

The Changing Context and Prospects for Agriculture and Rural Development in Africa

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Positive Trends in Africa

- ⦿ Real per capita growth above 3 %
- ⦿ Per capita agricultural growth above 1%
- ⦿ A consequence of macro-economic stability and improved trade and agricultural policies
- ⦿ Armed conflicts down to 5 from 15 in 2003
- ⦿ 22 countries held elections in 2007 that were declared “free and fair”
- ⦿ More civil society and participation
- ⦿ Faster progress in business environment than LAC and MENA
- ⦿ Accelerated efforts in building of Regional and sub-regional institutions

Outline

- ⊗ Changing international landscape
- ⊗ Economy Wide Growth And The Bottom Billion
- ⊗ Agricultural Growth
- ⊗ Opportunities And Challenges For African ARD
- ⊗ Key Issues And Opportunities

The changing international landscape 1980-2007

- ⊗ From Cold War to regional and local conflicts, with increasing numbers of emergencies
- ⊗ Development paradigm
 - changed to open economy, private-sector led growth, trade liberalization, and freer capital (but not labor) flows
 - democratization, participation, decentralization, accountability and empowerment
 - Millennium Development Goals and harmonization and collaboration among donors, with countries in the lead
- ⊗ Vastly increased number of development actors: WTO, UNAIDS, Global conventions, NGOs, African Union, NEPAD, Regional trade agreements and organizations, FARA, and Sub-Regional Research organizations...

New Aid Architecture

Kharas & Easterly

- ⊗ Exploding numbers of players:
 - 233 multilateral agencies, 51 bilaterals, several hundred international NGOs, tens of thousands of national NGOs, including millions of CBOs
- ⊗ Real volume of development assistance from traditional donors has stagnated, including for Africa, and has fragmented further
- ⊗ Additional Aid is coming from emerging countries and private donors; remittances are adding just as much
- ⊗ Despite 50 years of experience, still making the same mistakes, with little improvement in quality
 - Decline in tied aid and food aid are the positive trends
 - But increased fragmentation, unchanged emphasis on TA, and little or no sign on selectivity

Economy-Wide Growth

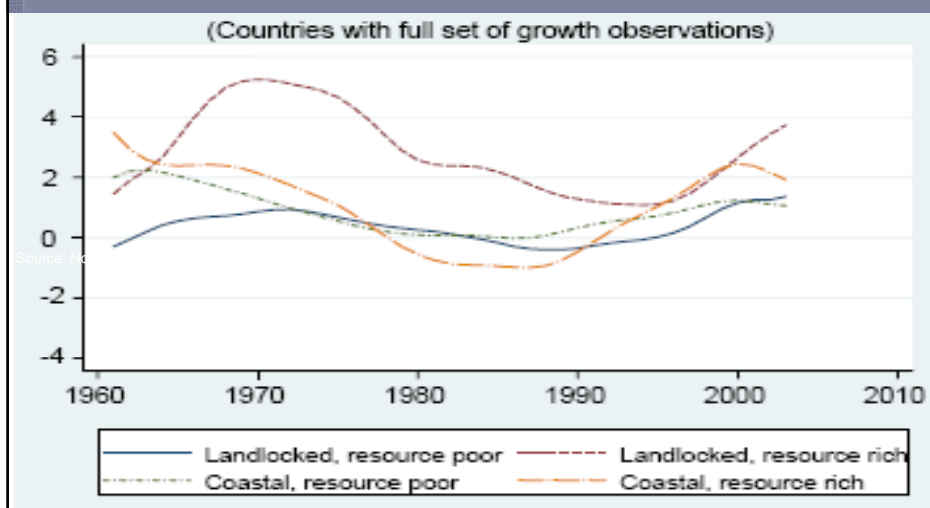
Ndulu et al. and Collier

- ⊗ From distressingly low rates, African growth has steadily accelerated since mid 1990s
 - 2007: 6.1 % for SSA
 - Inflation down to 10 percent range
 - Fiscal deficits transformed into surpluses
- ⊗ Trend to faster growth started in early 1990s and has steadily accelerated since then
- ⊗ Growth even more impressive if weighted by population of the countries
- ⊗ A consequence of high commodity prices?
 - Non-commodity countries doing almost equally well

Determinants and Opportunities

- ⊗ Macro-economic management and policies were critical in improving growth
 - but now present fewer additional opportunities
- ⊗ Governance and business climate
- ⊗ Infrastructure and regional integration Capacity, financial sectors, and low savings remain major constraints
 - Capacity best in ministries of finance, central banks
- ⊗ Landlocked countries are at a distinct disadvantage

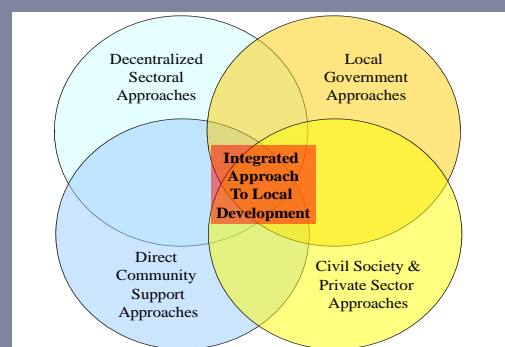
Figure 3.1: Growth Experience According to Geography and Resource Endowments

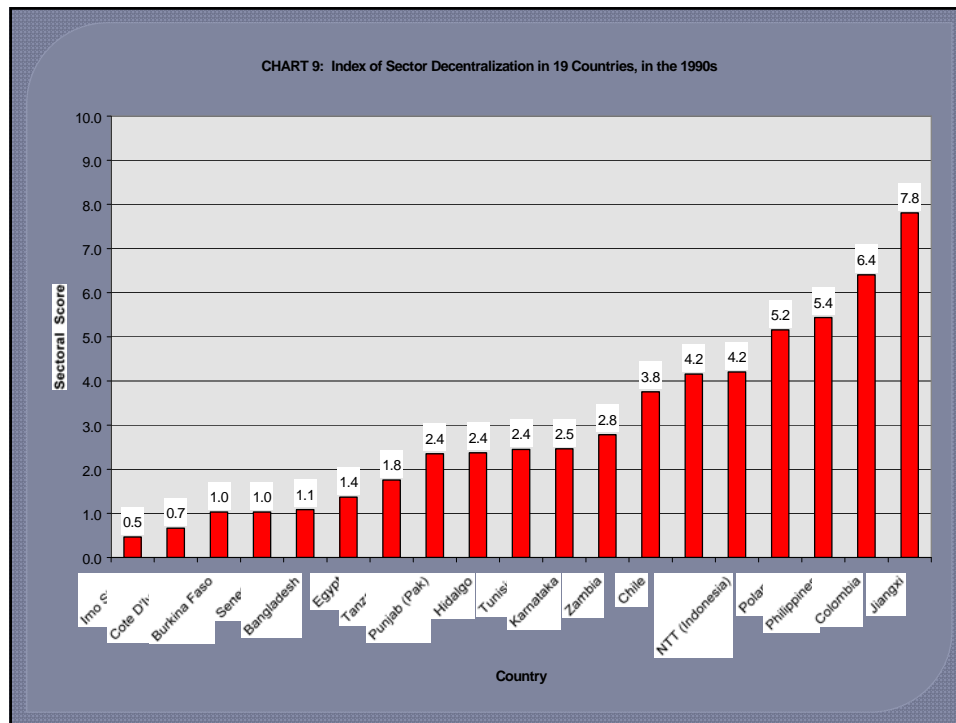


The Bottom Billion Most Of Them In Africa (Collier)

- Four Traps: Conflict, Natural Resources, Landlocked with poor Neighbors, and Poor Governance and Policy
- Costs to the countries, the neighbors and the World are incredibly high
- Change requires lots of courage, which needs more outside support, not just by aid
 - Sustained military peacekeeping
 - Norms and Charters, such as for Natural resources and corruption
 - Lots of TA in the first four years of a turnaround
 - Sustained large aid flows after first couple of years, not immediately
 - Project risk can be reduced by intense supervision
- More focus on Bottom Billion countries in ARD? If yes, how?

Institutional Pillars for Local Development

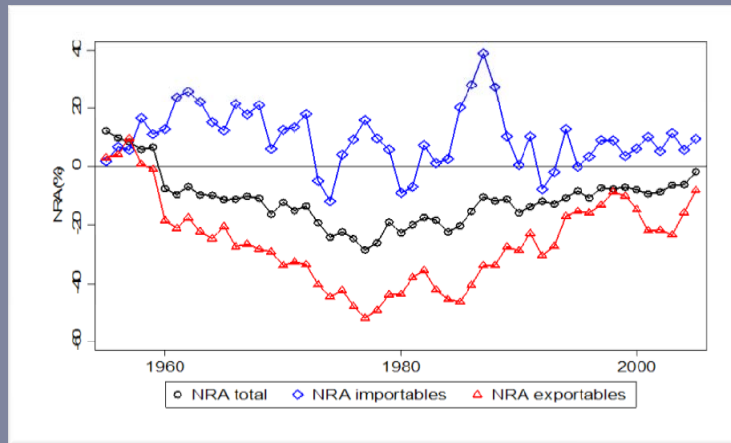




Agricultural Growth

- ⊗ SSA per capita agricultural growth now also faster than 1% per year
 - But by area expansion, not via productivity growth
- ⊗ Fuelled by same factors as economy-wide growth
 - And not by special agricultural programs
- ⊗ And fuelled by near elimination of implicit taxation of agriculture
 - But African producers still have the worst incentives in the World

Figure 5.6: NRAs In Africa Over The Past 50 Years



Source: ibid

Rising Demand and Market Opportunities

- ④ From Population, Income Growth (especially in emerging economies) and urbanization
- ④ Will result in more South-South Trade
- ④ For Africa the short and medium opportunities are in food staples and livestock products for domestic and regional markets
 - Much larger opportunities than for niche developed country export markets
- ④ Requires infrastructure (continental, rural, including irrigation)
- ④ And removal of regional trade barriers for foods

Current Challenges and Opportunities

- Land policy and land access
- HIV And AIDS
- Rural Safety Nets
- Technology and Productivity
- Input and output markets

Gender Equity and Land Rights

- Gender equality far from complete in OECD countries, which benefited from growth and employment opportunities for women
- For LDCs, Gender issues are better understood, but response remains inadequate
 - WDR 2008 an improvement, but has a ways to go
- Gender given prominence at higher levels, but not yet mainstreamed at country/program levels
- Secure Land Rights for women and employment are especially important for African women
- The question is not what should happen, but how

Land policy and land reform

- ⊙ The why is well understood
 - Tension over land fuels conflicts
 - Kenya, Zimbabwe, Ivory Coast, Sierra Leone, Liberia, Nigeria, South Africa, Namibia
 - What role in Darfur, Northern Uganda?
 - Prospects of land grabs by outsiders in Mozambique, Uganda, Ethiopia and others
 - Poverty reduction from land access
 - Growth impact of improved tenure security
- ⊙ The question now is but “where” and “how”

HIV and AIDS

- ⊙ Fight against HIV and AIDS is still lagging, and especially in rural areas
- ⊙ Counterintuitive findings
 - Better nutritional status does not significantly reduce HIV incidence, or prolong life after infection. Only prevention and ARV therapy do
 - Households which experience an AIDS death quickly replace adult members and are more short of land and capital than labor
 - Not all orphans are vulnerable: Only orphans in households with more than one orphan are under-nourished. But their number growing rapidly

How to fight rural AIDS is fairly well understood

- ⊗ Rural prevention efforts must be mainstreamed via CDD programs and approaches
- ⊗ Mortality can only be reduced by ARV therapy, and scaling it up in rural areas is both possible and a major priority
- ⊗ However, food and agricultural interventions can be powerful tools for care and support, and household recovery
- ⊗ Prevention, ARV therapy, and care and support require deep community involvement, a comparative advantage of IFAD.
- ⊗ More mainstreaming of all three components into CDD operations

Rural Safety Nets

- ⊗ Safety Nets will become more important because of HIV and AIDS, Climate Change, Globalization, and to assist those left behind by growth
- ⊗ Traditional approach are verticalized stove-pipe programs which reach very few, and have prohibitive overhead costs
- ⊗ Holistic, family-centered, and community-driven safety nets are needed, but can hardly be found
 - A possible approach is via performance-based grants
 - An alternative community-driven approach with community co-finance and community targeting
- ⊗ Requires piloting and concurrent impact evaluation

On top of the current technology lag, a risk of a growing divide

- ⊙ Heterogeneity implies fewer opportunities to borrow from outside and within
- ⊙ Private sector entry and intellectual property rights increases complexity
- ⊙ Severe and persistent under-funding of public research
- ⊙ Research is fragmented into
 - 400 public and private entities and universities
 - 3600 poorly funded agricultural scientists
 - 12 CGIAR institutions active in Africa
- ⊙ The CGIAR is growing slowly pursuing too many priorities

Impacts of Research in African Agriculture

- ⊙ Median rates of return in Africa are 34 % compared to Global median of 36 %
- ⊙ The CGIAR has created enough returns in Africa to pay for itself
 - But 90 percent came from only one set of innovation, biological pest control in Cassava
 - Farming systems and policy research have generated few measurable returns, but continues to be widely promoted

While there is considerable adoption of improved seeds...

- Adoption of new technology in SSA has resulted in lower yield gains than elsewhere
- The lower yield gains are a consequence of limited irrigation, and limited input use.
- These are associated with high costs of irrigation, fertilizers and pesticides, and high marketing margins of output
- In turn these problems are caused by limited competition in these markets

Focus on core stressors hindering productivity is inadequate

- There are more crops, environments pests and diseases than elsewhere
- CRIAR priorities are donor driven, away from genetic improvement and bio-technology
- The proposed Africa Challenge Program is not focused on these stressors
- Gates has started to fill the gap

Biotechnology and Privatization of Agricultural Research

- ⦿ Biotechnology presents great opportunities
- ⦿ Access to BT is complex and expensive, and requires access to intellectual property frequently held by private sector
- ⦿ Critical mass in research and regulation requires Regional and sub-Regional collaboration

Technology problem neither an issue of why nor how

- ⦿ NEPAD, FARA, and Sub-Regional Research Organizations have taken the lead in changing the situation
- ⦿ But their proposals remain under-funded
- ⦿ Excessive reliance on donors has been a break or progress in the past
- ⦿ Unless African countries start paying themselves they will not be able to take the lead.
- ⦿ They should use some of the greater fiscal space they now have

The Challenge of Improving Input, Output, and Financial Markets

- ⊗ Their poor development are caused by unfavorable material factors
 - low population density
 - land-lockedness and poor infrastructure
 - covariance of risk
 - Small markets as a consequence of low input use
- ⊗ Limited competition, and illegal extractions along the road are partly a consequence of the underlying conditions
 - *but also of poor policy choices and implementation*
- ⊗ Disentangling the impact of these contributions to high trading margins is a major area of policy research
- ⊗ If more failure is to be avoided, the “how” of improving these markets needs to take account of the material factors

Research issues are no longer about the “what” but the “how”

- ⊗ Agricultural and Rural Development are mature Fields
- ⊗ African ARD is not constrained by lack of knowledge, but by lack of implementation
- ⊗ The future research agenda must first of all be supportive of implementation of existing knowledge
- ⊗ It should mostly be embedded into actual policy and development programs and projects
 - In helping to access and use of adapt knowledge
 - In evaluating impacts

Priorities for Action

- ④ Strengthen decentralization and community-driven development
- ④ Implement improved land administration and land reform programs and evaluate their impacts
- ④ Improve input, output and credit markets under adverse material conditions
- ④ Resolve the Remaining Challenges of Agricultural Incentives
- ④ Reform and properly finance Agricultural Technology Development and Science Education

How best to strengthen regional and sub-regional capacities

*All countries have an incentive to shirk in contributions to Regional Public Goods
Can only be overcome by a Regional or International Funding arrangements co-financed by multilateral or other donors, probably in association with ECA and the African Union*

- ④ Small land locked countries depend on regional integration
- ④ Regional trade is good for growth, farmer's income, regional foods security and the private sector;
- ④ Requires harmonization of standards and sanitary measures, and sub-regional and regional capacities to implement them;
- ④ Regional infrastructure critical for access to each other and external markets;
- ④ Reversing land degradation and desertification and preserving biodiversity require trans- boundary collective action;
- ④ Defense against plant and animal disease epidemics require collective responses at sub-regional and regional levels;
- ④ Agricultural research is far better done on a regional or sub regional basis –FARA and the SRO's are on the right track;
- ④ Bio technology is complicated and expensive requiring a large critical mass;
- ④ Indigenous scientific capacity is better fostered by regional institutions which have critical mass and necessary financial support.