

At last, evidence that African agriculture is powering economic transformation

The evidence is now in and the verdict is that Africa's agriculture is powering economic transformation in the region. African agriculture has shown remarkable improvement compared to its precarious state 15 years ago.



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However, progress is uneven across the region. Governments that have invested in their agricultural sectors, such as in Ethiopia, Rwanda and Burkina Faso, are reaping the benefits - stronger economic growth, declining poverty rates, better nutritional status and a more rapid shift of the labour force out of farming. But there is still much to do. This is especially true for countries that have not adequately promoted their smallholder farmers. And this is not rocket science. The actions that governments need to take are well understood and backed by strong evidence. Implementation is now the priority.

These are the main messages of the [Africa Agriculture Status Report 2016: Progress towards Agricultural Transformation in Africa](#), published by the [Alliance for a Green Revolution in Agriculture](#). The report provides an in-depth and unsparing review of the drivers of this dynamic period in African agriculture - one that the authors see as a prelude of bigger things to come.

Improving at last

Along with other co-authors of the report, I was pleased to note that after decades of stagnation, much of Africa has enjoyed sustained agriculture productivity growth since 2005.

Agriculture has done especially well where governments quickly embraced the African Union's [Comprehensive African Agriculture Development Programme](#) created in 2003. A key component was the programme's call for African governments to [allocate 10%](#) of their budgets to agriculture. Early adopters of these goals, like Ghana and Rwanda - even if they didn't hit the 10% target - saw farm productivity rise by an average of 6.01% per year as opposed to late adopters (4.51%) and non-adopters (0.18%). This, in turn, helped spur a 6.07% average annual increase in overall GDP per capita.

Meanwhile, countries that turned a blind eye saw farm productivity rise by less than 3% and GDP rise by only 2.2%. The trend is similar for declines in malnutrition. Countries that largely adhered to their targets experienced annual reductions in malnutrition of 2.4-5.7%, compared to just 1.2%, on average, for other countries.

Not out of the woods

But we also make clear in the report that not all the signs are good. We note that Africa remains the world's most food-insecure continent, with relatively low levels of agricultural productivity, low rural incomes, high rates of malnutrition, and a worsening food trade balance. And the region's agricultural performance has tapered off somewhat in the past couple years.

We also note that agricultural development is uneven across the continent. Countries that have put the right mix of agricultural investments in place have reached or come much closer to reaching key development milestones. They have also enjoyed the benefits of rapidly rising private investment in African agriculture. But where farming has been neglected, it has failed to generate sustainable and equitable economic growth.

Other trends, while not all rosy, point to opportunities for progress. They include:

Public investment in agriculture: Investment has risen appreciably across Africa, from an average per country of \$186.4 million in 1995-2003 to \$219.6 million in 2008-2014. But only 13 African countries have met their pledge to invest at least 10% of public funds in agriculture. If all were to do so, public funding for agriculture across Africa would be \$40 billion instead of the \$12 billion that it is currently.

Also, the composition of public investment in agriculture matters greatly. The evidence shows that investments in roads, rails and ports; agricultural research and development, and effective extension systems powers agricultural growth and poverty reduction much more effectively than investments that crowd out the private sector like input subsidy programmes.

Agricultural growth for broad-based benefits: Farming will be a major source of employment in Africa for another decade or more. But to provide a long-term economic lift, agricultural growth must be broadly based so that it promotes spending by millions of farmers and so spurs the demand for jobs in the broader economy. This is not achieved by mega-farms. Transformation is most rapidly achieved if policy actions can promote inclusive forms of agricultural growth.

Bridging yield gaps: On some 65% of Africa's arable land, farmers lack the necessary inputs and ability to restore and maintain soil fertility. As a result, those growing improved varieties of maize and other crops see only a 28% bump in yields, on average, while farmers in Asia gain an 88% increase. Clearly, a major challenge is to make fertilisers, improved seeds, and improved soil management practices more readily available, especially to smallholders.

Town and country: Urban consumers are driving a lucrative market for food products that could be worth \$1 trillion by 2030. This would generate significant income and employment for African farmers and food companies. Currently, however, this demand is met through a hefty serving of food imports. Investing in African smallholders will not only help feed the region. It will create jobs for the rapidly rising youth labour force both in agriculture and the broader economy.

Tight money: Only about 10% of rural households in Africa are linked to any formal financial institution such as a bank. This situation is poised to change because of innovations such as farm loan programmes that share risk among many

participants, new approaches to microfinance, and mobile banking services.

Unleashing the power of youth: Africa's youthful workforce could open up a wide range of economic opportunities with the right mix of policy and public investments. Conversely, if governments do not pursue policies that make agriculture attractive to youth, the result will be widespread youth unemployment and disillusionment. Government policies and public investment can make agriculture much more attractive to young people.

What can be achieved in the two years

In 2016, Africa can look back on a decade of notable progress toward realising its agricultural potential. But it has a long way to go before farming and the wider economy becomes healthy and robust.

Much depends on strong political leadership, backed by solid commitments from donor countries. Governments often exhort the private sector to invest more in African agriculture, but it is government actions in the first place that influence the scope for private investment. In these ways, governments hold the key to determining whether the region's economic transformation will be a relatively smooth, robust and peaceful process or a painful and protracted one.

This article is based on the Africa Agriculture Status Report 2016: Progress towards Agricultural Transformation in Africa, published by the Alliance for a Green Revolution in Agriculture.

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