

Food price hikes 'may trigger farming investment'

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While the food price spikes of the past few years have had a negative impact on food security and poverty in sub-Saharan Africa, where people on average spend 70% of their income on food, they may also present the region with opportunities.

"High food prices have improved the margins for food producers, and it therefore has the potential to stimulate new interest in investments in agricultural development in sub-Saharan Africa, which is home to 30% of the world's undernourished population," said Jorge Maia, head of the research and information department at the Industrial Development Cooperation (IDC), on Wednesday.

Maia was one of the speakers at the fifth Africa Economic Forum, which is taking place in Cape Town this week.

Investors, driven by an increasing global demand for food, were already looking at Africa and its farmland, Maia stated.

Untapped potential

"The continent's food production potential, specifically in sub-Saharan Africa, is enormous. First of all, Africa grows pretty much everything, from cassava, corn and wheat to sugar and other crops," he said.

"Secondly, about 45% of the land that is available globally that is not used for agriculture but can be used for this purpose ... is situated in Africa south of the Sahara."

The region's agricultural potential, however, remains to a large extent untapped. "Just 25% of all arable land suitable for rain-fed agriculture in sub-Saharan Africa is used for this particular purpose," Maia said.

Investments in the African agricultural sector are crucial for improving the region's food security and also need to come from the private sector, and not just from the public sphere. "Public investment in Africa has become biased towards urban areas and has moved away from rural areas," Maia noted. "We need partnerships."

In sub-Saharan Africa, about 5% of budgets are allocated to agriculture.

Africa has failed to meet its agricultural potential for various reasons.

"There are infrastructure gaps and inadequate mechanisation. In Africa, 4% of cropland is irrigated, with the rest being rain-fed.

"In Asia, 40% of cropland is irrigated. Lack of infrastructure and little usage of fertilisers, too, impact yield size," Maia said.

"Sub-Saharan Africa has the lowest fertilizer use in the world, namely 13kg of nutrients per hectare of arable land. East Asia accounts for 98kg per hectare."

Importance of investment

According to Maia, it is crucial that investments target not only Africa's commercial agricultural industry.

"Small-scale farmers are responsible for a large part of the continent's food production, and are crucial players when it comes to improving food security in the region. Yet, it is estimated that an average farmer in sub-Saharan Africa produces 30% of his or her yield potential," he explained.

"To improve this, their access to markets and capital funding needs to be improved as well as their access to fertilisers and irrigation infrastructure," Maia added.

"Investment should not just focus on expanding Africa's cultivation area. It should focus on increasing yields."

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