

Feed Africa

THE ROAD TO AGRICULTURAL TRANSFORMATION IN AFRICA



Feed Africa is the drive to transform African Agriculture into a globally competitive, inclusive and business-oriented sector that creates wealth, generates gainful employment, and improves quality of life. It also seeks to bring to scale, existing and successful initiatives across Africa and beyond.

Feed Africa echoes the commitments made under the Comprehensive African Agricultural Development Program (CAADP) as articulated in the Maputo (2003) and the Malabo (2014) Declarations (see page 10). More specifically, in partnership with other actors including national governments, regional economic communities, private sector, farmers, development partners, research institutions and civil society organizations, **Feed Africa** will fulfill the CAADP goals by contributing to:

- End extreme poverty
- Eliminate hunger and malnutrition
- Make Africa a net exporter of agricultural commodities

- Move to the top of key agricultural value chains

Feed Africa is forward-looking, ensuring that key outcomes beyond the growth of the agricultural sector include food security and supports inclusive growth through an increased representation of women and youth, and improved resilience to climate variability and shocks.

Feed Africa will focus on

Goals	1	2	3	4
	Ending of extreme poverty	Eliminating hunger and malnutrition	Making Africa a net exporter of agricultural commodities	Moving to the top of key agricultural value chains
Aspiration	Contribute to alleviating poverty through job creation and providing sustainable livelihoods	Food security for all Africans that are 'undernourished'	Eliminate large scale imports of commodities that can be produced in Africa, and selectively begin to export	Become the #1 in either processing or the overall value chain, by market share by value
Target by 2025	~130m lifted out of extreme poverty	Zero hunger and malnutrition	Africa's net trade balance - \$0 bn	Africa share of market value for processed commodities ~40% (Example for cocoa grinding)

Source: AfDB



Why Agricultural Transformation in Africa?

Agriculture is an integral part of the African economy and the daily lives of the majority of Africans, accounting for over 60% of jobs across the continent.¹ Despite its central role, the agriculture sector represents only a quarter of African GDP due to the low productivity of the sector. For example, Africa's share in global production of cocoa beans is 73 % as compared to its share in ground cocoa of 16%. Africa's cereals yields are only 56% of the international average, and the private sector infrastructure beyond production, remains relatively underdeveloped.

The lack of productivity of African agriculture exacts a high human and economic cost. High rates of poverty prevail, especially in major agro-ecological zones such as the Sub-Humid "Guinea Savannah" and Semi-Arid "Sahel" regions where more than 50% of people live on less than US\$1.25 a day. More than 232 million people are under-nourished in Africa². Low productivity also makes African agriculture uncompetitive. If we do nothing, the population under extreme poverty will rise from 420 million (2015) to 550 million (2025).

Security of land tenure and good governance remain major challenges across the continent. Most African countries have basic land tenure laws that are incomplete and poorly enforced, deterring private investment. Although, women remain the

primary users of agricultural land in most African communities their access to land is on average less than half that of men.

Climate change and variability trends are another increasingly important driver for the need for transformation. Africa is already disproportionately affected by the impacts of climate change due to its over-dependence on rainfed agriculture sector. African farmlands and rangelands are increasingly degraded, causing farmers to face declining yields.

Falling commodity prices for a broad range of natural resources are creating an increasing imperative for African nations to diversify their exports and reduce current account deficits. Increased food demand and changing consumption habits driven by demographic factors such as population growth and urbanization are leading to rapidly rising net food imports, which are expected to grow from US\$35bn in 2015 to over US\$110bn by 2025.

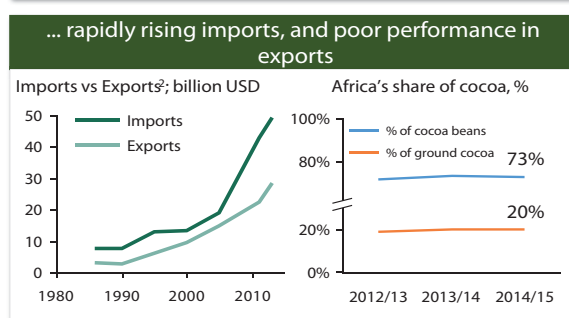
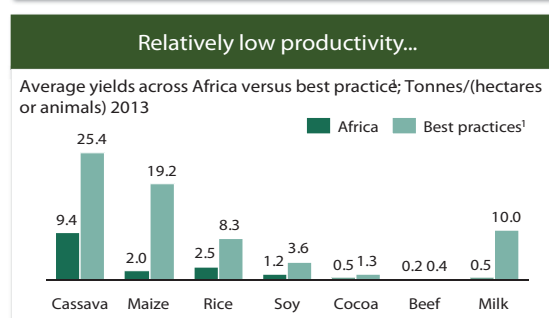
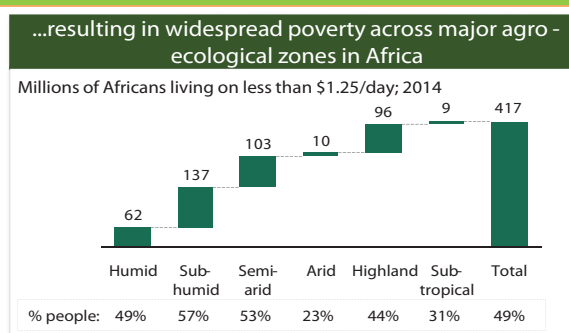
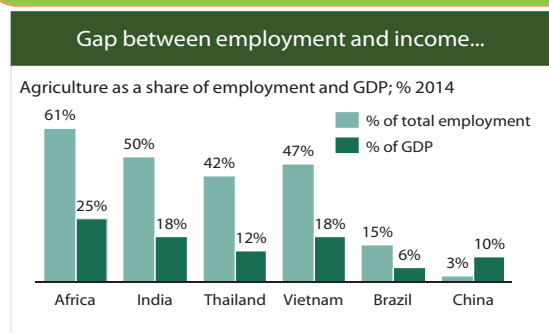
These rising imports are indicative of a broader opportunity to transform agriculture as a business. The scale of imports of agricultural commodities that can be produced locally, demonstrate that demand exists, if a vibrant private agribusiness sector in Africa can be stimulated to service it. These food imports represent a diverse set of markets, both in key primary commodities as well as processed goods and 'agro-allied' industries worth more than US\$100bn in revenue per annum, while delivering food security, employment creation and broad-based economic growth.



¹ AGRA, 'Africa Agriculture Status Report,' 2013.

² FAO, IFAD and WFP. 2015. The State of Food Insecurity in the World 2015. Meeting the 2015 international hunger targets: taking stock of uneven progress

Agriculture remains a major source of income in Africa; however, untapped potential has resulted in persistent poverty and deteriorating food security



The Vision of Agricultural Transformation

African Agricultural Transformation has a substantial opportunity to improve the quality of life of Africans and support economic growth. The conditions for transformation are beginning to materialize in a number of African countries. Liberalization of input markets, expansion of innovative agricultural finance, and land policy reform have allowed significant advances across Africa to be made.

These have led to pockets of transformation across the continent.

Examples include:

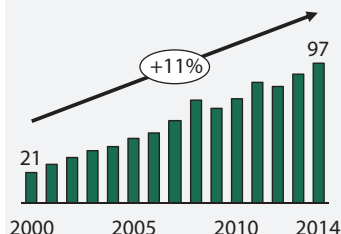
- The horticulture and floriculture sectors in Kenya and Ethiopia respectively
- Rwanda's rapid and material reduction in the level of malnutrition
- Nigeria's large scale registration of farmers onto an electronic-wallet system to facilitate fertilizer subsidy payments
- Transformation of the rice sector in Senegal.
- During the past five years, Tunisia has become the foremost global exporter of olive oil averaging 115,000 tons per year

Becoming a major exporting player within 10 years



Kenya
Exporting horticulture out of Africa

Total horticulture exports, billion KSH



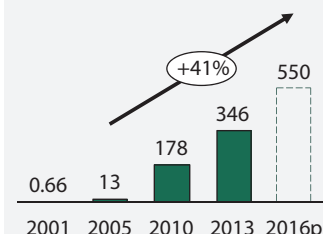
- Strong foreign investor and partner support developing and driving the industry
- Contract farming model used to assure consistent supply
- Political will to support smallholder farmer development

Becoming a major exporting player within 10 years



Ethiopia
Exporting floriculture out of Africa

Total floriculture exports, million USD



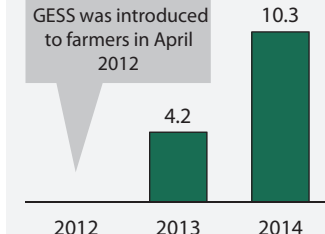
- Ethiopian Horticulture Producers and Exporters (EHPEA) actively managing the sector
- Strong Government support in (1) infrastructure and logistics, (2) access to land, (3) provision of longterm credit and (4) attracting domestic and foreign investors

Improving yields through modernized input distribution



Nigeria
Scale farmer registration and input distribution

Total farmers registered, million users



- Strong political will and government support to transform the input supply system
- Use of public funds to leverage private sector investment (i.e. agro-dealers networks)
- Leverage mobile technology to achieve scale and provide nationwide access

These instances show that transformation in Africa is possible, and point the way for larger-scale shifts in African agriculture.

Successful transformations are business-led, and involve the creation of three simultaneous conditions:

- a large-scale dissemination of productivity-increasing technology and inputs, plus input intensity and capital intensity;

- the development of input and output markets structures and incentives that allow the full realization of the value of increased production; and

- a well-functioning, vibrant and competitive private sector that can manage and allocate skills and capital to scale emergent success and drive long-term sustainable agribusiness growth.

Dramatic increases in production & productivity

Large-scale dissemination of productivity-increasing technology, inputs, and capital

Simultaneous creation of market structures to realize the value of increased production though the development of input and output markets structures / governance, and incentives

Mobilization of a well-funded private sector capable of scaling emergent agribusiness successes and driving longterm sustainable agribusiness growth

Public sector as an enabler to kick-start the process, shepherd it to scale, and create enabling environment assets and conditions that enable private sector-led transformation

In particular, the Feed Africa will take an commodity-focused integrated approach – simultaneously addressing multiple bottlenecks across entire prioritized agricultural commodity value chains and within related agro-ecological zones

The Feed Africa Response

Dakar High-Level Conference

In October 2015, the African Development Bank in association with the African Union Commission, the United Nations Economic Commission for Africa, and the Government of Senegal – organized a high-level Ministerial Conference (HLC) on “Feed Africa: An Action Plan for African Agricultural Transformation” in Dakar to map out, **within the framework of CAADP goals**, how to unlock Africa’s agricultural potential with a view to diversifying African economies.

The HLC was attended by over 600 participants, including African Ministers of Finance, Planning and Economy, the Ministers of Agriculture and Rural Development, selected Ministers of Industry and Trade as well as Central Bank Governors; research institutes, the academia, investment agencies, civil society organizations and experts across the continent and beyond.

Feed Africa builds on the commitments made at this event as well as existing activities and prior commitments.



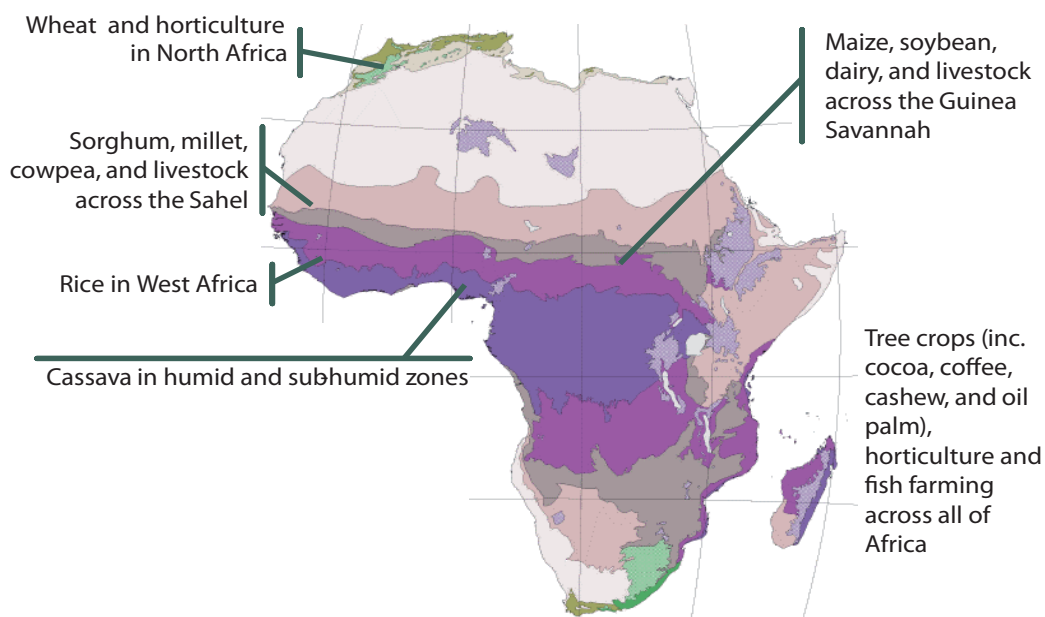
L to R: Ms. Agnes KALIBATA, President, AGRA; Mr. Tony ELUMELU, CEO, Hiers Holding; Mrs Rhoda-Peace TUMUSIIME, Commissioner for Rural Economy and Agriculture, African Union; Dr. Akiwunmi A. ADESINA, President, AfDB, Mr. Macky SALL, President of the Republic of Senegal; Mr. Augustin MATATA PONYO MAPON, Prime Minister of the Democratic Republic of Congo; Mr. Abdalla HAMDOK, Deputy Executive Secretary; Mr. Sidi Ould TAH, Director General, Arab Bank for Economic Development in Africa

Source: AfDB

The Bank and its partners will pursue an agenda to transform a selection of key agricultural commodities and agro-ecological zones. Achieving the goals of Feed Africa will involve strengthening a broad range of value chains. However, in the short and medium term, resources will be focused on selected

agricultural value chains (AVCs) and related agro-ecological zones (AEZs). The prioritization of these AVCs and AEZs is based on the following set of criteria: future demand, competitive advantage, scope for transformation uplift, potential to nourish Africa and existing focus.

Priority agricultural commodity value chains and agro-ecological zones



Prioritization Criteria



Future Demand
Likely future African demand, taking into account changing consumption habits and needs



Potential to Nourish Africa
Preference for products that can (as a portfolio) offer broad-based nutrition value, not just calories



Competitive Advantage
Basis to effectively compete with imported products and / or in export markets



Existing Focus
Alignment with existing priority commodities such as those identified by AU/NEPAD, rather than establish new ones



Scope for Transformational Uplift
Potential to drive massive increases in productivity / activity, given current endowments & assets versus feasible targets

Agricultural Transformation in Africa

Fulfilling Africa's potential for transformation in the priority commodity value chains and agro-ecological zones entails different emphases in the types of support needed to catalyze investment, but overall seven sets of enablers of transformation are vital:

#1: Increase Productivity

- Agriculture technology dissemination (Flagship program: Technologies for African Agricultural Transformation)
- Inputs Finance and Inputs Systems Development
- Agricultural Mechanization

#2: Increased Value addition

- Post-Harvest Loss (PHL) Prevention
- Agro-Processing Zones, Clusters, and Corridors

#3: Increase Investment in enabling Hard & Soft Infrastructure

- Infrastructure Development and Coordination
- Farmer e-Registration

#4: Expanded Agricultural Finance

- Private investment and Commercial Bank lending for agriculture (Flagship program: Risk-sharing facility)
- Non-Bank SME Finance and Capacity-Building

#5: Improved Agribusiness Environment

- Policy Reform: (i) land tenure, (ii) input subsidies, (iii) incentives for local production and processing, (iv) financial sector deepening, and (v) regional integration and trade.

#6: Increased Inclusivity, Sustainability and Nutrition

- Climate resilience funding and climate-smart agriculture practices

- Women-owned agriculture and agribusiness enterprises
- Youth employment in agribusiness (Flagship program: ENABLE Youth)
- Food security and prevent malnutrition

#7: Coordination of actors as a partnership to drive transformation

- Partnership among key actors from the public sector, private sector and development actors



What will it take for this Approach to work on the Ground?

- **Scaling and leveraging** what is already working: the initiatives that are Feed Africa are either universally proven to deliver results, or involve scaling up and replicating promising pilots.
- **Ensuring sufficient skills and capabilities exist for follow-through:** appropriate skills and capabilities – as well as fundamental availability of resources – will be required for follow-through.
- **Being sufficiently targeted:** the Bank intends to both increase the scale of its funding to agriculture

and direct those financial resources to a series of commodities and agro-ecological zones, and thereby avoid its investments becoming too diffuse, losing synergies in driving multi-country value chain synergies, and require a breadth of commodity and agro-industry expertise that could not be viably created.

- **Candor on the importance of political will:** transformation will involve substantial reform, and will therefore require a high degree of political priority, coordination across ministries, and the willingness to push through in the context of affected established interests in current market structures.

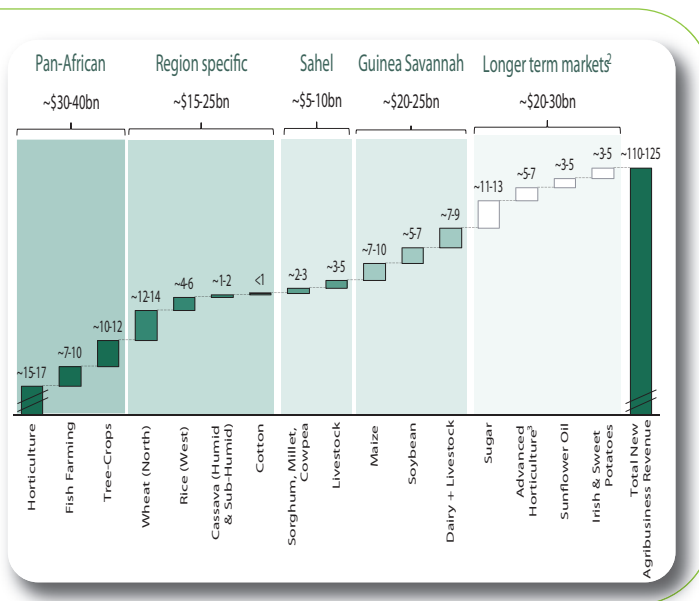
Agricultural Transformation: Counting the costs and delivering the benefits

Transforming the commodity value chains and agro-ecological zones will open up markets worth **US\$85bn** per annum by 2025 making substantial impact towards realizing Sustainable Development Goals on poverty reduction and ending hunger (SDGs1 & 2).

The total cost of transformation for the priority commodities and agro-ecological zones in the strategy is between **US\$315bn and US\$400bn** over 10 years, equivalent to US\$31.5bn – \$40bn per year. This level of investment by far exceeds resources currently available from the public sector.

innovative financial instruments to incentivize this partnership is essential to achieve transformation. The possible sources of financing the transformation include but are not limited to:

- African governments in 2014 spent approximately \$12billion on agriculture. Although meeting the Malabo commitments of allocating 10% of public budgets to agriculture has not materialized, a notable increase of government investment into transformation is still imperative, especially for country-level ownership.
- Multilaterals, bilateral, IFIs, foundations and non-governmental organizations taken together spent about \$3.8bn on agriculture in Africa in 2014. The Bank intends to raise its average annual investments into agriculture.



There are sufficient resources within Africa and potential partners to achieve this ambition.

Feed Africa will thus require an Africa-wide agenda that combines the resources of a broad set of public and private sector actors, and therefore coordination and partnership as well as the development of

- Private sector and institutional capital will be a critical source of financing. Leveraging commercial bank balance sheets and innovative finance mechanisms will be options that would be explored.

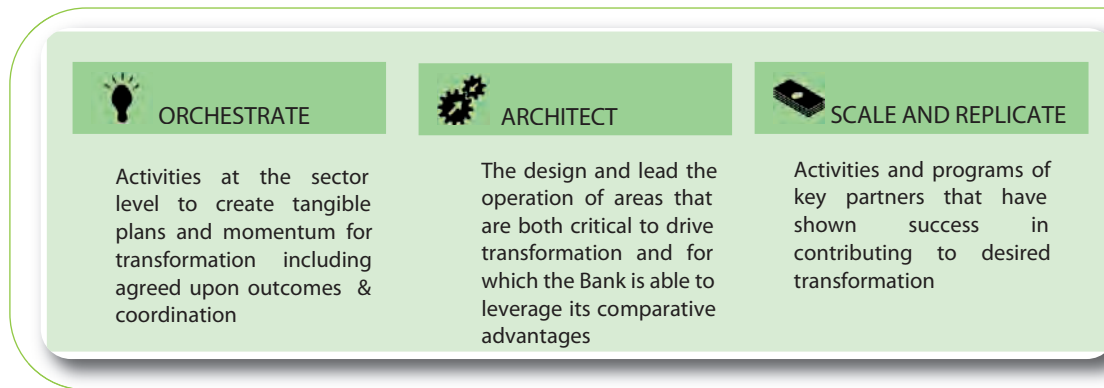
- Foreign Direct Investment into agriculture and agribusiness in Africa was worth \$10bn in 2014. Creating the appropriate conditions for agribusiness growth, and aligning existing investment strategies of the private sector to the goals of transformation, should increase the attractiveness and flows of FDI into the African agribusiness sector.

- The importance of ensuring the development of sustainable, resilient and climate-smart agriculture is closely aligned to realizing the ambitions agreed in COP 21, and associated climate finance commitments. These represent additional and material sources of funding for key parts of agricultural transformation, especially sustainable intensification of commodity production, and sustainable natural resource management.

The Role of the African Development Bank

The AfDB has considerable experience in supporting African countries in the agricultural sector. Therefore AfDB will play a pivotal and catalytic role in the delivery of the Feed Africa agenda. The Bank will use its unique

role and previous experience as a key investor for, convener of, and advisor to African nations and institutions to coordinate and amplify fragmented efforts across the continent. The Bank specifically, will work in conjunction with its partners to orchestrate, architect and take to scale existing and successful initiatives of transformation.



Partnerships for transformation

Coordination among the different stakeholders and partners is key to the delivery of the transformation agenda. Feed Africa will thus strengthen already existing platforms that involve alignment around specific and targeted value-chain transformation agendas by:

- Bringing coherence and clear plans of action and securing commitments.
- Holding participating actors accountable to their commitments.

- Selecting priority focus areas both for decision-making and resource allocation.
- Sequencing efforts across the same value chain and within the same country or region.
- Leveraging shared capabilities and footprints to enhance programs and expand reach.
- Sharing previous experience and learnings as they pertain to new projects.
- Engaging and understanding the needs of value chain actors and larger private sector players.



Comprehensive African Agriculture Development Program

Commitments and Goals by African Heads of States and Government in 2014 Malabo-Equatorial Guinea

1. Recommitment to the principles and values of the CAADP process
- 2. Recommitment to enhance investment finance in agriculture**
 - (a) Uphold 10% public spending target
 - (b) Operationalize the African Investment Bank
- 3. Commitment to ending hunger by 2025**
 - (a) At least double productivity (focusing on Inputs, irrigation, mechanization)
 - (b) Reduce PHL at least by half
 - (c) Nutrition: reduce and underweight to 5 % and stunting to 10%
- 4. Commitment to halving poverty, by 2025, through inclusive agricultural growth and transformation**
 - (a) Sustain annual sector growth in Agricultural GDP at least 6%
 - (b) Establish and/or strengthen inclusive public-private partnerships for at least Five (5) priority agricultural commodity value chains with strong linkage to smallholder agriculture
 - (c) Create job opportunities for at least 30% of the youth in agricultural value chains
 - (d) Preferential entry and participation by women and youth in gainful and attractive agribusiness
- 5. Commitment to boosting intra-African trade in agricultural commodities and services**
 - (a) Triple intra-Africa trade in agricultural commodities and services
 - (b) Fast track continental free trade area and transition to a continental Common External tariff scheme
- 6. Commitment to enhancing resilience in livelihoods and production systems to climate variability and other shocks (a) Ensure that by 2025, at least 30% of farm/pastoral households are resilient to shocks**
 - (b) Enhance investments for resilience building initiatives, including social security for rural workers and other vulnerable social groups, as well as for vulnerable ecosystems
 - (c) Mainstream resilience and risk management in policies, strategies and investment plans
- 7. Commitment to mutual accountability to actions and results**
 - (a) Through the CAADP Result Framework – conduct a biennial Agricultural Review Process and results

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The High 5 for transforming Africa

Le Top 5 pour transformer l'Afrique



1

Light up & power Africa
Éclairer l'Afrique



2

Feed Africa
Nourrir l'Afrique



3

Industrialise Africa
Industrialiser l'Afrique



4

Integrate Africa
Intégrer l'Afrique



5

Improve the
quality of life for
the people of Africa
Améliorer la qualité
de vie des populations
en Afrique

The High 5 agenda – five priority actions for the African Development Bank and for Africa – is the AfDB's channel for focusing and scaling up its 2013-2022 Ten Year Strategy, to bring about the social and economic transformation of Africa.

The High 5s are designed to deliver the twin objectives of the Ten Year Strategy: inclusive growth that is shared by all; and the gradual transition to green growth.

The High 5s are: Light up and power Africa; Feed Africa; Industrialise Africa; Integrate Africa; Improve the quality of life for the people of Africa.

Le Top 5, c'est-à-dire les cinq actions prioritaires pour la Banque africaine de développement et pour l'Afrique, constituent le moyen utilisé par la BAD pour concentrer et étendre la mise en œuvre de sa Stratégie décennale pour la période 2013-2022 visant à transformer l'Afrique sur le plan social et économique.

Le Top 5 a pour but de réaliser le double objectif de la stratégie décennale : une croissance inclusive partagée par tous ; et la transition progressive vers une croissance verte.

Le Top 5 est constitué des priorités suivantes : Éclairer l'Afrique et l'alimenter en énergie ; Nourrir l'Afrique ; Industrialiser l'Afrique ; Intégrer l'Afrique ; Améliorer la qualité de vie des Africains.