa. Agricultural growth in Africa is generally achieved by cultivating more land and by mobilising a larger agricultural labour force, but there has been very little improvement in yields and barely any change in production techniques. These general dynamics vary considerably from one region to another, both across the continent and within the different regions, according to several factors. North Africa, for example, stands out with a model that is similar to the one seen in Asia: very little land is still available, but sustained agricultural growth is fostered by intensive agriculture. West Africa, on the other hand, experienced a period of sustained growth that surpassed that of many Asian countries,

with a combination of increased labour productivity, higher yields and an expansion of the land area under cultivation. Finally, the performance of the agricultural sectors in East and Central Africa has been particularly disappointing, stymied by conflict, political instability and recurring poor climatic conditions.

Climate variations determine the performance of the agricultural sector

Despite available water resources, a very small proportion of land is under irrigation. The variability of precipitation in time and space in all areas receiving less than 1 200 mm of rain annually leads to high yield variability. With no water management (only 6% of cultivated land is irrigated, most of which is in five countries: South Africa, Egypt, Madagascar, Morocco and Sudan), yields are determined by climatic conditions. This uncertainty influences the strategies adopted by farmers, who are reluctant to invest in intensive agriculture.

This variability across the continent does not change the general trend: despite growth, agricultural production has been unable to meet the higher and more diversified food requirements of the population. In fact, in many countries and regional blocs, population growth has exceeded growth in agricultural production. Thus, food deficits have increased in countries that have traditionally been importers of food (North Africa and countries that export mining products), while countries that have traditionally been self-sufficient have struggled to maintain this status. From being self-sufficient for cereals in the 1960's, Africa has become a net importer.

1. Cereal production has increased by 125%, yields by 32%, and cultivated land by 70% in 30 years

2. In the last 30 years, productivity per agricultural worker has increased by a factor of 1.6 in Africa, and by a factor of 2.5 in Asia

3. Agricultural production in Africa has not kept pace with population growth

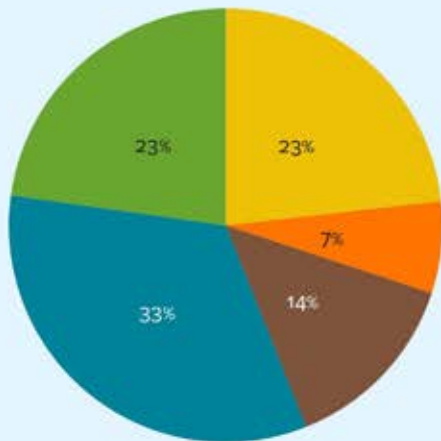
Food production

Contribution by subregions to total African food production

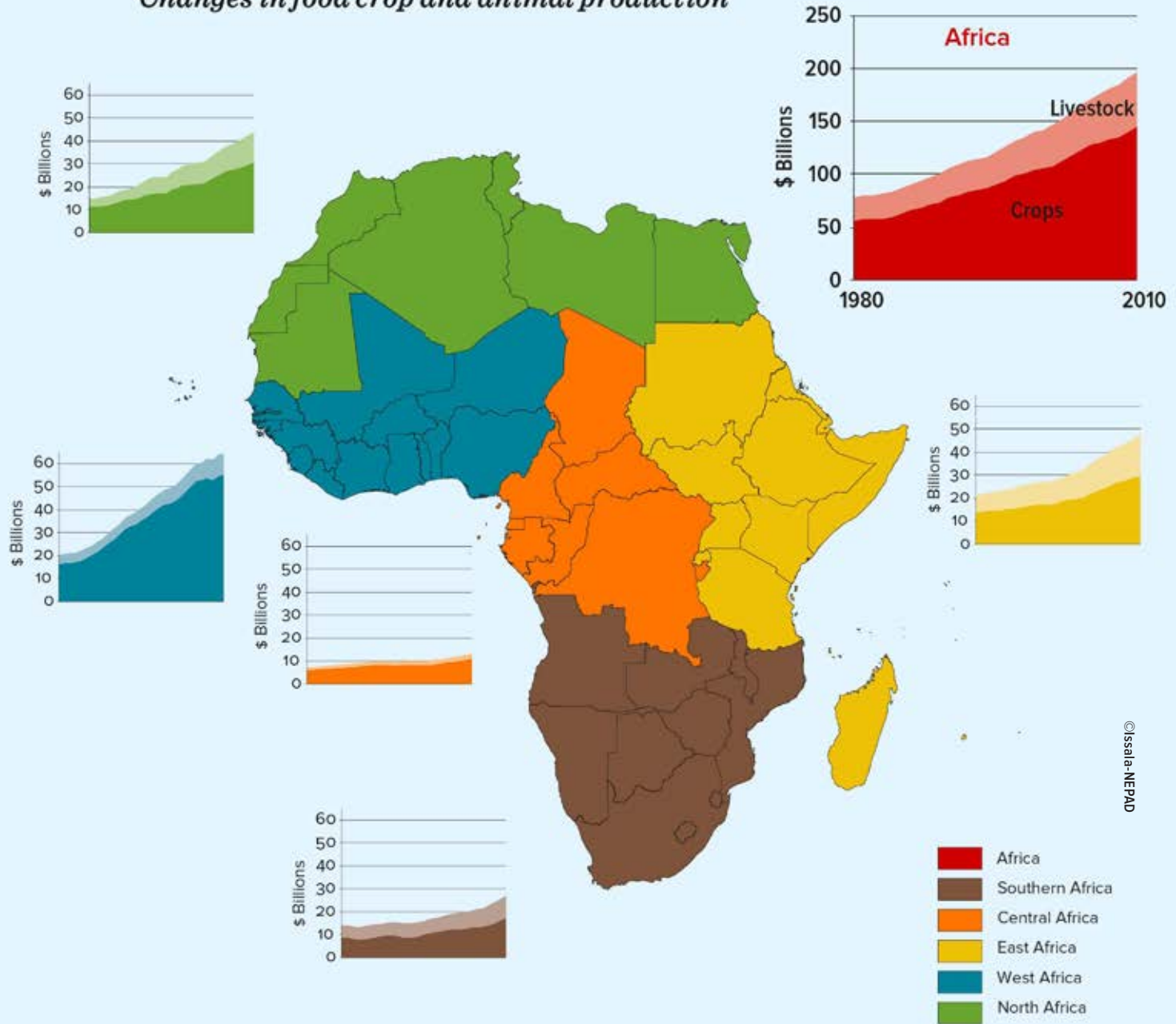
1980 = \$78 billion



2010 = \$196 billion



Changes in food crop and animal production



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Changes in the various subsectors

The performances of African agriculture vary among the different subsectors. They are determined by different government incentives, a range of technical constraints, the dynamics of heterogeneous markets and the level of organisation of each subsector, which varies from one product to another. Of course, an in-depth analysis of the main agricultural subsectors across the continent is outside the scope of this document. Nonetheless, in order to analyse the main dynamics working across the continent, it is useful to make a distinction between certain main product categories: cereals and other food crops (roots, tubers and plantains, in particular), which form the basis of the food systems in the different regions; animal products; fishery products; and the main export subsectors.

Local markets drive production

Benefiting from the vibrancy of local, national and regional markets, food crop sectors are among the most dynamic. Several factors boost the appeal of food crop production. First, improvements in transport and market infrastructure facilitate the supply of crops to urban areas, whose growth is rapid, ongoing and predictable over the long term. Despite frequent imports of certain groups of products, especially into coastal countries, the vast majority of the food consumed by urban populations in Africa is provided by local agriculture. Urban population growth and the diversification of city diets create high potential demand for future agricultural subsectors in Africa. But purchasing food from markets is not just for those living in urban areas. Recent surveys reveal that people living in rural areas, who still account for most of the continent's population, are increasingly turning to markets to meet their food requirements. Even small farms use markets to sell their products and to purchase food.

Despite this market dynamism, food crop sectors are generally poorly organised. The agricultural producers of the continent are attempting to organise themselves in order to pool their produce and to improve the quality of products on the market. But these market dynamics, which are more long-standing where export products are concerned, are often new to local markets and

are, to a large extent, caused by the rising food prices seen in recent years. The food crop sectors that have benefited from technological or institutional innovations, even minor ones, have often experienced remarkable growth. This occurred with cassava in West Africa, which benefited from research into new varieties and the distribution of effective and affordable mechanisms for local change. The same occurred with wheat selection methods in Egypt. Maize, which responds well to inputs, experienced spectacular development, benefiting from high performance crop systems in both the cotton-producing Sudanese areas and in the south of the continent.

Difficulties adapting traditional livestock systems and the rise in popularity of short-cycle breeding

Animal products also benefit from growing markets due to rising urban demand. Rapid urbanisation is combined with higher consumption of animal protein associated with rising incomes, and explains this dynamism. However, with rare exceptions, local production has not always been able to meet this demand. Recurring drought in both the Sahel and in East Africa has affected pastoral systems, and paved the way in the 1980s for imports from outside of Africa, at a time when the European Union was heavily subsidising surplus exports. Livestock rearing is also more constrained by restrictive health standards. In addition, the development of processing agro-industries downstream from livestock subsectors is still very limited. The rearing of ruminants is largely dependent on pastoral systems, which are the only systems that add value to semi-arid areas. These pastoral and agro-pastoral systems are vital to North Africa, West Africa, East Africa and Central Africa. Moving livestock according to seasonal changes and the availability of fodder is the main method of securing feed for large herds. Transhumance over long distances is partly transboundary, and leads to economic and trade integration. These livestock rearing systems supply traditional slaughter subsectors. Despite their profitability, they are often deemed incapable of meeting market requirements. Along with the challenges of mobility in a context of ever-increasing cultivated areas and

1. Driven by internal demand for food crops, agricultural production meets 80% of food requirements

2. The supply of animal products is growing too slowly to meet demand

3. The challenges facing pastoralism are often neglected by governments

Food crop production

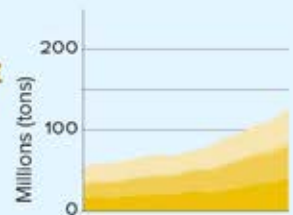
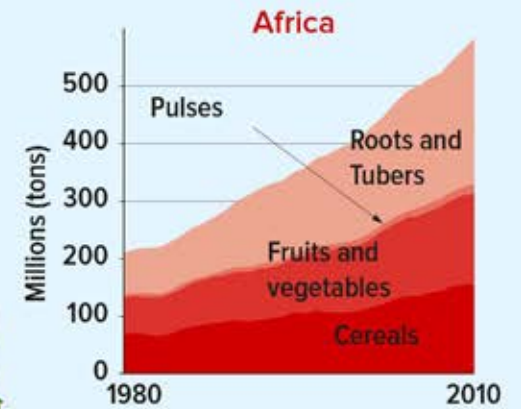
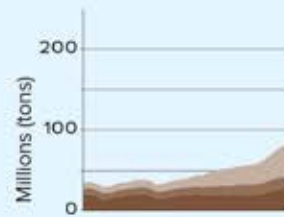
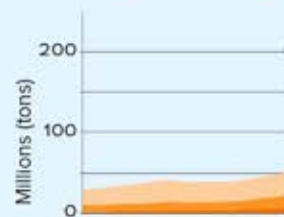
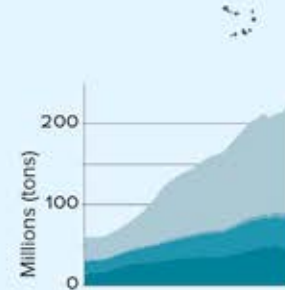
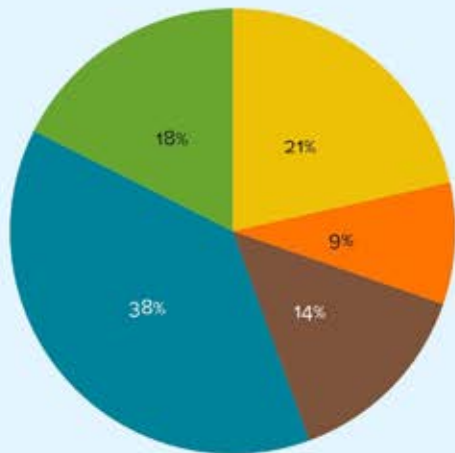
Changes in food crop production

Contribution by subregions to total African food crop production

1980 = 211 million tons



2010 = 562 million tons



- Africa
- Southern Africa
- Central Africa
- East Africa
- West Africa
- North Africa

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reduced rangeland, these problems pose a major threat to pastoralism. Poor government policy leads many countries to prioritise sedentarisation.

Modern supply sectors depend increasingly on short-cycle species, and the poultry industry in particular has been expanding on the outskirts of cities. Finally, animal subsectors are, at times, subject to fierce international competition, especially poultry and milk product sectors, which are heavily industrialised in exporting countries (Brazil, Europe, etc.). Fishery subsectors must often confront major resource management challenges, which are exacerbated by failures in negotiations on fishing rights and fierce competition between African fleets and foreign ships, often large trawlers. Hopes are now pinned on the introduction of aquaculture production techniques, but this transition is only in its embryonic stages.

Traditional exports are in crisis, but new products are positioning themselves

Finally, traditional export subsectors (coffee, cocoa, peanut, cotton, palm oil, etc.) are rapidly losing ground. Three main rea-

sons explain the loss of interest in these industries. First, high price variations in export markets discourage investment and have, at times, destabilised these sectors in some countries. Second, these export subsectors have historically absorbed a significant portion of the tax burden of exporting countries, which tends to reduce their competitiveness on international markets and their local attractiveness. Third, with the boom in mining and oil products, many African countries now have options that can more quickly and easily generate foreign income. For these different reasons, therefore, the fact that many countries specialise in agricultural product exports often stems from them having no alternatives, rather than it being a strategic choice for the future. It should be noted that new subsectors have emerged, such as cut flowers or targeted production in niche markets (products with high value-added, such as processed fruits, some vegetables, sesame, etc., or biological product subsectors and origin labelling). These subsectors provide major opportunities for diversification and increasing revenues, but often involve a smaller number of agricultural producers. Without dismissing their importance to the farmers, economic agents and areas concerned, they seem unable to stimulate any major change in local agriculture.

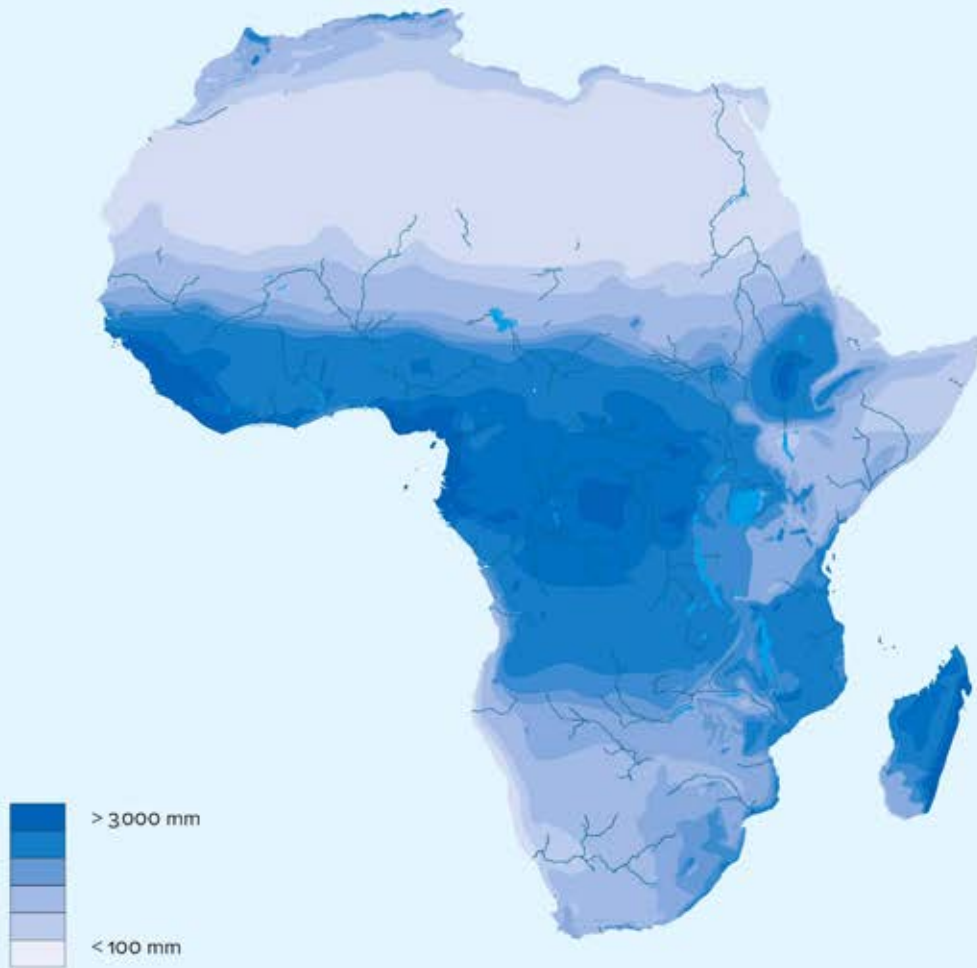
4. Short cycle animal husbandry is better able to meet urban demand

5. Only 13 countries have developed export specialization

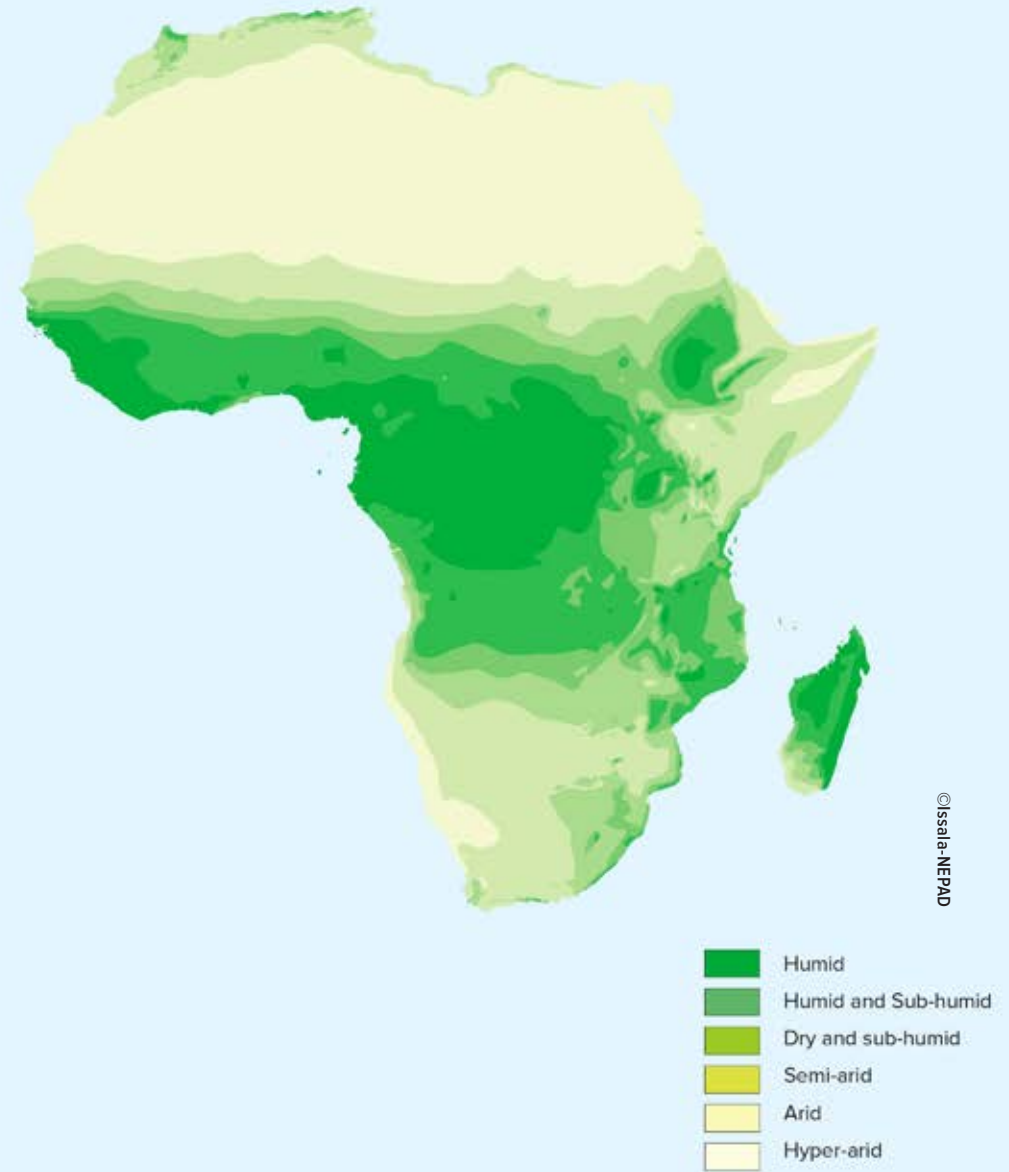
6. Traditional cash crops subsectors are losing ground although new niche markets are opening up

Natural resources

*Rainfall (mm)
and water system*



Major agro-environmental zones



Diversity of farming systems

In such a vast continent, with a highly varied biogeography and myriad paths through history, diversified agriculture is to be expected. This agricultural diversity is reflected in the unique regional, national and local production and consumption patterns. North Africans consume a diet based on wheat, Central Africans and those living in the Gulf of Guinea consume more roots, tubers and plantains, and those in Southern Africa prefer maize. This diversity also exists within countries like Ethiopia or Nigeria. In addition, the dynamic nature and diversity of agriculture in Africa is seen in the many different structures, organisation methods and farming systems.

Small family farms dominate farming systems

More so than in other continents, Africa is dominated by family agriculture with farms dependent mainly on family farm labour. Statistics on family agriculture are difficult to acquire, but the fact that the vast majority of small farms are family-run gives an idea of the importance of this phenomenon.

With few exceptions, land resources are distributed in a relatively equitable manner. Land concentration is far more visible in Asia and Latin America, but in Africa, access to land is significantly less equitable between men and women. While the agricultural labour force is comprised mostly of women, rules governing property and the transfer of land are less favourable to women than in Asia and Latin America. In addition, in many countries, land tenure insecurity is prevalent, highlighting the clash between customary laws and “modern” land law, and is heightened by increasing pressure for land.

Despite higher levels of urbanisation, the agricultural and rural population is also growing. Small farms are tending to shrink with every generation. Small farms that are dependent on family labour, with very little machinery and several activities, reflect the dominant type of agriculture in Africa. Subsistence farming remains important. However, a significant portion of that production is sold through informal channels capable of accommodating non-standardised products delivered in small quantities. Non-agricultural revenue generated locally, in cities or abroad, provides a

significant and growing share of income for most families working in the agricultural sector.

Poor and unequal access to production factors hampers intensive agriculture

Nonetheless, family farms are not homogenous. Some are modernising – the largest, those with better soil and especially those close to city markets or involved in a more lucrative subsector. These farms can gain access to credit, thereby facilitating access to equipment, land development, improved inputs and advisory services. Many of them are attempting to collectively control the process of bringing their products to market. Other forms of family agriculture are still absent from political concerns, such as pastoral livestock systems and agroforestry systems, which are nevertheless important subsectors in several countries.

Finally, commercial agriculture plays a significant role, but is limited to certain countries and subsectors. In Southern and East Africa, a higher concentration of land has been inherited from the colonial period. These agricultural models have been heavily funded and are accompanied by a gradual loss of control of production options for commercial farmers, while investment funds and banks benefit. The same has occurred in export subsectors. Respect for international standards has often fostered commercial farming methods or the vertical integration of subsectors in the framework of contract work (green beans in Kenya to supply the European market). Finally, changes in the distribution sector, with the establishment of supermarkets, mini-markets and fast food restaurant chains (especially on the initiative of South African and Nigerian groups), restructure supply methods and standardise production.

Debates on the balance that must be found between providing support for subsistence farming, linking family agriculture to markets and commercial agriculture have been revived because of agricultural price hikes and renewed government investment in the sector. The facts and lessons are however quite clear: family farming is best placed to create employment and to enable greater land use, while reducing the risk of breaching local rules governing resources.

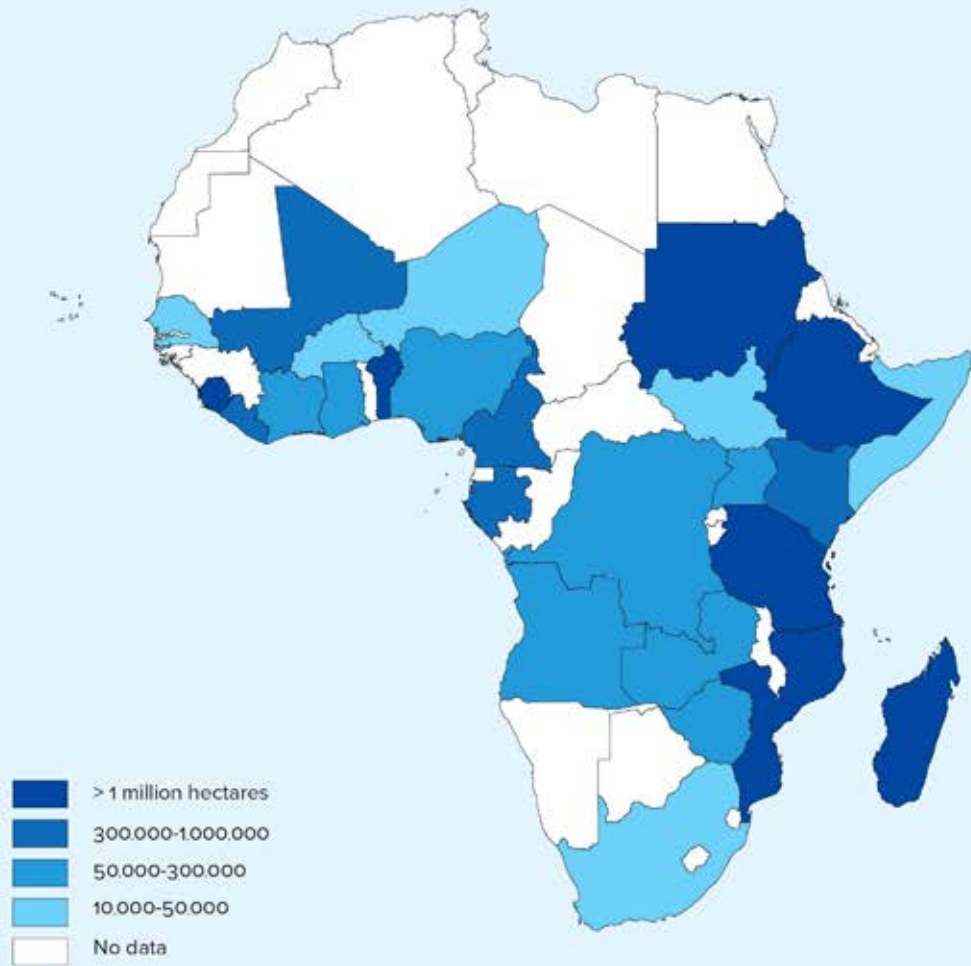
1. Africa has 33 million family farms of less than 2 hectares, accounting for 80% of farms

2. Only 3% of farms have more than 10 hectares

3. Large-scale farming was developed on the basis of specialised production for export purposes and in southern Africa

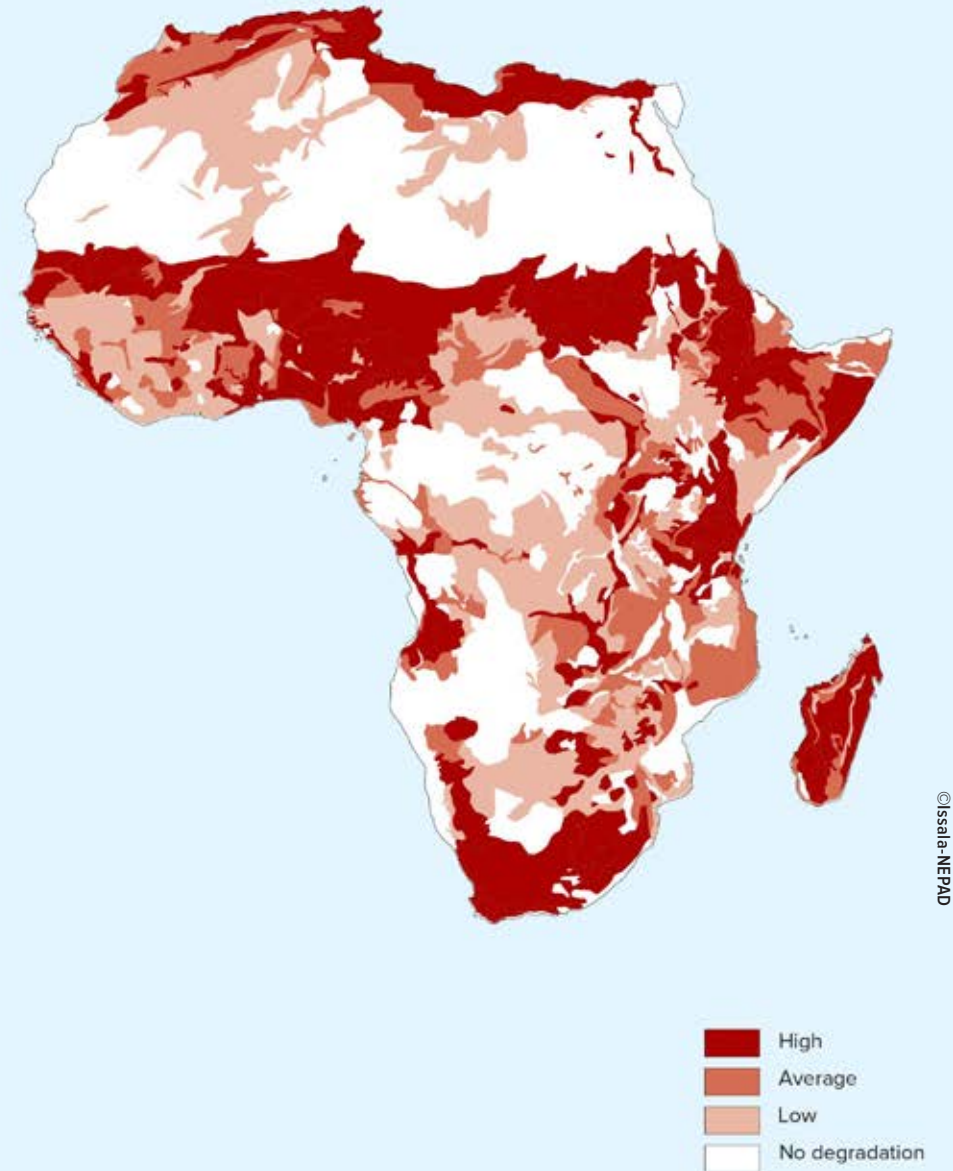
Natural resources

Foreign transactions on agricultural land (ha)



Sources : Land matrix, CIRAD

Soil Degradation



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Sources : UNEP

Highly sought-after land and water potential

Along with Latin America, Africa is the continent that has the largest surface area of uncultivated arable land. According to FAO, cultivable lands (excluding forest areas) in Africa are three times larger than the land currently cultivated. Sudanian areas in particular, to the north and south of the Congo basin, benefit from conditions that are often highly suitable for farming, but are not yet densely populated. Paradoxically, Sub-Saharan Africa's other asset is the extensive nature of most of its farming systems. This means that there is significant room for improvement in terms of farmland productivity. Outside the Nile basin and the Mediterranean agrosystems, the limited use of water potential is one of the most striking illustrations of this underexploited potential. To draw a comparison, 6% of African farmland is irrigated in contrast to 40% in Asia. Furthermore, optimising the use of water resources would lead to productivity gains in systems that are already irrigated – a fact that does not only apply to Africa.

Access to and mechanisms for developing available land: fiercely debated issues

Africa has great natural potential, but this potential is highly coveted. Investors have been quick to identify the potential: since the food price hikes of 2007-2008, foreign investment in farmland has been the subject of much media coverage. This phenomenon, often described as land grabbing and with a question mark over how far it will reach and how long it will last, has become a controversial issue. It underlines the inadequacy of legal mechanisms protecting access to land previously cultivated by indigenous peoples. Won over by the idea of industrial farming, decision-makers are sometimes inclined to make it easy for overseas groups to acquire land, not always with the greatest transparency. But the risks of local people being dispossessed are equally raised by land acquisitions and takeovers by African individuals and institutional investors, such as banks and agrifood industries. Over the last 10 years, large-scale investment contracts in Africa have covered 20 million hectares, representing more than the ar-

able area of South Africa and Zimbabwe combined.

Natural wealth is unevenly distributed. Around 60% of cultivable land still available is concentrated in seven countries in East and Central Africa, while the central African region contains almost 50% of the continent's water resources and less than 20% of its population. Major political problems may be raised by the management of transboundary natural resources as well as by the inequitable distribution of these land resources. There are numerous examples: the management of the Nile waters, the conflict in eastern DRC, conflicts between pastoralists and farmers in the Sahel, the management of Lake Chad's waters and land reforms in Southern Africa.

Protecting resources, climate change and farming practices

Africa's natural potential is under threat. Many farming systems are struggling to replenish soil fertility due to the lack of investment capacity and secure land tenure, which would enable changes to farming practices (slash and burn, the use of animal manure). The difficulty of obtaining seasonal credit to buy fertilisers and an occasional lack of accessible information on soil fertility management techniques are further factors. The effects of climate change pose a major risk to the future of African agro-ecosystems, particularly the most fragile. Examples include the savannah areas of the Sahelian strip exploited by agro-pastoral systems, and coastal regions that are exposed to tropical storms. It should also be noted that the practices adopted by smallholder farmers are fostering the emergence of effective solutions for improving fertility and adapting agrosystems to climate change. Over the last 30 years, for example, southern Niger has undergone a farming revolution with the planting and maintenance of a covering of *Acacia albida* that enriches the soil by adding nitrogen. The links between agriculture and livestock rearing in the Sudanian areas of Mali and Burkina Faso have promoted the use of organic fertilisers.

1. The management of transboundary resources, particularly water resources, represents a major challenge for the economy, environment and peace

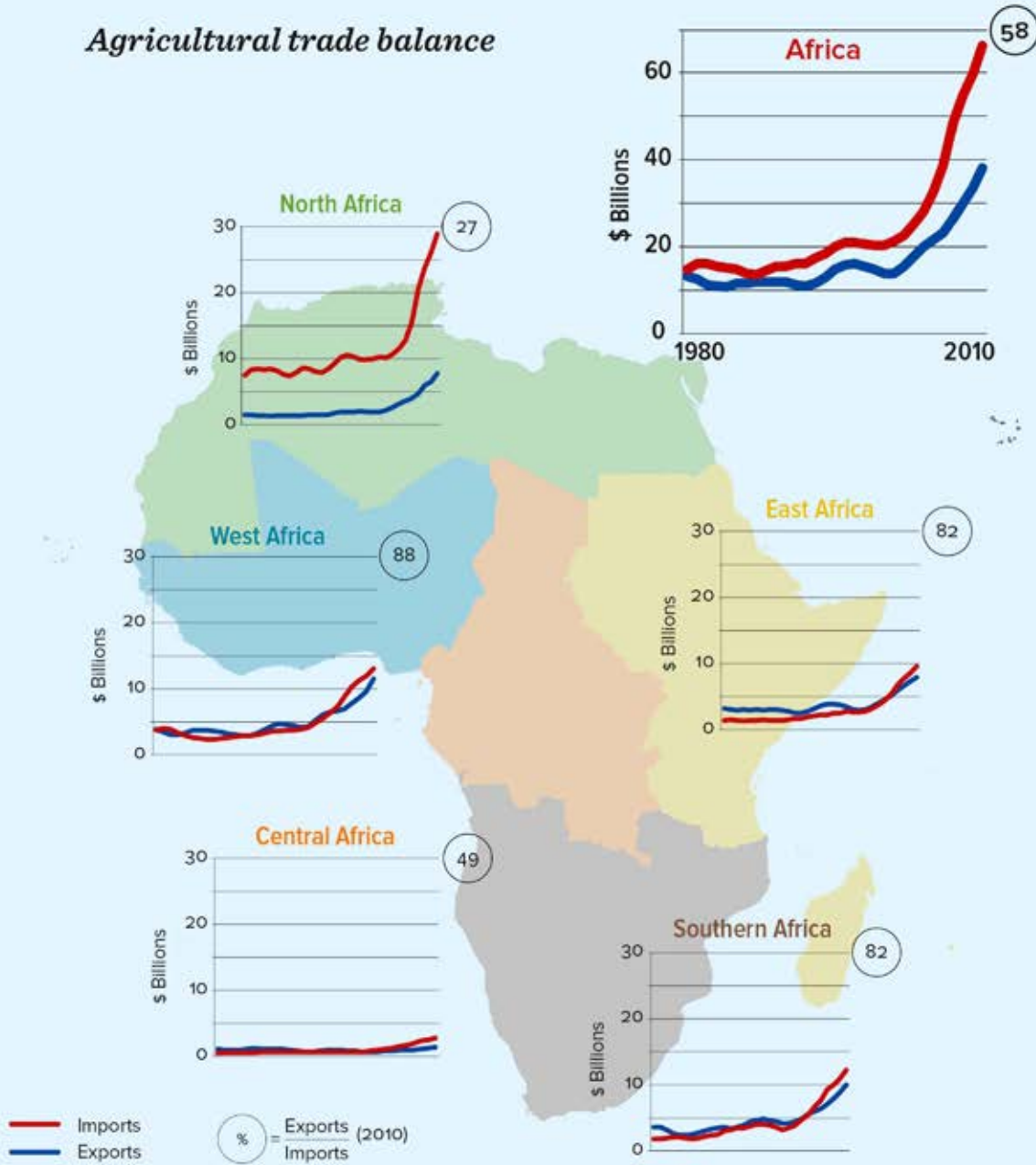
2. The continent has substantial arable lands, 60% of which are concentrated in seven countries

3. Climate change has widespread impacts and causes major shocks

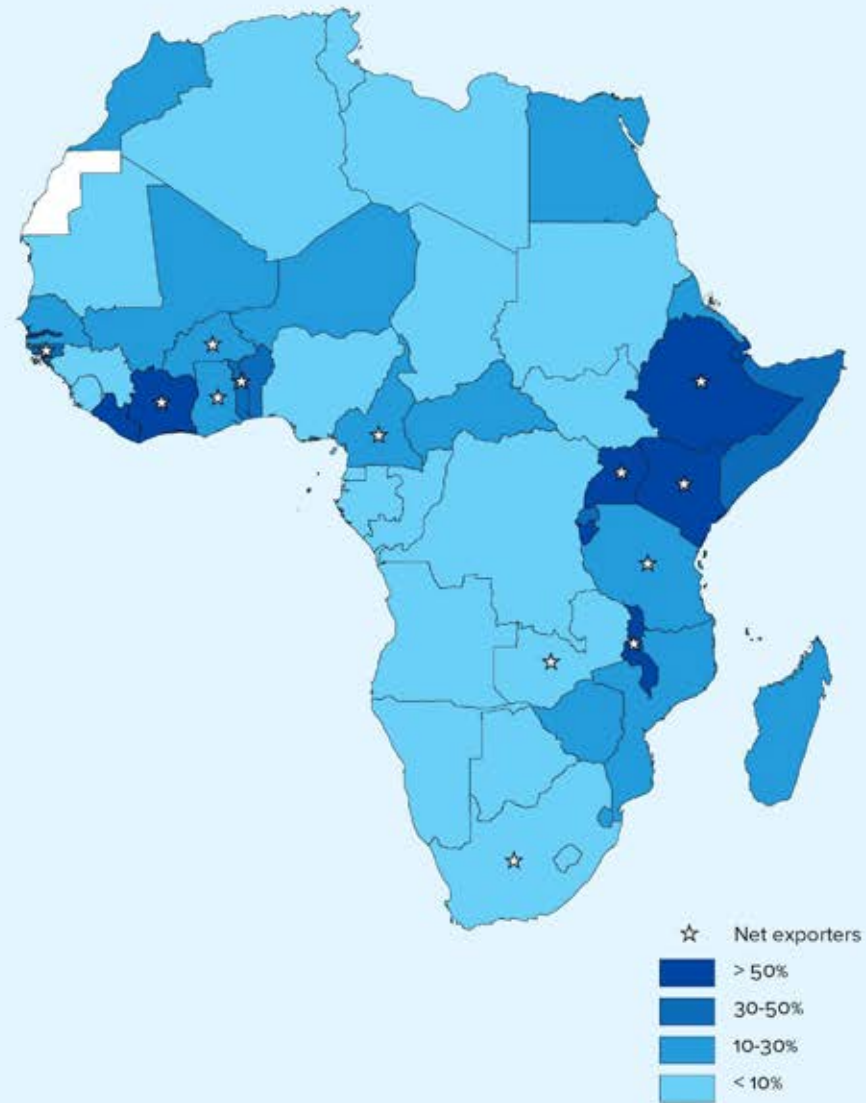


Trade

Agricultural trade balance



Agricultural exports as a % of total exports (2010)



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Regional and international trade

Agriculture in Africa is focused primarily on national markets. Nonetheless, regional trade is increasing thanks to free trade areas. In addition, Africa is integrated into global markets. A few countries have developed cash crops (tropical products) to export outside of the continent, mainly to the European Union, which grants them trade preferences. All African countries import food from the international market with varying degrees of dependence. Between 2007 and 2011, 37 African countries were net importers of food and 22 were net importers of agricultural raw materials.

Regional trade in agricultural products: complementarities and integration

The level of intra-African trade in agricultural and food products is low: by the end of the 2000s, only 17% of the total foreign trade of African countries was conducted at the intra-regional level. However, these products are some of the main items traded domestically. Cross-border trade is comprised of flows of local products and of import/re-export flows boosted by strategies adopted to circumvent protectionist policies put in place by some countries against imports from the international market. Trade includes a wide range of products (tobacco, beverages, coffee, fruit and vegetables, etc.), but 10 of these products account for half of all intra-African imports, valued at \$10 billion. Animal products — often live cattle and fish —, for which there are obvious complementarities between production centres and consumption centres, are the most traded products in the different African subregions. Cereal trade is also important, especially in Southern Africa and East and West Africa. Market fragmentation (a lack of infrastructure; monetary, tax and trade fragmentation; red tape for traders), limits the development of the region's trade potential. These barriers increase price instability and affect food security. Market uncertainties discourage agricultural producers from pursuing intensification.

Negative agrifood trade balance

With the dual effect of the loss of competitiveness of African agricultural products on international markets and the rise of the extractive industries, African agricultural product exports have fallen by half since the mid-1990s. These exports have several special features. They are comprised of a very small number of products: cocoa (which alone accounts for 70% of the continent's agricultural exports), coffee, tea, cotton, sugar, fish and shellfish. They also include exports of fruit (pineapple and bananas). Diversification, both within agricultural products and towards other industrial products, has not been enough to increase the export base. It is largely based on unprocessed products (less than 6% of African cotton is processed, and only 25% of cocoa), as most of the processing is done in importing countries. Finally, with the exception of cocoa, for which Africa is the main producer, the continent is unable to influence international prices (price taker).

Imported products represent 1.7 times the value of exports. Africa therefore imports products that compete with its own: meat, dairy products, cereals and oils. All subregions are in a deficit situation and the agrifood trade balance has generally declined over the last 10 years, in particular because of the rise in global food prices and the high growth in African demand. However, it must be noted that North Africa heavily influences the continent's trends. West Africa, East Africa and Southern Africa have witnessed a significant increase in exports. However, because there has also been a corresponding rise in imports, they are still in a deficit situation. Only 13 countries are net exporters of agrifood products in these latter three regions. Although there are important differences among countries and subregions, border protection is relatively weak. The entry of imports is facilitated when they are subsidised by exporting countries.

1. National markets are the main destination for African products

2. Trade barriers are an obstacle to the development of production

3. Africa exports very little but has stabilised its market share over the last 15 years





Africa in trade negotiations

Africa is involved in two sets of negotiations that are essential to its international market integration: the WTO Doha Round and the Economic Partnership Agreements (EPAs) in the context of the implementation of the trade provisions contained in the Cotonou Agreement between the European Union and the African, Caribbean and Pacific Group (ACP). Both negotiations are slow to conclude.

The Doha Round and the challenge of integrating agricultural specificities

Launched in 2001, the Doha Development Round is of great interest to the African countries. Twelve years on, negotiations are stalled on numerous issues. Where agriculture is concerned, negotiations still focus on aid to agriculture and the integration in trade regulations of concerns regarding the unique nature of agricultural trade. They also focus on food security challenges (the safeguard clause, public storage, etc.), and on the protection of the livelihood of smallholder farmers, etc. In fact, it is the future of “special and differential treatment” for developing countries that is on the table, whereas the latter, and the emerging countries in particular, are gaining market share.

EPA negotiations: divergent interests within African communities

The EPAs concern all subregions in sub-Saharan Africa (SSA), while North Africa has a free trade agreement with the EU. The objective of the EPAs is to establish free trade areas between the EU and the African subregions so that the trade regime is “WTO compatible”: Southern Africa, East Africa, Central Africa and West Africa.

Trade preferences enabling access of duty free ACP products to the EU are considered discriminatory. Non-LDCs (LDCs benefit from the “Everything but Arms” regime) that wish to export to the European Union with a “preferential margin”, in relation to their

competitors must, in return, open up their markets to imports from the EU. Although launched in 2003, these negotiations are ongoing. Undertaken with the RECs, the aim of the negotiations is to strengthen regional integration. The RECs highlight several challenges: i) divergent interests within the RECs between non-LDCs willing to open up their markets to the EU in exchange for access to the EU market, and those who fear that this market liberalisation would destabilise their production sectors and deprive them of tax revenue; ii) the need to implement a common external tariff, although some countries are involved in different RECs in Central Africa and Southern Africa; iii) the additional development aid expected by ACP countries to build their productive capacities is in conflict with the EU’s budgetary constraints.

In light of the failure of the WTO negotiations (multilateral liberalisation), the EC stepped up parallel negotiations with Asia and Latin America, which are Africa’s competitors (bananas, coffee, cocoa, etc.), thereby automatically reducing ACP preferential margins on the European market. The EPAs must be concluded before October 2014. Failing this, some countries will sign bilateral agreements, jeopardising the regional integration process. The fisheries issue is also a bone of contention with the EU, whose bilateral fishing partnership agreements are of interest to fewer and fewer countries and require a veritable regional and continental strategy. Tuna caught by European ships is only remunerated at 12% of its value, a far lower rate than other natural resources (usually 30%).

History and proximity lead African countries to prioritise relations with the EU. But, given its future market prospects, Africa is already engaged with other partners: the United States (AGOA), China, Japan and Brazil. Most are preferential agreements negotiated with countries with mining and oil resources. They perpetuate the specialisation that African countries have in exporting unprocessed or minimally processed natural resources, in exchange for investment in infrastructure and imports of manufactured products.

1. WTO agricultural agreements are making little headway and, as a result, bilateral trade agreements are being negotiated

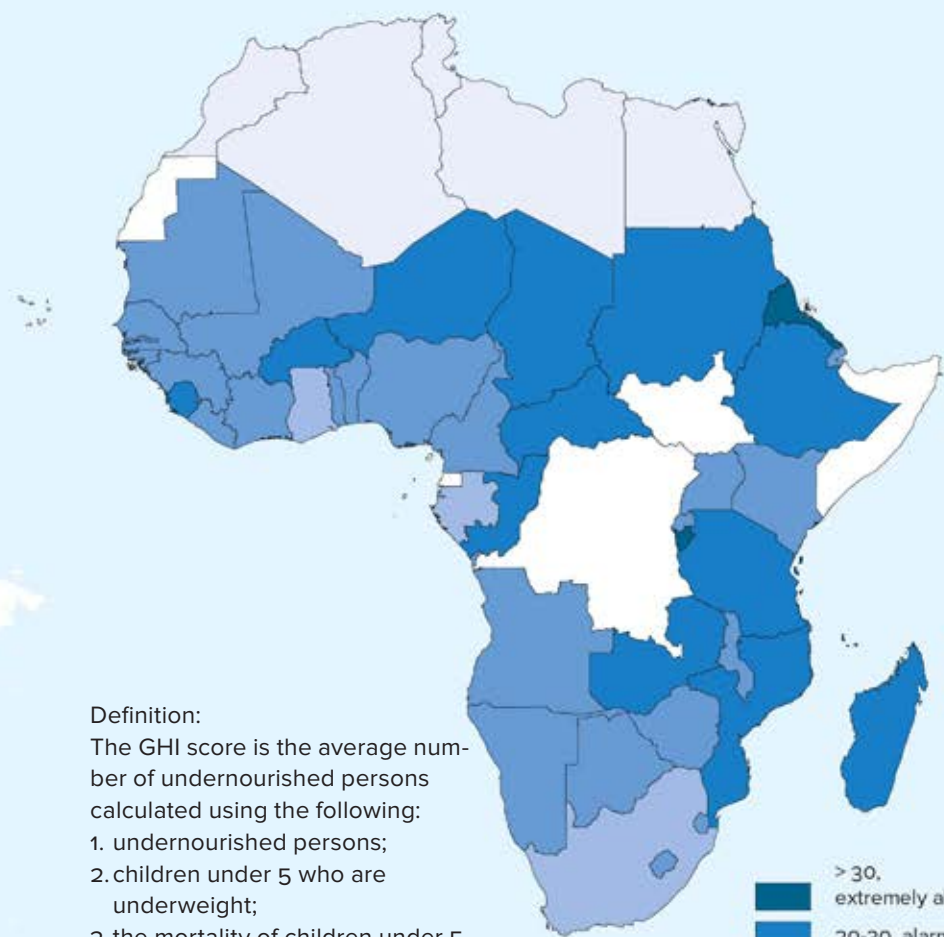
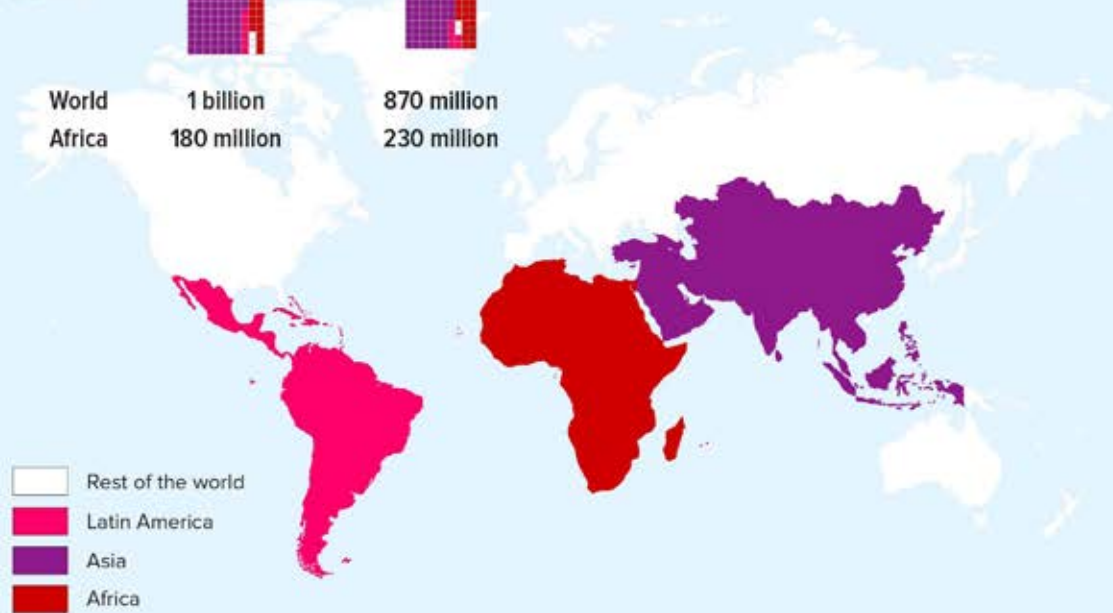
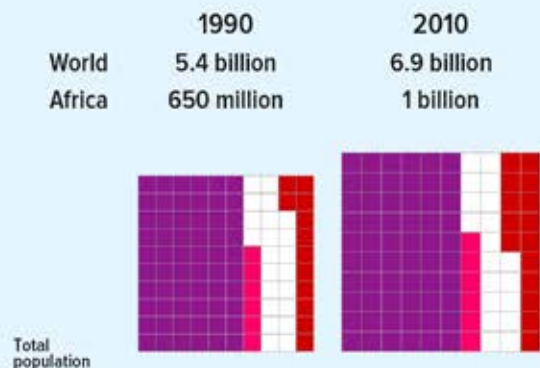
2. EU trade with Africa is declining in favour of trade with emerging countries, China in particular

3. Trade agreements with developed countries have done little to help African regional integration

Hunger and malnutrition

Hunger Index 2013 (GHI)

Number of undernourished people in the world and in Africa



Definition:
 The GHI score is the average number of undernourished persons calculated using the following:
 1. undernourished persons;
 2. children under 5 who are underweight;
 3. the mortality of children under 5.
 GHI 2013 is calculated with 2008-2012 data.



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Hunger, a persistent problem across the continent

Despite significant progress in farming and the fact that food insecurity has become less frequent over the last 20 years, Africa is, according to the FAO, the only continent where the absolute number of undernourished people has increased over the same period. In 1990, less than one undernourished person in five was living in Africa, while today's figure has risen to over one in four. Along with South Asia, Africa is the continent most seriously affected by food insecurity.

However, the situation varies in different areas. In North Africa, despite a strong and growing dependency on imported food, food insecurity remains a marginal problem, mainly due to substantial state subsidies covering basic foods. Southern Africa is also affected to a lesser degree, although the poorest communities often suffer from insecure food situations. East Africa is the most severely affected region. Five countries (Ethiopia, DRC, Tanzania, Sudan and Kenya), only one of which lies outside this region, are home to over half the undernourished people living in Sub-Saharan Africa, but to less than a third of its overall population. A number of countries have seen marked progress in recent years (Ghana, Angola, Cameroon and Malawi), with both agricultural and economic growth. The situation has deteriorated in a smaller number of countries, mainly due to conflicts and the AIDS pandemic (Zambia, DRC, Burundi, etc.).

The effects of hunger are felt unequally within each country

Food insecurity remains an essentially rural phenomenon. Most rural households buy at least some of their food supplies from the market, particularly during years when the harvest is poor and prices are thus higher. Rural incomes are low and irregular, and this factor combines with the instability of food markets, particularly in areas with shortages, to increase the concentration of food insecurity in rural areas.

Food insecurity also varies according to the season. In rural areas, the longer the period since harvest time, the more people's food stocks diminish and prices rise. The instability of prices

throughout the year is exacerbated by the contained nature of local markets and the fact that national markets are restricted and relatively isolated from regional markets. This seasonality has a particularly strong impact on households that are highly dependent on the market for their food, such as pastoralists in the Sahel region or East Africa and temporary workers in East and Southern Africa.

Food insecurity has a particularly strong impact on young children and their mothers; within families where the best food is sometimes kept for the men, young children along with pregnant and breastfeeding women are more liable to suffer from nutritional deficiencies. Child malnutrition can have a long-lasting effect on children's intellectual and physical capacities and can jeopardise the future of entire swathes of the population. Between 7 and 16% of cases where schoolchildren repeat a year are linked to malnutrition.

Hunger is also affecting the urban poor

Food insecurity is a problem that affects the rural world more than cities because the people producing food often do not make enough to feed their families due to the lack of adequate access to means of production (land, manure, tools), and rural communities are poorer and struggle to buy the food they are missing. Food availability has certainly increased, but the per capita production of cereal grains is lower than it was in the 1960s and has been stagnant for 30 years. The people who are most dependent on this production are poor communities, whereas the more affluent sections of society have benefited from the increased availability of more diverse foodstuffs.

However, the food insecurity profile is changing. Although at-risk communities are still concentrated in the countryside, their numbers are increasing in the cities. This is the knock-on effect of the growing number of urban dwellers, most of them having fled rural poverty. It is also linked to the instability of living and working conditions as well as family and neighbourhood ties that are weaker in the urban environment.

1. One in four undernourished people in the world live in Africa

2. Rural communities are linked to food markets and significantly hindered by price instability

3. Malnutrition mainly affects children and their development potential



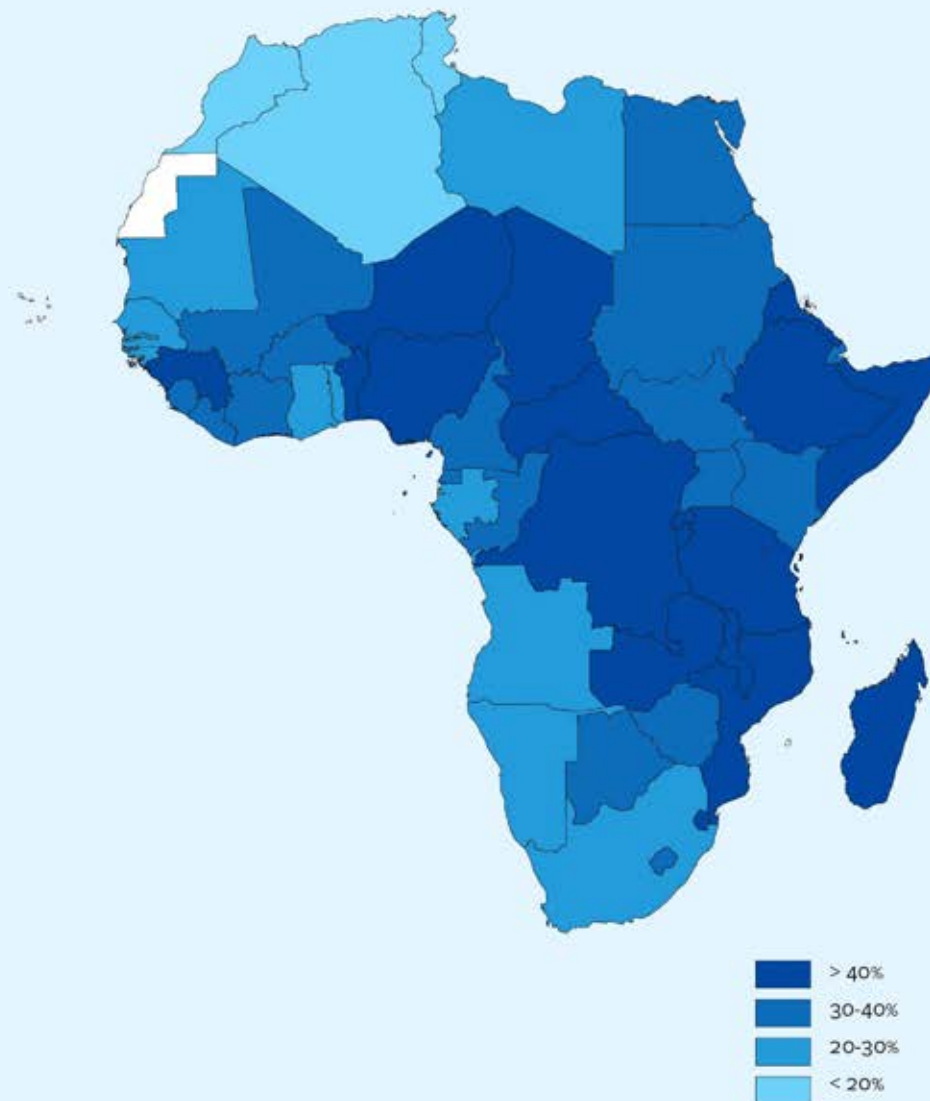
Hunger and malnutrition

Share of food purchased by households

Country	Capital	Rural Environment	Year
Benin	88%	66%	2003
Burkina Faso	93%	51%	2003
Cameroon	93%	58%	2007
Côte d'Ivoire	92%	51%	2002
Ghana	100%	74%	2006
Guinea	95%	49%	2007
Mali	97%	56%	2006
Mauritania	100%	88%	2004
Niger	99%	50%	2007
Nigeria	82%	64%	2003
Senegal	100%	87%	2005
Sierra Leone	99%	58%	2003
Chad	98%	58%	2003
Togo	100%	72%	2006

Sources : CIRAD, Afrisat, AFD

Chronic malnutrition: % of children under 5 with growth delay (2012)



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Sources : WHO

Hunger, an issue for agriculture and beyond

Increased agricultural production and economic growth have pushed up theoretical per capita food availability by around 10 % over the last 20 years. Only a handful of countries in East and Southern Africa as well as countries destabilised by conflicts have seen this figure drop. So why has food insecurity risen? Simply because food availability is only one of the factors in hunger and malnutrition. The link to agricultural production is even more complex.

Poverty, conflicts and food insecurity

Economic access to food has become the decisive factor in food insecurity. For the poorest communities, whether rural or urban, food is their main expenditure item. This applies to all countries regardless of their level of economic and agricultural development. Food insecurity is first and foremost about poverty and inequalities.

While household food security is usually threatened by isolated events, such as loss of employment or the death of a family member, certain climatic, political and economic problems affect entire regions. Political crises can gradually plunge countries into structural food insecurity, while recurring droughts in some regions, such as the Sahel and the Horn of Africa, have contributed greatly to exacerbating food situations that were already fragile. Most coastal countries, and their cities in particular, were hard hit by the food price hikes in 2007-2008 and 2011-2012.

A combination of economic, social and health causes

Food quality and diversity, the health and safety conditions governing food preparation and consumption, and the distribution of food within the family unit are all elements that are just as important as the quantity of calories available per person. Consequently, family economic conditions are important, but social factors, particularly equality between women and men, are decisive. Access to education and health as well as women's integration in local gover-

nance institutions are the key to making major progress.

To an even greater degree than food insecurity, malnutrition has multiple causes. Access to mother and child health services, food diversity for very young children and the burden of work on pregnant and breastfeeding women are all factors underpinning child malnutrition. At-risk areas are not always those with shortages of cereal grains.

The case of West Africa illustrates the multiplicity and complexity of the factors leading to food and nutritional security. Over the last 30 years, per capita food production has climbed at the same rate as in Asia, including in several landlocked Sahel countries. Nonetheless, the area has an alarming rate of child malnutrition and has been experiencing a succession of crises since 2000. They all result from a combination of factors, such as drought and floods, which reduce the local production, the instability of international and regional markets, political instability and demographic booms. These successive shocks have eroded households' living systems, making them yet more vulnerable to further shocks.

The relationship between agriculture and food security

Agricultural development is a necessary condition for reducing food insecurity, but is not sufficient by itself. Essentially, agriculture is an indirect factor underpinning food security. Since it represents the poorest communities' main economic activity, its development provides resources that enable rural inhabitants to reduce variations in the quantities produced, to ensure surplus food that can cover households' occasional shortages and, most importantly, generate income so that they can buy diversified foods and other basic goods.

A combination of policies is therefore needed in the fight against hunger and malnutrition: policies that aim to develop agriculture (including land reforms) and non-agricultural activities, to strengthen household resilience and to reduce inequalities in health and trade, among others.

1. Poverty and inequalities are at the heart of undernourishment and malnutrition

2. Agricultural development is a necessary condition in the fight against food insecurity, but is not sufficient by itself

3. The fight against malnutrition requires a combination of social, economic and health initiatives





SECTION 2

Policies, institutions and stakeholders

For 10 years, the CAADP has been encouraging a Pan-African process to put agriculture back at the centre of the agenda for African states and regional economic communities. By doing this, it has managed to remove the barriers between institutions and stakeholders and to encourage international coordination to support policies and programmes initiated by Africans.

This progress is all the more important as it was achieved in a challenging context. Agricultural institutions and public policy instruments have been considerably weakened by 20 years of simultaneous state and private sector disinvestment and reduced international assistance for the agricultural sector. Most agricultural producers do not have the institutional and financial environment that enables them to manage their farms and adapt to environmental and market changes. However, at the same time, new stakeholders have emerged and structured themselves. This is especially the case for the agricultural organisations that became key players in formulating and implementing agricultural policies.

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CAADP

The five objectives to be reached by 2015 as set by African leaders

1. Dynamic agricultural markets within and between African countries and regions;
2. Active farmers in the market economy and the continent to become a net exporter of agricultural produce;
3. A more balanced distribution of wealth in favour of rural populations;
4. Africa to be a strategic player in agricultural science and technology;
5. An agricultural production that causes no harm to the environment and a sustainable management of natural resources in Africa.

The four fundamental pillars

Due to structural constraints that burden agricultural development, CAADP has chosen to structure investment programmes and development around four fundamental pillars:

Pillar 1: Land and water management, with the objective of increasing the surface area of farmed land within the framework of sustainable land management;

Pillar 2: Market access, by focusing interventions on improving rural infrastructure and the development of trade-related capacity;

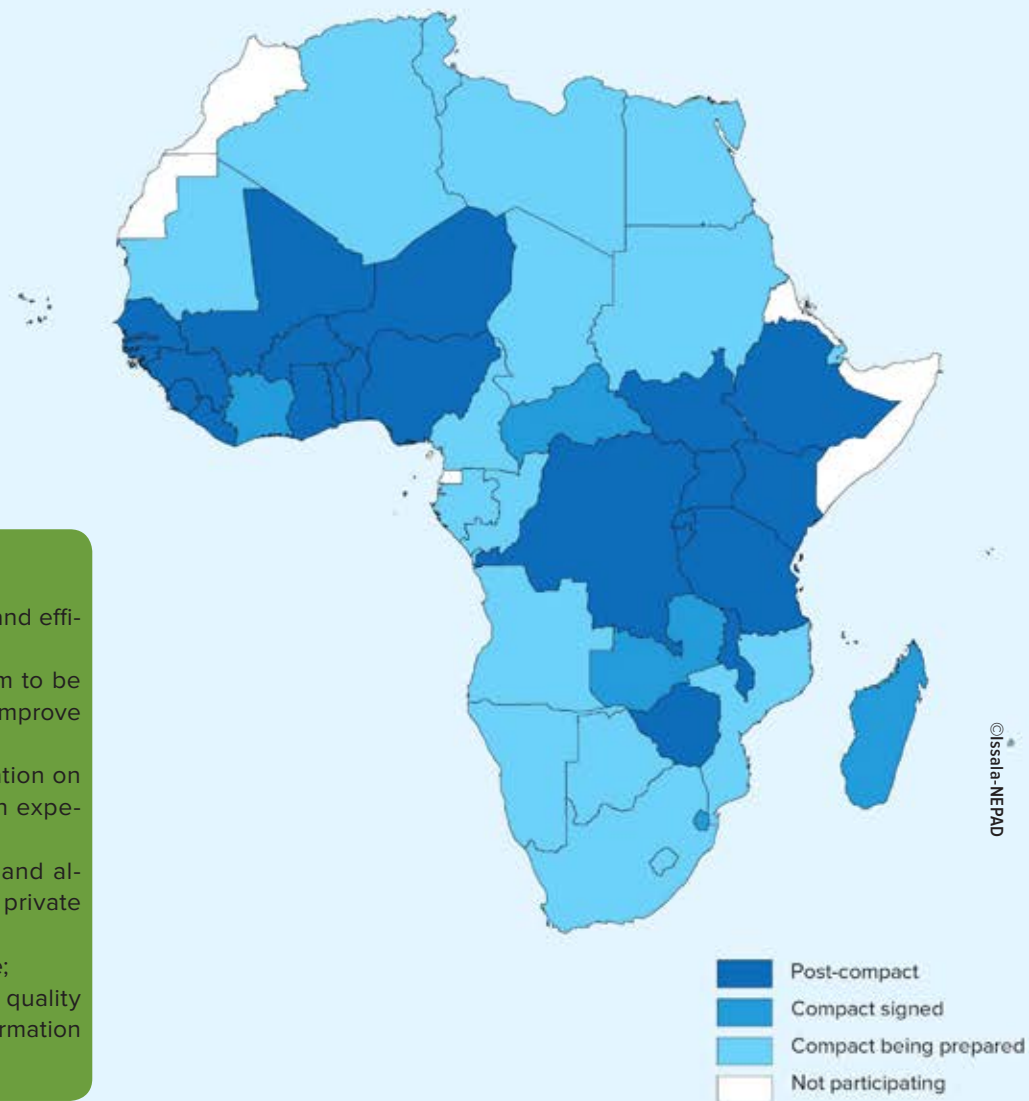
Pillar 3: Supply of food products and the fight against hunger, with priority given to increasing the food supply, reducing the vulnerability of rural households and risk management;

Pillar 4: Agricultural research, with emphasis placed on research development, knowledge sharing and management, and technology dissemination and adoption..

The six areas for action

- Strengthen policy design processes and efficiency of implementation;
- Support institutions in order for them to be more efficient and accountable, and improve governance of natural resources;
- Encourage planning and implementation on more inclusive foundations based on experience;
- Improve coordination, partnerships and alliances both within and between the private and public sectors;
- Foster public investment in agriculture;
- Increase production of and access to quality data and knowledge, and provide information to the public..

Progress made by countries (2013)



NEPAD's agricultural mandate: creating an agricultural revolution

After ten years, the CAADP is establishing itself as a locus for interest in sustainable development in the agricultural sector in Africa. Many former sceptics have now become fervent supporters of the dynamic, whether from the public sector or the African civil society, bilateral and multilateral, or technical and financial partners. CAADP has now become a recognised “brand” throughout Africa and the rest of the world.

CAADP: the expression of true pan-Africanism

CAADP has established itself as the expression of the reappropriation of agricultural policy by the African states. It is therefore a means of breaking away from the conditions, ties and restrictions imposed by structural adjustment. This rupture can also be seen by the states' renewed efforts, with the commitment to allocate 10% of national budgets to agriculture.

CAADP is not a programme but an approach and a political act. It is an approach in the sense that the NEPAD Agency (NPCA) is not involved in the implementation of policies or investments and does not have a normative role. It proposes a method to countries and regions that enables them to establish agricultural priorities based on key principles: i) coordination between national stakeholders, including agricultural organisations, ii) alignment with major macro-economic balances (hence a phase of economic modelling in order to calibrate the required investments), iii) subsidiarity, by leaving countries to define their own priorities, entrusting regional economic communities with alignment and regional actions and, finally, by asking the NPCA and the African Union Commission to ensure technical support and strategic management; iv) collaboration and dialogue with donors; v) accountability; and vi) for some time now, seeking alliances with the entrepreneurial sector over and above agricultural producers.

It is also a political act, however, as it is centred on international commitments in terms of the efficiency of assistance for strengthening African leadership. It has taken the Paris Declaration at face value in its creation of a support system capable of channelling the renewed enthusiasm in the agricultural sector. “Alignment” is certainly the CAADP's most important keyword.

This is one of the only initiatives to have enabled the constitution of a multi-donor fund that is managed in a unique way. The CAADP has therefore been a catalyst for African initiatives to define national priorities, as well as for the process of Africans' regaining control of the dialogue with financial partners.

CAADP, a player's game

CAADP has not escaped political contingencies. In the early stages, some international institutions competed to find favour with NEPAD and the AU and to ensure their assigned expertise. Technical and financial partners, who previously prioritised “their own countries” or “their own RECs”, have sought to direct support towards specific regions based on the influence gained through the funding provided. In view of the CAADP's visibility and legitimacy, it is therefore logical that it should arouse either extreme interest in order to win its favour or even protection, or complete rejection, in particular from organisations that had not found it to be the platform they had hoped for. The programme therefore acts as a business for several interest groups, some of which attempt to claim ownership and use it as leverage to mobilise funds. Others, its detractors, exploit it by attacking it from a distance. The most frequent disputes revolve around the role of biotechnology or of the private sector in development. In reality, CAADP leaves countries to manage such issues themselves.

Nor is the approach monolithic from within the process. The debate, or sometimes the controversy, focuses on the precise role of the state and the private sector, the position of technology and the role of social and institutional relations in development dynamics. CAADP also becomes, at times, a stake in ideological struggles surrounding insertion in the international market, redistributive intervention of production factors (land, access to water and roadways) and the validity of price signals in stakeholder strategies, among others. This applies to all groups, including African institutions, experts, technical partners and even agricultural organisations.

CAADP has endeavoured to minimise the risk of cleavage through the organisation of an open and pluralist debate. How-

1. CAADP is not a programme but a method and a political act

2. It is open to discussions on controversial questions rather than providing ready-made solutions





Agriculture, one of NEPAD's six thematic areas

Agriculture and food security are at the forefront of NEPAD's six thematic priority areas. The other five areas, however, also have a significant impact on agriculture and food; (i) climate change and natural resource management; (ii) regional integration and infrastructure; (iii) human development; (iv) economic and corporate governance; (v) cross-cutting issues (gender, ICT, capacity-building).

RECs in the CAADP process

Regional Economic Communities, with the support of leading technical institutions selected by NEPAD, offer support to countries in the design and implementation of NAIPs. They mobilise their states in order to define regional policies and programmes that are complementary to the NAIPs. RAIIPs makes it possible to: (i) achieve economies of scale by pooling technical and financial resources; (ii) manage interdependencies of agricultural economies and shared natural resources; (iii) promote regional markets and manage the interface with global markets. The RAIIP has also been the subject of external reviews, round tables, the signing of a pact and a business meeting.

The CAADP process at country level

CAADP's implementation prioritises the national level. The structure of the National Agriculture Investment Plan (NAIP) is based on a review of the agricultural sector; the modelling of investments required to ensure annual agricultural growth of at least 6%, which is essential in order to meet the ambitious CAADP targets and the Millennium Development Goals, especially in terms of reducing hunger and extreme poverty. National investment planning is carried out on the basis of modelling and within the framework of close cooperation between socio-professional stakeholders. It is subject to an external review organised by NEPAD. The NAIP project is discussed at a round table during which the commitments and responsibilities of the various stakeholders (state, producer organisations, private sector, development partners) are defined and registered in a national pact known as the "the Compact". A meeting is held to discuss national funding and contributions from external partners.

ever, faced with the current challenges, it has to assume a higher number of political positions, which it is able to do thanks to the legitimacy and authority acquired by Africans.

Challenges faced by CAADP

The first challenge is to respond to hopes raised at country and REC level and to thereby affirm the impact of CAADP by ascertaining whether or not the process has really contributed to an increase in production and to resource mobilisation. It is too soon to tell and the answer depends on how investments are articulated with economic and institutional policy reforms, which could create an environment that encourages farms to increase investment. The issue of investments has attracted attention since the African party and donors agree on it, but economic policy reforms may seem like a minefield. In practice, however, speaking only of investment runs the risk of creating dependence with regard to funding strategies by donors. Economic regulation will need to be at the core of CAADP, and this concern has been present from the beginning. Since Africa has asserted its leadership of CAADP, these controversial issues are going to be easier to approach in an independent manner.

A second risk is that of increased bureaucracy within CAADP. Some stakeholders consider that CAADP “does not speak enough to their problems”. They view CAADP as overly focused on method and process – which coincides with NEPAD’s mandate – and lacking focus on farmers’ priorities. Such priorities include prices, sources of funding, market opportunities, distribution of

added value across sectors and ownership of natural resources and land. If this discourse is not sufficiently addressed at state level, then NEPAD’s involvement will be required. A vision of agriculture at the continental level is now needed. This is a process that CAADP has undertaken, entitled “sustaining the CAADP momentum”. This exercise should help to better understand the role of agriculture in rural and global development.

The third risk stems from centrifugal tendencies of different origins: experts and institutions have a high capacity to invent new concepts that become the norm for action, yet whose lifespan is aligned with that of the emergence of a new paradigm. These can, however, divert decision-makers from the structural pathways and commitments necessary for the creation of a development dynamic. The risk of dispersion is also internal: national authorities remain sensitive to promises from partners and competition is created for often limited resources, particularly when lists of priority countries are drawn up. In the medium term, this could jeopardise the continental dynamic and runs the risk of causing African leaders to lose control of events.

This competition also applies to private sector resources, which administrations admit they cannot do without. The concern for NEPAD is therefore to ensure that investor interests converge with those of the main stakeholders, and it is thus important that producer organisations put their opinions forward and engage in dialogue with the other private investors.

Almost 10 years after its launch, CAADP is at a crossroads, while most African countries have initiated their process, and some are already eight years down the line.

3. Late 2013: 37 countries have signed a “compact”, i.e. a contractual agreement between stakeholders

4. 28 countries have completed their NAIPs and set up a business meeting

Regional economic communities

ECOWAS

Economic Community of West African States

15 members



UMA

Arab Maghreb Union

5 members



COMESA

Common Market for Eastern and Southern Africa

19 members



EAC

East African Community

5 members



CEN-SAD

Community of Sahel-Saharan States

25 members



ECCAS

Economic Community of Central African States

10 members



SADC

Southern African Development Community

15 members



IGAD

Intergovernmental Authority on Development

6 members



Regional integration and policies

Since the early 2000s, economic and trade globalisation has been accompanied by an acceleration of the regional integration process. Regionalisation is deemed a powerful method of creating opportunities for agricultural producers, playing on comparative advantages and trade-offs among countries in case of deficits. It aims to improve cross-border trade policies while enabling countries to unite to better protect their interests in the international arena. Africa is still the least integrated continent in the world: a mere 10% of the external trade of its 54 countries is conducted within Africa (72% for the EU, 52% for Asia).

This renewed momentum affects all subregions in Africa, although it is clearly less visible in North Africa, where the level of intraregional trade is very low (2.7%). In East and Southern Africa, the three regional organisations – EAC, COMESA and SADC – have been committed since 2008 to creating a vast “tripartite” free trade area comprised of 26 countries and accounting for half of Africa’s GDP and a population of 530 million. Trade within SADC is estimated to be 15% of the total trade of all its member states. In Central Africa, there are two regional integration institutions — ECCAS and CEMAC (CFA franc zone) —, and several countries belong to other subregional groups, making it extremely difficult to accurately define the parameters of a customs union. Political instability in several countries in the region is significantly hampering the integration process. This region’s internal trade volume is very low, standing at a mere 1%. West Africa also has two integration areas — WAEMU comprising eight countries of the CFA franc zone, and ECOWAS with 15. The two institutions have just established a customs union with a common external tariff. Intra-area trade is valued at between 12% and 15% of total trade, with trade in agricultural goods (cattle, cereals, fruit and vegetables, black-eyed beans) accounting for a significant portion.

Regional trade volume is underestimated but low

Estimates of intra-regional trade volumes are based on official statistics (customs declarations) that underestimate the volume of trade conducted. Many transactions are never recorded. Trade is still being hampered by numerous formal and informal barriers. Corruption at borders increases transaction costs. The potential opportunities for regional trade are underexploited due to a lack of transport infrastructure. Multiple currencies, complex and unfamiliar regulations, and the difficulty of obtaining authorisations from administrations, among other things, all exacerbate the challenges and discourage economic operators.

Regional agricultural policies are becoming more widespread

The deepening of the regional integration process at the REC level, along with the NEPAD initiative, has led to regional agricultural policies being developed to complement national policies. In 2005, ECOWAS adopted the ECOWAP, which was supplemented in 2010 by a regional agricultural investment programme. SADC began the same process and adopted the Regional Agricultural Policy (RAP) in June 2013. ECCAS adopted Central Africa’s Common Agricultural Policy in July 2013. These two regions are preparing the RAIP that will make the regional policies operational. The East African Community has had an agricultural policy and a rural development policy since 2006. It adopted an action plan for food security in 2011 that is aligned with CAADP priorities.

The African Union has initiated a process that should ultimately lead to the creation of an African Economic Community. It has outlined six stages. The next stage is to establish a vast free trade area by 2017, followed by a Customs Union and then monetary union. The Minimum Integration Programme (MIP) is dependent on the Regional Economic Communities (RECs) and the convergence mechanism they implemented amongst themselves. Regional agricultural policies contribute to this process, although countries often prioritise a national vision of agricultural development.

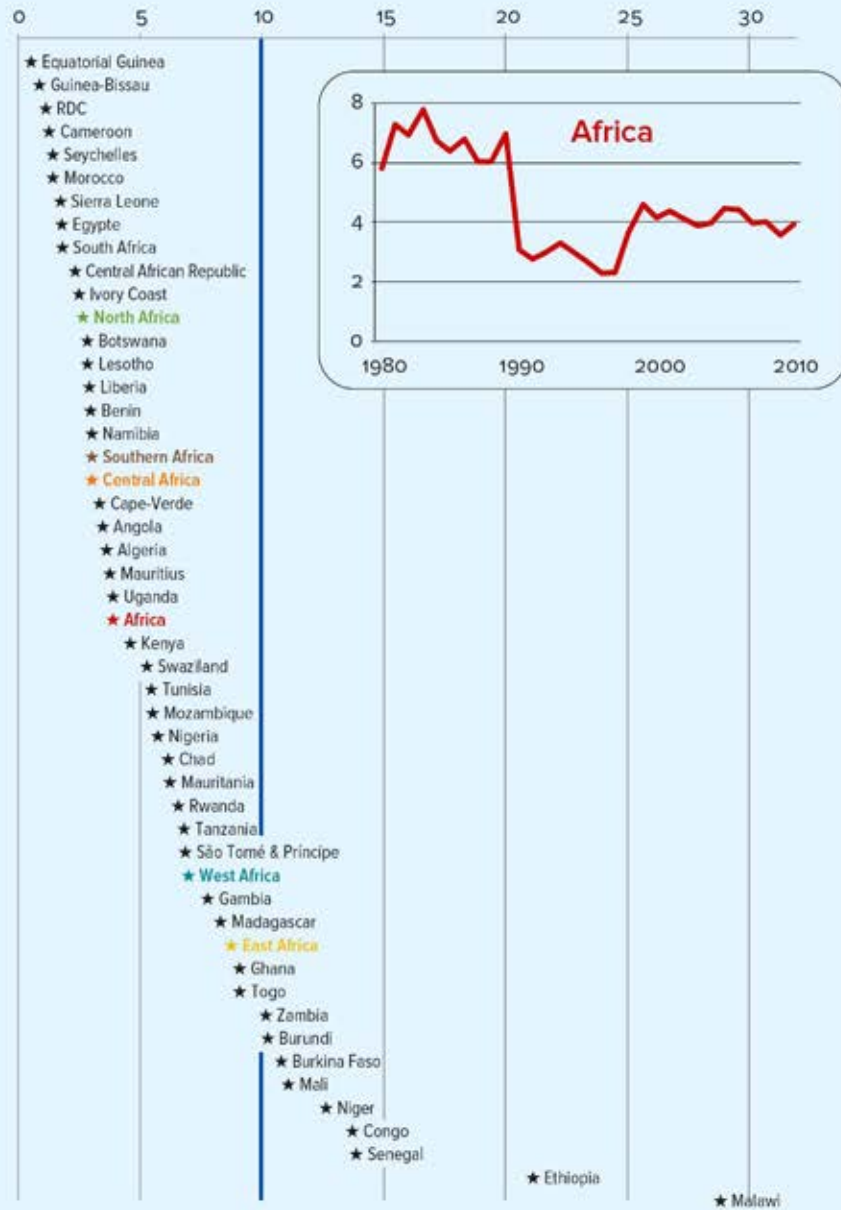
1. Despite the progress made in the regional process, intra-regional trade volume remains low at between 1 and 15% of total trade

2. Conflict and instability hamper economic and trade integration

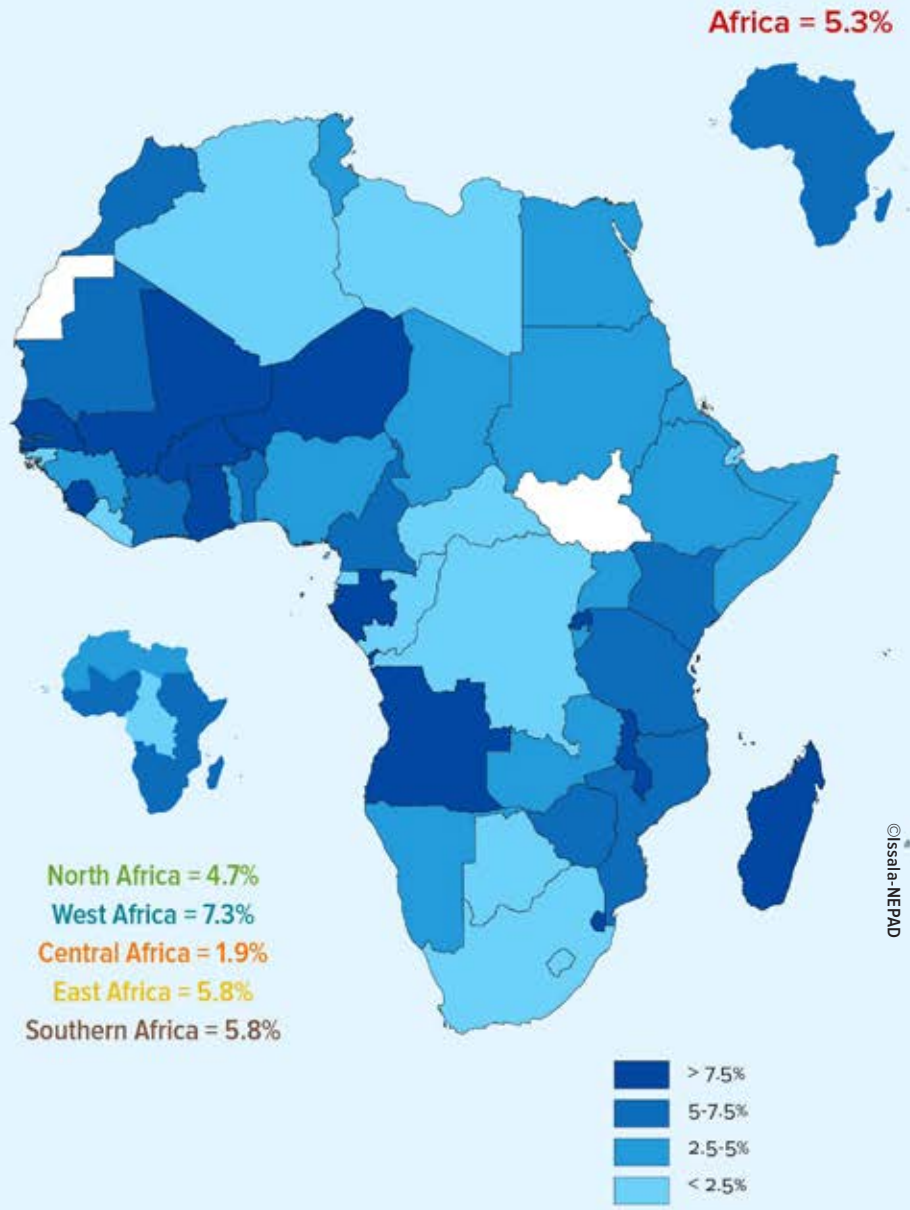
3. Integration at the REC level is an important factor in the development of the agricultural sector

Agriculture funding

Spending on agriculture as a % of government spending 2010 (%)



Agricultural ODA as a % of total ODA



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Sources: ReSAKSS, IFPRI, OECD, IMF, AUC, national sources

Public funding for agriculture

“We, Heads of State and Government of the African Union (...) declare our commitment to breathe new life into the agricultural sector, including livestock rearing, forest resources and fisheries, by introducing specific policies and strategies to assist traditional small farms in rural areas (...). To this end, we agree to adopting sound agricultural and rural policies and to allocating at least 10% of our national budgets to implementing these policies within five years (...).”

Based on IFPRI models, the 10% threshold agreed to by the continent is in line with the average level of investment to be made in order to attain the Millennium Development Goals (MDGs). This spending does not include measures required to improve rural infrastructure (roads, schools, etc), but does encompass agricultural research.

Fewer than 20% of AU member states are meeting the 10% target

What is the situation 10 years after the Maputo Declaration? In 2010, of the 44 countries for which information is available, only 9 had reached or exceeded the target. A total of 22 countries allotted at least 5% of their national budgets to spending on agriculture. From 1980-2010, Africa experienced three phases: the first in the 1980s, when agricultural expenditure exceeded 6%. This was also the time when the agricultural sector was quite heavily taxed. Structural adjustments led to a significant drop in spending in the 1990s, with an average of between 2% and 3%. In the last 10 years, a modest increase has been observed. Average regional spending on agriculture is approximately 4%. The 2008 food crisis was a turning point for national authorities, but the renewed interest in agriculture has not yet been matched by financial injection into the sector. Two trends have been observed over this period. Countries that allotted less than 5% of their budget to agriculture in 2003 have often reduced their spending in the sector. On the

other hand, most countries that allocated more than 5% did just the opposite and increased their efforts.

In addition to the level of spending, the way in which funds are spent is an important factor to consider. Generally, operational expenditure accounts for a significant proportion of resources. The percentage of net flows to production subsectors varies considerably. Production areas with the greatest growth potential often receive government support. Livestock rearing is largely ignored in trade-offs.

Agricultural ODA is increasing slightly

Official development assistance (ODA) earmarked for agriculture has declined significantly in the last 30 years: from 16% of total ODA in 1980 to 3% in 2006. Similar to government budget analysis, there is a complete disconnect between the economic and social importance of the agricultural sector and resource allocation. Agricultural ODA exceeds 10% of total country ODA in only eight African countries. It is below 5% in 29 countries. Since the 2008 food crisis, donors have been attaching increasing importance to the impact of agriculture on food security. However, donor coordination and the alignment of international support with government policy to improve aid legitimacy and efficiency are slow in implementing aid reform. Very often, donors “shop around” within NAIPs and RAIPs, and very few are ready to commit to pooling resources and supporting local structures. Weak local institutions are hampering the real exercise of local political leadership and the capacity to manage aid resources. The GAFSP (Global Agriculture and Food Security Program) is, however, an effort by donors to channel and coordinate support for agriculture and food security. This multi-donor fund brings together donors, beneficiaries and agricultural producer organisations. Some 10 African countries have already benefited from funding agreements for their NAIP totalling \$430 billion.

1. Agriculture is still neglected in government budgets in the vast majority of countries and this falls short of the Maputo commitment

2. Aid is deployed outside the scope of local institutions, which further weakens them



The failures of development and financing institutions

The farming sector needs a wide range of institutions: financial institutions to provide access to credit, insurance companies to cover risks, scientific research institutions to improve crop varieties and identify new production and processing techniques, partners able to offer economic and technical support, information systems to assist in positioning in markets, and so forth. Such mechanisms existed prior to the 1980s and 1990s. Often designed to manage the activities of smallholder farmers, these mechanisms were not always particularly efficient and have been swept away by rounds of structural adjustments.

The vast majority of producers are isolated and suffer from a total lack of public policies to support them during growing seasons and to assist them in the modernisation of their farms.

For a minority of producers, project structures or producer organisations — which are ill-prepared for implementing and managing services — fill the role previously played by public institutions. In either case, rarely is the support they deliver sustainable in the long term, ceasing once external funding dries up. These support services are too costly for small-scale producers to be able to pay the full amount.

Credit and risk coverage: the alpha and the omega

The absence of production loans is the biggest hurdle. Other links in the chain are equally deficient: input distribution networks, storage, processing plants, marketing, etc. Farm banks have often been restructured or dismantled. Where they do still provide finance to producers, they tend to favour structured sectors (usually for export) in order to be sure of repayment, with harvests used as collateral. Commercial farmers are able to access stock market financial products either directly or via their cooperatives.

As a rule, the interest rates applied to the farm sector are very high (over 15% annually), and are incompatible with the sector's profitability levels. Microfinance systems have been established in many countries, but their ability to fund investment spending

and growing seasons is limited, and microcredit remains costly owing to the close supervision of beneficiaries that such systems require. The use of payment systems that rely on mobile telephone networks is developing considerably, cutting the cost of access to finance, but without addressing the issue of creditworthiness.

Farmers operate in a very uncertain economic environment with high price volatility. Risk is one of the main barriers to investing in agriculture: farmers avoid innovating and reduce their reliance on inputs, and financial institutions will not offer credit without insurance cover. Insurance for harvests and insurance against livestock deaths have met with little success.

Multiple innovations, but scaling up is difficult to achieve

New approaches are emerging, combining access to credit with insurance or collateral. Some of these are promising, such as systems of inventory credit (warehouse receipts) for coffee and cereals, index-based weather insurance and, for large-scale farmers, access to the futures market (South African Futures Exchange). However, many obstacles remain, preventing one-off initiatives from becoming available to the majority of producers.

The absence of a policy for financing agriculture — aside from ad hoc fertiliser subsidies — combined with episodic development aid actions are the two main barriers to scaling up, i.e. building sustainable institutions and delivering technical and financial services adapted to suit the diversity of the agricultural sector as a whole.

Two palliatives are proposed to remedy this situation: i) policies to provide subsidies for equipment, fertilisers and seed; states are often not prepared to provide the requisite financial backing even in the face of demonstrable impacts and profitability; ii) involvement by states acting as economic agents and the establishment of activities supported artificially by donors, thereby disrupting the construction of a true factor market based on the private sector.

1. Fewer than 10% of producers have access to credit

2. Food production sectors have the least access to finance

3. Agricultural risks are high, and are thus the primary barrier to investment

4. No investment without effective public-private risk hedging systems

Agricultural producer organisation

PAFO

Panafrican Farmers' Organisation
 Founded in 2010
 Made up of five regional networks

The PAFO vision::

"PAFO works towards the emergence of a dynamic, prosperous and lasting African agricultural sector. (...) an agricultural sector that guarantees food security and food sovereignty and that is capable of fulfilling the economic, social and ecological functions involved in creating wealth, protecting family and national solidarity and equitably and sustainably managing natural resources."

The seven PAFO objectives:

- defend the social and economic rights and interests of African farmers and producers and their organisations at the continental and international levels;
- promote solidarity and partnership between African farmer and producer organisations;
- develop shared positions on the main challenges involved in feeding the people, developing modern and competitive agriculture and protecting African natural resources;
- influence agricultural policies and strategies at the continental and international levels [...];
- represent African farmer and producer organisations at the continental and international levels;
- help to promote trade in farming products and regional African economic integration;
- share information, experiences and knowledge [...].

ROPPA

Network of Peasant Organizations and Producers in West Africa
 Founded in 2000
 Members: 13 national producer organisation platforms

PROPAC

Subregional platform of farmer organisations in Central Africa
 Founded in 2005
 Members: 10 national producer organisation platforms

UMAGRI

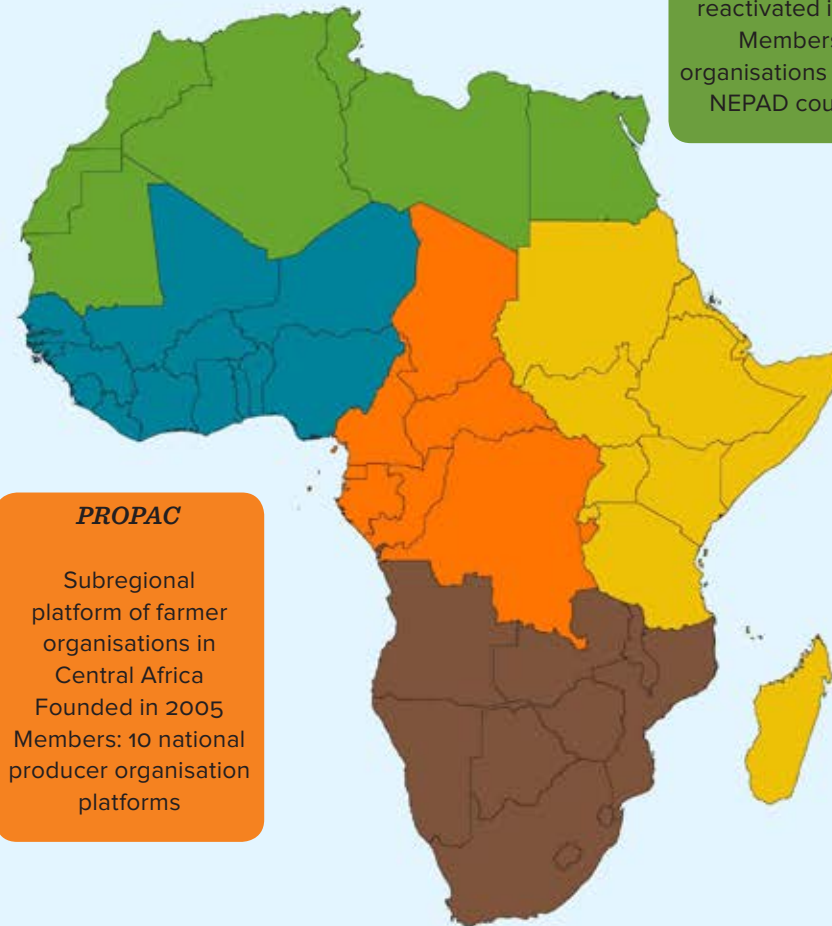
Maghreb Farmers' Union
 Founded in 1989 and reactivated in 2007
 Members: 5 organisations from 5 NEPAD countries

EEAF

East African Farmers Federation
 Founded in 2001
 Members: 19 national organisations from 9 countries

SACAU

Southern African Confederation of Agricultural Unions
 Founded in 1992
 Members: 16 national organisations from 12 countries



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The rise of agriculture producer organisations

The smallholder farmer movement in Africa has not one but many histories. The contemporary context for these organisations is indissociable from Africa's colonial history and from the ensuing actions taken by independent African states. It covers multiple forms of organisations that differ in the way they are structured, their missions, the nature of their members, their size, etc. They often have a pyramid structure, starting at the village level, which performs economic and social functions, and going up to national federations and umbrella organisations.

From the emergence of grassroots farmer organisations...

The colonial powers organised the rural world so they could control it. In the areas selected for producing export crops such as groundnut, coffee, cocoa and sugar, the organisation of planters was a driver for introducing crops, arranging oversight and harvesting products.

In the post-independence period, states took over and began to structure the rural world, often adopting interventionist approaches. This period saw the rise of cooperatives overseen by the state in countries as varied as Tanzania, Egypt, Benin, Niger and Cameroon, but also in most other countries led by governments with authoritarian leanings, Marxist-Leninist regimes or governments fighting colonial aggressions. These regimes assumed strict economic and social control over the farming population and continued to specialise in export crops, negotiating favourable trade agreements with Europe along the same lines as the colonial trade paths (from the Yaoundé Conventions to the Cotonou Agreement in 2000). Marketing boards ensured that prices for producers were low enough to use levies to finance the modernisation of economies and infrastructure. In the food-producing sector, public trade monopolies aimed to guarantee moderate prices for urban populations. Cooperative organisations were an essential link in the chain.

In the 1990s, structural adjustments marked a new era for agriculture, underpinned by the political liberalisation of several regimes.

The drop in prices for tropical products and lack of efficiency displayed by public bodies at a time when states were massively in debt led to drastic revisions imposed by international financial institutions. By withdrawing extensively and suddenly from the agricultural sector, states contributed to the emergence of a more autonomous farmer movement. Producers had to organise themselves in order to take over the roles states had formerly played, with a greater or lesser degree of success. These roles included the supply of inputs, support and advice, the grouping of supply, storage and marketing. Other organisations positioned themselves in the trade union sphere. With very few exceptions, producer organisations have a limited economic impact and are highly dependent on external funding. A number of cash crop sectors such as cotton and coffee or a powerful trade sector (Zimbabwe, South Africa) have also formed the basis of agricultural organisations that influence economic strategies and political life. They are universally recognised by the public authorities as stakeholders in negotiating agricultural policies and programmes.

...to organised networks in different subregions at the continental level

The rise of regional integration and sector-based policies served to speed up the structuring of producer organisations at the subregional level in the early 2000s. These regional networks met in 2010 to create the Panafrican Farmers' Organization (PAFO). It brings together two types of regional networks: (i) those made up of national platforms of smallholder organisations (ROP-PA in West Africa and PROPAC in Central Africa) and (ii) those that are direct members of producer organisations in the countries concerned (SACAU in Southern Africa, EAFF in East Africa and UMAGRI in North Africa). They have become active partners of Regional Economic Communities (RECs), the African Union and NEPAD. However, these networks remain fragile due to their members' vulnerability, their difficulties in becoming more professional and, sometimes, their insufficiently representative nature.

1. Producer organisations play an increasingly important role in structuring value chains

2. But they remain fragile and cannot replace public services supporting agriculture

3. Their networks are now recognised as key partners to the public authorities at the national, subregional and continental levels





SECTION 3

Challenges and opportunities for African agriculture

Ensuring the continent's food and nutritional security is a multi-sectoral and global challenge, linked in many obvious ways to standards of living and living conditions. But it is the agricultural development model that is being challenged, as poverty and hunger are the visible results of poor development in rural areas. In light of expected population growth, with millions of young people entering the labour market every year, promoting sectors with many job opportunities is a challenge of paramount importance. Agriculture and the entire agrifood sector is the productive sector with the greatest job creation potential. However, this implies prioritising the modernisation and intensification of family farms.

Africa has cultivable land and water available that could enable it to significantly boost its production. But to avoid jeopardising natural resources, the potential for agricultural growth, higher incomes and a reduction in inequalities is, above all, based on the potential for improving labour productivity and land already developed.

CHALLENGES FOR AGRICULTURE AND FOOD SECURITY

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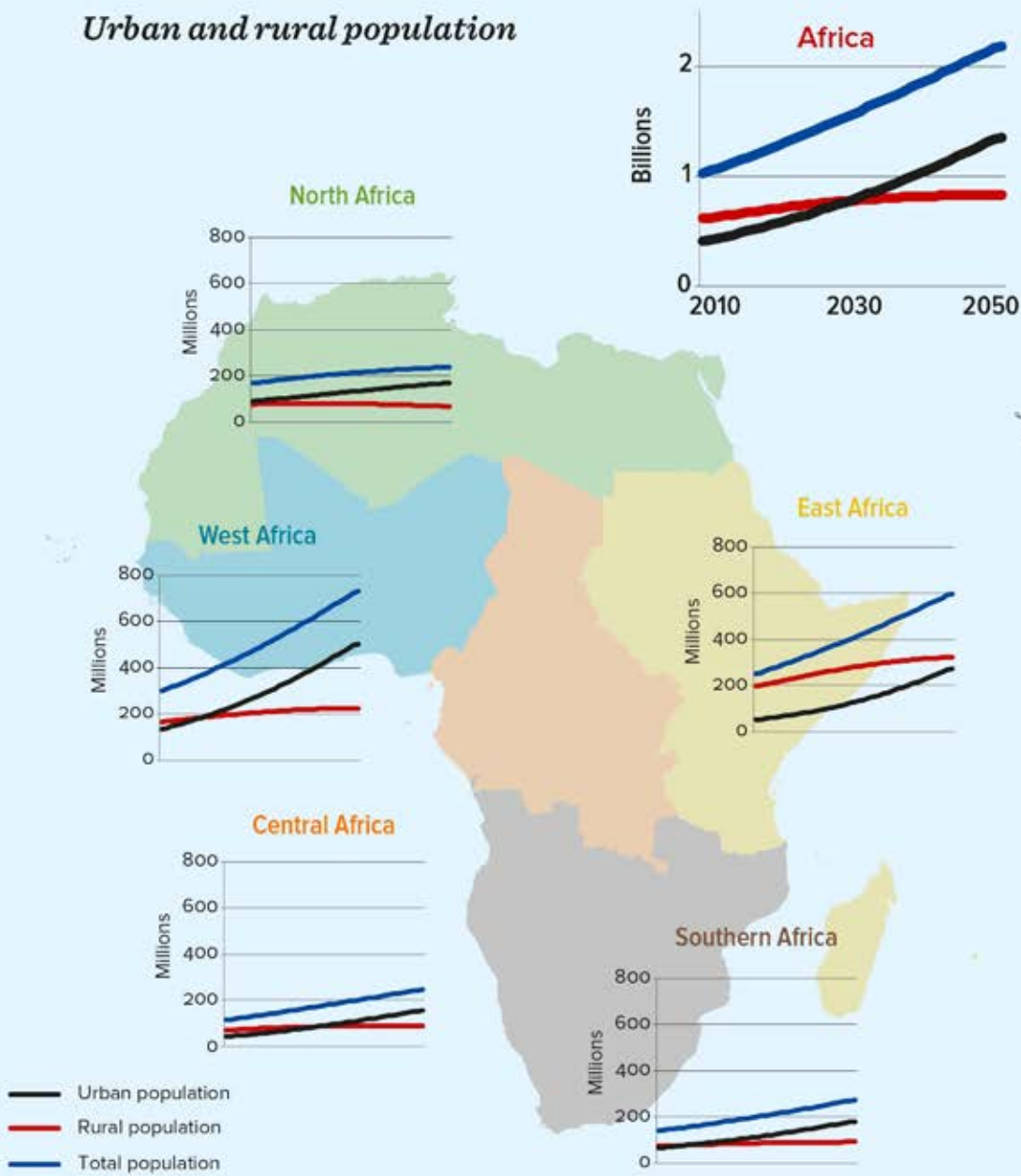
HARNESSING OPPORTUNITIES AND POTENTIAL

PAGE 57

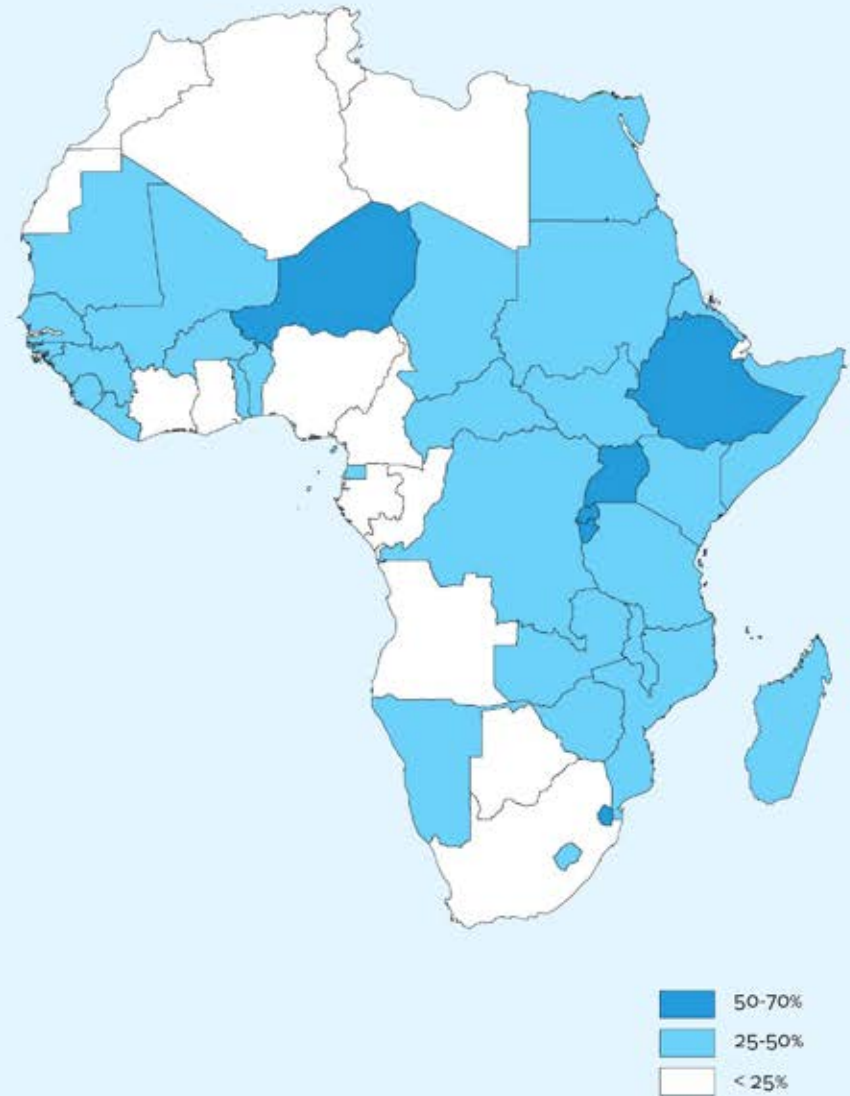


Population, projections

Urban and rural population



Rural population as a % of the total population (2050)



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Challenges for agriculture and food security

Since the Maputo Declaration of 2003, the position of agriculture on national and regional political agendas has been reassessed. The volatility of agricultural product prices on the international market due to pressure caused by the structural increase in global demand and deregulated supply-side policies changed the dynamic. In addition, most analysts (World Bank, OECD, FAO, etc.) expect the price of agricultural products to remain high due to several structural factors: competition for food and energy use, population growth, and rising incomes in emerging and poor countries, etc.

Pursuing agricultural disinvestment would involve major risks for African countries. The reappropriation of food and agricultural challenges by states and regional economic communities, encouraged by the CAADP process, has now begun, although this is still not reflected in agricultural budgets. It meets four major strategic challenges faced by most of the countries of the continent.

Economic challenges: reducing poverty by promoting inclusive growth

More than half of all people living in Africa depend on agriculture for all or part of their livelihood. Based on this premise, fostering agricultural growth means working to boost income and to generally improve the living conditions of one in two Africans, the majority of whom are poor.

Boosting the income and consumption of those working in the agricultural sector is also the most effective method of encouraging the use of local products or services, thereby generating growth in the rest of the economy. Promoting agricultural growth also spurs economic development in upstream and downstream subsectors and, particularly, in those related to the storage, marketing and processing of agricultural products and the distribution of food. There is also considerable job creation potential. Finally, developing the agricultural sector meets macroeconomic challenges. Despite its significant potential, Africa is a net importer of agricultural products today. Although not all countries can expect to meet all of their needs with national production, most can nevertheless aim for a positive agri-food trade balance.

The region as a whole can at least satisfy most of its demand if it manages to exploit its internal complementarities, perhaps even positioning itself as a net agro-exporter.

Countries with extractive resources may be tempted to abandon their agricultural sectors as long-term profits may seem too low. Except in rare cases, this would be the wrong choice. Extractive resources are often exhaustible. The mining of these resources creates very few jobs and most countries are and will be faced with mass underemployment. Agriculture, on the other hand, can create jobs that are properly remunerated. However, there are varying labour needs for the different forms of agriculture. Industrial agriculture, besides the issues it raises in terms of performance in the use of resources, clearly creates fewer jobs than modernised family farming. Once again, the model of agricultural development is at stake, but agriculture is a powerful tool for bringing balance to regions and societies.

Human challenges: reducing food and nutritional insecurity

Although agricultural development alone is incapable of eliminating hunger and malnutrition, it is an obligatory, essential and priority element of this process. First, higher agricultural productivity and more efficient markets for agricultural products reduce food prices, thereby enabling access to food for the poorest rural and urban dwellers. Improving diets depends on an increase in income among the poor and the diversification of local production: in particular, the development of livestock rearing and market gardening subsectors; but also, at times, the development of enriched or fortified products (infant cereals, for example). Securing rural activity systems is a determining factor. Depending on the areas and the factors of vulnerability, this will occur either by securing land (through land reform perhaps), by controlling agricultural risks (for example, the use of irrigation to reduce yield variability related to risks associated with rainfall), by diversifying agricultural activity systems and sources of income (encouraging rural multiactivity), by improving market regulation, etc., or, very often, through a combination of different incentives.

1. Agricultural development is at the crossroads of major strategic challenges for the continent

2. Africa can develop its agriculture while creating jobs, protecting natural resources and ensuring high productivity

3. Agricultural value chains can absorb a large number of young people entering the labour market

Environmental challenges: the sustainable management of natural resources

Agriculture uses but also manages land, water and energy resources. Agricultural development and the sustainable development of natural resources are inextricably linked.

Over the last 20 years, the development of Africa's agricultural sector has mobilised more and more cultivable land. At the same time, the sustainability of some agrarian systems has been threatened by several factors: the effects of climate change, and population increase, which puts pressure on land resources and compromises the capacity of traditional production systems to renew soil fertility. At times, the unbridled use of some agricultural inputs, for example in very intensive suburban market gardening systems (water pollution by pesticides or nitrate residue), poses a threat to the environment and to consumer health.

The challenge in coming years is to accelerate growth in production while controlling its impact on the environment and natural resources such as land, water and energy, which are the foundations for the development potential of future generations. Addressing these issues requires a systemic and lasting boost in the productivity of natural factors, but also the formulation and implementation of rules to protect the long-term interests of people living in these areas. Finally, protecting forestry and fishery resources is a major challenge for Africa and the rest of the world in terms of biodiversity conservation. With regard to forests, the challenge also lies in carbon capture and, consequently, its impact on climate change. African forests are a global public good and their protection requires agricultural development models that prioritise increasing land productivity rather than expanding the amount of land under cultivation.

Political challenges: affirming sovereignty, and contributing to stability, security and Africa's international standing

The development of Africa's agricultural sector is linked to crucial political challenges. The 2007-2008 food riots were a harsh reminder that within the context of more rapid information distribution, securing a supply of food is not only critical from a human development perspective, but it is in fact becoming a prerequisite for the continent's political stability. Supplying urban populations with food was perceived in the past as the most sensitive issue, but greater market penetration in rural areas and an increase in access to information and education will only heighten political sensitivity regarding food and agricultural issues.

Properly managing access to natural resources and their use is a key issue for peace, security and effective land management. An increase in the number of clashes between farmers and livestock farmers and conflicts caused by the expropriation of populations after land has been purchased or as a result of colonial heritage carry the risk of destabilisation and even of crises between neighbouring countries. The extreme inequality of access to land and capital pave the way for sedition movements and social uprisings.

In a context of structural tensions in global food markets, Africa, with its considerable and underexploited agricultural potential, has a strong case to put forward on the international geopolitical stage. Yielding a profit from this dormant political asset would require sustainable productivity growth in order to enhance the value of Africa's agricultural export potential and, above all, control of the production and marketing of agricultural products by African farmers and entrepreneurs. This raises questions concerning the position that the continent will take in international trade negotiations, to become a key player in defining fairer rules for the game.



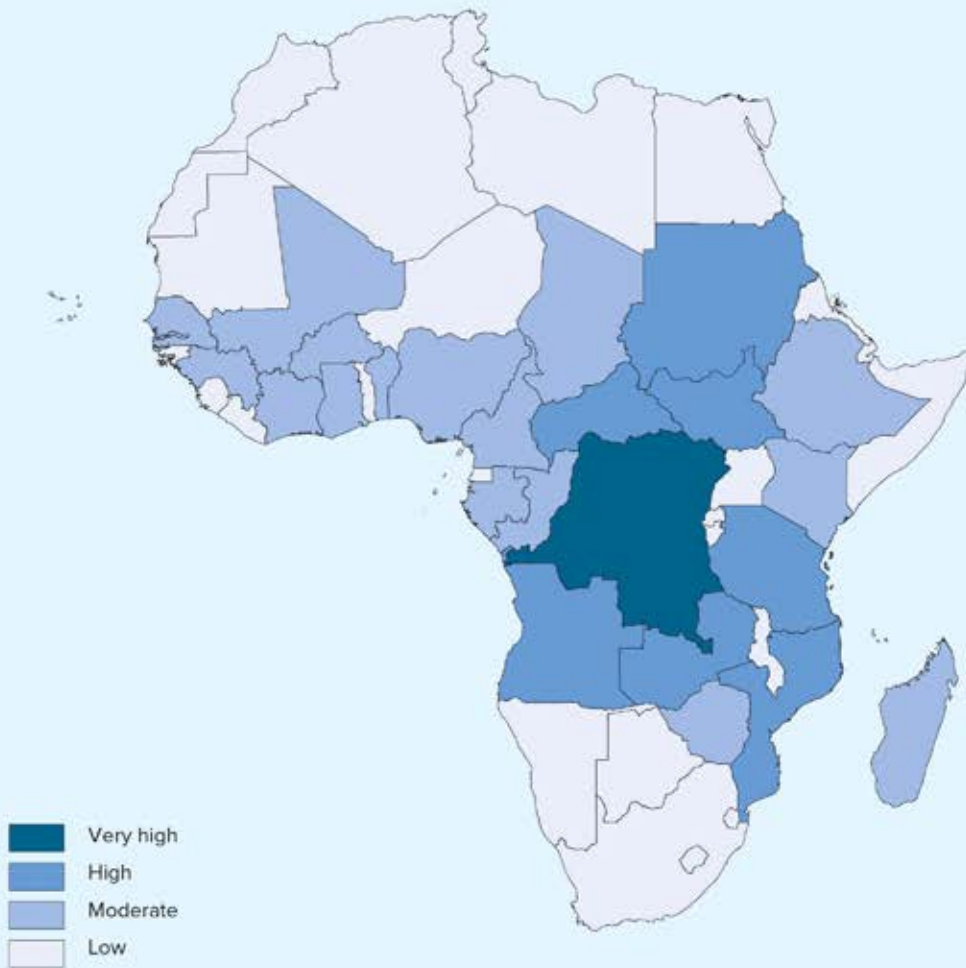
4. Increasing the resilience of farming systems is a priority

5. Protecting natural resources is a major issue for Africa and the rest of the world

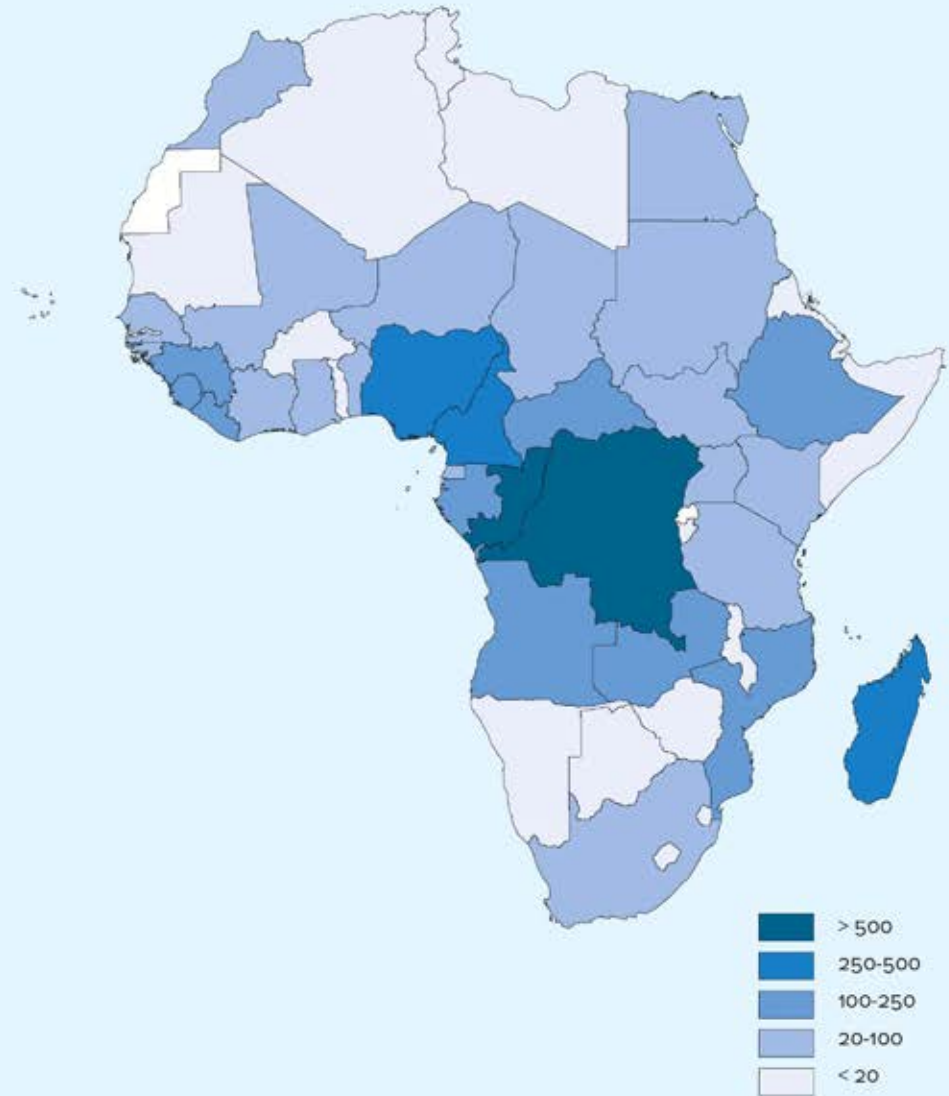
6. By integrating its markets, Africa can avoid dependence and guarantee its food security

Prospective

Potential of unused agricultural land for agriculture (2002)



Total renewable water resources (billions m³/year)



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Sources : AGTER, FAO, GAEZ

Sources : UNEP, FAO

Harnessing opportunities and potential

The agricultural sector in Africa is operating in an entirely new context fostered by the unprecedented combination of a more favourable international environment and major structural changes on the African continent itself.

Underused cultivable land, sometimes available in abundance

Apart from a few exceptions in North Africa, some parts of Southern Africa, regions with considerable pressure on land in West Africa and on the outskirts of cities, agriculture in Africa is based on an extensive model. On average, cereal yields are less than half those obtained in Asia. In the last 30 years, these yields have increased less rapidly in Africa than anywhere else in the world, and the use of fertilisers, pesticides and better seed varieties remains limited. This low level of intensification for African agriculture is often given as evidence that the continent is lagging behind. But it is also and above all a considerable advantage. First, Africa has a higher and more rapid growth potential than other continents. Next, while the majority of the countries of the world attempt to redirect their agricultural sectors towards models that are less harmful to the environment, Africa can pursue this objective of sustainable development by increasing its agricultural productivity.

Low yields in Africa are the result of many obstacles, namely the challenges associated with funding agricultural intensification. However, the availability of land, enabling the regular expansion of land under cultivation, has contributed to the implementation of this extensive agricultural growth model. To improve agricultural production in a context characterised by high availability of family labour, it is often simpler to seek to increase land under cultivation than to invest in intensive agriculture. Land resources, in terms of availability, have been exhausted in the more densely populated areas. They are largely concentrated in a small number of countries around the Congo Basin. However, land that is truly available, and not being used in extensive agriculture, forestry or hunting and gathering, is very limited and should not obscure the reality. To overcome the challenges faced by Africa's

agricultural sector, intensification processes underway must be accelerated and more widely implemented.

Water resources are often underexploited

Contrary to popular belief, Africa has abundant water resources that are very unevenly distributed and underutilised. It is estimated that barely a third of the irrigation potential provided by the continent's main rivers is harnessed. Apart from the Nile, Niger and Southern Africa basins, only a small amount of water is used for agriculture. In addition to this, there is considerable surface irrigation potential at the local level. The limited use of water resources for agricultural purposes is often explained by reduced cost-effectiveness in the recent socio-economic context.

An enhanced and more effective use of water resources will require major investment in infrastructure and, in particular, the implementation of appropriate governance methods. In fact, improved use of water resources implies both risks and opportunities. Necessary trade-offs between tax increases for different types of uses, risks caused by climate change and its effects on water resources and, finally, regional governance issues related to the management of transboundary resources, are just some of the risks of conflicting uses that are, at times, of major concern and international in scope.

Available technological methods to rapidly boost productivity

Sustainable intensive agriculture must ensure the conservative use of traditional inputs, fertilisers, pesticides, better varieties of seeds, and veterinary products, etc., as well as incentives to implement intensive practices based on sustainable techniques (conservation practices, companion planting, animal manure and organic amendments, biological pest control), and investment in equipment to increase productivity.

Of course, research is needed and must be stepped up to enhance certain varieties, to improve local practices and to adapt certain equipment to specific contexts. The distribution and im-

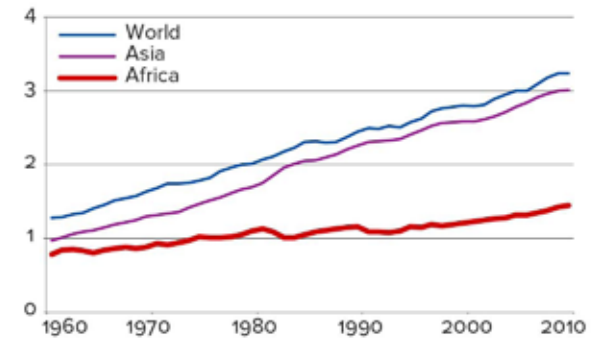
1. Available knowledge already enables productivity growth and the protection of natural resources

2. Land and water resources exist in large quantities, but are fragile and exhaustible

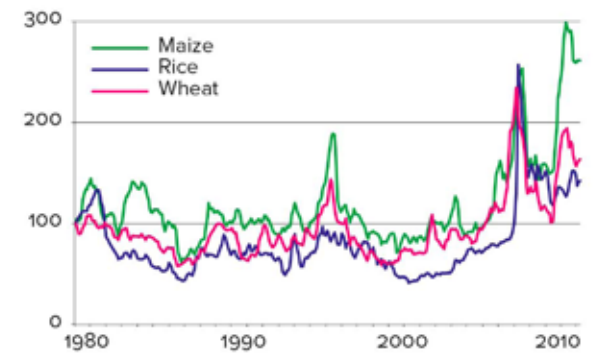
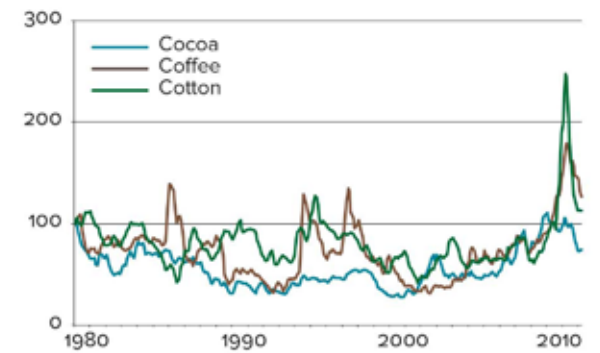
3. Africa can increase inputs without harming the environment



Cereal yields (t/ha)



Agricultural commodity prices (index 1980 = 100)



Sources : FAO, IMF

plementation of technologies now available as well as the use of local knowledge and know-how enables major progress in land and labour productivity to be envisaged in the short term.

Effectively encouraging the distribution of technologies across the continent depends on the renewal of agricultural advice mechanisms and the development of networks linking research institutes, development institutes and agricultural producer organisations at the regional and subregional levels.

Promising markets, especially regional markets

However, the major opportunity for transforming Africa's agricultural sector lies, without a doubt, in the dynamism of food markets. The World Bank estimates that Africa's market for food could be valued at more than \$1,000 billion by 2030, compared to \$313 billion today.

Since the mid-2000s, international markets for agricultural products have entered a new phase. After 30 years of a downward trend in agricultural prices, the pattern has now changed. The increase in global demand is linked to population growth, to agricultural products being used for new purposes (especially energy) and, above all, to changes in diet, particularly in Asia (higher consumption of animal protein linked to rising incomes, putting pressure on the prices of cereals and oilseed and protein crops). Structural growth in demand, combined with possible limits on agricultural productivity (particularly in Asia), but also the very uncertain impact of climate change on global agricultural production, leads most analysts to think that global food prices will remain high but more volatile.

However, there is no doubt that the greatest opportunities, and those that can be controlled the most directly, are in regional markets. Prospects for the continent's population growth and urbanisation will continue to alter demand for food on local, national and regional markets. The African middle class (whose per capita income is between \$4 and \$20 per day) accounts for almost 34%

of the continent's population, and is calling for more diversified products (more vegetables, fruits, dairy products, meat and fish), and increasing amounts of processed and standardised products. The current and future changes in demand for food open up market possibilities with higher value-added. This dynamic can accelerate the development of food subsectors through the promotion of a modern artisanal agri-food sector and/or of a veritable industrial sector. This possibility is one way of attracting new entrants to the labour market.

An improved macroeconomic framework

The economic situation of African States is now conducive to proactive policies. Economic capital is increasing, as Africa is ranked as the second region in the world in terms of economic growth. Its financial resources bear no resemblance to what they were 10 years ago, and many countries have sound public finances, with their debt under control, standing far below that of many countries in the West. Indeed, the financial landscape in Africa has changed. Foreign direct investment has certainly increased, as have national resources. National income has more than tripled in less than 10 years. State income accounted for 85% of Africa's sources of financing by the end of the 2000s.

Nevertheless, public authorities have become accustomed to seeking external assistance at the expense of making more significant national budget contributions to finance the agricultural sector. Now the economic and financial crisis affecting countries in the North has led to considerable uncertainty surrounding assistance. In addition, there is a major disconnect between ODA resources and capabilities on the one hand, and the scope of financing needed for an agricultural revolution on the other. This compels African countries and regional communities to promote greater solidarity among sectors and among countries and to implement fiscal policies to reduce economic and social inequalities. Africa now has the means to achieve its goals.

4. The food market in Africa will triple by 2030, when it is expected to represent more than \$1,000 billion





SECTION 4

Guidelines and tools for action

Feeding 1.5 billion people by 2030 and 2 billion by 2050 is the challenge that Africa intends to meet. Success requires a vision shared among the different stakeholders in agricultural development and food security. Growth in demand and its diversification, offer a new opportunity for African agricultural producers and subsectors. This market potential is a veritable economic tool for transforming the agricultural sector. This transformation must assist in providing solutions to Africa's challenges: creating jobs, protecting natural resources, and meeting the needs of consumers, etc.

But to meet this challenge and to avoid dependence on international markets for its food, Africa must reinvest heavily in agriculture. Economic and budget stability allows countries to put agriculture back in its rightful place within national budgets. Regional market integration and controlling the international integration of African economies are two other conditions for finding the way back to sovereignty.

CHALLENGES AND COURSES OF ACTION

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TOOLS FOR ACTION

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Youth and women employment

*Increase of youth in the labour market in 2030
(base year 2010)*

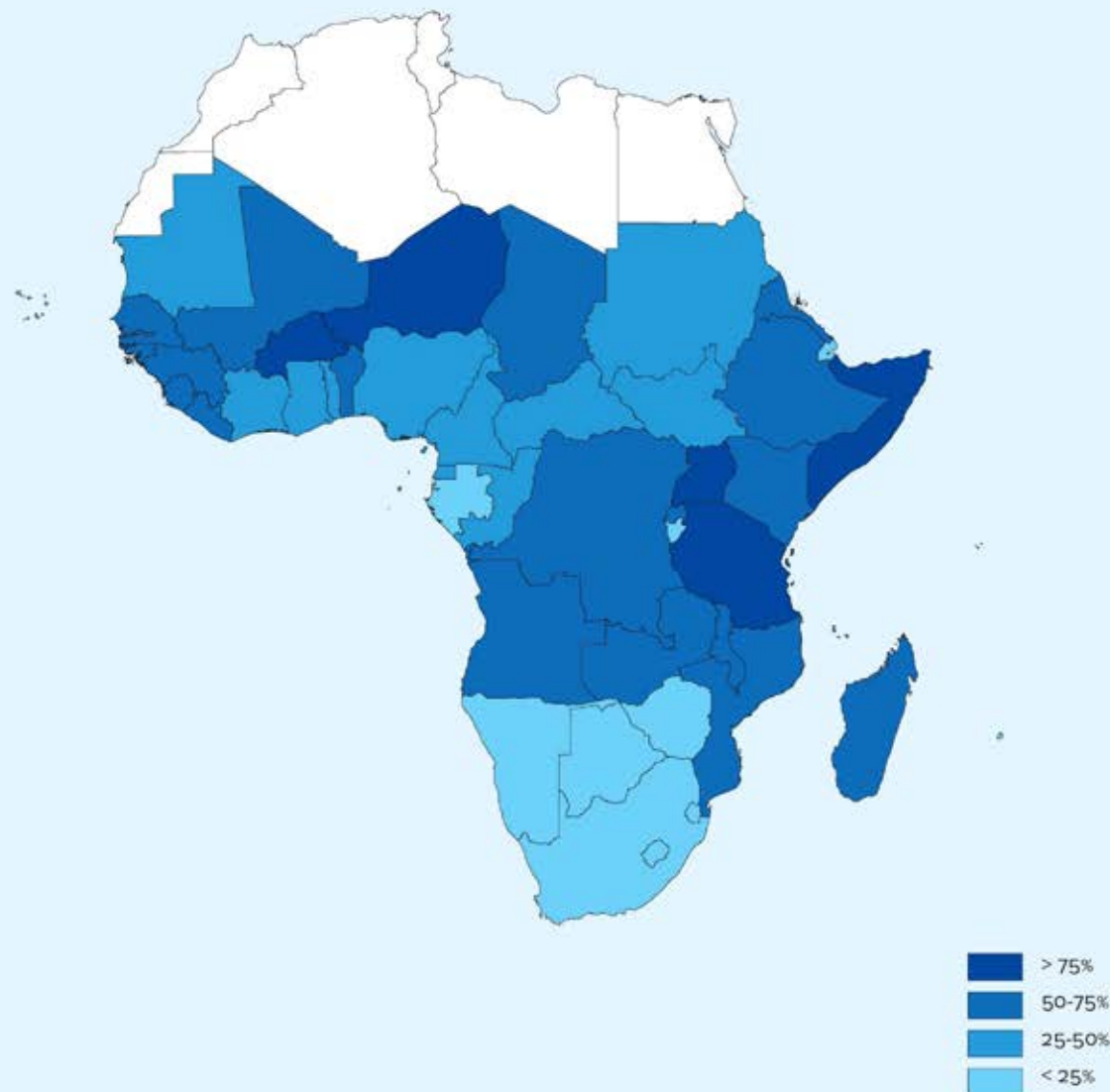
Women play a key role in African agriculture and in its future

“Women’s formal and informal work plays a crucial role in the economic development of Sub-Saharan African countries. With more than 64% of women working in the agricultural sector (ILO, 2009), women are the backbone of African rural agriculture and the guardians of the continent’s food security. It is estimated that they produce 80% of food resources (ILO, 2009)

(...). Sub-Saharan Africa, after East Asia, has the highest number of working women although that number has declined in the last 10 years, dropping from 64.1% in 1997 to 62.6% in 2007 (ILO, 2008). This high level of participation by African women in the labor market comes with challenging working conditions. In 2008, only 15.5% of women of active working age were employed, and of the 64% of women employed in the agricultural sector, 80% were subsistence farmers. (...). Not only are they discriminated against in the labor market, (...), their access to land is limited (according to FAO, they possess less than 1% of land and of lower quality than men) and they are often ignored in rural development projects which tend to target male-dominated activities.

(...) Although the issue of employment has returned to the centre of political concerns, the issue of gender must be part and parcel of these policies (...). This means improved production techniques, women having better access to agricultural land, fertilizer, credit and education, women participating more in the decision-making process and better salaried job opportunities.”

Extract from Beaujeau R. et al., “Transition démographique et emploi en Afrique subsaharienne”, À savoir no5, AFD, 2011..



Challenges and courses of action

Agriculture in Africa must accelerate growth by exploiting its potential to achieve food security, reducing its dependence on the international market and contributing to global economic growth and regional integration. It must do this by helping to create jobs for young people, integrating women and reducing social inequalities, while preserving natural resources and the environment.

Producing more, in a more sustainable manner, while absorbing a growing labour force

Guidelines for achieving this goal are emerging: promoting the controlled use of inputs (fertilisers, pesticide products, improved seeds) and agro-environmental techniques to manage soil fertility levels and to enhance productivity (organic manuring, techniques to combat erosion by rain and wind, etc.). The latter requires increased labour, which prioritises an agricultural development model based on modernising family farms. Finally, it is important to promote agricultural practices and financial instruments to mitigate climate and market risks.

However, there are numerous challenges to meet in achieving the above. The first is undoubtedly reducing risks to agricultural production and revenue, which implies first providing agricultural producers and farmers with appropriate financial services (credit and insurance) to enable family farms, including small farms, to invest in modernising and intensifying their practices, and second, to improve the way in which markets operate, inter alia by combating price volatility.

Securing access to land and land transfers is also a shared challenge with numerous implications for encouraging investment and intensification strategies. Many conflict prevention and resolution initiatives involving local communities and different categories of users of natural resources are being implemented and should be encouraged. However, these local procedures must be sustained by more comprehensive responses in terms of government policies.

The training of future generations of farmers is a major work in progress. Current training is too often focused on the widespread use of one technique or on a specific technical package. With

the ever increasing number of multi-active young people in rural areas, training must be more comprehensive, combining sound basic training with a wide range of vocational technical training courses. These should not focus only on the farming profession, but also on all professions relating to the different links in the agriculture, livestock rearing, fishing and forestry value chains.

Finally, the most sensitive challenge ahead is undoubtedly that of adapting to climate change. While promoting the sharing of climate resilient practices makes sense, the extent of climate change and its impact on agriculture in Africa remain difficult to assess, and anticipating the practice changes required is therefore problematic. The sector will need to manage increasing uncertainty.

Promoting diversification based on high quality processed products

The markets opened up by the emergence of an African middle class, in urban areas in particular, are unprecedented. In reality, demand is highly segmented according to income level, area (rural, secondary towns, capital cities, working-class neighbourhoods, etc.) and lifestyle and age (rise in popularity of fast food restaurants and supermarkets). This segmentation is reflected in the need for diverse products depending on the degree of product processing and packaging, etc. Nonetheless, these lucrative markets are likely to be highly competitive and African farmers are not always in the best position to supply them. In order to exploit such opportunities, agriculture in Africa must often meet several major challenges.

Producing for markets with higher value-added means offering more standardised products, in terms of taste, shelf-life and, increasingly, compliance with health and environmental standards. Meeting this challenge means investing in training, regulation and monitoring.

Urban consumers need and will continue to need products that are faster and easier to use, often requiring at least one processing stage between the field and the shopping basket. Developing a network of traditional and industrial processing businesses, which source their supplies locally, also requires support for investment.

1. Developing agriculture while protecting the continent's natural resources depends on sustainable intensification

2. To be fully effective and sustainable, intensification efforts must be geared to family farmers

3. Local markets are the main and most dynamic destination for agricultural producers



Understanding agriculture as a link in the value chain, including support for links other than production, could be more complicated for agricultural institutions and administrations whose role is to provide support for agricultural development. However, cohesive interventions and support for different links in the value chain will enable production process support to be fully enhanced.

Promoting efficient and more equitable value chains

Responding to the diversification, the increase and the segmentation of demand requires efficient value chains. For some product groups (for example, poultry, milk, processed dairy products, etc.), African farmers find it difficult to compete with imported products because of the high prices or low quality of inputs (for example, young chickens), or the lack of adequate subsector organisation. Improving subsector efficiency and reducing transaction costs will limit consumer prices. This is therefore also a challenge in terms of access to food, especially for the poorest. Supporting, sometimes protecting and constantly structuring these subsectors to enable them to meet the challenge of competitiveness is crucial. Promoting interprofessional approaches involving various subsector stakeholders in order to better respond to market demand and to the specificities of its different segments (quality, degree and type of processing, supply frequency, packaging, marketing, etc.) is a promising avenue. Several experiments already exist, with various types of institutions all responding to domestic, regional and international markets. Promoting contracts between stakeholders, labelling, and protected geographical indications, etc., are all strategies that can provide security for value chain agricultural producers and agents, and encourage them to target and boost their production in order to better respond to demand, in terms of both volume and quality, and to improve the distribution of value-added. Nonetheless, producers need to organise themselves collectively to gain influence in the subsector and to defend their interests when competing with other, often better structured operators. This is one of the keys to ensuring that the signing of contracts will not harm agricultural producers if they remain fragmented.

Making farms and agricultural systems more resilient

This challenge encompasses several agricultural, food and social factors. The unstable livelihoods of the poorest producers expose them to risks that are either individual (family “accidents”) or collective (drought, flooding, falling agricultural prices or rising food prices, pests, infectious diseases among livestock, etc). The most exposed rural populations include pastoralists, smallholder farmers and female farm owners. People are more exposed in arid and semi-arid areas. When there is a crisis, they are often forced to decapitalise their assets to weather the storm, after which they find themselves even more vulnerable to other shocks. Increasing occurrences of abnormal or unusual weather conditions attributed to the effects of climate change, along with market instability, exacerbate risks for populations. This vulnerability is the cause of the serious food and nutritional crises affecting the Horn of Africa and the Sahel strip. Developing resilience to these crises is critical in the short term in order to reduce their impact on food security and, in the medium to long term, to enable agricultural and rural households to secure their production systems, to increase productivity and to safeguard their sources of income. Discussions are developing on the links to be built between agricultural policy and social protection policy to achieve this. Input subsidy coupons for small producers or cash transfers facilitating accumulation processes and enabling households to cover their education, health and nutritional requirements are included in these approaches. More generally, they entail targeting specific tools towards vulnerable households as a matter of priority: social insurance, and tools to reduce and manage risks (natural disasters, prices, etc.). Promoting food security reserves, from the local level to that of the Regional economic communities, is another tool that can be used to meet this challenge.

Developing regional markets and controlling international integration

Africa’s economies and individual agricultural sectors are varied and complementary, and the way in which regional markets

are integrated is evidence of this. Greater regional integration would enable African agricultural sectors to fully exploit opportunities in regional markets by mobilising the complementarities of agro-environmental zones and types of specialisation based on comparative advantages. The regionalisation of markets, along with their smooth integration, is one of the most effective means of stabilising prices and securing domestic market supply. It is therefore also a key way of ensuring protection against international competition and price volatility in international markets. However, the path to more integrated regional markets has its obstacles. There are many challenges to overcome.

National governments have often been weakened by the structural adjustment period and local governments are not always strong enough. National agricultural policies still too often prioritise national challenges and the search for ways of achieving national self-sufficiency, at the expense of regional integration.

In addition, the interests of countries within regional economic communities are sometimes at odds with one another (the size of the national economy and market, LDC or-LDC, landlocked or non-landlocked, with or without extractive resources, etc.). The fact that some countries are members of several regional groups complicates the issue when establishing a common border policy between RECs and the rest of the world.

Funding regional policies is a sensitive issue as REC resources are often limited. A low level of inter-state solidarity limits the implementation of regional tax policies, and customs duties rarely help to fund REC institutions (except in West Africa).

Although they have become stronger since the early 2000s, regional institutions remain fragile. Most of them lack the capacity to carry out assignments entrusted to them and to respond to political expectations. This issue is linked to funding, but also to the willingness of states to provide the best trained professionals to work at the regional level.

Admittedly, these regional institutions generally benefit from a transfer of sovereignty on trade issues, but they do not have a WTO trade negotiation mandate. This is an important aspect in moving towards more coherent trade policies at borders so that the voices of African countries may be more audible in interna-

4. The combination of agricultural policies and targeted social safety nets enhances the resilience of poor producers

5. But production must be driven by value chains organised to meet increasingly diversified food demand

6. Market regulation, the natural driving force of regional integration, is a key challenge for the future





tional trade negotiations and so that their interests can be better defended. For a successful revival of agriculture in Africa, certain issues need to be better addressed within international trade regulations, such as the right to food sovereignty in countries and regions, as well as the possibility of deploying protection mechanisms and tools to manage instability and rapid response mechanisms for unfair trade practices in international markets. Africa must also defend its support for agriculture, especially to protect its food security, the livelihoods of rural populations, and the development of government interventions in markets, etc.

Designing and implementing structural policies and instruments

Although short-term results can be obtained through temporary action, as demonstrated by national response plans to the 2008 food crisis, structural transformation of the agricultural sector in Africa will be the result of interventions that are structured over time and veritable national and regional policies. These policies, which are developed in the final section of the document, must be based on clear choices and guidelines. The addition of temporary, geographic and segmented projects cannot take the place of policies.

The revival of the agricultural sector calls for the mobilisation of the authorities at the highest level, as it cannot be the result of one single agricultural policy. The same applies to food challenges. Addressing agricultural and food challenges requires policies in numerous areas – agriculture, trade, infrastructure, environment, social protection, etc. –, which must be driven by the government as a whole, with a high degree of coherence.

Fostering investment in agriculture means attaching greater importance to the economic environment that will provide security for agricultural producers and other agents in the agrifood value chains. This encompasses credit policies, the issue of price stability, the legal context of relations within the value chain, trade in inputs, and standards, etc.

Despite the political will demonstrated, resources allocated to agriculture remain well below what is needed to ensure a true

green revolution. It is not development assistance that will be able to supplement insufficient investment from states and regional economic communities. The stabilisation of public finances and the increase in public financial resources generated by exploiting extractive resources should help to refocus discussions on the importance of agricultural spending in government budgets, given the challenges relating to social integration, inclusive growth and social cohesion. Not all countries are in the same situation, but the interdependences between countries must drive those that are better equipped to reflect on the efforts of solidarity needed for regions to live in peace and security and to control internal migration flows.

Major challenges exist for governance at multiple levels: in terms of the agricultural sector itself; in terms of intersectoral governance and trade-offs; and in terms of the articulation between national and regional policies.

Reforming development aid aimed at facilitating the structural reform process

Aid agencies are fully aware of their responsibilities but are still struggling to change their practices. African states and RECs must enhance their leadership and position themselves at the centre of the coordination of external support. Coordination among donors may help to improve aid management by beneficiaries, but it can never replace the responsibilities of regional and national institutions. This requires efforts at two levels. First, at the level of states and RECs to develop effective coordination practices for locally selected policies (alignment). These will operate with greater legitimacy if they are transparent and involve socioprofessional stakeholders very closely in the decision-making process. The second level entails efforts by donors to respect the decisions and priorities defined by countries and subregions and to gradually align aid practices with these. More specifically, the challenge is to rebuild efficient and sustainable institutions and to implement long-lasting tools.

7. States and RECs must exercise true leadership of agricultural development policies and processes

8. The international community must avoid rolling out multiple initiatives that disrupt local agendas

9. The CAADP has provided a coordination framework that returns African governments to the heart of development policies

Tools for action

Feeding 1.5 billion and then 2 billion Africans in 2030 and 2050 respectively is a challenge that Africa is capable of meeting. But there is more to this challenge. It is not simply a matter of how much food is needed and the amount of agricultural growth required. Indeed, Africa will be unable to achieve food security unless it succeeds in drastically reducing the poverty level undermining its production capacity and its food and nutritional security. It must, therefore, invent an agricultural growth model that simultaneously responds – or helps to respond – to its different challenges, relating to agriculture, demography, society (poverty, employment, reduction of inequalities, gender), environment (protection of natural resources and biodiversity), land (development, settlement regulation) and food.

The regional integration process in which the regional economic communities and the African Union are currently engaged is one of the main assets that the region's countries and stakeholders possess. Promoting agriculture and agricultural trade is one of the tools for building and deepening the regional integration process by and for Africans and by and for regional products. Regional cooperation and integration are tools for boosting agricultural performance, contributing to efficient, shared natural resource management and improving the region's capacity for ensuring its food security and sovereignty.

After 10 years of existence, in 2014 the CAADP can assess progress made on the occasion of the African Union's Year for Agriculture, Food Security and Nutrition. This will be an important time to regroup, to confirm commitments made in Maputo and to move on to the next stage.

A clearly articulated objective and a shared vision

The objective for the coming decades is to *“ensure food security for a population that is increasing and becoming more urbanised, helping to create wealth and jobs, in rural areas in particular, while reducing inequalities and vulnerability and protecting environmental and human capital”*.

This objective is part of an overarching vision involving choices for agricultural growth and development models. Without exclud-

ing forms of agriculture based on entrepreneurship (if sufficiently controlled in terms of their impact on land and natural resource management), Africa is committing to undertake its agricultural revolution by integrating and modernising its network of farms with family-based capital, labour and relationships (family farms). This choice is threefold: i) it has economic foundations, due to the productivity growth potential of farms; ii) it has social foundations and addresses concerns about the employment of young people and the integration of women; iii) it has foundations based on sustainable development and territorial development. This choice corresponds to the expectations of the continent's agricultural organisations and civil society.

Without reinventing agricultural policies guided by widespread and inefficient interventionism, sustainable change in the agricultural sector to meet the region's challenges requires massive government investment in the sector and in food security – that is if Africa really has the ambition and the will to end hunger and dependence and feed its population with dignity.

The role and method of intervention by states and regional economic communities must be revisited. Agriculture is facing economic, social and environmental challenges. These challenges cannot be met and regulated by the private sector alone. In light of these difficulties, divergent interests are being expressed, and democratic institutions (parliaments, governments) must achieve trade-offs between the general interest on the one hand, and long-term management on the other.

What role must governments play?

The public sector must drive the political ambition and develop policies structured around three main intervention areas:

- The production of public goods, mainly by investment in transport and communication, energy and market infrastructure; the deployment of efficient services (support and advice, for example), investment in research, and knowledge management, etc.
- The use of economic policy instruments with the capacity to guide strategies for economic producers and stakeholders. This mainly involves credit policies, risk management, and

market regulation, etc.

- Regulations in areas as varied as rules governing access to and use of resources (land and forest codes, for example), the formulation and monitoring of compliance with sanitary and phytosanitary standards, and legislation in the area of cooperatives or interprofessional organisations, etc.

What are the prospects for the CAADP process?

The momentum sparked by NEPAD within the CAADP framework enabled all member states and professionals to be involved in an unprecedented effort to streamline agricultural policies. A majority of countries will have investment programmes by 2013.

Countries and stakeholders must now be assisted in effectively honouring the commitments made. NEPAD action should go in three main directions in order to:

- capitalise on results obtained so far and foster the creation of an economic environment conducive to sustainable agricultural intensification;
- reaffirm African leadership and facilitate its expression through improved articulation with organisations across the continent; better partnerships with farmers, farmers' organisations and the private sector, and through greater mobilisation of national resources;
- coordinate talks on the future of the agricultural sector, clarify scenarios, predict trends and promote a vision for the sector and its role in solving the general problem of development in Africa.

Strong principles for action

To contribute more decisively to sustainable change in the African agricultural sector, the CAADP must draw on several fundamental principles and guidelines:

- Giving much more importance to farming as a profitable activity, and raising the profile of the farming profession;
- Ensuring change in agriculture according to Africa's vision must start from within the continent, requires the mobilisation of the continent's resources, its men and women, with a particular fo-





cus on small farms, which make up the majority of Africa's farms and have the greatest development potential, but also the consolidation of financial resources, institutions and technical capacity for agriculture;

- Fostering trans-sectoral dialogue and encouraging partnerships to ensure the appropriation and alignment of the agricultural development strategy;
- Basing economic change on a political economy approach;
- Affirming Africa's interests in international negotiations and influencing standards and rules of the game by supporting the new international balance of power;
- Encouraging subsidiarity and adapting it to the political maturity of the various levels of CAADP implementation;
- Promoting the systematic preference for sustainable agricultural systems from a socio-economic perspective (use of labour) and also from an environmental perspective (limited use of high-carbon inputs, the promotion of agroecology and agroforestry).

These principles coincide with the results of a survey among social stakeholders consulted on the CAADP. In straightforward terms: *"Africans must stop begging and importing food; arable land must not be sold for oil at the expense of agriculture; Africa must stop paying lip service to agricultural investment; the public sector must stop marginalising other stakeholders; policies that benefit urban consumers at the expense of rural agricultural producers must be stopped; producers, transhumant pastoralists and agrifood businesses must be included in discussions affecting the agricultural sector; the unsustainable use of land and the sale of land must be stopped; the CAADP must be appropriated by all sectors; and Africans should stop depending exclusively on donors to invest in agriculture."* (CAADP Impact Survey)

Five priority intervention areas

To achieve the general objective of transforming agriculture, five intervention areas are outlined:

- Increasing agricultural production and productivity;
- Improving the functioning of national and regional agricultural markets;

- Fostering entrepreneurship and investment in agrifood value chains;
- Fostering access to food and improved nutrition;
- Improving the management of natural resources.

1. *Increasing agricultural production* can only be achieved through sustainable intensification of agriculture that creates surpluses for urban areas, limits rural exodus and lowers production costs while increasing individual incomes and curtailing the expansion of land under cultivation. It entails better use of agricultural land by intensifying production. This means fostering access to inputs – including the use of “smart” subsidy policies –, encouraging the adoption of innovations and securing access to resources for women, in particular. State intervention should focus on the provision of public goods (rural infrastructure, irrigation, research support, information sharing, extension and professional training). Support will be offered as a matter of priority to family farms that make optimal use of land and labour on small surface areas. The increase in public spending on agriculture (at least at the same rate as GDP growth) is a priority.

2. *Improving the functioning of markets* is based on eliminating market failures (monopoly situations, absence of markets such as credit, insurance), the production of public goods (transport infrastructure, access to energy and water, information on prices) and certain regulations of markets in particular regarding distortions caused by international markets. It involves being more efficient in the use of available production resources and preventing consumers and agri-processors being affected by unjustified price variability.

Integrating global markets requires a gradual approach based on an “infant industry” strategy for Africa’s agricultural sector. It will also entail being better organised collectively to ensure that Africa’s interests are defended in international negotiations to improve access to developed and emerging countries.

Finally, the goal is to improve the African food security strategy so that it becomes a food sovereignty and regional preference strategy.

This implies more flexibility in regional tariff policy, concentrating research efforts on local products, and regulations on the use of genetic resources that defend the interests of agricultural producers.

3. *Promoting investment* assumes better income forecasting and, therefore, specific actions to reduce risks, as well as better access to credit, as already mentioned. It is also vital to secure the rights to factors of production, whether those acquired within the customary framework or those formalised by modern law. It also entails facilitating contractual relationships between firms and within firms, and between employers and agricultural workers. The best distribution of value-added within value chains must assist in alleviating poverty. This involves preventing the eviction of producers offering the greatest potential for productivity gains and investment in their farms, family farms especially, but also when economies of scale are justified, making large-scale investments in upstream and downstream sectors. Investment in development corridors is an important tool that should not penalise territorial balances. Lastly, an increase in agricultural commodity exchanges and the dissemination of information through modern communication channels should be encouraged..

4. *Fostering access to food and good nutrition* will be the result of better living conditions among producers, the management of risks (economic and productive) and the establishment of social safety nets. The issue of nutrition is not simply about agricultural policy, but with greater attention paid to the issues of women’s access to productive resources, it can be a strong contributor. Social policies will be especially sensitive to very small farmers who have no prospects of becoming integrated into the market due to a lack of resources – especially land –, and in the medium term must seek other sources of income.

5. *The management of natural resources* is key to protecting national interests. It entails prioritising land tenure systems that sustain value-added on the continent and ensure the protection of the natural capital as well as the rights of local and national





communities. This also applies to the way in which forestry and fishery resources should be handled. The relevance of methods of natural resource use must be ensured by peer assessment and approved by local communities. It is also important to encourage a preference for sustainable agricultural systems that are “climate smart”. (See above)

Conclusion

The main lesson learned from consultations with African stakeholders in the CAADP process is the following: “the AU 2003 decision on the CAADP remains one of the firmest decisions and expressions of Africa’s commitment to agriculture and agriculture-driven development.”

AU-NEPAD aims to ensure the coherence of efforts across the continent through CAADP. The agricultural programme is centred specifically around three components: i) economic policies, institutions and leadership; ii) knowledge and experience sharing, and iii) financing.

NEPAD, through the CAADP, launched the process to enable development challenges to be reappropriated by Africans themselves. It contributed significantly to placing African challenges at the core of the agendas of member states and regional economic communities. It is a long process, as it involves the reform of several policies, governance reforms, coherence efforts and behavioural changes in the rules of the game. The impact cannot be measured in the very short term with the usual quantitative indicators. But today, not only states, but also RECs and agricultural producer organisations see this process and the vision it carries as their common good. The importance of this progress is not fully appreciated, as it forms the basis of the initiatives of the different stakeholders, of coordination and of alignment. Consequently, the CAADP process could be continuously enhanced, its programmes modified according to results and lessons learned, and supplemented by new guidelines, as the issues are constantly changing. But it is the foundation on which the efficiency and effectiveness of agricultural development and food security policies in the coming years will be built.



ACRONYMS

ACP: African, Caribbean and Pacific Group
AGOA: African Growth and Opportunity Act
AGTER: Association to Improve the Governance of Land, Water and Natural Resources
AIDS: Human immunodeficiency virus infection (HIV)
AU: African Union
AUC: African Union Commission
CAADP: Comprehensive Africa Agriculture Development Programme
CEN-SAD: Community of Sahel-Saharan States
CIRAD: Agricultural Research for International Development Centre
COMESA: Common Market for Eastern and Southern Africa
DRC: Democratic Republic of Congo
EAC: East African Community
EC: European Commission
ECCAS: Economic Community of Central African States
ECOWAP: ECOWAS Regional Agricultural Policy
ECOWAS: Economic Community of West African States
EEAF: East African Farmers Federation
EPA: Economic Partnership Agreements EU: European Union
FAO: Food and Agriculture Organization of the United Nations
GAEZ: Global Agro-ecological Zoning
GAFSP: Global Agriculture and Food Security Programme
GDP: Gross Domestic Product
GHI: Global Hunger Index
ICT: Information and Communication Technologies
IFPRI: International Food Policy Research Institute
IGAD: Intergovernmental Authority on Development

IMF: International Monetary Fund
LDC: Least Developed Countries
MDG: Millennium Development Goals
MIP: Minimum Integration Programme
NAIP: National Agricultural Investment Plan
NEPAD: New Partnership for Africa's Development
NPCA: NEPAD Planning and Coordinating Agency
ODA: Official Development Assistance
OECD: Organisation for Economic Co-operation and Development
PAFO: Panafrican Farmers' Organization
PROPAC: Subregional Platforms for Smallholder Farmer Organisations in Central Africa
RAIP: Regional Agricultural Investment Plan
REC: Regional Economic Community
ReSAKSS: Regional Strategic Analysis and Knowledge Support System
ROPPA: Network of Peasant Organizations and Producers in West Africa
SACAU: Southern African Confederation of Agricultural Unions
SADC: Southern African Development Community
SSA: Sub-Saharan Africa
UMA: Arab Maghreb Union
UMAGRI: Maghreb Farmers' Union
UNEP: United Nations Environment Programme
WAEMU: West African Economic and Monetary Union
WHO: World Health Organization
WTO: World Trade Organization



