



# Africa Emerging Markets Forum

## Transforming Rural Africa: Growing a Productive Agriculture Sector

Abidjan, March 27, 2017



## AFRICAN AGRICULTURE IS IMPORTANT

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- 25% of African GDP
- 20% of African GDP is agro-business
- 60% of African employment
- 70% of Africa's poor
- 19% of Africa's population undernourished

## PERFORMANCE OF AFRICAN AGRICULTURE

- African crop yields of staples low (tons/ha) (2014) (FAO)

	Maize	Millet	Rice	Sorghum	Wheat
<b>Africa</b>	2.1	0.6	2.7	1.0	2.6
<b>World</b>	5.6	0.9	4.6	1.5	3.3
<b>Mexico</b>	3.3	1.0	5.7	4.2	5.2
<b>India</b>	2.8	1.3	3.6	0.9	3.0

## PERFORMANCE OF AFRICAN AGRICULTURE

- Growth of total factor productivity in African agriculture is slow

(% p.a. growth in TFP) (IFPRI)

	1991-2000	2000-2011
<b>Africa</b>	1.1	1.4
<b>World</b>	2.0	1.9
<b>Mexico</b>	3.5	2.3
<b>India</b>	0.8	2.6

## PERFORMANCE OF AFRICAN AGRICULTURE

- African agriculture GDP growing, but rate is slowing  
(% p.a. growth in ag. GDP at constant prices) (World Bank)
- But African population growth now at about 2.5 % p.a.

	1980-2000	2001-2010	2011-2015
<b>Africa</b>	5.2	6.4	3.6
<b>World</b>	2.7	2.8	2.8

## PERFORMANCE OF AFRICAN AGRICULTURE

- Most African agriculture growth has been due to:
  - Expansion of land area under crops
  - Expansion of labor
  - Improved terms of trade
- Land area constrained  
(Land and labor use in African agriculture) (FAO)

	1995	2005	2015
Labor (million)	127	198	244
Land (million ha)	1103	1150	1172
Agricultural land per laborer (ha/person)	8.7	5.8	5.0

## PROXIMATE CAUSES FOR POOR PERFORMANCE

- Fertilizer use low
- Irrigated area low
- Substantial soil degradation and forest loss
- High cost of transport
- Low introduction of improved technical practices (seed/mechanization/IT)

<b>Africa fertilizer use (2013)</b>	<b>3.3 kg/ha</b>
<b>World fertilizer use 2013</b>	23.6 kg/ha
<b>African ag. land irrigated 2013</b>	1.3%
<b>South Asian ag. land irrigated</b>	42%
<b>Cost per ha of irrigation investment in Africa 1995/99</b>	\$8347
<b>Cost per ha of irrigation investment outside Africa (1995/99)</b>	\$3506

## FUNDAMENTAL CAUSES OF POOR PERFORMANCE

- Poor enabling environment for private investment
- Government price and trade policy which taxes agriculture
- Inefficient government agricultural marketing, processing and input supply enterprises
- Low public investment in agriculture and rural development
- Low support for farmers organizations and local government

(Selected countries with 6 best and 6 worst)	Ease of doing business rank (World Bank)
Mauritius	32
Rwanda	62
Botswana	72
South Africa	73
Morocco	75
<u>Zambia</u>	<u>97</u>
Eritrea	189
Libya	188
CAR	185
Congo, Dem. Rep. of	184
Chad	183
Angola	181



## EXTERNAL FACTORS HURTING PERFORMANCE

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- Donor inefficiencies (conflicting advice, failed projects, competing donor objectives)
- OECD agricultural subsidies and trade restrictions

## ACTION AGENDA FOR AFRICAN GOVERNMENTS

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- Improve ease of doing business
- Improve agriculture price and trade policy (reduce effective taxation of agriculture)
- Reduce preponderance of public sector agriculture marketing, processing and input supply
- Expand public investment in agriculture and rural development (to the 10% Maputo declaration)
- Focus on public-private-farmer-donor partnerships in technological innovation, irrigation, rural finance, climate change adaptation
- Support growth of independent farmer organizations

## ACTION AGENDA FOR DONORS AND NGOS

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- Reduce number of donor agencies working in agriculture, and expand funding of those remaining
- Better donor coordination
- Reduce OECD trade barriers and agriculture subsidies, or compensate Africa for negative effects
- Expand funding for climate change adaptation
- More public-private-farmer-donor partnerships in projects

Thank you!