REGIONAL CONFERENCE ON BUILDING DEMOCRATIC DEVELOPMENTAL STATES FOR ECONOMIC TRANSFORMATION IN SOUTHERN AFRICA

20 – 22 JULY 2015, PRETORIA, SOUTH AFRICA

Strategic Agricultural Commodity Value Chains in Africa for Increased Food: The Regional Approach

By

Mahamadou Nassirou Ba, Agricultural Economist: Regional Integration and Trade Division, Food Security, Agriculture and Land Section/UNECA

==

Regional Conference on Building Democratic Development States for Economic Transformation in Southern Africa: Lusaka, July 20-22, 2015

Paper Title: Strategic Agricultural Commodity Value Chains in Africa for Increased Food: The Regional Approach

Author: Mahamadou Nassirou Ba, Agricultural Economist: Regional Integration and Trade Division, Food Security, Agriculture and Land Section/UNECA

==

ABSTRACT

-X-

This paper highlights ways in which increase food is possible with regional value chain approach with emphasis on agro industries and agribusiness' expansion. Agriculture needs to be seen as a conduit for farmers to get connected to markets, a conduit for revenue, for jobs and for transformation. Africa needs to come back on the international scene as food sufficient continent and even food exporter. This can be achieved only with a stable, productive agricultural resource base. Thus, achieving and sustaining food security and economic prosperity in Africa will require significant efforts to modernize the continent's agriculture sector through injection of agribusiness and agro industries and through the application of science and technology in agriculture. ***Increased food production, availability, access and utilisation***, are the ultimate goals for most African nations. Food security exists when all people, at all times, have physical and economic access to sufficient, safe, nutritious food to meet their dietary needs and food preferences for an active life" (FAO, 1996). In October 2011, the world population passed the 7 billion mark. Furthermore, the world population is projected to exceed 10 billion at the end of the century. Africa's population is expected to more than double, rising from 1.1 billion today to at least 2.4 billion by 2050. (PRB)[1].

[1] World Population Data Sheet, 2013: Population Reference Bureau, September , 2103

Table of Contents:

LIST OF ACRONYMS AND ABREVIATIONS

AAADI: African, Agribusiness and Agro-Industries Development Initiative
AfDB: African Development Bank
ATF: African Trade Forum
APCI: Africa Productive Capacity Initiative
AUC: African Union Commission
BIAT: Boosting Intra Africa Trade
CAADP: Comprehensive Africa Agriculture Development Programme
CFTA: Continental Free Trade Agreement
COMESA: Common Market for Eastern and Southern Africa
COMTRADE: United Nations Commodity Trade Statistics Database
ECCAS: Economic Commission for Central African State
ECOWAS: Economic Commission for Western African States
ERA: Economic Report on Africa
FAO: Food and Agricultural Organization
GDP: Gross Domestic Product
HLCD: High Level Conference on the Development of Agribusiness and Agro-Industries in Africa
IFAD: International Fund for Agricultural Development
ISIC: International Standard for Industrial Classification
KMT: Kenya Market Trust
MVA: Manufacturing Value Addition
NAIP: National Agriculture and Investment Programme
NEPAD: New Economic Partnership for Africa Development
PPP: Public-Private Partnership
PRB: Population Reference Bureau
SMI: Small Medium Investment
UNCTAD: United Nations Conference on Trade and Agriculture Development
UNDP: United Nations Development Programme
UNECA: United Nations Economic Commission for Africa
UNIDO: United Nations Industrial Development Organization
UMA: Arab Maghreb Union
WWF: World Wide Fund

EXECUTIVE SUMMARY

This paper outlines the status of agriculture, agribusiness and agro-industries in Africa, their role in the agenda of agricultural transformation and economic transformation. The paper adopts a new thinking in agriculture, one that reflects a value chain approach. The author covers such issues as: need for agricultural transformation, the role of value chain in agricultural sector, the need for regional value chain for increased income and increased food, the role of markets and the common denominator of all, the regional integration to push forward the African agriculture agenda. The challenge Africa faces the most is how to feed the 2.4 billion people in 2050. This will require a transformational agriculture which evolves in an environment where small holders are linked to markets (national and regional), where economies of complementarity and economies of scale are taken advantage of by producers and private sector. In short Africa will need a paradigm shift to industrialise and commercialise its agriculture sector in order to increase food production, and income and to create jobs in and outside the sector. Africa needs agribusiness and agro industries to domesticate the benefits of the sector, to create wealth in the sector and retain that wealth in the continent. Commodities value chains for increased food should be the target for Africa. Other factors, namely "the rapid urbanization" and "increased population growth" are quoted to be of critical importance. Africa population is projected to double, attaining the 2.3. Billion people mark over the next 40 years representing half of the globe's total population. This could trigger competition for resources and can have devastating effects natural resources if not rightly channeled. A review of CAADP implementation plan revealed in 2014 that: 40 African countries have engaged the CAADP process, some 30 countries have signed CAADP compacts and 25 have finalized investment plans.. Furthermore, about 9 to 15 countries have had very significant financing of their investment plans. These totals mean that today a majority of African countries have formalized CAADP compacts, certifying national agricultural development priorities identified through what strives to be a participatory and rigorous planning exercise. These accomplishments stands rather prove that Africa is determine to put in place national strategies that govern its agricultural sector. Africa is on the way and transformation is happening. For instance, it is worth noting that in the last decade: – 18 countries have maintained an average economic growth of 5.5% (Nigeria, Benin, Libya, Sierra Leone, Niger, Cote D'Ivoire, Burkina Faso, Chad, Ethiopia, Liberia, Rwanda, Ghana, Mozambique, Zambia, DR Congo, Eritrea, Mauritania, Tanzania) – 10 countries met or exceeded the 6% CAADP agricultural growth rate in 2008 (Angola, Eritrea, Ethiopia, Burkina Faso,

Republic of Congo, Gambia, Guinea-Bissau, Nigeria, Senegal, Tanzania.), 10 countries have reached or exceeded Maputo 10% commitment (Burkina Faso, Ethiopia, Ghana, Guinea, Malawi, Mali, Niger, Senegal, Madagascar and Zimbabwe).

KEY MESSAGES:

(i) Agribusiness and Agro-industries through agricultural commodities value chains should be used as a conduit to help Africa to increase production and productivity of the agricultural sector. It should be supported by market driven production. There is a crucial need as Africa population is rising, creating a discrepancy between supply and demand of food. At the same time the type of food demanded, especially in urban areas is also changing.

(ii) Small holder farmers (mostly women) represent 80% of all farms in Africa and contribute up to 90% of food production in some countries. In an unstructured and non-formalised value chains environment, the risks and unit costs are often too high for smallholders to viably access markets, inputs and services. This in turn impacts the efficiency at the farm level, impacting of the production and productivity

(iii) To benefit from economies of complementarity and economies of scale, it is encouraged to open up borders and frontiers and take advantage of comparative and competitive advantages, firm up the free trade areas at RECs level and build the continental free trade area (CFTA) which is the ultimate goal of AU today. Regional Value Chain, in the context of a strong regional integration, supported by CFTA could trigger increased productivity in the food sector and serve as a conduit to reduce food insecurity by increased employment opportunities and increased income levels.

(iv) For "increased Food Production", smallholder farmers' participation in markets channels and in value addition is crucially important for improved food security and poverty reduction. They must be connected to the input-market as well as the output market. First at the household level and then extended to national, regional and continental level. They are very heterogeneous, facing different types of constraints according to the commodities, and will react differently to new market opportunities.

(v) There is a need for a paradigm shift in political decision to revitalise the role of small holders in agricultural growth. This needs to change. Policy interventions need to be prioritized and sequenced according to evidence-based diagnosis of the constraints faced by different categories of small holders as evidence-based policy-making minimizes the risks of policy failure.

1. CONTEXT

1.1 State of African Agriculture

African agriculture has been for past decades the backbone of its economic development. During the past thirty years the competitiveness of many African export crops has declined, and Africa's dependence on imported food crops has increased. While the poor performance of African agriculture can be attributed partly to adverse agro-ecological conditions, experience from elsewhere in the developing world suggests that significant progress is possible. Nonetheless, on a positive note, recent years have seen the mineral and other natural resources sector emerging to support several countries' economic development. Regardless of the status of other emerging sectors, agriculture sector has remained the main activity of at least 75 percent of the population. Unfortunately the vast population of the continent, engaged in agriculture, as wage earners or self-employed remains the poorest in the continent or even in the world, due mainly to the continued low performance of the sector. African agriculture has remained traditional for the most part with a little modernization. Many studies and reviews revealed that Africa missed the "green revolution" of the 1960's which propelled most Asian countries to agricultural and rural transformation and subsequent food sufficiency and inter linkages among economic sectors.

The fact remains that Africa has been unable to secure food for all its population and to design any sustainable pathway for its own food security:[2]. It is certain that Africa food security has been affected by a complexity of factors; nonetheless, a structural transformation in agriculture could take it to a new dimension and unfold some viable solutions. Currently the productivity in the sector is either stagnating or subject to very slow increase, for several countries across the whole sub-region and that despite all the different programmes tried so far from the 1960s to now (FAO, 2009).. Numerous reasons have been advanced for this stagnation, including secular inefficient traditional way of exploiting land, inadequate returns from investments in agricultural research, low inputs, lack of efficient technology, high exposure to risks, limited risk management capacity, lack of training, inappropriate government policies and development efforts, etc. There are few exceptions to be noted. In some African countries, agricultural research has generated several kinds of technology with high potential, but even then, the impact of the technology on farmers' productivity, livelihood and quality of life have not matched to the level of that potential, due to inappropriate extension techniques, and sometimes, lack of funds to

[2] Food Security is defined here as "a situation in which all people, at all times, have physical , social and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active healthy life." (FAO, 1998)

support good initiatives. But some elite farmers did benefits from those initiatives. NEPAD's Rural Futures Programme is a result of a joint effort (NEPAD[3], ECA, WWF and regional partners) to respond to the challenge and opportunities of rural Africa. Its main objective is to carve actions resulting from in depth analysis and prospects for the rural sector in the context of the global market economy. It builds on the ongoing work and experience of member states, regional bodies, civil society, the private sector and international partners.

There are good reasons to be optimistic about the future of rural economy in Africa. Following a long period of neglect, it is now clear that Africa cannot escape to go through agricultural transformation and rural transformation in order to get to the next level.

2. OBJECTIVE OF THE PAPER, METHODOLOGY AND STRUCTURES:

2.1. Objective of the Paper:

The main objective of this report is to explore and propose concrete recommendations on relevant policies and programs / projects, necessary for effective development of value chains, based on a deeper analysis of value chains of agricultural commodities as a mean for increased food production, and development of agribusiness and agro-industries in Africa through processing and transformation.

The specific objectives are (a) to push the agenda of the development and promotion of agricultural commodities value chain to be a mean to achieve food security and the strategy of accelerated growth in Africa, (b) to demonstrate and inform stakeholders and policy makers of the transformational benefits of the use of agricultural value chains in promoting Africa's agriculture and to seek broad support for adoption of the value chain approach in the national and regional development frameworks, (c) to encourage the African states to embrace the agricultural value chain approach, and the private sector to engage with the public sector in promoting greater investments in the sector, with the ultimate aim of enhancing food security and increasing farmers' incomes, in line with long-term development strategies, and (d) to bring focus on maximizing value addition to primary production by diversifying away from sustenance and subsistence based farming approaches.

2.2. Methodology of the Analysis:

The present report was carried out with the intent to be a contribution to the AfDB Annual Meeting in Kigali (2014) on the theme: Promoting Agricultural Value Chains in Africa. It was

[3] NEPAD : The New Partnership for Africa's Development (NEPAD) is an economic development program of the African Union. It was adopted at the 37th session of the Assembly of Heads of State and Government in July 2001 in Lusaka/Zambia. It aims to provide an overarching vision and policy framework for accelerating economic co-operation and integration among African countries.

a" desk research study". The content relied on document research on existing work and analyses by specialists, sponsors, researchers and international organisations active in agriculture, mixed with UNECA's research, thinking and approaches regarding agricultural transformation and agricultural commodities value chain. Internet was used (websites referenced) so are magazines and publications on the subject. It referred also to several value chains studies done by UNECA in the past, especially ERA (2009).

2.3. Structure of the Paper:

The present paper is made up of seven chapters: The introductory chapter 1 consists of the justification, background and context, the objective of the study, the methodology applied and the structure of the analysis. The second chapter describes the objectives, methodology and structure of the study, while chapter 3 highlights the characteristics of the African agriculture and reiterates the need for an agricultural transformation with emphasis on production, productivity and the issue of smallholders' double disconnection. Chapter 4 details the role of value chains in agriculture in Africa. The need for a regional value chains in the agricultural sector for increased income and increased food production is described in chapter 5 with emphasis on the role of the small holder farmers and the access to technology infrastructure and sector linkages. The ultimate role of agribusiness and agro-industries is addressed in chapter 6, starting with the state of Africa agribusiness landscape, the impact of the Agribusiness, Agro-Industries in Africa Initiative (3ADI) and the need for a commodity based industrialisation. In Chapter 7, enhancing regional markets and trade is addressed with emphasis on the role of trade, regional markets and regional integration are emphasised as a sure pathway for a sustained agricultural and economic growth. Thus the chapter highlights the need for an accelerated Continental Free Trade Area (CFTA) .

3. CHARACTERICTICS OF AFRICAN AGRICULTURE:

Africa's agriculture remains under-developed and characterized by the predominance of primary agriculture products. It is mostly subsistence farming with low fertility soils, minimal use of external farm inputs, low productivity, minimal diversification, environmental degradation, therefore low inputs and low output. This is coupled with significant food crop loss both pre- and post- harvest, minimal value addition and product differentiation. Ninety five percent of the food in Africa is grown under rain fed agriculture (FAO, 2008). Hence food production is vulnerable to adverse weather conditions. These days' climate change effects are visible and droughts are becoming more severe and famines deadly. There is an overall decline in farm input investment including fertilizers, seeds, and technology adoption. Accessibility to fertilizer is not obvious as it is not only costly sometimes but also not available widely although many governments adopted market liberalization to facilitate fertilizers imports or even subsidized their use. But still efforts are insufficient to bring about wanted changes. The limited access to credits markets and infrastructure limit development of output, and also limit farmer's ability to purchase fertilizer and other inputs, consequently the inter-linkage among sectors is hampered.

Small scale farming remains the main implementation method and it is mostly rain fed which is characterized by low yields. African farmers have found themselves trapped in a vicious circle of poverty and food insecurity, not being able to suffice to their own basic needs. As long as the share of Africa agriculture in its GDP will remains high, it means "structural transformation" has still not taken place, because in the process other sectors are supposed to take over the main share of the GDP while agriculture still goes strong in real terms (John Staatz, 2007). African agriculture contributes 29.2 percent of GDP in 1979-81 and 24.6 percent in 2002-2004 and 16. 4 percent in 2005 compared with the world average of 7percent in 1981 and 3 percent in 2004. The performance of African agriculture has been somewhat disappointing over many decades. As such Africa is the only region of the world where per capita food production has been declining over the past three decades. As a result, there is increasing rural poverty, rising food prices, widespread famines and increasing food imports now estimated at US$ 33 billion per year (ECA-FSSDD, 2010). The number has increased now to $50 billion of processed food/year.

3.1. Need for Agricultural Transformation in Africa

3.1.1 Agricultural Transformation

Agricultural transformation is the process by which individual farms shift from highly diversified, subsistence-oriented production towards more specialized production oriented towards markets or other systems of exchange (e.g. long contracts). The process involves a greater reliance on input and output delivery systems and increased integration of agriculture with other sectors of domestic and international economies (Staatz, 1998). Agricultural transformation is part of a greater structural transformation, a process by which the relative contribution of non-agricultural sectors to the overall economy rises as agriculture's share declines in relative terms" (UNECA-ERA, 2005). But during structural transformation, agriculture will continue to grow and contribute to overall economic growth, in absolute terms.

Investing in agriculture is one of the most effective ways to achieve food security and drive inclusive growth. The agriculture sector employs 65 – 70 % of the African workforce. It accounts for about a third of the continent's GDP. There is a fast-growing regional food market which is being fuelled by population growth and rapid urbanisation. Agriculture holds great promise for broad-based economic growth and job creation.

Successful agricultural transformation means the existence of two simultaneous developments: [4]

(i)Productivity (output per unit of input, variously defined) increases sustained over two to three decades at least; and

(ii)Sustained income increases for the majority of farm/rural households.

On the other hand "successful rural transformation" means income increases of the majority of rural households, sustained over decades. The cumulative increases of broad-based on-farm productivity and off-farm rural income increases, fundamentally improve the lives and prospects of millions, (hence "transform"), of current and future generations of rural households.

3.1.2 Challenges to Agricultural Transformation:

3.1.2.1 Production and Productivity (under capitalization)

Table 1: Yield per ha for some basic staple crop: Africa compared to the rest of the World (MT)

Mt/ha	**Africa**	**Asia**	**Western Europe**	**Central America**	**Vietnam**
Maize	2	5	9.4	2.9	4.2
Rice (paddy)	2.5	4.4	5.9	3.6	3.6
Wheat	2.4	3	7.4	5.6	5.6

Source: FAOStat, 2012 data (Author's compilation)

Agricultural transformation in Africa is faced with tremendous challenges. It will take strong and engaged political will to tackle some of those challenges to make way for a sustainable transformation, leading to a break through in food security and wealth creation for the small scale farmers. The following are some of the challenges which need to be overcome: under-capitalization, inadequate funding for fundamental and applied research and technology, low utilization of yield enhancing inputs (mechanization, chemicals and irrigation), as well as poor extension services and access to credit, inferior output and low value added (low or minimal value addition), adverse Impact of climate change , poor market infrastructure and fragile agricultural/food markets, lack of awareness on the importance of investing in rural

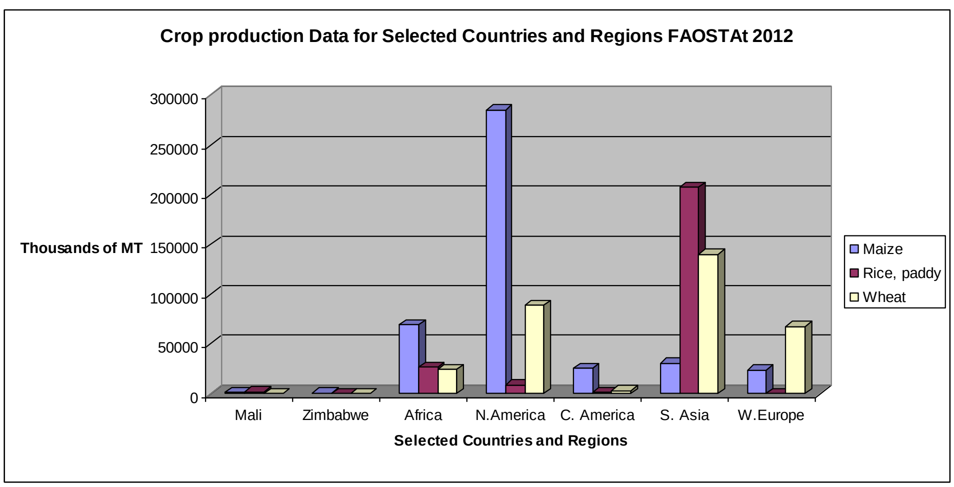
[4] Tsakok, Isabelle. 2011. *Success in Agricultural Transformation: What it Means and What Makes it Happen.* Cambridge University Press.

transformation, inefficient/lack of supporting institutions such as regulatory frameworks, social protection in general and insurance scheme in particular in addition to low human capacity, unsecured access to land, and sometimes , lack of political will.

African agriculture needs its own green revolution. The one enriched by the lessons learnt from the Asia green revolution and that of elsewhere. This is definitely needed for the increased demand of food. African farmers intensively depend on rain-fed agriculture thus highly prone to *climate change impacts*. Steadily increasing demand for food, regionally as well as globally, aggravates the situation.

The situation is exasperated by the way Africa population is growing. This gives not much choice rather than developing an agricultural sector that can meet this ever growing demand for food products. By 2030, more than 600 millions Africans will live in rural areas (World development report, 2008). The majority will rely on agriculture for their livelihoods. According to Ligon and Sadoulet (2007*), the poorest household gets, up to 4 times more benefits for a 1 percent GDP increase if this increase is based on agricultural rather non-agricultural growth.*. The challenge remains to boost agricultural productivity by increase inputs, environmental technology, incorporation of indigenous knowledge and local participation and ownership.

Africa still lags behind in staple crop production compared to other regions of the world. For instance while Africa produced a total of 69.6 million tons of maize in 2012, North America produced 285.5 million tons and , Western Europe 240 millions and USA 274 millions tons.



Source: FAOSTAT, 2012: Author's calculation

3.1.2.2 Addressing the double disconnection of farmers

Since its independence in the 1960's up to date, the most fundamental development challenge for Africa has been how to reach its own food security? Throughout the world, and particularly in South Asia and sub-Saharan Africa, many of the poorest people are farmers. Nearly 75 percent of those subsisting on $1 a day live in rural areas, and it is estimated that the majority of the poor will remain rural until 2040 (Ravallion et al. 2007). At the same time, agriculture is a major source of income and employment in these regions: it accounts for about 34 percent of Gross Domestic Product (GDP) and 64 percent of the labor force in sub-Saharan. Africa. Poverty alleviation is therefore directly linked to agriculture. Whether in the form of new crops, improved seeds, improved breeds of animal, or changes in agricultural practices and crop choice, technology has the potential to sharply increase yields, reduce spoilage and risk, and improve the nutritional quality of food. Therefore transformation is imposing itself to Africa agriculture. The key lies in increasing the agricultural income of smallholder farmers and creating rural off-farm employment opportunities. Small holders find themselves in an awkward situation, being disconnected from the input market and at the same time disconnected to the product markets. *They usually face the sellers' market when buying inputs and also face the buyers' market when selling products*. *Therefore they are subject to the usual deterioration of the terms of trade*. Smallholder farmers need to benefit from the greater value addition to their products so they can break away from absolute poverty. Hence the need for such a working paper to highlight the need for and challenges to agricultural transformation with a view of raising awareness on the importance of agricultural and rural transformation as an effective means to reduce poverty through food production, marketing and wealth creation. While the focus of this working paper is to promote regional value chains in agriculture for increased food, it reviews the problems beyond agricultural production and productivity, to issues and opportunities associated with markets, value addition, employment, income generation, regional integration, inter-sectoral linkages, and general welfare.

4. ROLE OF VALUE CHAIN IN AGRICULTURAL SECTOR:

Simply defined, a value chain of a particular agricultural commodity links the steps a product takes from the farmer to the consumer. It includes research and development, input suppliers, production, processing, marketing and finance. According to the handbook by Kaplinsky and Morris (2000)[5],"*a value chain describes the full range of activities required to bring a product or service through the different phases of production, including physical transformation, the input of various producer services, and response to consumer demand. As such, value chains include the vertically linked interdependent processes that generate value.. In contrast, the term supply chain is used internationally to encompass every activity involved in producing and delivering a final product or service, from the supplier's supplier to the customer's customer."*

[5] Kaplinsky, Raphael and Michael Morris. " A handbook for value Chain research, September 2000

Despite numerous commitments to create integration zones, the continent continues to register the lowest percentage of trade within the region worldwide – a mere 12% cent of total exports take place within Africa, compared with 25% in ASEAN and over 60% in the European Union. This is largely a result of a mix of trade policies that have been heavily focused on gaining access to developed economies and regional integration efforts that were not fully implemented.

For Africa the potential gains from increased regional integration are particularly substantial: 54 economies of Africa – of which almost half register a population of less than 10 million and more than a third being landlocked – make the continent the most fragmented region in the world. In addition, more than a third of African economies are landlocked.

5. NEED FOR REGIONAL VALUE CHAIN FOR INCREASED INCOME AND INCREASED FOOD.

Developing regional value chains for strategic agricultural commodities, especially those identified by AU Food Security Summit in Abuja, is essential for African countries to enhance their agricultural transformation and global competitiveness (AU, 2006). It is obvious that African countries will not make it to that global competitiveness if they were to operate on individual basis. Strategic partnerships are necessary to be formed among interested countries through regional value chains. This can also be used as a tool to support CAADP pillars, namely Pillar II and IV. Let's positively reiterate that the economic prospects of African countries are bright. Africa's population will reach 1.4 billion by 2020, by which point, four out of every ten citizens ($4/10^{th}$) will be residing in urban areas. The increasing demand for processed agricultural products (Africa is importing $50 billion of packaged food per year) will require the value chain impetus meaning adding value to farmers' outputs. New markets for value-added products will evolve, thus positioning value addition, triggering agribusiness and agro-processing, coupled with induced services, as the cornerstone for food security and the path to unlocking prosperity in Africa, through creation of employment and new revenues. Unfortunately, Africa has carved itself presently to be a net importer of value-added food (mostly packaged food); a vivid example of how the continent has failed to transform its 'inherited natural wealth' into 'created wealth'. To alleviate this problem, African countries must promote agribusiness and agro-industries strategies that integrate rural infrastructure and support services for targeted commodity value chains based on specialisation and market demand. The way out for the agricultural sector is through value addition, wealth creation and retention into the system.

5.1. Linking Small Holders to inputs market and products markets

5.1.1Connection to the Inputs and Outputs Markets:

Why agriculture has remained in subsistence form in Africa? It is because the small holders has been overlooked and marginalized in the process of the value chains development. In order for the small holder to grow, he or she will need to understand what happen to the product when it leaves the farm gate and consequently need to operate in the chain and be part of the chain and also received benefits for its participation. Increase of productivity at farm level is expected to be achieved through additional use of fertilisers, use of improved seeds and appropriated and adapted more efficient agricultural practice an technologies. Therefore the smallholder needs to be connected to the input markets as well as the output markets.

5.1.1.1. Poor diffusion of Technology

The system of technology diffusion is sometime poor in Africa. Farmers who would benefit from technology adoption may be unable to access or pay for the technology due to inadequate system, missing supply chains or unaffordable high prices. Infrastructure, such as roads and irrigation, plays a key role in facilitating technology adoption, but putting those infrastructure investments in place is typically left to governments and foreign donors, because for private sector to undertake those investments, they need to be profitable up front, and usually they are not. Although the diffusion of technology is dependent to roads, irrigation system and sometime good transport system in the country, it is adamant to take care of those things first to expect on any success. Cross-countries evidence on the effect of infrastructure on agricultural productivity shows a positive relationship between productivity and the development of roads and irrigation. Improved transportation is also associated with diffusion of technology, better use of inputs and better prices for farmers.

5.1.1.2. Poor Infrastructure and Weak Market Power

It is frequent in Africa to see the market prices to be very far off from the farm-gate prices because of poor infrastructure. More often transport and storage cost drive a wedge between the prices that farmers receive for their output and the market price thus, lowering the profits associated with certain good agricultural practices and technology adoption. This is very often noticed in landlocked countries in particular where high transport cost is associated with the import and export of agricultural products. It is well documented in Africa that transportation can account for half of the cost of agricultural output marketing, a considerable fraction of the value of the product. The farmer is left with almost no profit from his products because input suppliers and output buyers face little competition, they impose their prices. In these cases, much of the profit from improved agricultural technologies may be captured by market actors other than the farmer. Therefore by raising the fixed cost of distribution, poor infrastructure, increase the market power of intermediaries (brokers) and thereof diminish that of the farmers. This is a discouraging effect that need to be brought up to policy makers attention so that the market is not monopolized by middlemen and thus creating the lack of confidence to the markets at the farmer's level.

5.2. Inter Sectoral linkage

The concept of sectoral linkage has long been debated and used in theories of economic growth. It is a must that the primary, the secondary and the service sectors interact to push the agenda of growth. Most often depending on the way the sectors interact the 2nd or the 3rd sector takes over. The ideal is that the primary sector feeds the secondary sector and then the two get support from the service sector and they all grow. According to A.O. Hirschman's (1958) theory of unbalanced growth, "the technological relationship between different sectors is the prime mechanism of growth". According to him, each sector has linkages with the other sectors in an economy, in the sense that it either purchases inputs from them from the production of its output or provides them with its own output as input to the other sectors. Thus the expansion of any sector's output will, through technological inter-dependence, lead to the expansion of output of the other sectors"[6] . The transformation of agriculture requires that industrialisation is involved and such activities like manufacturing, processing take place and in the course, the service sector kicks in. Africa needs to develop its manufacturing capacity to benefit from any productivity increase at the farm level. Without industrialisation (manufacturing), the expected agricultural transformation will not happen. Agriculture and industry are integral component of development process due to their mutual interdependence and symbiotic relationship, the contribution of agriculture to the economy in general and to industry in particular is well known in almost all the developing countries. The <u>production linkages</u> basically arise from the interdependence of the sectors for meeting the needs of their productive inputs, whereas the <u>demand linkage</u> arises from the interdependence of the sectors for meeting final consumption. Further, the linkages between the two sectors can also be categorized into two groups based on the direction of interdependence. One is the <u>backward linkage</u>, which identifies how a sector depends on others for their input supplies and the other is the <u>forward linkage</u>, which identifies how the sector

[6] Hirschman: A strategy for Economic Development, Yale University, 1958

distributes its outputs to the remaining economy. More importantly, these two linkages show the potential capacity of each sector to stimulate other sectors and then reflect the role of the sector accordingly.

5.3. Addressing the fragmentation of African food and Agricultural economy

5.3.1. At national level:

Agricultural markets in Africa are fragmented for the people who need them most. The markets are not structured and sometime very far from the farm-gates. This sometimes create situation of post-harvest losses especially for fresh products with short-life span without good storage conditioning. Transforming the sector means changing the usual way of business and , connecting the farm to markets, that will not only address the food security issues, the income issues, but also will unlock the subsequent trade and development potential more broadly. Market access can help drive sustainable productivity gains, improve livelihoods and reduce risks for smallholder communities; however, the process of building markets and making them more inclusive is not an easy endeavor. It will require public and private investment. This is necessary to contain the growing consumers demand, especially from urban area. Population in Africa is set to almost double to two billion by 2050, and current food production systems in Africa will only be able to meet 13% of the increased demand. At the same time, across Africa it is estimated that 80% of the population depends on agriculture for their livelihoods.

5.3.2. At regional level:

At regional level, the same issues are valid. The African market remains highly fragmented; preventing enormous opportunities for cross-border trade from being exploited and in turn generating new jobs. Most countries in Africa have a population less than 15 million people and therefore the need to congregate, while in Europe and North America, countries are striving to get together in commercial union in order to form and access larger markets. The Regional Economic Commissions are struggling to form such regional markets but efforts are slow coming forth. Effective regional integration is more than simply removing tariffs; it is about addressing the barriers that undermine the daily operations of ordinary producers and traders of both goods and services. The incidence of barriers to regional trade fall most heavily, and disproportionately, on the poor traders, mostly African women traders who earn their living by trading goods across countries, and is preventing them from earning a simple living in activities where they have a comparative advantage, such as crafting, catering trading cereals and staple food in local markets and sometimes across the borders.

Action is required at both the national and regional levels. Regional communities can provide the framework for reform but responsibility for implementation lies with each member country.

6. ROLE OF AGRIBUSINESS AND AGRO-INDUSTRIES

It is undisputable that the future of Africa agriculture lies in agribusiness development and strengthening of value chains. This needs to be looked at both national level and regional level. African governments, leaders and policy makers seem to all agree on this concept but when it comes to implementation there are still hurdles and slowness. The development of agribusiness and agro industries and the food manufacturing in general will have multiplier effect and induced sectoral linkages, creating jobs, creating and increasing income and resulting in economic growth. According to the International Standard Industrial Classification (ISIC), agribusiness and Agro-industries consist of six sub-sectors, namely: food and beverages; tobacco products; paper and wood products; textiles, footwear and apparel; leather products, and rubber products. Agribusiness and Agro-industry, by definition, include all the post-harvest activities that are involved in the transformation, preservation and preparation of agricultural production for intermediary or final consumption, marketing, financing, up to the consumers and even sometimes beyond consumers up to decommissioning (FAO/UNIDO/IFAD 2008)

The various factors and conditions shaping agro industries and agribusiness in Africa include geography, natural resources and factor endowments, climate, scope and coherence of policies, political environment, business environment, impacts and outcomes of industrialisation strategies and types of integration with regional and global markets and the resultant degree to which the development potential can be exploited

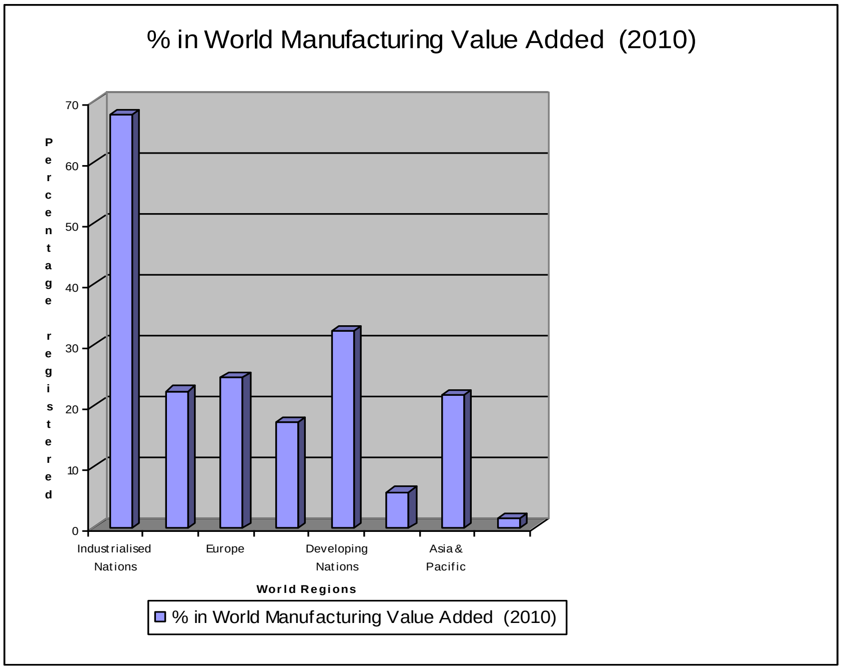
(UNIDO, 2012)[7]

6.1.1 Percentage shares in manufacturing:

For example, the share of African manufacturing in gross domestic product (GDP) rose from a low of 6.3 per cent in 1970 to a peak of 15.3 per cent in 1990, and thereafter fell to 12.8 per cent in 2000 and 10.5 per cent in 2008. What is interesting to note is that the decline in the contribution of manufacturing to GDP since 1990 has been observed in all sub-regions of the continent. In Eastern Africa, the share of manufacturing in GDP fell from 13.4 per cent in 1990 to 9.7 per cent in 2008. In Western Africa it fell from 13.1 per cent to 5 per cent over the same

[7] UNIDO: Working paper on Agribusiness for Africa's Prosperity, Country Case Studies, April, 2012)

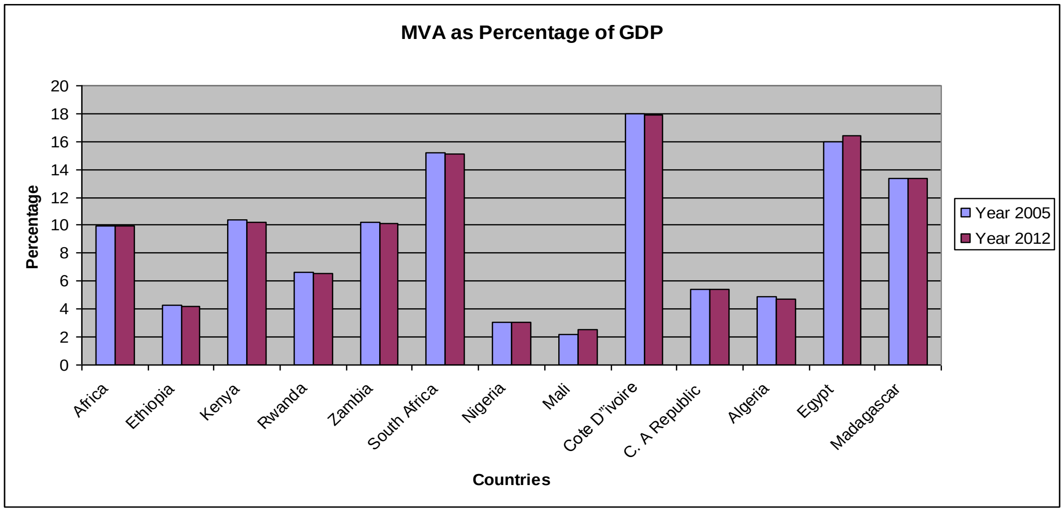
period. Furthermore, in Southern Africa, it fell from 22.9 per cent to 18.2 per cent and in Northern Africa from 13.4 per cent to 10.7 per cent. Africa still accounts for a very low share of global manufacturing.



Source: Author's computation from UNIDO Statistics (IndStatbrief, 2013)

6.1.2. Percentage shares in manufacturing value added:

The share of the region in global manufacturing value added fell from 1.2 per cent in 2000 to 1.1 per cent in 2008. In developing Asia, it rose from 13 per cent to 25 per cent and in developing countries in Latin America it fell from 6 per cent to 5 per cent over the same period. There has also been no significant change in the region's share of global manufacturing exports in recent years, although Africa's share of global manufacturing exports rose slightly from 1 per cent in 2000 to 1.3 per cent in 2008. Africa policy makers have recognized the necessity to promote industrial and manufacturing development in order to address Africa's development challenges.



Source: Author's computation from UNIDO STATISTICS (IndStatbrief, 2013)

As shown in the above graph Africa as a whole displays a 10% MVA as a percentage of GDP. All the other selected countries here have not show much progress from 2005 to 2012. During the 7 years span of the data collected by UNIDO none of the selected countries here show tangible increase in the percentage of MVA in their GDP.

As mentioned above Africa will not make it to a substantial industrialisation if there is no breakthrough in manufacturing

6.2. Africa Agribusiness and Agro-Industries Development Initiative: 3ADI

6.2.1. Background*:*

The Africa Union Commission and its New Partnership for Africa's Development (NEPAD) through the Comprehensive Africa Agriculture Development Program (CAADP), aware of the need to strengthen Africa's agribusiness and agro industry sectors to spur its transformation along the lines of development of competitive, sustainable and inclusive agro-industries and agribusinesses in Africa as a pathway to increased economic growth and food security in the continent, partnered with the African Development Bank (AfDB), the Food and Agriculture Organization of the United Nations (FAO), the International Fund for Agricultural Development (IFAD), the United Nations Economic Commission for Africa (UNECA) and the United Nations Industrial Development Organization (UNIDO), to launch the African Agribusiness and Agro-industries Development Initiative (3ADI) during the High-Level Conference on the Development of Agribusiness and Agro-Industries in Africa (HLCD-3A), which was hosted by the

Government of the Federal Republic of Nigeria in Abuja, Nigeria, in March 2010. It is again this backdrop that after decades of neglect, that agriculture was again receiving attention from African governments.

6.2.2. Problem Statement:

Africa has witnessed improved growth in recent years – averaging 5.5 per cent per annum. Nevertheless, poverty remains a serious challenge. This growth has not been inclusive, hence not sufficient to propel broad-based development. For growth to be translated into sustained poverty reduction, employment creation, income generation and improvement of livelihoods, greater attention needs to be placed on the quality of growth, its sustainability and spread. According to ECA Issues paper on "economic transformation, January 2013", four essential and interrelated processes define transformation: (i) a declining share of agriculture in GDP and employment; (ii) a rural-to-urban migration underpinned by rural and urban development; (iii) the rise of a modern industrial and service economy; and (iv) a demographic transition from high rates of births and deaths (common in underdeveloped and rural areas) to low rates of births and deaths (associated with better health standards in developed and urban areas). It is in this vain that we single out the definition of ***"agribusiness"*** to be agriculture conducted on strictly commercial principles, and ***"agro-industry"*** to be the type of agriculture engaged in as a large-scale business operation embracing the production, processing, and distribution of agricultural products and the manufacture of farm machinery, equipment, and supplies. In this case it is understood as a component of the manufacturing sector where value is added to agricultural raw products.

6.2.3. What can Agribusiness and Agro industry sectors do in the process detailed above?

Today Africa's food system is characterized by the gap between supply and demand of agricultural products. The demand for food and agricultural products is changing in an unprecedented way. This is due to several factors including increase in per capita incomes, higher urbanization and the growing of middle class people who are target for ready-made/packaged food. These new demands need to be met and are triggering the need to focus and strengthen Africa nascent agribusiness and agro-industries sectors.

In fact, while the central role of agriculture in Africa's economic development has been widely accepted, policy makers and development planners increasingly are recognizing the need to focus more attention to agribusiness and agro-industries in their strategies to promote economic development of the continent. Many ministries of agriculture, for instance, openly acknowledge in their mission statements and strategic plans the key role of agricultural value chains, commercial farming and value addition in contributing to economic development. The specific roles can be detailed as follows: There is a need for developing up stream as well as downstream activities

6.2.4. Developing up stream activities:

The availability and accessibility of agricultural inputs, are two great daunting challenges for African farmers. This sector is crucial for a market-oriented and market-driven agricultural production. But let's bear in mind, that there is a general consensus that investments in agriculture should go beyond improvements in on-farm productivity to reach agribusiness and agro-industrial development, if agriculture should be the engine of economic growth. As highlighted in the ECA's 2009 Economic Report for Africa, "agriculture has not been sufficiently linked to agribusiness and agro-industries in the continent. Consequently, innovative programmes for strengthening these linkages are needed such as regional value chains programmes focused on their forward and backward linkages". These investments in these sectors produce significant multiplier effects, generating demand for agricultural products and associated inputs and services, creating on- and off-farm employment, enhancing incomes and contributing to value addition and increased public sector revenues.

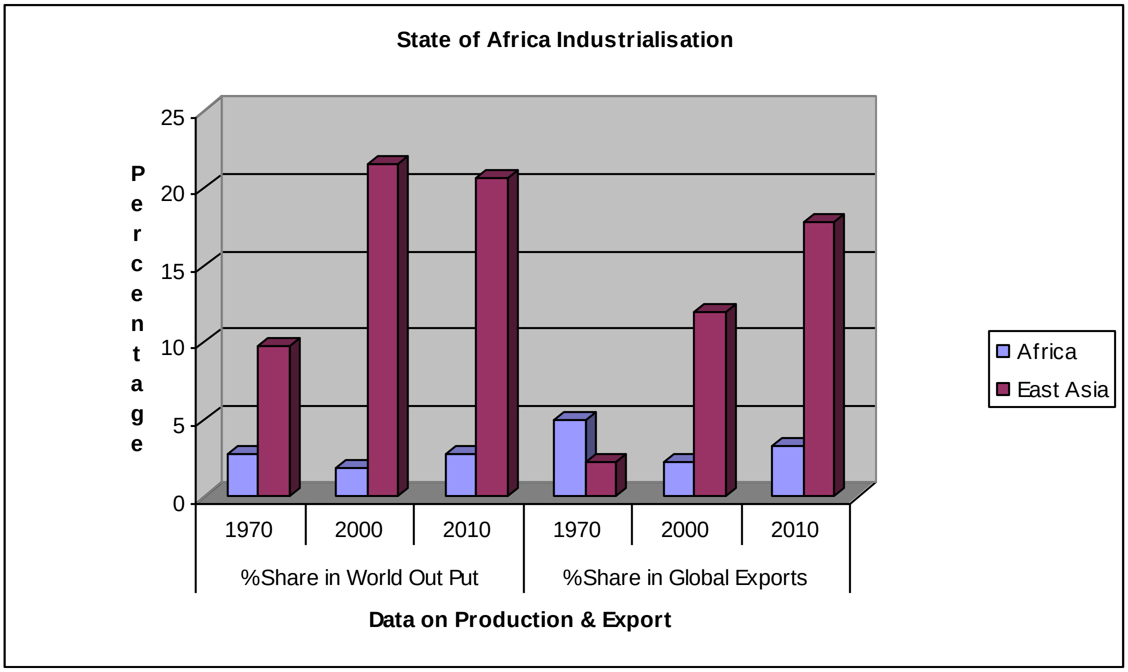
6.2.5. Developing downstream activities:

Processing and packaging and all related activities are considered downstream activities which have employment creation and income generation potential which are key to the transformation. The potential of agribusiness and agro-industries activities as growth engines is well known. The World Development Report 2008 called attention to the fact that the *share of agribusiness and agro-industries in GDP tends to grow as countries move from lower to higher levels of income*. Through their forward and backward linkages, investments in these sectors produce significant multiplier effects, generating demand for agricultural products, processed and packaged food and associated inputs and services, creating on- and off-farm employment, enhancing incomes and contributing to value addition and increased public and private sector revenues. Through the development of agro-industries and agribusiness activities, access to markets, finance and technical assistance can be facilitated for smallholder farmers, promoting their inclusion into more modern and efficient value chains. The agro-processing activities of food commodities strengthen the role of 3ADI and hence increase food security in four major ways: (i)by reducing post-harvest losses which estimates could be as high as 30 percent in cereals, 50 percent in roots and tubers, and up to 70 percent in fruits and vegetables according to UNIDO (2011), (ii) by extending the shelf-life of food, making it easier to reach urban areas where most of the population is concentrated; (iii) by adding value to commodities and therefore increasing incomes and creating employment along the food chain from production to consumption; and (iv) by improving the quality and safety of foods through establishing appropriate certification, traceability systems and harmonization of standards, thus increasing access to markets.

6.3. Commodity Based Industrialisation

According to ECA publications, ERA 2103, "*Massive industrialization based on commodities in Africa is imperative, possible, and beneficial. Resource-rich countries show that commodity-based industrialization is possible—despite criticism that it is a hard industrialization path. Massive resource-based industrialization through value addition and linkage development will yield employment, income, price, and non-price benefits, as well as dynamic benefits of diversified technological capabilities and deeper industrial structure. Progress has been seen in forward and backward local linkages to the hard, energy, and soft commodity sectors in some of the African countries. Ethiopia, Nigeria, South Africa, and Egypt present good examples of making the most of hard (industrial) commodities*". Industrialisation has now become a key element African countries are striving to achieve. Its multiplier effects are undeniable for the inclusive growth sought by Africa. In recent years, African countries have demonstrated renewed commitment to industrialization as part of a broader agenda to diversify their economies, build resilience to shocks, develop productive capacity for high and sustained economic growth, create employment opportunities and substantially reduce poverty**.** Virtually all cases of high, rapid and sustained economic growth in modern economic development have been associated with industrialization, particularly growth in manufacturing production. The necessity for structural change in Africa also arises from the fact that Africa needs high and sustained economic growth in order to make significant progress in reducing poverty.

6.4. State of Africa Industrialisation: Through the lenses of production and Export



Source: Author's computation from data from ECA, ERA, 2013

It is interesting to observe that from 1970 to 2010 Africa's percentage share of the world output has taken a downturn in the 2000 going from 2.17% to 1.85% and has now come back to the 1970 level of 2.73%. At the same time, we have seen East Asia going from 9.83% in the 1970 to more than double in 2000 at 21.53%, although it went down a bit in 2010 to reach 20.69%. In terms of share in export Africa is still struggling to reach back to the 1970's level of 4.99%. In 2000 its share in world export was only 2.31% which was a bit improving to reach 3.33 in 2010. While West Asia has taken off from its 1970'level from a mere 2.25% to more than a quintuple in 2000 at 12%, and continuing to increase to reach 17.9% in 2010. The above percentages speak for themselves about Africa state of industrialization and this needs to be addressed.

There must be a paradigm shift in Africa agricultural sector development, a complete U turn, shifting from subsistence agriculture to commercial agriculture, to a market-driven production. Africa needs to create new business partnership with the developed nations by inviting them to implant the transformation factories, the manufacturing and the processing plant here in Africa, so to not only create value, but also retain it in the continent and therefore boost its economic growth to a level which can create inclusive growth.

According to ECA Executive Secretary, Dr. Carlos Lopez, during his speech on Commodity based Industrialization for Africa, 2013, "Africa's economic future will be determined by how the continent will design and implement effective industrial policies needed to promote industrialization and economic transformation". .

7. ENHANCING REGIONAL MARKETS AND TRADE:

Africa's share of overall world trade is insignificant and continues to decline. According ARIA IV (ECA, 2012), Africa's exports account for only 1.6 percent of global trade despite Africa having 13 percent of the world population. In agriculture, the share of Africa in world exports has dropped steadily, from 8 percent in 1971 -1980 to some 3.4 percent in 1991-2000. In 2012, in total merchandise, the share picked up to 9.1% in world export and in primary products up to 11.6% (source WTO. 2012).

Regional trade and Intra-African trade have enormous potential to create wealth, employment, catalyse investment, lift people from poverty and foster growth in Africa. Over the period from 2007 to 2011, the average share of intra-African exports in total merchandise exports in Africa was 11 per cent compared with 50 per cent in developing Asia, 21 per cent in Latin America and the Caribbean and 70 per cent in Europe. Since the establishments of economic communities, African Governments have made several efforts to exploit the potential of trade for development, the most recent being the renewed political commitment by African leaders at the African Union summit in January 2012 to Boosting Intra African Trade and to fast tracking the establishment of a CFTA.

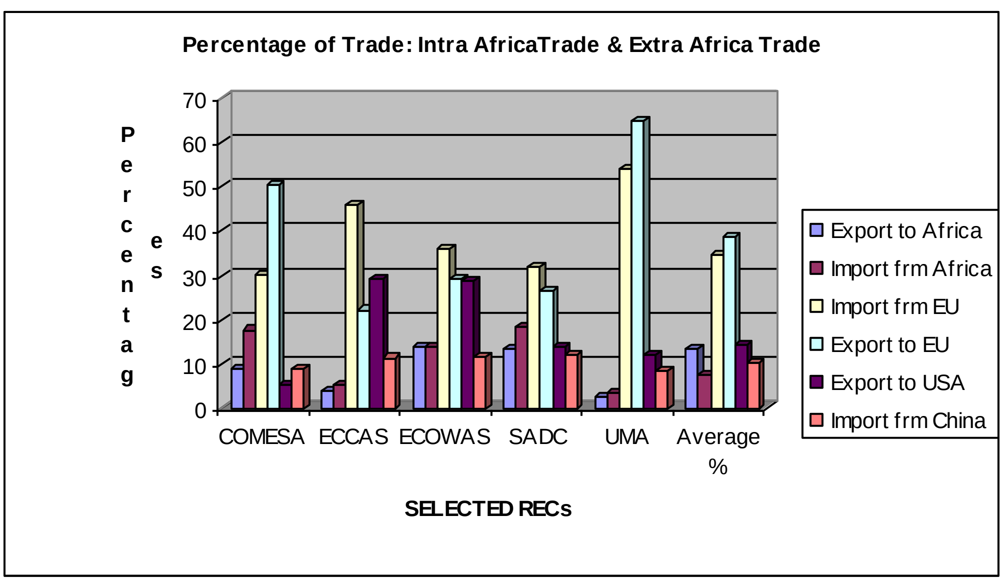
While this poor trade performance is partly caused by trade protectionist policies of the advanced economies against African products, there are also constraints that inhibit trade within the continent. There are several reasons for the weak regional trade performance in Africa, one of which is that the approach to regional integration on the continent has so far focused more on the elimination of trade barriers and less on the development of the productive capacities necessary for trade. While the elimination of trade barriers is certainly a great step, it will not have the desired effect if it is not complemented with policy measures to boost supply capacities (economies of scale). The limited role of the private sector in regional integration initiatives and efforts has also contributed to the weak trade performance of the continent.

7.2. CFTA: CONTINENTAL FREE TRADE AREA

Africa's participation in global trade has been marginal. Furthermore it is generally acknowledged that intra-African trade is significantly weak compared to trade within other regions in the world. On average over the past decade, trade amongst African nations is estimated at about 10 – 12 % while trade among North American countries is in the range of 40%, and amongst western European countries the rate is 63% .

From a continental strategic standpoint, stronger and deeper regional integration in Africa will not only help to promote sustainable economic growth and development, it will also enhance Africa's effective participation in the global economy, and make it less vulnerable to external shocks. It would promote exports to regional markets, build experience to enter global markets and provide a framework for African countries to cooperate in developing common services for finance, transport and communications. It is within this context, that the creation of a Continental Free Trade Area (CFTA) which would provide the basis for establishing a continental Customs Union and eventually the setting up of the African Common Market would substantially expand intra-African trade by breaking down tariffs and non-tariff barriers, and enhancing mutually advantageous commercial relations through trade liberalization schemes. The grand African CFTA will unleash the entrepreneurial dynamism and spirit across a continent without trade barriers and will represent an excellent opportunity for accelerating the achievement of the continental vision of an African Economic Community.

The considerations outlined above, provide the context and strategic framework for the deliberations to be undertaken during ATFII



Source: Compiled by the author from IMF data, Direction of Trade, April 2011 (ECA, ARIA V)

8. VALUE CHAIN FINANCING:

8.1 Definitions

As defined earlier in this paper "value chain consists of a trail of activities and from one activity to another, value is added to the product up to its final form. It begins with the production, continuing with the processing, storage or elaborating of the final product, and ending with the marketing and sale to the consumer or end user".

According to an FAO publication on value chains[8] "**Value chain finance** is defined as the flows of funds to and among the various links within a value chain----it is any or all of the financial services, products and support services flowing ***to*** and/or ***through*** a value chain to address the needs and constraints of those involved in that chain, be it a need for finance, a need to secure sales, procure products, reduce risk and/or improve efficiency within the chain". Value chain finance is a comprehensive approach which looks not only at the direct borrower but also analyzes the value chain itself and how it works in order to best structure financing according to those needs. The linkages also allow financing to flow up and down the chain. For example, inputs can be provided to farmers and repaid directly from the sale of the product without having to go through a traditional loans process.

8.2 Small holders' hold-up:

It is not a secret that small holders have been marginalized and sometimes even discounted when it comes to "value chain finance". This is compounded from the fact that agriculture itself is generally considered a non-profitable and risky sector at the small holder level and when it is modernized it over passes the level of the small holder and goes to the big entrepreneurs who deal with the financial institutions. How then can the small holder access financing? Most rural areas where smallholder farmers are located have none or limited financial institutions' networks. Even where they exist, smallholder farmers with poor credit rating, and sometimes with no collateral, will have no access to them, especially for medium-long term loans.

It is been a practice all over Africa to see commercial banks avoiding to lend to agriculture in general because agriculture is generally assessed to be a risky sector. In addition, most commercial banks are normally located in the urban areas making them not readily accessible to

[8] Value Chain Financing" by C. Miller and L. Jones(2010), FAO Publication

the farmers. When they are in rural areas it is to collect cash deposits and savings from farmers with little assistance back to them

Many African countries are now establishing “Agricultural Development Banks” and putting in place policies and strategies reinforced by agricultural finance products to assist small holder’s farmers, especially women farmers to facilitate their access to credit and finance for their activities and to include them in the value chains. Financial services to smallholder farmers play a strong and pervasive role that affects not just the farmers, but the entire economy and society in general.

In Africa most of the small holders are women and they are often bared from usual credit channels. They are left with small credit institutions or NGOs’ level small credit schemes which barely can lift them from poverty. In a direct sense, credit makes smallholder farmers more productive and efficient. Access to readily affordable finance is one of the key factors that contribute to the development of agriculture. This has been the case in other regions of the world.

When finance is access by smallholders, they end up with great success stories: (the Rwanda Coffee Global Value Chain with Starbucks and the Small Enterprise in Milk Production in Kenya, are good examples)

9. CONCLUSION AND RECOMMENDATIONS

Can value chains of agricultural commodities be taken as a mean to increase food production in Africa? The short answer is “yes”. This will necessitates an inclusive strategy of strengthening the capacity of actors along the chains (producers, processors, manufacturers), as well as enablers such as public and private institutions, service providers, policy and regulatory environment, etc. It all boils down to “policy environment”. The development pattern recommended for in this paper for agricultural commodities value chain is “an integrated regionally coordinated value chain” which requires a regulatory policy framework and a strong political will from member states for implementation.

The strategy needs to be anchored in a long term vision of value chain development for poverty reduction and accelerated economic growth. The gradual transformation expected from the agricultural sector will contribute to achieving food security, increased production and productivity, as well as expansion of income –generating activities and job creation.

Africa through RECs should move the market integration beyond national borders to encompass regional and sub-regional markets: « Africa Common Market ». One of the problems in Africa in general is the market fragmentation. This is so because there are asymmetries in perceptions of market and investment, there should be “one voice and one way”. African needs to think big, to think regional and to think international. The businesses need not to operate only in national and sub-regional boundaries; they ought to project the big picture. In terms of trade such asymmetries translate into import from non-African sources. This causes trouble and setbacks to our economies. For example today Africa’s import bill is beyond $50 billion dollars per annum for manufactured food. This $50billions could be reallocated among African businesses if borders and tariffs and non-tariffs fall down.

The challenge remains in the area intra-African agricultural market access. Africa needs to grant access for its own (domestic) food to its own market. The level of African intra-trade in agriculture and food products is low in comparison with its total trade volume. According to COMTRADE (2010), only one-fifth of African food exports stayed in Africa, whereas 88 percent of Africa’s total agricultural imports originated from outside the continent. However, the share of intra-trade of food over the total food trade varied greatly among commodities and was high in some cases. Cereals, live animals, meat, and dairy products were the most intra exported food products, representing 67, 61, 58 and 55 percent respectively out of Africa’s total export of these products.

RECOMMEDATIONS AND POLICY PRIORITIES

(i) Appropriate policy enabling environment: To meet the food demands of Africa growing population and its changing diet, African countries must foster appropriate policy enabling environment, harness innovation and technologies (bio-food) to create sustainable food systems. A strong enabling environment with transparent and implemented regulations, laws and trade policies is essential to value chain development.

(ii) Addressing the double disconnection of small holder farmers from inputs markets and product markets. Inputs need to be available, affordable and accessible and increased food production need to be market driven.

(iii) Market integration need to move beyond national and sub-regional levels to reach regional levels (vision of the Africa Common Market)

(iv) Regional production and processing belts need to be put in place based on comparative and competitive agro-ecological approach. The mapping of the potential of regional production and processing is necessary in order to optimally use scarce resources to build necessary infrastructure for such initiative: roads, factories, processing plants, communication technologies, energy, water schemes, technology research, etc. This is aimed at having commodity belts across RECS and other regional processing and manufacturing units with the view of galvanizing the regional markets.

(v) Unlocking the power of trade by using it as a tool for market development and productivity booster. Trade is an integral aspect of increased productivity and food security. Lowering tariff and non-tariff barriers will continue to be a priority.

(vi) African countries being characterised by fragmented markets where so many countries are also landlocked, regional integration and harmonization of laws and regulations will be critical to agricultural growth, and particular focus should be placed on how laws and regulations are being implemented in practice;

10. REFERENCES

1. African Union (2008): Strategy for implementation of the plan of Action for the Accelerated Industrial Development in Africa;
2. Brussels Rural Development Briefing (2014) CTA Brussels office: Global food systems, local impact: the role of agribusiness and development partnerships in advancing African agriculture.
3. CAADP (2003): Comprehensive Africa Agriculture Development Programme: www.nepad-caadp.net/pillar-2.php;
4. COMESA Brief overview COMStat Data Porta: http://comstat.comesa.int;
5. ECDPM: Briefing Note No. 49 (2013), Towards the Development and Implementation of CAADP regional pacts and investment plans, www.ecdpm.org;
6. FAO (2010), Rural infrastructure and Agro industries Division, Agricultural value chain finance: Tools and Lessons www. Fao.org/ag/ags/agricultural-fiannce-and-investment/value-chain-finance/en Calvin Miller and Linda Jones,
7. Gallup, J. S. Radelet and A. Warner (1977) Economic Growth and the income of the poor CAER Discussion paper No. 36, Howard Institute for International Development, Cambridge, MA, USA;
8. Gereffi G. and Fernandez Stark,(2011) Global Value Chain Analysis,
9. World population Datasheet, (2013) Population Reference Bureau,
10. Report of Conference of African Ministers of Agriculture & Ministry of Trade (Nov. 2012), BIAT: A. Key to Agriculture Transformation;
11. K.Yam Kella, J. Roepstorff, V. Jebamalai and T. Hawkis (2002), Perspectives on Agricultural Transformation: A View from Africa.
12. Kaplinsky Raphael and Michael Morris (2000) “a hand book for value chain research,
13. Katy Wilson (Feb 2014): Can we feed the world: Looking to the future African’s agricultural Transformation (canwefeedtheworold.worldpress.com),
14. News Dairy (2013): Ending African Hunger, Force lessons for African Leaders, www.newsdairyonline.com;
15. Nikos Alenxandratos and Jelle Brasima, (2012) Global Perspective Shidis Team Brun ESA working Paper No. 12-03 FAO, World agriculture towards 2030/2050; www.fao.org/docrep/016/ap106e/ap106e.pdf

16. Peter O, Jennife rM. Moyo, A Jerdier-Chorchane (2015) African Development Bank, “Developing Africa’s Infrustracture for Enhanced Competitiveness; www.afdb.org/fileadmin/.../Africa_Competitiveness_Report_2015.pdf
17. HLCD (March, 2010) Report on the high-level Conference on Develo0pment of Agribusiness and agro industries in Africa (HLCD-3A) Abuja,
18. Sean Woolfrey (June 2012) International Center for Trade and Sustainable Development/orenien.aspx, ICTSD Bridge Africa Review: Vol. #2, http://ictd.org/news/bridge-africa-review/134375;
19. UNCTAD (2013): Development and Globalization: Facts and Figures ;
20. UNCTAD (2013): Economic Development in Africa Report: Intra African Trade: Unlocking Private Sector Dynamism, ;
21. UNCTAD (2013): Global Commodities Forum: Recommitting to Commodity sector for as an engine of eco growth and poverty reduction 18-19 March 2013; http://unctad.org/en/pages/meetings/GCF 2013.aspx;
22. UNECA (2010): Assessing Regional Integration in Africa IV ;
23. UNECA (2012) Boosting Intra-African Trade: Issues affecting Intra-African Trade http://ti.an.int/en/content/boosting-intra-african-trade,
24. UNIDO (2011): Agribusiness for Africa Prosperity, ;
25. UNIDO (2009): Agro industries for Development, 2009;
26. UNIDO (2011): Consultative meeting on BADI for Agro Development in Nigeria, March 2011;
27. UNIDO (2012): Working paper on Agribusiness for Africa’s prosperity, Country case studies,
28. World Bank Report (2013)t: Growing Africa: “Unlocking the Potential of Agribusiness,
29. Luc Christiaensen Yasuyuki Todo;World Bank (2013) : Africa region, office of the Chief Economist, “Poverty Reduction during the rural-urban transformation, Policy Research Working Paper #6445 ,
30. World Population Data Sheet (2013), Populations Reference Bureau Sept. 2013 www.prb.org/publications/datasheets/2013;
31. WTO (2012): factors Shaping the future of World trade: www.**wto**.org/english/res_e/booksp_e/**world**_trade_report13_e.pdf