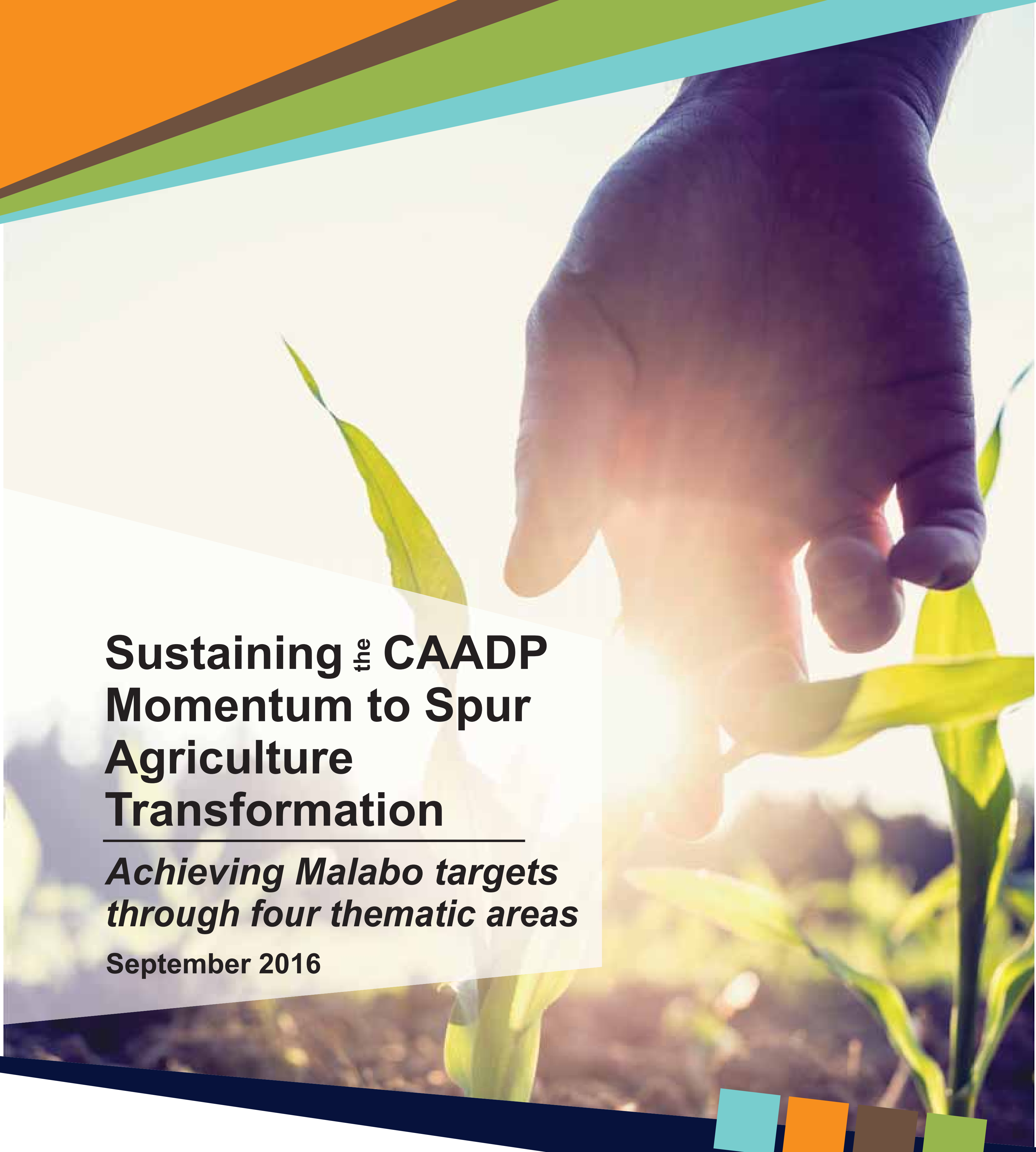

Sustaining the CAADP Momentum to Spur Agriculture Transformation

Achieving Malabo targets through four thematic areas

September 2016

NEPAD
TRANSFORMING AFRICA

CAADP

Table of Contents

Foreword

There is no better recognition of the importance of CAADP than the statement made by our Heads of state in Malabo, namely "to set specific goals for the transformation of African agriculture". Following 10 years of remobilisation of our energies, involvement of various stakeholders and building partnerships around common initiatives, we are asked to renew our effort in implementing the priorities to achieve a solid impact. This positive impact will transform living conditions of the local population, especially for those at the "Bottom of the Pyramid". We must therefore sustain the CAADP momentum.

Consultations were held by the NEPAD Planning and Coordination Agency, the African Union Commission and Regional Economic Communities while taking advantage of the AU Year of African Agriculture to identify ways to accelerate the achievement of results for CAADP. Reflections stemming from work streams that were organised in 2013 and 2014 are now feeding the Malabo implementation strategy. These have prioritised four thematic areas to which we can now give substance.

The challenges are considerable for agriculture because even if the continent's economic growth is dynamic it is, in many respects, unbalanced. This situation has left marginalised areas, based on mining and exploitation of resources. They are socially unbalanced, offering limited opportunities for the growing youth population, while not responding to the urgent need to address hunger and malnutrition. Yet, agriculture can play a significant role in rebalancing the economies as long as there is a clear strategy to take action. As such, a new impetus has been proposed for CAADP that is based on often new and bold but promising orientations.

First, we have to move from "planning processes" to execution to deliver results that have a meaningful impact and move away from focusing on investments and infrastructure (hardware) to instruments of economic policy and regulation (software). Regional economic integration should be our target considering that agriculture is a business and that regional and intra-regional markets offer significant opportunities. However, success depends on learning from the numerous market failures that exist within Africa and the insecurity as a result of relying on global markets.

Secondly, we must develop alliances and partnerships with a focus on solving local problems that are debated, defined and refined by the local population on an on-going process to increase chances of success of our reforms. Small holder farmers are the basis for agricultural transformation and large business is a necessary asset for upstream and downstream activity in the sector. The marginalisation of women and youth is also a product of vested power interests of power, and, therefore, we have to consider the political economy of the sector. As a matter of principle, the safeguarding of land ownership by farmers is non-negotiable and best described as a "redline".

Thirdly, agriculture development cannot be properly addressed in isolation. The multi-sector nature of agriculture has to be given attention, addressing infrastructures, education, trade, fiscal policies and finance. Increasing agriculture financing in both the public and private sector has to focus on enhancing the economic environment and predictability of business profitability of small holder farmers and small and medium enterprises. This requires the promotion of institutional arrangements involving a multitude of economic players to develop instruments. These include inventory credit, hedging, market regulations, flexible protection, smart subsidies, contractual arrangements and professional bodies, in addition to value chains and land tenure reforms.

Lastly, our institutions need to improve their efficiency in delivering results by strengthening their capacities in terms of scale and quality. There will be a greater demand for more specialised competencies for implementing and monitoring economic policies. Efficiency should be increased by blending design and implementation through rapid cycles of design, action, reflection and revision that foster accountability, inform policy dialogue and learn from both success and failure.

The NEPAD Planning and Coordination Agency, the AU Commission and the Regional Economic Communities are determined to work towards the transformation of agriculture, a prelude to the structural change of the continent. This will be achieved with the new lease of life to CAADP by focusing on implementing concrete interventions of economic policy.

Dr Ibrahim Assane Mayaki
Chief Executive Officer
NEPAD Agency

Acronyms

ACP	African, Caribbean and Pacific Group
ADB	Agricultural Development Bank of Ghana
ADF	African Development Forum
AfDB	African Development Bank
AFFM	Africa Fertilizer Financing Mechanism
AGOA	African Growth and Opportunity Act
AGTER	Association to Improve the Governance of Land, Water and Natural Resources
AR4D	Agricultural research for development
ASBP	African Seed and Biotechnology Programme
AU	African Union
AUC	African Union Commission
CAADP	Comprehensive Africa Agriculture Development Programme
CAMA	Conference of African Ministers of Agriculture
CAMFA	Conference of African Ministers of Fisheries and Aquaculture
CFTA	Continental Free Trade Area
CGS	Credit Guarantee Scheme
COMESA	Common Market for Eastern and Southern Africa
COS Cotton	Steering and Follow up Committee on Cotton (Comité d'Orientation et de Suivi ACP-UE sur le Coton)
CU	Customs Union
DRC	Democratic Republic of Congo
EAC	East African Community
EAFF	East African Farmers Federation
ECCAS	Economic Community of Central African States
ECOWAS	Economic Community of West African States
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign Direct Investment
FMARD	Federal Ministry of Agriculture and Rural Development
FTA	Free Trade Areas
GAFSP	Global Agriculture and Food Security Programme
GAP	Good Agricultural Practices
GDP	Gross Domestic Product
GES	Growth Enhancement Scheme
GHI	Global Hunger Index
ICT	Information and Communication Technologies
IFPRI	International Food Policy Research Institute
IGAD	Intergovernmental Authority on Development
IPM	Integrated Pest Management
KIS	Knowledge, Information and Skills
LPI	Land Policy Initiative
LSLBI	Large Scale Land Based Investments
MDG	Millennium Development Goals
MDTF	Multi-Donor Trust Fund
MIS	Market Information Systems

NAIP	National Agricultural Investment Plan
NEPAD	New Partnership for Africa's Development
NPCA	NEPAD Planning and Coordinating Agency
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OTC	Over the Counter
PAE	Public Agricultural Expenditure
PPP	Public-Private Partnerships (PPPs
PPP	Purchasing Power Parity
RAIP	Regional Agricultural Investment Plan
REC	Regional Economic Community
ReSAKSS	Regional Strategic Analysis and Knowledge Support System
SAA	Strategic Action Areas
SADC	Southern African Development Community
SSA	Sub-Saharan Africa
STISA	Science, Technology and Innovation Strategy for Africa
TFP	Total Factor Productivity
UN	United Nations
UNECA	United Nations Economic Commission for Africa
UNEP	United Nations Environment Programme
WFEWS	Weather Forecast and Early Warning Systems

Acknowledgements

This document was consolidated based on contributions from different authors all engaged in the implementation of CAADP in different institutions, as well as the consultations held during the planning and implementation of the AU 2014 Year of African Agriculture and Food Security. The contributors to this report include staff from the African Union Commission, the NEPAD Agency and key experts involved in various capacities.

Executive Summary

Since it was launched in July 2003 in Maputo as the priority programme to guide agricultural development and food security efforts in Africa, the CAADP has since evolved and been acknowledged by all as the overarching framework for agriculture transformation in Africa. Throughout its first decade, several milestones have been achieved; including: (i) achieving an unprecedented and intensive advocacy and awareness-raising campaign to popularise the major thrusts of CAADP among the African citizenry, as well as development communities both domestic and external; (ii) developing an inclusive planning process with contributions from CAADP main stakeholders that helped build and secure a collective ownership among the concerned parties; and (iii) introducing an implementation phase that was marked by deliberate efforts to transform the well-planned investment options and arrangements into concrete results and impact on the ground.

Between 2012 and 2014, in a combined backward and forward looking review, the African Union Commission and the NEPAD Planning and Coordination Agency engaged a wide range of CAADP constituencies and examined the factors that have affected the implementation of CAADP and its capacity to deliver results and impact. This was undertaken in an exercise titled “Sustaining the CAADP Momentum”, which developed a bold agenda that builds on the achievements to date and the lessons learned to improve performance and delivery of impactful and substantial results.

Initiated according to the CAADP principles of local ownership, collective responsibility and mutual accountability, the Sustaining the CAADP Momentum exercise adopted an inclusive and participatory approach. This led the African Ministers of Agriculture and later the Heads of State and Government to adopt a set of robust objectives for the transformation of agriculture in the next decade, establishing the Malabo Declaration goals and targets. Importantly, the exercise validated the vision in which agriculture and the food industry are expected to contribute to wealth creation and economic growth; job creation and increasing business opportunities, especially for women and youth; poverty reduction; food security; improved nutrition and resilience of societies and economies.

This document offers a concise historical perspective and background that focuses on the renewal of CAADP thrusts, with a revisit of the main gains and progress during its first decade, the main insights and lessons learned that could inform the way forward. While contending that Africa has the means within its reach to transform its agricultural sector, it further elaborates on a set of opportunities that have presented on the continent has to achieve this transformation (chapter 2).

With CAADP widely overwhelmingly recognised as the African strategy for agriculture transformation, this document details the visions needed to drive change. It also consolidates the main principles that would guide a successful CAADP in its second decade, outlines the main outcomes expected from sound implementation and identifies key changes that will need to be made to make it happen. These include among others (i) improved institutions, upgraded policies and distilled leadership, (ii) strengthened knowledge support, capacity building and innovative systems, as well as (iii) agriculture financing, which is at the heart of the transformation process (Chapter 3).

The fourth chapter of this document introduces the strategic drivers to sustain the CAADP momentum as well as the main implications of the Malabo Declaration. Four drivers have emerged that will act as a catalyst for the transformation of agriculture within in the timeline established in Malabo. As such, “Intensification of smallholder production” comes first and is followed by “Improving the functionality of the African markets and Integration with global markets”. The third driver is “Resilience of livelihoods and organisations through risk mitigation”, while “Inclusive governance of natural resources towards sustainability” is the fourth in the set.

In Chapter 5, the document further offers a comprehensive elaboration on the sustainable intensification of small holder farming and modernisation of the family farms as a driver for transformation. It reviews the main challenges for increasing productivity and avenues to boost sustainable production, while absorbing a growing labour force. It presents the development of technologies, as well as the adoption and enforcement of arrangements that secure land tenure for farmers and other investors as key for success.

Chapter 6 focuses on strengthening the agro-value chains and the role of farmers, women and youth in in these systems is the focus of. It deals with the main challenges for inclusive value chain development and regional trade, provides an update on agricultural markets, infrastructure and trade, and elaborates on avenues to enhance agricultural markets, infrastructure and trade opportunities.

There is also a growing awareness of the vital role served by a sound risk management system and the need to build resilience in the face of the climate change, considering its impacts on livelihoods. As such, the seventh Chapter of this report promotes the adoption of a holistic approach to resilience, while presenting an agenda to transform Africa's agriculture through risk management and resilience building. Furthermore, this chapter captures the major lessons learned from the past implementation experiences on this front.

The critical issue of inclusive governance of natural resources towards sustainability is at the heart of Chapter 8, which reviews the key challenges of the exploitation of natural resources, before offering some solutions to improve governance of natural resources.

In Chapter 9 places credence on correct financing that is needed to support agricultural transformation on the continent. It explores new and existing solutions and opportunities to overcome the hurdles to financing agriculture on the continent.

This report endeavours in Chapter 10 to highlight the importance of clear linkages between the recommended priority interventions and the Malabo main objectives. As such, the actions identified are as a result of the application of a theory of change applied to the reality of the agricultural sector. They build upon the challenges and opportunities to achieve the transformation that would lead to the CAADP vision. It is imperative that these proposed priority interventions actually become the basis for the achievement of the Malabo targets articulated in July 2014 and the articulation of the CAADP vision for 2025.

The Sustaining the CAADP Momentum report argues that the future for African agriculture has never been brighter than now. We are at that stage where African countries realise that all the development paths need implementation of the various corresponding policies, starting at the local level in the member states. The report contends that the stepwise approach that is recommended cannot be avoided if we are to deliver on all the Malabo commitments and, importantly, triple intra-regional trade. It also suggests that there are real reasons to remain optimistic about the potential to achieve these results. However, they will only be achieved if mind-sets and behaviour alter, and place the African farmer at the centre of policy and programmes.

The report concludes that although short-term results can be obtained through temporary actions, structural transformation of the agricultural sector in Africa will be the outcome of long-term interventions. Building from the recent experience of the first decade of CAADP, it is evident that the addition of segmented projects cannot replace sound policies and their accompanying instruments. As such, addressing agricultural and food challenges requires policies in numerous areas, namely agriculture production, agro-food industries, finances, trade, infrastructure, environment and social protection, which must all be driven by governments. In fact, the change Africa requires must also be thrust at country level by a broad range of players, including farmers, industrialists, non-government organisations, think-tanks and academics, the media, business associations, traders and distributors.

Transformation will be achieved by developing new partnerships, coalitions and alliances. Bespoke solutions have to be developed for each economic, social and political setting but, in each case, the challenge will be the same: to find the political space and entry points for securing change.

An area that has proven key to delivering the level of results and impact is capacity. As the report concludes, the capability to deliver better policies, institutions and investments will be realised only if a stronger culture of accountability with robust accountability mechanisms is developed. As such, Africa will need stronger capacity to reflect and learn as we proceed (Chapter 11).

1. Preamble: Repositionning CAADP

CAADP has been in implementation for more than a decade. The African Union Commission and the NEPAD Planning and Coordination Agency have examined the factors that have affected the implementation of CAADP and its capacity to deliver results and impact. The purpose of sustaining the CAADP momentum exercise was to develop a bold agenda that builds on the achievements so far and the lessons learned to improve performance and delivery of impactful and substantial results. The agriculture and food industry are expected to contribute to wealth creation and economic growth; employment creation and increasing business opportunities, especially for women and youth; poverty reduction; food security; improved nutrition; and resilience of societies and economies.

The exercise was initially undertaken according to the CAADP principles of local ownership, collective responsibility and mutual accountability. The Malabo Declaration goals and targets were formed on an inclusive and participatory approach which enabled the Ministers of Agriculture and the then Heads of State and Government to adopt a set of concrete objectives for the transformation of agriculture in the next decade.

In their declaration in Malabo, Heads of State and government recalled the progress achieved and efforts required to help create a prosperous Africa driven by agricultural transformation. A prosperous Africa is a vision which most stakeholders who were consulted still consider as valid. This was affirmed when CAADP was unveiled:[1]

(CAADP Document, 2003).

This document is a contribution to the achievement of the Malabo Declaration Goals of Africa's agricultural growth and transformation agenda from 2015 to 2025. The agenda provides guidance to determine the appropriate set of actions for economic policies to support the Malabo Implementation of the Strategy and Roadmap (IS&R) to achieve the 2025 Vision on CAADP which was submitted to the Heads of State and Government for endorsement in the African Union January Summit of 2015.

While the IS&R has notably defined four “thematic options” or “strategic Action Areas” (SAAs), the substance or policy content of these were not defined and choices remained open. Furthermore, the IS&R proposes seven strategic action areas aimed at “strengthening systemic capacity” and supporting actions for the four thematic areas. Therefore, the strategy provides a framework, outlining areas of focus. It only provides a few concrete areas of intervention that can guide the actions of the different stakeholders to deliver on real transformation of the agricultural sector.

Regarding the first group of SAAs, it is critical to ensure that the key drivers of success are underpinned by an economic approach. Therefore, each of the four thematic areas with the vision of transforming agriculture is conditioned by sustained inclusive growth and the need for Africa to focus on specific strategic priorities. Subsequently, the present document aims at substantiating priorities for the four thematic strategic areas of the IS&R, namely:

[1] for African agriculture [it] should seek to maximise the contribution of Africa's largest economic sector to achieving the ambition of a self-reliant and productive Africa that can play its role on the world stage.

a) **Enhancing the support to smallholders** towards sustainable intensification to facilitate their transition into modern family farms. Family farming could be considered as the cluster of players with the highest potential for increasing productivity from its present level and for creating activity with an efficient use of limited natural resources (realising economies of scale);

b) **Strengthening the position of farmers, women and youth** in the value chains and promote preference for regional markets. To take advantage of the growing domestic market and reduce food dependency, a **regional preference strategy** is essential, consistent with the regional integration agenda. This may include promoting customs unions at REC level and a functional free trade area as well as a kind of "infant industry" strategy that protects emerging industries for a gradual integration into global markets;

c) **Increasing resilience of livelihoods and systems** not only by coping and adaptation mechanisms at production level, but also by promoting risk and shock reduction measures particularly improving the functioning of markets. The transformation of agriculture and the building of resilience must be part of a comprehensive approach including regulation of relationships between stakeholders, and market institutional arrangements that promote contractual and balanced relationships within the value chains;

d) **Improve the management of natural resources** including increased participation of the local communities to ensure secure and equitable access to opportunities and for enhancing the fair distribution of wealth that will be created.

The legitimacy of AU organs as regional integration and development catalysts gives them the mandate to foster dialogue and alignment at country or regional level. This is achieved by providing a hypothesis of work, options and technical expertise to support reflection and action on economic policy proposals. It is the role of the AU organs to propose a vision to be debated. The content provided for the four thematic areas should, therefore, be considered as options that have been presented to initiate reflection and discussion at the different relevant levels, such as countries or RECs, in implementing economic policy.[2]

By doing so, CAADP will shift from being only a framework with principles of action for improving planning towards an effective tool to foster policy interventions and implementation of economic instruments for results and impact.

[2] The challenge is therefore to provide a "menu of options" of economic policies that will form the basis for the four thematic areas and propose a programme of support to countries and RECs so that they can further refine the proposed options.

2. Background for A Renewed Thrust for CAADP

CAADP was established in 2003 against the backdrop of nearly 40 years of economic stagnation and food crises in some parts south of the Sahara. African leaders committed themselves to finding sustainable solutions to hunger and poverty, believing that agriculture would provide the engine for growth and play a primary role in poverty eradication and in the restoration of human dignity. More importantly, at the heart of CAADP's vision is the drive for Africans to utilise their own strengths, abilities, resources and political leadership to generate development and growth in their own countries and on the continent.

Africa has achieved an unprecedented decade of impressive economic growth, improved governance and human development indicators, but it continues to face major challenges. Africa has land, water and human resources to satisfy its needs and contribute to the growing global demand for food staples and higher value added food, over-and-above supplying energy markets and agricultural services. Despite this, it is the world's most food insecure continent with relatively low levels of agricultural productivity, limited rural incomes, high rates of malnutrition, and a significantly worsening food trade balance.

Agriculture accounts for about 40% of gross domestic product, 15% of exports, and between 60% and 80% of Africa's employment. Performance in agriculture will be fundamental in achieving the transformation of societies and economies that the continent requires. Radical improvements in agricultural policy and practice are needed along combined with substantially higher private and more efficient public sector investment. There is a need for Africa to focus on the sustainability of the investments undertaken by the public sector and how these can attract more resources from the private sector to achieve transformational change. The Maputo Declaration remains as relevant today as it was in 2003 and requires sustained efforts.

2.1. Gains and progress during the first decade of CAADP

One "physical" signal of the CAADP implementation is the development and signing of the national CAADP Compact and formulating the Investment Plan. As of September 2016, over 45 countries had formally implemented CAADP. Of these, 42 had moved further and signed national CAADP compacts and 33 countries had already formulated their National Agriculture and Food Security Investment Plans (NAFSIP/NAIPs). Several countries are beginning to plan for the new generation of NAIPs.

Countries have used CAADP as a critical rallying point in mobilising a common vision and collective energy to define and support an African agenda on agriculture and agriculture-led transformation. CAADP has improved coordination and facilitated engagement by government ministries, civil society and business on agricultural strategy and implementation. It has promoted peer review and learning, while the policy space has been accessed by a broad range of participants. CAADP is also providing valuable mechanisms for engagement with the international community, as well as strengthened, deepened and supported the role of Regional Economic Communities (RECs), which have been vital in supporting the CAADP implementation.

Since 2003, Governments continue to increase their budgetary allocations, although only a few have met the 10% budget target: [3]

Since 2003, average growth rates of agricultural production throughout the continent has exceeded 3,2%. Expressed in value, the gross output increased at an average pace of 11% a year due to the price hike that occurred during the period.

[3] as at 2013, eight countries had reached or surpassed the 10% target, while 13 were between the five and 10% range. Since 2005, 10 countries had at least reached the 10% target and the other 23 countries the five to 10% range.

It is increasingly understood that CAADP requires a “multi-sectoral” approach and the CAADP framework, including the processes which have been developed will enable this to be applied to agricultural and food issues, opportunities and challenges. [4]

In addition, CAADP has enabled countries with solid public investment plans to gain external financial resources from institutions, such as the Global Agriculture and Food Security Programme (GAFSP), which provides programmatic support for investment, as well as from conventional multilateral and bilateral sources. In many cases, however, external financial resources have not been enough to transform.

CAADP has also provided a framework for countries to deepen dialogue and improve mutual trust between public sector players and private investors, civil society and development partners. The improved planning and management of public resources combined with sound macro-economic management and significantly improved governance has had a positive impact on the prospects for mobilising increased and better quality investment.

Nevertheless, the shift from public sector to the private sector with regard to leading investments has been sluggish and therefore investment from this important stakeholder has not met initial expectations.

2.2. Insights and lessons in a changing world

A decade of CAADP has laid firm foundations to accelerate investments into African agriculture. However, there are some key lessons, issues and game-changing developments that have to be taken into consideration for CAADP and Africa to achieve essential agricultural milestones in the future.

Although many African countries have seen significant growth in their economies over the past several years, the continent still faces major challenges, including food and nutrition insecurity and unemployment, particularly of youth and women, especially in rural areas. This can be attributed mostly to uneven distribution and inequitable growth in countries, noticeably in the urban, peri-urban and rural divides.

The agricultural population in Africa stands at 530-million people, and is expected to exceed 580-million by 2020. As much as 48% of the population relies on agriculture for economic gain. In East Africa it is as high as 70%. It is now largely accepted that; [5]

Africa's agriculture can and should significantly contribute to addressing these challenges.

[4] CAADP has made a modest start in securing co-ordination with ministries of trade, works and communication, water, and power, as well as ministries of education and health. This needs to be sustained in the long run.

[5] A decade of CAADP has laid firm foundations to accelerate investments into African agriculture. However, there are some key lessons, issues and game-changing developments that have to be taken into consideration for CAADP and Africa to achieve essential agricultural milestones in the future.

2.2.1. Challenge of food security and nutrition

One in four undernourished people in the world reside in Africa, the only continent where the absolute number of undernourished people has increased over the past 30 years. In 1960, Africa was self-sufficient in cereals, but over the decades, it experienced a sharp decline to ultimately depend heavily on importing up to 20% of its needs. When market liberalisation policies are taken into consideration, it becomes evident that this has stifled the situation. It is only until recently that production has increased slightly but not to the levels required to meet population needs.

The 2008 food price hike revealed the threat posed to food security by being overly dependent upon international markets, especially the risk of being out of supply temporarily.[6]

It must be highlighted that most countries that achieved and maintained food security went through a phase of protecting their agriculture. It is important to also note that while Africa remains focused on the use of the primary agricultural product as food, the developed world and parts of Asia have stimulated secondary uses for their production enabling them to manage their value chains more efficiently.

In Africa, the bulk of agricultural production is for human consumption and therefore unable to fund important investments. When such investments are undertaken by the public sector, these are also financially unsustainable.

An increase in productivity is a necessary for reducing food insecurity, but more intervention is needed. The fact is that agriculture is an indirect factor underpinning food security. It is the poorest communities' main economic activity, and its development provides resources that allow their inhabitants to reduce quantities produced. It is important to ensure surplus food that can cover households' occasional shortages and, importantly, generate sufficient income that can buy diversified foods and other basic goods.

Africa has realised that it cannot continue to rely on primary agricultural production and the global market, but has to embrace policies and strategies that promote production and multiple uses of the produce to improve access to food at household level. Importantly, the plan needed to take into consideration the most vulnerable of the population. It is only when this is achieved that Africa will have value chains that are dynamic and function well within the global market environment.

2.2.2. Inequality and poverty in rural areas

The inequality in the current growth pattern in Africa is characterised by persistent and increasing mass poverty. As much as 42,7% of the population in sub-Saharan Africa survived on US$1,90 a day (2011 PPP) in 2012 (World Bank, 2016), the highest poverty headcount ratio worldwide, despite this percentage declining from 56,8% a decade ago. Poverty continues to increase with population growth, while Africa is also the world's second most inequitable region after Latin America. Inequality, has not diminished over time, albeit that the continent has enjoyed marked economic growth. Between 2000 and 2010, Africa boasted six of the 10 fastest growing economies, while six out of the 10 most unequal countries worldwide were in Sub-Saharan Africa, specifically in southern Africa (AfDB, 2012). More than 70% of the continent's poor live in rural areas and depend on agriculture. This trend could be continuing bearing in mind the growing rate of unemployment, especially among the youth.

[6] Food security is therefore a matter of national security. For Africa, this is an area where independence has not been achieved after five decades.

Based on this premise, fostering agricultural growth means working to boost income and generally improve the living conditions of one in two Africans, the majority of whom are poor.[7]

Boosting the income and consumption of those working in the agricultural sector is also the most effective method of encouraging the use of locally manufactured products or services, generating growth in the rest of the economy. Promoting agricultural growth leverages agriculture's multiplier effects and linkages to drive economic development in upstream and downstream subsectors. This is especially the case in storage, marketing and processing, as well as logistics and distribution.

2.2.3. High population growth rate without foreseeable demographic transition

Africa's burgeoning population presents an opportunity and a challenge. More than half of the global population growth between 2015 and 2050 is expected to occur in Africa. Of the additional 2,4-billion people expected to occupy the globe by 2050, 1,3-billion will come from Africa (UN, 2015). According to the United Nations, 80% to 90% of this growth will take place in and around the cities, which should be home to about 50% of Africa's population.

Africa is the only continent where the labour force will continue to grow in the second half of this century. In fact, the demographic transition is just beginning in the North African and southern African regions. The demographic challenge presents two main prospects for agriculture. Firstly, there are more people to be fed and the majority of these will be in the cities and towns.

The second and most important prospect is that 330-million young Africans will enter the labour market by 2025. They will have to be absorbed into various economic sectors. Meanwhile, a significant proportion of the population will be located in the rural areas, and rely on agricultural activities to meet their food security and income needs. This scenario presents a compelling case to create labour-intensive viable agricultural enterprises by empowering and modernising small holder family farms. They will be able to absorb the available active population and meet the demand for decent employment, especially for youth and women. Small holder farming, operated mainly by family labour, will remain the dominant agricultural model on the continent for many more decades. This is considering that it is a model that utilises the most labour. The challenge for Africa is finding ways to transform labour-based family farms into more productive, sustainable and decent employment prospects. Technical, vocational and entrepreneurial education and training, as well as skills uplifting are essential to modernising agriculture.

2.2.4 Maintaining control over coveted natural resources

Africa has long recognised the potential to profit from the effective governance of its wealth of natural resources. For example only six per cent of arable land is irrigated in Africa compared to 22% worldwide. Africa has more arable land than the Americas, Central and East Asia combined, or Europe, including Russia. This is also the region that has the most under-cultivated arable land at 79%, mainly because of the lack of incentives for farmers. This is why Africa is the first target for the "land rush" by foreign and local investors. Over the past 10 years, large-scale investment contracts in Africa have involved 20-million hectares, representing more than the arable area of South Africa and Zimbabwe combined. This has resulted in suspicion and rumours about a silent "re-colonisation" causing local conflicts.

[7] It is crucial to empower and organise communities in rural areas by facilitating their access to assets and financial services to improve their access to markets and bargaining power.

Foreign governments and their fleets in African fisheries have also become a source of contention.

Many of these challenges are as a result of limited support policies which have led to disruptions with severe consequences. These include social instability and territorial conflicts over grazing routes and water sources, to name a few. They have negatively impacted on production capacities and economic opportunities for farmers, pastoralists and fish producers. The extreme inequality of access to land and capital paves creates sedition movements and social uprisings.

Land and other natural resources, such as water, are the key assets for agricultural development. Equality, transparency and accountability are the foundations for the effective management of access to natural resources and their use is a key issue for peace, security and effective land management. For this reason, private sector engagement should always take cognisance of the uniqueness of Africa's natural resources, especially agricultural lands. This is despite the important role of the private sector especially in terms of attracting foreign direct investment (FDI). The failure to efficiently and equitably manage natural resources has to be addressed.

Africa's natural potential is under threat since many farming systems are struggling to replenish soil fertility due to the lack of investment capacity and secure land tenure, allowing changes to farming practices.[8]

Finally, protecting forestry and fishery resources is a major challenge for Africa and the rest of the world, in terms of biodiversity conservation. Africa's forests play a significant role in capturing carbon and mitigating the impact of global climate change. Their protection requires agricultural development models that prioritise increasing land productivity, as opposed to expanding the amount of land under cultivation.[9]

Addressing these issues requires a systemic and lasting boost in productivity, but also the formulation and implementation of rules to protect the long-term interests of people living in these areas.

Africa should ensure that the development of the agricultural sector does not leave its huge natural resource base as a source of primary products.

2.2.5 Globalisation

Between 1980 and 2005, agricultural production expanded by 2,2% a year, while population grew by 1,7% a year. Agricultural productivity rose tremendously during this period and prices fell dramatically, although food production per capita fell in sub-Saharan Africa. On a global scale, food prices in constant dollars, declined from the mid-1970s to mid-1990s by over 250%. However, in 2008, there was a spike in food prices due to low food stock levels and drought in some countries. Export controls were applied and agricultural financial derivatives played a major role in compounding the situation.

[8] The effects of climate change also pose a major risk to the future of African agro-ecosystems, especially fragile lands and coastal regions that are exposed to tropical storms.

[9] The challenge in coming years is to accelerate growth in production while controlling its impact on the environment and natural resources, which are the foundations for the development potential of future generations.

[10] Africa needs to determine how to reverse the “land rush” into a “market rush” with greater inclusive sharing of the value chain proceeds.

Prices are likely to remain high following the 2008 spike due to a growing global population with incomes leading to rising and changing consumption patterns. There has been a noticeable increase in the consumption of fish, meat and dairy products in particular. The world needs an 1,5% annual increase in feed grains just to meet the growing demand for livestock products. Global population growth now exceeds food production growth. Between 1960 and 1980, cereal yield increases were between three per cent and six per cent and they are now between one per cent and two per cent. There will be 2,4-billion more people to feed in the world by 2050, including 1,2-billion more Africans. Globalisation and its consequences on agricultural production in Africa have negative consequences at several levels.

Combating climate change requires rethinking support provided to farmers. This is considering that their technical and traditional knowledge are challenged by sudden environmental changes. Adaptation to more resilience requires technical insight

The unchanged trade environment remains biased towards developed countries due to their supportive policies, scale of operations and the integration of agricultural value chains into various other sub-sectors. Globalisation of markets has encouraged competition with products that benefit from public support in exporting nations or that are produced in highly productive environments that overshadow the capacities or return on investment of average African farmers who compete against the surplus from developed economies. It is estimated that industrialised countries spend $-300-billion on agricultural subsidies and the labour productivity gap ranges between one to more than 200. This leads to prices that keep African farmer incomes under poverty threshold and impossible for farmers in developing countries to effectively compete.

The connection between food and fuel prices is complicating the conceptualisation of appropriate food policies. Food can now be converted into fuel[1], increasing the prices of Corn, soybean and sugar in the United States and Brazil.[11]

High energy prices also impact on the cost of fertiliser and transport. The search for new sources of energy results in an increase in the demand for land and staples that can be converted into biofuels.

Speculation on commodities may intensify instability of agricultural prices. It is, however, important to note that African farmers will remain directly dependent on agricultural prices as long as investment in agricultural value-chain activities remains limited. Prospect of profits based on land and high prices fuel the interest of investors without taking into consideration the full implication of their social or environmental consequences. There is also an opportunity for Africa to attract private investors by driving agricultural sub-sectors that will lead to transformational change, such as services and agro-processing activities.

Africa is strongly impacted by changes on the international markets. The demand for bio-fuels and food has the potential to raise the price of basic agricultural commodities. Demand could lead to impoverishment for much of the population because of high food prices, or it could invigorate rural economies and lead to reduced poverty in these areas. If only large farms reap the benefits of higher grain prices due to their direct connection to traders, this could lead to a downward spiral for small farmers and the poor.[12]

Africa has to consciously develop its agro processing capacity to increase the uses of agricultural produce beyond human consumption of the primary produce.

[11]On average, the majority of African country policies remain focused on food security and food self-sufficiency with limited regard to the affordability of food.

[12]African governments need to react globally, and act regionally; hence the notion for “regional preference” that Africa must fully embrace.

[1] Global production of ethanol had more than tripled by 2010 and it is estimated that biofuels production will require 35 million hectares of land by 2030. One question is “where will this land be found on the continent?”

2.3. Opportunities for achieving transformation: Africa now has the means to achieve its goals

Apart from a few exceptions, African agriculture is based on an extensive model. On average, cereal yields are less than half those obtained in Asia. Over the past 30 years, these yields have in Africa have experienced limited growth compared to other agricultural areas of the world. While this low level of intensification for African agriculture is often used as evidence that the continent is lagging behind, it can be a considerable advantage if handled smartly. Firstly, Africa has a higher and more rapid growth potential than other continents as a result of the conservative use of traditional inputs. It currently uses nine kilograms (kg) of fertiliser per hectare compared to more than 200 in eastern Asia or Western Europe. The majority of countries throughout the world are attempting to redirect their agricultural sectors towards models that are less harmful to the environment. Africa can pursue sustainable development by increasing its agricultural productivity.[13]

This will also limit rural exodus and lower production costs, while increasing individual incomes.

The exchanging of experiences among African countries and seasoned agricultural countries is happening. Technologies are being adapted to suit the conditions of small holder farmers, while economic interventions that reduce risk and foster predictability of incomes have proven very efficient in increasing productivity.
Africa has an abundance of water resources that are very unevenly distributed and under-utilised. It is estimated that barely a third of the irrigation potential provided by the continent's main rivers is harnessed.[14]

The African middleclass accounts for almost 34% of the continent's population, and is demanding processed food products and more diversified products. The food market on the continent will triple by 2030, when it is expected to represent more than $1,000-billion. This changing food market can accelerate the development of food sub-sectors by promoting an artisanal agri-food and agro-industrial sectors, which will also create additional jobs. By 2030, farmers could potentially derive an income of as much as US$30-billion from domestic and cross-border markets.

Furthermore, regional trade and integration of cross-border markets can significantly help stabilise supplies in local food markets. African agriculture growth will therefore involve individual countries working through their RECs to eliminate barriers and disincentives to trade in local and regional markets. Importantly, African countries need to treat regional trade and market development as a key criterion in infrastructure development strategies. In addition,[15]

[13] Nevertheless, increasing productivity can only be achieved through sustainable intensification of agriculture that creates sufficient production for urban areas and value addition activities.

[14] A major opportunity also lies in the dynamism of food markets. Urbanisation and changing consumer preferences, along with new developments in distribution, processing and packaging, have led to a rapid expansion of value chains for traditional staples in many parts of Africa.

[15] African countries need to ensure that infrastructure development is led by effective private sector demand.

Globalisation and advances in communications technologies have also increased the interest of private sector participants in value-addition opportunities on the continent. The pattern of international prices has changed. Recent consideration is that global commodity prices will remain high, but volatile, offering more incentives for farmers to invest if instability can be managed by efficient policies.[16]

Large international private sector players should be encouraged in the initial phases to focus on consolidating SME production. This will retain jobs created in the rural areas and create alternative income sources for the small holder farmers. Small holder farmers have, under conditions that offer more predictability of income and profitability, participated in fast-growing value chains as individual entrepreneurs, contract farmers, members of out-grower schemes, and participants in other contractual arrangements. It entails facilitating contractual relationships between firms and within firms, and between employers and agricultural workers.

Smallholders in most countries have successfully integrated into value chains in horticulture, traditional export commodities, staple foods, meat, or dairy and it is important to ensure that as much as possible of the added value is captured within Africa. Governments also need to devise creative ways in which to diversify farmers' income within a value chain beyond the primary product. Tea farmers, for example, could derive an additional income connected to the profitability of the tea factory. The best distribution of value-add within value chains must assist in alleviating poverty. This involves preventing the eviction of producers offering the greatest potential for productivity gains and investment in their farms, especially small holder farmers/family farms.[17]

Another factor is the evolving power of the non-state actors in general, and specifically civil society organisations and farmer organisations. Any new strategy will need to reflect the knowledge and implementation capacity of those institutions. CAADP is now regarded as a shared responsibility between state, non-state institutions and private sector players, including farmers.

Finally, the financial landscape changed radically in Africa during the last decade and offers more room to offer an opportunity to reduce financial dependency.[18] Foreign direct investment has increased, but national incomes have more than tripled in less than 10 years with state revenues representing about 85% of funding for Africa at the end of the decade. Gross domestic product (GDP) growth was about six per cent a year in sub-Saharan Africa in the five years preceding the 2008 financial crisis. Public spending should increase by at least the same pace as the GDP, which would give an annual estimate of $10-billion that could be partially allocated to agriculture.

Africa now has the means to achieve its goals in agriculture.

[16]African governments have to ensure a policy environment that is supportive to small and medium enterprises (SME) in agro-related processing activities and the farmers to ensure that local entrepreneurs are given an environment in which to develop and create employment.

[17]Investment in development corridors is also an important tool, however it should not penalise territorial balances. This is provided due recognition is given to the local private sector, including the farmers, to prevent widening of the income gap and social instability.

[18]Hence, the economic situation of African States is now conducive for more ambitious policies and public investments that notably would benefit agriculture and rural areas.

3. CAADP: A Strategy for Agriculture Transformation

It is now clear that CAADP must advocate for transformation. Transforming African agriculture will have a meaningful impact on the African economy and society which appears well positioned for success in the next decade. This is considering that the development process is being led more effectively and visibly by African governments, stakeholders and citizens.

The emphasis is now on results and impact. This requires African countries to not only implement investment plans, but also move beyond the requirement and ensure that these investments are delivering as planned. For more than 10 years, CAADP has focused on strengthening country level planning, with demonstrable impact on the quality of investment plans and processes. Rigorous and deliberate attention to policy and institutional strengthening has, in most cases, been minimal. However, investment plans need an enabling policy environment that is appropriate and supportive of institutional environments to deliver results and sustain impact.

Africa has to take bold steps forward and focus on implementation and results in the next decade of CAADP. This will require African countries to progress past the existing generation of investment plans and move into policy implementation and institutional change. This is the foundation for any changes to the agricultural development processes by countries and RECs.[19]

To increase output and productivity, Africa needs to continue increasing the volume and quality of public investment in rural infrastructure, including irrigation, as well as other services for farmers. Research and advisory services are extremely critical. The 10% target's main purpose is to direct public investment and should be aimed at creating an environment for increased private sector investments, both in terms of number and magnitude. However, CAADP needs to give much more emphasis to farming as a business, while all policymakers and donor partners need to understand that every farmer is a businesswoman or businessman and needs a supportive business environment in which to trade effectively. Farmers' own investment forms part of the domestic private investment which is significantly more important than public investment or foreign investment for future growth and sustainability of the sector. NEPAD estimates that this represents about US$ 100-billion a year, to which family farms contribute the majority of investment.

3.1. Our vision of agricultural transformation

The demands and challenges of agricultural transformation are clear but these are even more difficult to resolve by the numerous players and diverse interests involved. Africa has become increasingly dependent on foreign markets for food supply and yet the majority of the workforce is dependent on primary agriculture. New entrants into the labour market are increasingly migrating from rural areas into the urban centres. While the continent has untapped land and irrigation potential, the productive base consists of small farms. Because they are of low productivity, they represent the greatest potential for development and therefore provide the greatest return on investment. Africa has to undertake its agricultural revolution by integrating its value chains and modernising its network of farms, including pastoralists and fishers.

Food is a matter of national security, ownership of natural resources, especially land and water is essential for independence and the development of biotechnology based on local genetic resources is a challenge for the future. In addition, preservation of indigenous knowledge, including how to cook, are a question of identity. This means Africa has no alternative but to ensure that its food security strategy is translated into a plan that ensures that food is available and affordable.

[19] The new thrust for CAADP should not lead countries into repeating planning processes, but to focus on policy implementation, institutional strengthening, the design and negotiation of public economic interventions and leadership for agricultural transformation.

This is considering that global markets can no longer guarantee the availability of food at predictable and affordable prices for importing countries and regions. A strategy that ensures food is available and affordable requires nations and regions to continually develop a combination of inter-locking polices and strategies that include local production, trade and risk management tools, including precautionary measures. At the heart of a successful strategy for available and affordable food is the commercialisation of farming that is built on markets that function effectively.

Agriculture needs to build its profitability by improved functioning of inputs, such as finance, land, seeds, fertilizer, pesticides and water, as well as output markets, including transport and logistics, storage, trading, processing and marketing. Wealth creation within the agro-food value chains should imply reducing transaction costs, expanding downstream agro-processing at local, national and regional levels, increasing quality and supporting market development. Critically, all policies within the agricultural sector and the countries' economies should have a similar goal or, at least, be closely aligned but not opposing, such as food security and food sovereignty[2] strategies. Measures should result in farmers demanding faster integration of markets within the country and across the RECs. African countries should progressively join the rest of the world in providing positive incentives for agricultural trade, including infant industry strategies and connecting countries agricultural products to the regional and international markets.[20]

Sustainable development requires an environment in which farmers can gain a greater share of the benefits within the value chain. This could comprise developing information on the market situation, enhancing their individual and collective capacity to start businesses and strengthen their negotiation and advocating capacity to seize a greater share of the value created.

The role of the state must be re-legitimised and refocused on the provision of public goods, and mitigation of market failures that reduce the generation of wealth. Its action should be conducive for an environment that provides incentive for entrepreneurship and fair distribution of benefits.

All other policies should then be aligned to ensure that bottlenecks are addressed. Labour intensive and sustainable farming systems corresponding to smallholder farmers' interests and practices should be supported by a labour policy that ensures affordable labour enabling the small holder farmers to create as many jobs as possible. Promoting intensification of small holder farming will require targeted policy measures that foster their profitability and reward for increased productivity.[21]

Agro-ecological or sustainable land management practices should be promoted where it has proved to increase productivity and income efficiently. Biotechnological solutions might be an option in a few cases, for instance, for bio-fortification, where conventional breeding doesn't offer solutions to increase the nutritional value of crops or if it brings real long lasting benefits for adaptation to droughts. Regulation of the use of biotechnologies is a prerequisite, since it brings environmental risks and specifically huge economic dependency on foreign firms.

[20] The position of small holders in the value chain has to be enhanced. Their ability to respond to the growing demand for agricultural products should be improved as should their ability to benefit from value added activities.

[21] Africa has to accelerate its adoption of climate-smart and sustainable agriculture both in terms of addressing the impact of climate and demographic change today and well into the future. Africa could convert its handicap of using low quantities of inputs into an advantage to develop low carbon emitting farming systems.

[2] Food sovereignty means the primacy of people's and community's rights to food and food production, over trade concerns, NGO/CSO Forum's Statement Food Sovereignty: A Right for All, 2002

3.2. Principles for CAADP in the next decade

CAADP's core functions are strengthening country-led policy processes for better planning and implementation of investment and economic policies; mobilising partnerships for investment at the national, regional and international levels, including private and public funds; evaluating commitments and strengthening systems and mechanisms for accountability; advocating the restoration of African agriculture as a major driver for economic transformation; and harnessing African strategic thinking, positions and scenarios for the future.

CAADP's core principles of action include fostering African ownership; building partnerships and alliances between government, the private sector, development partners and farmers to better address the cross-cutting needs of the agricultural sector; promoting dialogue, peer-review and mutual accountability to develop a sense of collective responsibility, while using subsidiarity as a principle to harness the potential of each level of competency for implementing the CAADP.

However, efficiency is dependent upon the CAADP considering other principles, or the various means in which agricultural transformation issues are addressed:

- To radically increase both agricultural output and productivity, Africa needs to continue to focus on increasing the volume and quality of public-sector participation. Investment must be understood in the broad sense as an input leading to economic growth.

- Change and transformation in agriculture must start from within the continent and specifically the small holder farmers, households and communities, because they constitute the overwhelming majority of society. These assets are that not being efficiently utilised. Small holders have a proven track record of responding to policy and market opportunities better than any other category.

Women contribute the largest part of the labour used to produce food for household consumption, sale and processing. Enhancing opportunities for women must, to a large extent, be about improving their capacity to fill a gap in the market. Examples include agricultural productivity for a production deficit and under-utilisation in the case of processing capacity, etc., to name a few.

- Africa leads the world in population growth, with 60% of the population comprising young people aged between 15 and 24. It is imperative to devote more effort to workforce development aimed at agricultural farm operations that require a large number of technically skilled people to ignite an agri-business-led revolution on the continent.

- The paradigm shift towards making the market work will require a public-private partnership approach and clear position on and fostering of the "inter-sectoral" nature of agriculture and agri-business within countries.

- In sustaining the CAADP momentum, Africa requires a more deliberate and effective approach to its regional and global integration. Africa has many small and fragile economies and there is considerable potential to gain from cross-border markets, in terms of potential growth and increased security. Africa will become more resilient to cope with external and internal shocks if it provides a consolidated continental market. The development of regional markets must be a building block in pursuit of this objective, enabling the African economies to change from being export led to economies driven by the African consumer.

- As contended by Future Agricultures[3], debates on the appropriate role for the state in stimulating agricultural development should be linked to an assessment of the capacity and willingness of the state to implement particular policies for its economy. The cross-country analysis of experiences and impacts of the CAADP process could highlight avenues for exploring the validity of the assumption on the “primacy of domestic politics” in agricultural policymaking in Africa. Political economy analysis might assist in crafting policy options that are both technically desirable and practically viable.

- Africa's policies on global integration are much less developed and urgent progress is needed to protect and promote the interests of local communities. Africa is facing growing competition for its resources from many different parts of the world. Foreign investment should leverage the acquisition of knowledge, experience and technology to add value and improve market access. The continent should not be granting special deals for foreign investors that are not willing to partner domestic investors or facilitate access to markets for domestic agro-processors. A level playing field is required, and total transparency is the only way to permit proper accountability for the stewardship of national resources. The vision is about governments helping farmers to help themselves and better promote subsidiarity and the hierarchy of competences. Therefore, hard work at the regional and national level can improve the performance of CAADP implementation. CAADP will need to adopt ways of supporting governments to decentralise and reach communities in pushing the agenda forward.

3.3. Main outcomes expected from the second decade of CAADP

3.3.1 Strengthened leadership in steering transformation

CAADP confined itself to public sector investment planning during the second half of its first decade. This created financial dependencies which could only be addressed by the donor community. The private sector and African financial institutions played a marginal role.

It can be inferred that by reversing this limited public sector investment approach, there could be a means to redirect the leadership of the investment process by promoting economic policy instruments. The costs associated with this approach would be relatively modest with the ability to attract additional resources and reduce the dependence on the donor community. Policy formulation, implementation and institutional change should be the cornerstones for the repositioning and re-appropriation of agricultural development processes by African countries and the RECs.

The emphasis on improving policy introduces into the CAADP process a clear call for more substantive political economy discussions and analysis to ensure that policies are grounded in practical reality and have the capacity to confront blockages and vested interests.

Country processes are at the heart of CAADP, which “grounds” the CAADP vision, values and principles in the countries' own internal processes and systems to attain the desired outcomes. CAADP implementation at the country level therefore has the objective of embedding CAADP in the national planning and delivery mechanisms through: a) engagement with stakeholders and public to arrive at a common understanding of the role played by agriculture in the national economy; b) evidence-based analysis to deepen understanding of common priorities and problems; c) a clear understanding of the agricultural opportunities; d) development of policies, investment programmes and the definition of partnerships and business alliances; d) assessment and learning from processes and practice; e) adapting, re-planning and reassessing priorities and programmes.

[3] Food sovereignty means the primacy of people's and community's rights to food and food production, over trade concerns, NGO/CSO Forum's Statement Food Sovereignty: A Right for All, 2002

The role of local communities as drivers in the agricultural value chain needs to be appreciated, bearing in mind that local economic development requires economic and social capital investments. The development process should ensure that it creates the space for businesses to develop and grow in a manner that empowers local small and medium enterprises and individuals with the legal and institutional tools to undertake business effectively; supports capacity development needs; capability to resolve disputes; and enforce agreements. The local communities and businesses should be empowered to influence policy, regulations and laws that affect their livelihoods. This would go a long way to in addressing the current notion that it is only the international private sector that is able to receive audience at national government level and therefore able to influence the policy environment.

Better interaction and engagement within the private sector, especially farmers and their organisations, would also reinforce their leadership role from a local community perspective and position them to influence the development process. Foreign investment can be further enhanced through strengthened regulations by the state.

Policy in the 21st Century needs to be rooted in an understanding of the ambitions of, and problems experienced by local communities and by businesses at large. The solutions to most problems will be multi-sectoral meaning that governments need to become more agile and flexible in working across traditional ministerial boundaries.

Foreign aid has been important to the sector and the financial crisis in North America and Europe will probably endure over the next decade. However, Africa must be realistic about future aid volumes, and must be wary of the implicit and explicit priorities that donors deploy in respect to their aid. The cost of these interventions and policies deployed by the donors with respect to their own economies and specifically agricultural sectors can only undermine the development of Africa's own agro-industry. Africa needs to be alert to these paradoxes. As aid flows reduce, Africa should ensure that donor support is used to catalytically and innovatively support African agricultural practices that continually generate added value. CAADP has to some extent reduced the transaction costs of dealing with donors, although these costs remain a burden to the fragile institutional capacity of most country's economies. Donors need to ensure that they demonstrate the added growth they create and how this is sustained by the African economies they support.

3.3.2 A clear vision for agriculture's role in the transformation of the African economy

By focusing on one aspect of agriculture, such as the performance in the supply of food and incidentally as a source of revenue, without taking into account the entire mission for a nation, CAADP missed the ultimate goal of developing a vision for agriculture at the continental level. Agriculture should also create employment, territorial development, security on food independence and rebalance rural and urban development. A present, Africa is viewed as a region with challenges surrounding its resources. However, the continent should be assessing what it can offer to create wealth for its people in the context of diverse ambitions driven by particular interests. Regional integration is vital for Africa's development and yet competition among the various African countries is set to intensify. Therefore, countries' national strategies can no longer be developed and implemented without considering neighbouring state's strategies.

A new development approach is being mooted that transcends CAADP. It essentially relied not only on investments for developing dynamic interdependencies between domestic agriculture and factors outside the countries' agricultural sector, but also on the key inter-sectoral uniqueness of rural transformation.

3.3.3 Capitalising on the CAADP achievements beyond establishing plans and processes

CAADP raised high expectations in terms of mobilising new resources and financial contributions from donors and then the private sector. This was when it was considered a challenge to obtain unconditional commitments from donors; expertise and quick solutions for simple reproduction of "success stories" and flagship programmes. The process must now progress to the phase of implementation.[22]

Country "Investment Plans" and the processes they entail can be adapted to become "Investment and Implementation Plans". Similarly, the REC plans can be expanded, and country support implemented and developed to address these themes throughout the region. At the continental level, the NEPAD Agency and AUC are well placed to lead and support this ambitious agenda. This mantle should be held by the RECs at the regional level.

3.4. Improved institutions, renovated policies and distilled leadership

In order to deliver results, African institutions need to be bolstered by rebuilding a culture of "getting things done and solving problems as they arise". Institutional effectiveness, like policy effectiveness, will be achieved by a commitment to action and implementation, accompanied by a pledge to learn from experience. African countries should also commit to sharing their lessons, such as in the upgrading of systems and procedures. There is a need for capacity to design effective policies and programmes. This capability ensures that policies and programmes can be implemented while delivering an effective self-assessment and self-correction mechanism.

CAADP will need to adopt ways in which to support governments to delegate some authority to local communities and therefore empower them. The voice and energy in local community-level networks and institutions will be central in advancing a reform agenda in African agriculture. The vision is about governments helping farmers to help themselves. Local authorities and communities need to acquire the capacity to self-mobilise, self-assess, and engage outsiders. Central government is best suited to facilitate and support this; not to substitute for that specific role and capacity.

In strengthening capacity for sustaining CAADP into the next decade, the implementation strategy and the Malabo Declaration roadmap will play a pivotal role in its systemic capacity strengthening component.

3.5. Strengthened knowledge support, capacity building and innovation systems

CAADP emphasises information and knowledge to ensure that Africa has the capacity and institutions to facilitate the establishment of platforms, networks and communities of practice to increase available knowledge and information sharing. This should also encourage co-creation and learning. Knowledge strategies need to embrace the creation of a platform through which the local community can communicate and have discussions with leaders. This is an integral part of building social capital, local ownership and responsibility to contribute to the continent's agricultural development agenda.

[22] A condition of success is creating a favourable economic environment which may require the use of appropriate competencies and capacities to build beyond financial resources.

CAADP should stimulate increased investment in knowledge infrastructure that includes a technical and vocational education system. This should be designed to generate a significant technical capability in the field of science, technology and engineering, supported by research and development system; a strong intellectual property regime, a technology transfer system and a critical mass of innovative firms and entrepreneurs. CAADP should mobilise diaspora knowledge support for agriculture. CAADP knowledge work should include a component on the use of ICT to support farmers and practitioners.

To ensure demand-driven knowledge support systems and capacity, the AUC and NEPAD Agency have led work on strategic and operational arrangements for Knowledge, Information and Skills (KIS) support within the country and regional CAADP implementation processes. At the core of an effective knowledge system is quality data and information, as well as the capacity and systems for analysis.

Ideally, KIS should be extended to capture data on business-related activities of farming, input and output market activities, as well as the political economy of agriculture. In an unstable and unpredictable global economy, the systems and processes in place need to be agile to exploit the new opportunities that arise, while offering protection against new risks. We should develop capacity for long-term strategising and scenario planning.

3.6. Agriculture financing placed at the heart of the transformation process

Africa's agricultural sector needs stronger financial markets that provide broader outreach to customers, have a deeper understanding of the environment and significantly more products. The role of financing for farmers, and especially smallholders and family farms has not been given the attention it deserves by CAADP. There is a need for ambitious innovation and ramping up of successful business models in the transformation of financing in the agricultural ecosystem.

Agricultural finance is challenge throughout Africa and most efforts seem to have a restricted impact with limited scaling up of what has appeared successful in some pilots. One of the key challenges is that agricultural finance is dependent on the entire ecosystem in which the farmer operates. Therefore, the policy environment has to create an environment in which risks are mitigated when farmers have access to credit. The demand for agricultural financial services is evident, however ways in which these services can be delivered to the farmer level and the policy measures needed to facilitate this still need to be determined. This is further addressed in detail in Chapter 10.

4. Strategic Drivers to Sustain CAADP Momentum and Implications of the Malabo Declarations

The next sections elaborate on the four strategic drivers to sustain the Malabo commitments. A set of strategic orientations were determined based on the weighting of the challenges and opportunities identified in the agricultural sector. Policy instruments for the implementation of the strategic themes will be elaborated in the sections that follow.

Using the Malabo goals, targets and the previous analysis conducted for NEPAD and AU[4], challenges and opportunities were prioritised along the four thematic areas of the Implementation Strategy and Roadmap. This should be approached by:

1. Supporting smallholder farmers towards transforming into modern operations by market-related production intensification. This is expected to have a positive impact on job creation.

2. Harnessing the growing domestic market and reducing food dependency on global markets. The strategy connects the domestic markets to regional markets. This ensures support for the domestic market in cases of a deficit or surplus for greater market stability.

3. Ensuring resilience of livelihoods and organisations is increased by coping and adaptation mechanisms, as well as by promoting risk mitigation and shock reduction measures, especially those that improve the functioning of markets.

4. Managing natural resources to permit increased participation of local communities.

4.1. Sustainable intensification of smallholder production

Sustainable intensification involves promoting access to fertilisers, seeds and livestock by developing agro-dealers and the use of “smart” subsidy policies, while facilitating the deployment of agro-ecological methods. These policies require that access to assets, such as land and water, are secured, with clear regulations in terms of customary rights to provide basic infrastructure to facilitate access to water for irrigation or for drinking purposes.

They also need to facilitate the provision of public goods, such as research, extension services and information systems with a focus on agro-environmental techniques to manage soil fertility. These include organic manure and land management techniques that are mostly climate change resilient and lead to diversification of products and therefore improved nutritional patterns. The value of the production must be maintained by connecting it to a market with strong demand to ensure its sustainability. Farmers should be involved in the orientation of research, foster vocational training, encourage professional organisations to engage and support economic services, such as storage, and by enforcing rule of law, foster contractual relationships with upstream and downstream business players and financial institutions. Regulations should encourage inter-professional approaches involving sub-sector stakeholders to better respond to demand. Local communities should be directly involved in the negotiations of large-scale investments that positively and negatively impact access to quality resources, such as land and water. Specific attention will be given to women as they represent the majority of the active workforce in production and local transformation.

[4] AU-NEPAD; African Agriculture, outlook and perspective, 2014; 76 p.

4.2. Improving the functionality of the African markets and integration with global markets

To take full advantage of the growing domestic market, it is important that African governments create a policy environment that is supportive and ensures that any surplus or deficit is freely responded to by suppliers or consumers.

It also includes an "infant industry" strategy that addresses distortions and dumping from international markets. The regionalisation of markets along with their smooth integration is one of the most effective means of stabilising prices and securing domestic supply as long as unfair international competition does not hamper efforts. We need to be smarter and more aggressive in trading policies and international negotiations with a clear inclination towards fostering regional preference. This also implies adopting more flexible tariff policies that create an opportunity and possibility for the deployment of smart protection mechanisms to manage instability and unfair competition practices on the international market.

Governments should entrench regulations on the use of genetic resources that defend the interests of agricultural producers and active participation in climate change negotiations to benefit from arrangements made to adapt and contribute towards the mitigation of various risks in agriculture.

4.3. Resilience of livelihoods and organisations through risk mitigation

There is a need to encourage and support farmers and agro-processors to invest and adopt innovations that provide them more security through increased productivity and reduced financial risk. Regulatory frameworks should encourage the development of credit and risk mitigation services, such as insurance, collateralised stocks and warehouse receipts, to name a few. Coupled with free local and regional markets, the collateralised stock and warehouse receipts will help to mitigate the risks associated with market variations in quantities available due to production conditions and unstable markets. The goal is to eliminate internal non-trade barriers and uncoordinated national decisions and, finally, support the redeployment of misfits of modernisation by providing safety nets. Regulation of markets has to be recognised as a means of reducing expectation errors by farmers and more efficient allocation of resources where markets are failing.

4.4. Inclusive governance of natural resources towards sustainability

This entails prioritising tenure systems that guarantee the rights of local and national communities supported by an ecosystem that can sustain the added value. The strategy should also be able to accommodate large-scale land investments and dictate the methods of handling forestry and fishery resources. It is important to encourage a preference for sustainable agricultural systems that are "climate smart" to seize the opportunities offered by new global mechanisms aimed at climate change resilience and risk mitigating farming systems. At a global level, sustainable agricultural systems should represent the current and future challenges regarding biotechnologies. They are needed to ensure increased capacities to harness the potential of African biodiversity and protect African interests through wise intellectual property regulations, notably in the area of seeds to preserve the interests of small holders.

It is clear that these priorities must be accompanied by deepening the financial effort of governments towards the creation of an enabling environment for agricultural development. The enabling environment has a spill-over effect on productivity, as well as provision of public goods, such as ideal market policy, research, training and extension. In some cases, dynamic markets can provide space for partnerships between the public and private sector with investments that carry a leverage effect on either partner, whether public or private sector. Importantly, the public sector provides a vital role in relief mechanism to attend to a distressed situation or prevent a crisis in the national or regional context.

5. Sustainable Intensification of Smallholder Farming and Modernisation of Family Farms

5.1. Challenges to increasing productivity

The African model of agricultural growth differs significantly from the dynamics realised in Asia or South America. Agricultural growth in Asia over the last 30 years was due to intensive agriculture, including improved varieties, greater use of inputs and irrigation. South America, on the other hand, benefitted from a significant increase in labour productivity caused by the gradual mechanisation of agriculture. This has not been the case in Africa, where there has been very little improvement in the performance of labour and land, except in North Africa and, to a less extent, in West Africa.

Agricultural growth in Africa has been achieved by cultivating more land and mobilising a larger agricultural labour force, but there has been very little improvement in yields and barely any change in production techniques.

As agricultural production generally increased in Africa during the past decade, the cultivated area and the headcount of livestock also grew. This means that the quantity of resources used to yield agricultural output also increased, resulting in no improvement in the level of productivity.[23]

Moreover, productivity performance has varied widely within Africa.[7] Some countries continue to experience little or no productivity improvement, while others have been able to sustain modest rates of improvement for several decades (see Figure 1).

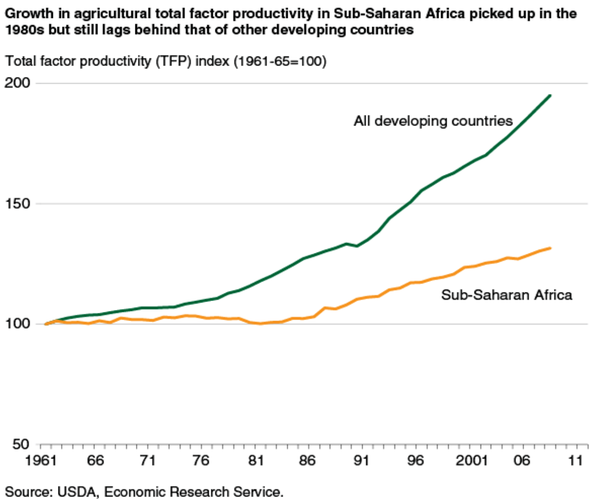

Figure1: *Growth in Agricultural TFP in Africa (1961-2011)*

[23]Growth in agricultural total factor productivity (TFP)[5] has been about two per cent a year for developing countries as a whole; twice the rate of agricultural TFP growth in Africa.[6]

[5]Resources, Policies, and Agricultural Productivity in Sub-Saharan Africa, Keith Fuglie and Nicholas Rada, USDA, Economic Research Service, February 2013

[6]Africa except Northern Africa

[7]Total Factor Productivity (TFP) declined by 4.36 percent on average per year in 1970–1980. TFP started to recover after the mid-1980s and continuing through 2005. During this recovery period, annual average TFP growth rates were 0.58 in 1980–1990, 2.59 in 1990–2000, and 2.20 in 2000–2005; (Trends in Agricultural Productivity in Africa, Annual Trends and outlook report, ReSAKSS/IFPRI, 2011)

Despite available water resources, only six per cent of land is under irrigation in Africa compared to 29% in East and South-East Asia and 41% in South Asia. The variability of precipitation in time and space in all areas receiving less than 1200 mm of rain annually leads to high yield variability.[24]

This uncertainty influences the strategies adopted by farmers, who are reluctant to invest in intensive agriculture. An improved and more effective use of water resources will require major investment in infrastructure and, in particular, the implementation of appropriate governance methods at local level by users and at regional level in relation to the management of trans-boundary resources.

On the other hand, agricultural research infrastructure and capacity in Africa have been eroded through years of neglect, primarily because of lack of public funding for agricultural research and development.[25]

The adoption of innovation required to increase productivity cannot be simply decreed. Innovations must meet the needs of producers and the entire national communities. Education and skills are important for transforming agriculture in Africa. The improvement of learning and technical knowledge is a key factor for agricultural contribution to economic development.[26]

Increasing agricultural productivity does not only rely on improved production efficiencies, such as adoption of improved technologies and practices, but also critically on other factors, such as adequate access to productive resources, well-functioning markets, infrastructure and a conducive policy environment, such as stable macro-economic policies.[8]

[24]With lack of water management (only six per cent of cultivated land is irrigated, most of which is in five countries, namely South Africa, Egypt, Madagascar, Morocco and Sudan, and yields are determined by climatic conditions

[25]The best use of technologies and innovation in agriculture can significantly contribute to higher agricultural production and productivity.

[26]International success stories show that increasing learning and knowledge in Agricultural Education Systems can significantly accelerate national development and poverty alleviation.

[8] FARA, Framework for Agricultural Productivity in Africa, FARA, 2006

5.2. Increasing sustainable production while absorbing a growing labour force

Agriculture and the entire agri-food sector provides the greatest employment creation potential. However, this implies prioritising the intensification of farms that are mostly family run and their modernisation to make them profitable.

Increasing agricultural production can only be achieved through intensification of agriculture that creates surpluses for urban areas, limits rural exodus and lowers production costs, while increasing individual incomes and curtailing the expansion of land under cultivation. Agricultural intensification has been defined as "increased average inputs of labour or capital on a smallholding, either cultivated land alone, or on cultivated and grazing land, for the purpose of increasing the value of output per hectare".

Sustainable intensification is defined as "producing more outputs with more efficient use of all inputs on a durable basis - while reducing environmental damage and building resilience, natural capital and the flow of environmental services". Sustainable intensive agriculture must ensure the conservative use of traditional inputs, namely chemicals, fertilisers, pesticides, better seed varieties, veterinary products, as well as investment in equipment to increase productivity. Guidelines for achieving this goal are emerging, which promote the controlled use of inputs, such as fertilisers, pesticide products and improved seeds, and agro-environmental techniques to manage soil fertility levels and to enhance productivity.

These agro-environmental techniques include organic manuring and methods to combat erosion by rain and wind, and require increased labour, which prioritises an agricultural development model based on modernising family farms. Sustainable intensification encompasses a range of factors that must be addressed simultaneously. These include intensifying ecological components, genetic components and socio-economic components, all of which are equally important and must be used in combination to achieve the paradigm shift. There are numerous challenges to counter in achieving the above. The first is undoubtedly the need to reduce market risks related to produce and revenue. This implies first ensuring the farmers have access to markets and appropriate financial services, including credit and insurance.

Specific attention is given here to the role of techniques, promoting sustainable cropping practices and enhancing the use of inputs. Recent evidence indicates that the incorporation of scientific principles of ecosystem management into farming practices can enhance crop production. A sound example is "micro-dosing" of fertilisers, where a soda bottle cap of fertiliser is applied to each hole before a seed is sown. This technique is a viable alternative to the highly technological precision farming. "Micro-dosing" minimises the application of inorganic fertiliser, a costly and often input that is difficult, as well as protect against drought. Such examples illustrate that the often divergent aims of production and environmental protection can, in fact, work synergistically while remaining relevant to small-scale African food producers.

Precision farming focuses on one aspect of Sustainable Intensification, namely the precise and prudent use of inputs. More generally, sustainable intensification is a product of the application of technological and socio-economic approaches to the task. There are two main technological approaches. One is the application of agricultural ecological processes for ecological intensification and the uses modern plant and livestock breeding for genetic intensification.

Such ecological intensification is illustrated by highly productive intercropping that relies on reducing competition and increasing mutual benefits between crops by Integrated Pest Management (IPM) that depends on natural enemies replacing pesticides and by conservation farming using "no-till" to encourage the build-up of organic materials in the soil

For thousands of years, humans have been harnessing the power of genetic inheritance to improve food security, increasing both yields, as well as the nutritive qualities of crop varieties and livestock breeds. Since the cellular and molecular revolution of the last century, conventional breeding has been augmented by forms of bio-technology to further intensify the process, such as cell and tissue culture, marker-assisted selection and genetic engineering. The challenge now is to scale-up promising successes into a larger geographical footprint and scope to link this with other proven technologies, processes and systems. This will create a sustainable, resilient and productive approach for farmers to earn their livelihood, ensure food security and safeguard the environment (Gordon Conway, 2015).

5.3. Development of technologies through science agenda, education and skills

Science is vital in the development of African agriculture. The role of science in enhancing agricultural productivity, competitiveness and market access in Africa is too important for it to be outsourced. It is therefore essential that African leaders invest more of their own resources into research for development initiatives. The vision for the Science Agenda for Agriculture in Africa (S3A) states that "by 2030, Africa is food and nutrition secure, a global scientific player and the world's food-basket". This vision resonates with and contributes to the AU Agenda 2024 – Science, Technology and Innovation Strategy for Africa (STISA) and AU Agenda 2063. Public sector investment in agricultural research for development (AR4D) has increased by 40% over the past decade in a number of countries. In addition, the establishment of the Multi-Donor Trust Fund (MDTF) for AR4D institutions has strengthened their institutional capacities considerably. This will need to be sustained.

Africa will use science and technology to leverage more value out of the resources available on the continent. There is no nation that has achieved growth either socially or economically without using the power of science, especially in the dominant sectors of the economy. There is need, therefore, to develop a culture of science across the wide range of institutions. This can be achieved by main-streaming science and its application to agriculture in schools and universities. Furthermore, the science used must draw from and fully integrate conventional and local knowledge systems.

Despite progress made to date, Africa needs critical institutions in the private sector and policy settings that are more in tune with agricultural research and advisory services, fully responsive to the needs and aspirations of the small holders and their rapidly transforming on- and off-farm production systems.

Furthermore, human capital is a crucial strategic factor for agricultural transformation. As new technologies emerge, markets demand higher quality and safer products and consumers demand quality and timely delivery. Agricultural education and training must therefore adapt to the current needs on the market along value chains.

5.4. Utilisation of adapted improved seeds

Heads of State and Government of the African Union have in the past decisively intervened with landmark resolutions and declarations relating to production, supply and utilisation of inputs, specifically seeds and fertilizers. These are the two key agricultural inputs required for sustainable agriculture and the achievement of food security. The Abuja Declaration on Fertiliser and Green Revolution in Africa of 2006 gave guidance on how to enhance access to fertiliser. The 2005 AU Assembly Decision, in Sirte made a statement on the danger of imported seeds on the African Continent and two years later, the eighth ordinary session of the AU in Addis Ababa approved the African Seed and Biotechnology Programme (ASBP).

Quality adapted seeds are critical in agriculture. The germplasm of seed establishes the limits of crop productivity and performance. However, within those limits, its performance is enhanced in the presence of other inputs with which it forms the improved input package. This is also at the core of "good agricultural practices" (GAP). Until the 1980's, governments initiated seed development solely as a public sector function. Privatisation has emerged as a viable alternative and in recent times, the commercial activities in the seed sector, particularly for high value crops and hybrids, are slowly being taken up by the private sector. Privatisation has brought only limited relief, since seeds with limited profit prospects have been side-lined, despite their importance in ensuring food security.

New seeds issued from bio-technologies sometimes lack the quality of traditional seeds which have, in the past, offset the benefits of increased yields due to lower farm gate prices. Extension must also be accompanied by agronomic and economic research, as well as risk assessment of the use of biotechnologies. Meanwhile, efforts regarding regulation on bio-technologies, which is already under construction under the auspice of NEPAD, must be pursued. Support for small-scale seed entrepreneurs has been inadequate and must be revitalised. In addition, the gender dichotomy in access to and use of quality seeds continues to grow, particularly in the rural areas.

A new approach is required which addresses the barriers that are impeding farmer access to high-quality seeds. The new approach should address i) environmental, technological and gender concerns; ii) improved linkages between the formal and informal seed sectors; and iii) enhancing extension and educating rural youth in agriculture to stem the technological gap among different types of farming systems.

Top among the applied inputs which must act with the seed is fertiliser. Fertiliser, alone, can contribute as much as 70% or more of the yield increment associated with the applied inputs. Of paramount importance is the management of the seed and fertiliser sectors, particularly to the manner in which farmers can continuously access the correct seeds and fertilisers they need.

5.5. Taking stock of the Abuja Declaration for improving access to fertiliser

The Abuja Declaration of 2006 comprises 12 resolutions delineating concrete measures and actions to be taken at the country and regional level to increase fertiliser access and incentives for small holder farmers. The status report on the fertiliser sector since Abuja reveals that progress has been slow and there are outstanding policy and non-policy issues that still need to be addressed. Nevertheless, many African countries have introduced measures to improve their input policies. The lessons drawn from actions taken reveal that measures and interventions established by the Abuja Declaration are still relevant and can be improved upon for the second decade of CAADP.

Market-friendly orientations towards "smart" subsidies have the potential to support the development of private fertiliser markets in Africa and increase the availability and accessibility of fertilisers to poor small farmers. "Smart subsidies" are carefully designed interventions that minimise distortions, mis-targeting and inefficiencies, while maximising social benefits. They are transparent, rules-bound and limited and time-bound with clearly upfront defined exit strategies.

Some African governments have made an attempt to implement market-friendly subsidies by introducing at least some of the basic attributes of "smart" subsidies. Despite this, the findings of the assessment of the progress in the implementation of Abuja made to date reveals that the results have not been as promising as expected.

The reasons could be attributed to most countries in Africa, especially those that have attempted to implement "smart" subsidies, do not have the requisite supportive macro- and micro-economic conditions in place to allow for the development of a competitive fertiliser market. This, in turn, would support the implementation of a well-managed and effective fertiliser subsidy programme.

As a supportive mechanism, the African Development Bank (AfDB), together with the Economic Commission for Africa and the African Union Commission, were tasked to establish an Africa Fertilizer Financing Mechanism (AFFM) by 2007 that would meet the financing requirements of the various actions agreed upon in the Abuja Declaration. The AFFM Governing Council was established with 14 members and the inaugural AFFM Governing Council meeting was held in Tunis on November 2009. The AfDB has contributed a grant equivalent to US$7 650 000 to the AFFM and IFAD has provided US$150 000 to the Fund as part of its pledge of US$200 000 in 2009. In 2010, the AfDB received payment of more than 4-million Euros from Nigeria, which constitutes 50% of the pledged of US$10-million. This is why theAfrica Fertilizer Financing Mechanism (AFFM) has a shortfall of about $4,5-million that is required for the Fund to be legally operational. It is believed that the achievement of this commitment would open the door to more ambitious goals for improving the financing of fertiliser policies through public-private partnerships.

5.6. Securing land tenure

Improving security of tenure encourages smallholders to invest in the land, and in principle it may lower the cost of credit by increasing the use of land as collateral. It also encourages[9] more sustainable farming, particularly through sustainable land management practices, such as planting of trees and through more responsible use of water resources. The challenge is how to improve security of tenure. The classical approach has consisted of transplanting the Western concept of property rights by individual titling, combined with the establishment of cadastres or land registries. This has created a number of problems since, unless it is transparent and carefully monitored, the titling process itself may be appropriated by local elites or foreign investors to facilitate and secure transactions related to land at the expense of customary land holders.

If it is based on the recognition of formal ownership, rather than on land users' rights, the titling process may confirm the unequal distribution of land. This will be the case in countries in which "a small landed" elite owns most of the available land, having benefited from the unequal agrarian structure of the colonial era. There is also a risk that titling will favour men during an era when we need more economic empowerment of women and youth.

Conversely, a number of African countries have extended formal legal recognition to existing customary rights, including collective rights, as an alternative to individual titling. Typically, neither individual members of households nor communities, through their representatives, can dispose of their land, for example by sale.

In a context in which commercial pressures on land are increasing, it is crucial that states improve the protection of land users. Governments should ensure security of tenure by taking measures to confer legal security of tenure upon those persons, households and communities that do not have such protection, including those who do not have formal titles to home and land. Development models that do not lead to evictions, disruptive shifts in land rights and increased land concentration should be prioritised. States should carefully consider the development models that they follow, as the mainstream agro-export-led model has major detrimental impacts on the access to land of vulnerable groups, disproportionately favouring the largest producers and landowners.

[9] Klaus Deininger, *Land Policies for Growth and Poverty Reduction* (World Bank, 2003), pp. 115-116;

In particular, true legal empowerment of farmers encompasses different types of measures, including (a) protection from eviction, (b) the provision legal aid, legal literacy training and paralegals to ensure that formally recognised rights can be effectively defended, (c) support for land users in their utilisation of the land; and (d) strengthening of the capacity of land administrations and efforts to combat corruption.

5.6.1 The Land Policy Initiative

The African Union (AU), the Economic Commission for Africa (ECA) and the African development Bank (AfDB) jointly established a Land Policy Initiative (LPI) in 2006 to attend to the key land issues and challenges confronting the economic development of the continent. The LPI was successful in developing a Framework and Guidelines on land Policy in Africa (F&G) to facilitate national land policy development and implementation processes. Countries have to seize the opportunities provided by this tool to reform and design land policies consistent with their current challenges.

5.6.2 Declaration on land issues and challenges in Africa

In their declaration on land issues and challenges in Africa, heads of state and government of the African Union, meeting in Sirte, in July 2009, committed to i) prioritise, initiate and lead land policy development and implementation processes in their countries, notwithstanding the extent of multi-stakeholder contribution to such processes involving civil society and the private sector; ii) support the emergence of the institutional framework required for the effective development and implementation of land policy and implementation; iii) allocate adequate budgetary resources for land policy development and implementation processes, including the monitoring of progress.

Following the endorsement of the Framework and Guidelines on Land Policy in Africa by the AU summit of Heads of State and Government, by adopting a Declaration on Land Issues and Challenges in July 2009, LPI promoted dialogue, awareness raising and consensus building on large-scale land based investments (LSLBI) to allow African governments, stakeholders and partners to discuss how states can derive benefits from LSLBI while minimising the risks and threats posed. These culminated in the adoption of the Nairobi Action Plan in October 2010.

5.6.3 Developing the guiding principles for large-scale land based investments

The Nairobi Action Plan calls for urgent action to develop land policies that reduce the underlying risks of LSLBI by enhancing the security of land rights, especially in customary land governance systems. The Nairobi Action Plan is being operationalised in synergy with the implementation of CAADP.

In May 2011, African governments and stakeholders engaged on a global stage and agreed on the need to develop appropriate African instruments to guide LSLBIs. During the African Development Forum (ADF-VIII), held in October 2012, on governing and harnessing natural resources for Africa's development, a consensus statement was adopted. It called for the urgent implementation of the Nairobi Action Plan, including the development of principles to strengthen the capacities of member states in the design and implementation of responsible LSLBIs. Thus, commitments for agricultural development oriented land policies encompass not only the securing of land tenure through thorough land policies, but also regulation of large land based investment with a specific focus on the involvement of local communities in the contract negotiation of LSLBIs.

5.7. A summary of actions for support during the new Decade of CAADP

Raising agricultural production and productivity require not only having appropriate technologies or more public infrastructure, but also implementing sound policies to encourage farmers to adopt the technologies, improve farming practices and investment in the improvement of the socio-economic environment. This will ensure a conducive environment for investment and adoption of innovations. In that regard, market and risk-management instruments are imperative, but will be discussed in other sections.

Here, we focus on how the implementation of sound economic measures for improving the utilisation of agricultural inputs, research results, reforms in education and skills development will combine to instigate innovations and adoption of necessary technologies and transform agriculture for enhanced production and productivity. The proposed actions should guide CAADP implementing organisations and partners to target their support to countries, RECs and continental bodies in their effort to achieve the Malabo objectives. The roles of the NEPAD Agency, the AUC and the RECs as supporting institutions are briefly highlighted below:

1. Promote access to fertilisers, seeds and veterinary products by expanding agro-dealer networks and implementing “smart” subsidy policies.

   At continental level, NEPAD/AUC will monitor the Abuja Declaration and implementation of the African Fertilizer Financing Mechanism and REC: trade policies on fertilisers (TEC adaptations and quality checks).

2. Provide public goods, such as research, extension and information systems, including on markets and prices, with a focus on research on agro-environmental techniques for managing soil fertility, such as organic manure and technical land management, as well as varietal research.

   NEPAD/AUC will follow up the Agenda for Agricultural Research.

3. Support for agricultural and rural training systems.

   At continental and regional level, support measures will be provided to countries and regional centres of excellence in the implementation of the Framework Programme to support agricultural training (AESIF).

4. Improve rural infrastructure and contribution to the reduction of post-harvest losses, such as storage, markets/ fairs sites and cold chain, as well as the development of upstream and downstream activities.

   At continental level, support will be provided to establish corridor development projects with the NEPAD/Grow Africa initiative.

5. Secure access to resources, such as land and water, and the sustainable management of these resources as discussed in the fourth thematic area.

6. Strengthening the Agro-Value Chains and the Role of Farmers, Women and Youth in Agro-Value Chains

6.1. Challenge for inclusive value chain development and regional trade

Fuelled by high population growth, rapid urbanisation and income growth, regional food demand continues to outstrip domestic supply, and formal intra-regional trade amounts for only 13% of total food and agricultural trade on the continent. This remains low even if provisions for informal cross-border flows could double this level. As a result, Africa's food import bill has increased to some US$70-billion a year, while the World Bank projects Africa's urban food markets will increase fast and exceed US$400-billion by 2030.

To take advantage of fast-growing intra-African market opportunities, African agriculture must undergo a structural transformation that entails shifting from highly diversified and subsistence-oriented production systems towards more market-oriented systems. It can only be achieved by increasing the capacity to produce surplus at farm level. This requires both a bold shift in policy to create a supportive market and substantial investment to overcome the severe under-capitalisation, low productivity and competitiveness of the sector.

Further development of agricultural markets and trade in agricultural inputs and outputs will play a pivotal role, because it is mostly through markets that farmers will gain greater access to productivity-enhancing inputs and equipment. Within the framework of the CAADP, national and regional compacts, as well as investment plans, there is a need to address two major impediments. First, they must help bridge the poor linkages of African farmers back to agricultural input markets and forward to the continent's agricultural markets, which are increasingly demanding processed, convenient, quality food and services.

This clearly points to the need for an inclusive value-chain approach to agricultural development, where the focus goes beyond the narrow confines of the farm to embrace the agro-industry and agri-business stages that connect farmers to the market. Strong and cost-effective linkages of farmers, especially small holder and women farmers, to input markets is key to increasing their productivity and capacity to generate adequate volumes of quality products to meet the demand of agro-processing and agribusiness enterprises for reliable supplies of standard-quality raw material.

Second is the high degree of fragmentation of the African agricultural market along national borders and among more than a dozen often overlapping sub-regional groupings. While being largely close to each other, the fragmented national and sub-regional market segments are increasingly open to import and export trade with the world outside of the continent. As a result, the gaps between domestic national/regional production and demand are increasingly filled by imports from non-African origin, even in cases where tradable surpluses exist within the continent.

This landscape does not support economies of scale for vertical coordination, transactions, complementary diversification and specialisation among countries and sub-regional groupings that would create incentives for meaningful private sector investment and allow the full realisation of the benefits of intra-regional trade for African agriculture. Contributing to this state of affairs are serious deficiencies in market and trade-related infrastructure, policies and institutions.

African agriculture must modernise, become more productive, profitable and competitive, create more added value locally to meet the fast-growing demand in both African and international markets, particularly through a better functioning of agriculture produce markets.

Farmers, most of whom are women, can play a major role in supplying agricultural products and would achieve this transformation if they are able to organise and take advantage of keeping an increasing part of the added value. Women are often already engaged in traditional processing at early stages of the transformation chain of agricultural products. Their proximity to local markets permits them to take advantage of the opportunities provided by expanding and increasingly diversified small town markets.

Potentially, enhanced regional outlets will increase farmers' incomes, create jobs within and around agro-food value chains, and ensure that intra-African food supplies flow to where there is a demand that is unsatisfied by local production. Improved dynamics in the domestic and regional markets will further offer cost-effective food staples and a greater diversity of food products, stabilise food availability and prices for consumers, and improve dietary diversification and nutrition. As agricultural produce constitutes the majority of products traded within Africa, there is much to be gained from regional and continental cooperation to improve intra-African market access and remove barriers to trade in agricultural produce throughout the continent.

Africa faces a timely opportunity to look inward, strengthen its domestic markets and strongly connect the continent's agro-food value chain actors to the fast-growing intra-African market.

This is considering the global context where international trade negotiations under the WTO have progressed slowly and the potential gains for African countries are uncertain and the continent has been marginalised in the international trading system. Today, there are significant impediments to well-performing markets and intra-regional and inter-regional trade within Africa. Farmers and traders of agricultural produce face constraints to accessing domestic markets for a wide range of reasons, including considerable gaps in the required rural infrastructure which undermines their global competitiveness. Furthermore, geographic market catchment areas are fragmented by policy and non-policy barriers to trade and the related infrastructure gaps along the lines of national borders and Regional Economic Communities (RECs).

One must also take into account the imperfections of the international markets that may jeopardise regional trade. The prices of products circulating on world markets are often distorted by subsidies or subject to strong fluctuations that have nothing to do with variations in supply, but are related to speculative phenomena.

These challenges must be addressed through a supportive policy environment that creates adequate incentives for meaningful private sector investment that permits the full exploitation of the production and trade potential of Africa's agriculture.

6.2. Status of agricultural markets, infrastructure and trade

6.2.1 Infrastructure

Rural infrastructural development in Africa remains inadequate with regard to road networks, transportation services, storage facilities, information communications technology (ICT), energy and water storage and distribution. This has a direct negative effect on market access and agro-food value chains. The poor state of Africa's rural infrastructure development is illustrated in Table 1, which shows that rural transport access rates in sub-Sahara Africa stand at about 50% with a few exceptions. Most recent figures suggest that only 34% of rural Africans live within two kilometres (km) of an all-season road, compared to 65% in other developing regions.

Lack of rural road connectivity seriously constrains the development of agricultural value chains as the absence of rural feeder roads increases the cost of transporting produce by as much as $2,00 per ton/km. On average, 85% of the crop production in Africa takes place at least six hours' travel time from the largest cities. African farmers therefore face considerable constraints and costs to access domestic national and regional markets, which undermines their competitiveness vis-à-vis imported food and agricultural products.

CountriesInfrastructure networks are often discontinuous, both across borders and within countries. Rural roads are often impassable, especially during the rainy season and the level of telecommunication capabilities is still unacceptably low in this era of the ICT revolution. The low population densities – less than 15 inhabitants per square kilometre – contribute to the high infrastructure costs in rural areas and, inevitably, to poor access to infrastructure for rural households. Even where feeder roads exist, the rural environment presents particular institutional challenges for road maintenance. Only half of the existing rural road networks are in good or fair condition. One of the explanations for poor rural road quality is the lack of local resources to fund road maintenance coupled with poor planning and budgeting. In response to this problem, some countries have channelled portions of their national road fund revenues to rural roads, and this seems to have been effective in improving the quality of those roads.

At present, the bulk of expenditure on infrastructure projects on the continent is ploughed into the energy sector (40%), followed by water supply and sanitation (21%) and transport (18%). Efforts at infrastructure development vary both among countries and on a regional basis. Most countries in West Africa have yet to place strong emphasis on developing agriculture-related infrastructure. Infrastructure, especially roads and energy, are relatively well developed in North Africa, although important disparities between rural and urban areas persist, and major regional projects suffer from poor co-ordination. Eastern Africa's relatively important network of road and rail infrastructure is mostly in a poor state mainly due to inadequate maintenance. However, efforts deployed by RECs are contributing to enhancing connectivity among the countries in the region, especially via trade corridor development.

Table 1 : Rural Transport Access Indicators for Selected Sub-Saharan African

Country	Rate (%)	Country	Rate	Country	Rate
Benin	32	Ethiopia	27	Mali	51
Burkina Faso	19	Ghana	44	Niger	52
Burundi	19	Kenya	44	Nigeria (8 states)	47
Cameroon	20	Madagascar	67	Tanzania	38
Chad	5	Malawi	38	Zambia	51

Source: AU *et al.,* 2005 and ECA, 2013

This approach aims to promote the development of transport and logistical infrastructure, as well as trade facilitation measures that directly support the development of various agro-food value chains. Examples include eastern and southern Africa through jointly-planned investments among member states and public-private partnerships. However, the co-ordination and planning requires improvement to ensure that the public investment is able to attract adequate private sector investment for sustainable development. The SADC region stands out in terms of both quantity and quality of infrastructure, including roads, railways, electricity and ICT but a lot remains outstanding to fill gaps while maintaining the available stock of infrastructure.

6.2.2 Intra-African trade

Despite the impressive gross domestic product growth experienced in recent years, Africa has remained a marginal player in world trade. Africa's share of world exports remains poor (3,3% during 2013). In addition to losing share in the global markets, intra-African trade is limited. Official intra-African trade was just 11% of the continents total trade in 2012, compared to 54% in developing Asia and 66% in Europe. Intra-African trade performance remains low even when the related estimates are doubled to take into account unrecorded informal trade flows. The low level of intra-African trade applies to all regions (RECs) and all product categories, and ranges from seven per cent for medium-skill and technology-intensive manufactures to 13% for food and live animals.

The poor intra-African trade performance is of particular concern. This is considering the abundant endowment in unexploited suitable resources, especially land and water, for agriculture, yet the continent imports between 87% to 90% of all its food and agricultural products from extra-African sources. As a result, Africa has faced a food and agricultural import bill averaging US$69,5 billion from 2010 to 2012/ This has risen by 15% per year faster than the 12% of intra-African trade to reach some US$78-billion in 2012. Notable among these fast-growing imports are processed products and value-added food, which accounted for US$41,3 billion and US$ 21,4-billion, respectively, in 2012.

These factors point to the need to accelerate agro-processing industry development by adopting a value-chain approach to agricultural transformation and, therefore, creating stronger linkages between policies and strategies for agricultural trade and industrial development.

According to United Nations Economic Commission for Africa (2015), East Asia's share of global exports increased from 2,25% in 1970 to 17,8% in 2010. Manufactured goods constituted between two-thirds and four-fifths of the region's total exports. Africa may not follow the path taken by East Asia due to dynamics in global trade and industrial production. However, Africa is capable of surpassing the East Asian miracle by carefully designing its trade and industrial development path, taking into consideration the experiences of the region. Africa should actively initiate industrialisation and structural transformation of industrial production with international and regional trade as the basic pre-requisite. The most important issues that need to be addressed include i) production and trade in intermediaries; and ii) establishing, joining and upgrading national/regional/global value chains. Add to this the expanded role of services in support of the production and value chain-based development and trade.

6.2.3 Export trade

Traditional export sub-sectors, including coffee, cocoa, peanut, cotton and palm oil, are rapidly losing ground. These exports comprise a very small number of products, namely cocoa, which alone accounts for 70% of the continent's agricultural exports; coffee; tea; cotton; sugar; fruit, including pineapple and bananas; and fish and shellfish. Only 13 countries, concentrated in West Africa, East Africa and southern Africa, are net exporters of agro-food products. Diversification, both within agricultural products and towards other industrial products, has not been enough to increase the export base, which is largely based on unprocessed products. For instance, less than six per cent of African cotton and only 25% of cocoa is processed on the continent and unable to influence international prices with the exception of cocoa.

The loss of interest in Africa's traditional agricultural export subsectors has been influenced by high price variations in export markets which discourage investment and have often destabilised the sub-sectors in some countries where small holder farming forms the bulk of the agricultural sector.

Secondly, the export subsectors have historically absorbed a significant portion of the tax burden of the exporting countries, which tends to reduce their competitiveness on international markets and local attractiveness. Thirdly, many countries specialise in these traditional agricultural exports due to a lack of alternatives rather than a strategic choice. A few new export subsectors have emerged and are providing major opportunities for increased export diversification and revenues, such as cut flowers and targeted production, in niche markets, for example v-added products, such as processed fruits, some vegetables and sesame, or biological product subsectors and origin labelling.

However, these subsectors are no different from the sub-sector that failed to deliver meaningful change to the African continent as these are also dependent on the export of primary agricultural products. Africa has failed to add services onto the lead sub-sectors and follow the products with investments in the destination markets to capture the full value of the agro-value chains. This is aligned to the United Nations Economic Commission for Africa view highlighted earlier in this section calling for production and trade in intermediaries, linking the local value to regional and global value chains, and developing services in support of these value chains across the world.

6.3. Enhancing agricultural markets, infrastructure and trade opportunities

Besides supply-side constraints and notwithstanding the adoption of many regional trade agreements by RECs, critical obstacles impede food trade among Africa's national and regional markets. Major constraints on regional food trade include high transport costs, resulting from poor infrastructure and inadequate transport policies, and unclear/unpredictable trade policies and regimes, such as export/import bans and restrictive rules of origin. This is compounded by the failure to address monopolies; ineffective implementation of regional trade agreements, including restrictive customs/cross-border procedures; no safeguard measure against dumping and disruptive impact of price volatility; lack of harmonised standards and regulations; poor stakeholder information on markets, policies and regulations; and limited access to trade finance.

The most significant challenge that receives the least attention is the inability/failure of the majority of African governments to regulate standards of all traded commodities and still pay attention to harmonising the standards. For example, there has been significant effort in harmonising grain standards in the East African region, yet the trade of ungraded grain and aflatoxin infested grain is not regulated and banned. The various African agro-value chains have similar policy failures, such as livestock, including the trade of beef slaughtered in the open. These failures result in uneven competition based on price as opposed to the quality of the product and service. To create effective regional trade, African countries need to level their playing fields by enforcing local standards, however basic, to support the development of Africa's agro-value chains. Once these basic foundations are in place, then they should address the other issues with regard to policy and institutional deficiencies to strengthen intra-regional and inter-regional market integration and trade facilitation.

6.3.1 Addressing the starting point in developing the African value chains

African countries tend to focus on deficiencies in infrastructure which are a result of inadequate funding, but also influenced by limited institutional capacities, cooperation and commitment within and among countries for policy and programme development and implementation. The increased public sector financing commitment made in Maputo provided the legal framework and overall enabling environment to promote public-private partnerships.

However, our attention immediately turned to the infrastructure gaps forgetting to give any attention to the institutional and policy implementation gaps. For instance, warehouse or storage facilities could appear to be a limitation in the maize value-chain across East Africa, but the countries in the region are not implementing and administering the trade and quality standards sufficiently. As a result public and private sector storage facilities and warehouse receipts are unable to deliver the expected impact, nor attract sufficient investment in the maize value chain. In some instances this may lead to the withdrawal of some of the investors due to an uneven competitive environment.

Once the basic trading environment on the local market has been addressed and enforced, then the focus can move into accelerating development corridor initiatives. These will focus efforts on key trade routes, particularly for the development of transportation, logistical and border infrastructure for trade facilitation measures and private sector development, while ensuring territorial balances against the concentration of investment into areas with greater potential. This requires a particular attention to boosting intra-African trade and linking high production-potential basins to the fast-growing urban food markets. The funding needed bridge Africa's infrastructure gap is considerable. An investment of this scale cannot be achieved from public sources alone, but if the basics have been addressed, governments will be able to attract sustainable private sector.

6.3.2 Deepening and broadening regional and continental market integration

In addition to the enforcement of quality and trade standards and infrastructure considerations, efforts at enhancing access to Africa's agro-food markets must address a set of policy and institutional challenges that broaden and deepen regional and continental market integration. Countries need to implement and enforce quality and trading standards, enabling private sector to take the lead and signal to governments where support is required to address the bottlenecks.

There are ongoing continental and regional initiatives and processes led by the AU and the RECs to provide strong opportunities to build on while facing the remaining key challenges in the lead-up to trade liberalisation, facilitation and regional market integration in Africa. Greater attention should be given to these, once the individual countries have implemented the basic efforts to level the playing fields.

The regional efforts are vital and highlighted below, but it is important that basic building blocks be put in place for initiatives at the regional level to be a success. Any planned regional efforts to stimulate regional trade will continue to be led by the public sector with limited success until individual countries are implementing and enforcing the market principles (quality grade and trade standards) agreed for the regional in the domestic markets.

At the regional level, progress made by the RECs and their member states ranges from the establishment of free trade areas (FTA) in Central Africa (ECCAS) to that of customs unions (CU) in Eastern and Southern Africa (COMESA, EAC and SADC) and West Africa (ECOWAS). There is no specific scheme for regional integration and trade in agriculture and food in North Africa. Efforts in this regard have progressed to the establishment of a FTA in Central Africa, where poor road infrastructure, high transport costs and frequent conflicts further restrain free movement of people and goods. To date, the most notable progress has been achieved in Eastern and Southern Africa under COMESA and EAC and in West Africa under ECOWAS, all of which have moved from FTA to CU and are each envisaging establishing a common market and monetary union.

Lessons from these regional dynamics, as well as from the AU initiatives for boosting intra-African Trade (BIAT) and establishing a Continental Free Trade Area (CFTA) by 2017 should help pave the way forward to enhancing agricultural markets and trade within a perspective of broader and deeper regional integration in Africa. The challenges to the formation of the CFTA are numerous, including political opposition to the economic adjustments it implies and the complex operations that it will necessitate, including legislative and regulatory harmonisation and institutional rationalisation Non-implementation of many previous continental measures at the national or/and REC levels is also a hurdle. Accordingly, African policymakers have called for a progressive, multi-speed process of continental integration.

In this context, the first joint conference of AU Ministers of Trade and Agriculture held in December 2012 adopted a joint declaration emphasising the need to work at national, regional and continental levels to remove barriers to intra-regional trade in agricultural commodities. Specifically, the Ministers made the following important commitments and requests for the way forward:

- Accelerating implementation of the Plan of Action for Boosting Intra-Africa Trade in both agricultural commodities and processed food products;
- Ensuring that the national and regional compacts and investment plans of the CAADP are the instruments which define and operationalise trade-agriculture collaboration, and enhancing inter-ministerial Working Groups at national and REC levels;
- Strengthening the capacity of relevant institutions and producers to effectively participate in these innovative practices and monitor their impact at country level; and
- Mandating the AUC, NEPAD and RECs to institutionalise policy dialogue aimed at realising synergies between agriculture and trade sectors.

In general, the RECs have been relatively successful in eliminating intra-regional tariffs, but a lot has to be done to overcome NTBs and inter-regional tariff barriers. For instance, regional trade policy instruments such as common external tariffs (CET) aimed at protecting producers within a region could result in creating barriers to inter-regional/ continental trade. Addressing such risks calls for cooperation at the continental level to collectively devise or, at least, harmonise policies in a bid to foster market integration within and among RECs. However, it is clear that continental integration will be based on regional blocks of countries that have historical, cultural and often linguistic proximities that make them natural partners for quicker progress towards regional integration. These sub-regional areas are also areas where market complementarities between countries outweigh the risk of hegemony by a regional economic power. Fostering RECs integration is the best way to achieve successful and complete continental integration on the long run.

In addition, there is the hurdle of linking the agriculture and trade policy and investment planning processes. Taking into account agriculture-related concerns in trade and infrastructure policy planning processes is crucial to bridge the agriculture and trade agendas, and vice versa. This requires close collaboration among institutional bodies dealing with agriculture and with trade at national and regional (REC) levels, as well as better integration of the policy frameworks of the two areas.

A key motive is to promote joint, coherent and complementary priorities and strategic plans between the agriculture and trade areas, so as to enhance regional agro-food markets and trade, in particular through the CAADP-related national and regional agricultural investment plans (NAIPs and RAIPs). Policies for trade should be coherent with the agenda to support farmers and boost agricultural productivity. Furthermore, coordination between national and regional policy processes is required to ensure coherence between national agricultural policies and the regional policy.

6.3.3 Value-chain development

Upgrading informal intra-African food and agricultural trade is a major challenge moving forward. Beyond pronouncements of regional policy agreements aimed at eliminating trade barriers, this requires developing tools and strengthening capacities for structured trade facilitation. These include product grades and standards, contract enforcement mechanisms, warehouse and other value chain finance approaches, commodity exchanges and market information systems.

Regional cooperation to develop regionally-coordinated value chains and boost intra- and inter-regional trade for strategic food and agricultural commodities could help in this regard. Indeed, a regional value chain approach would help integrate trade promotion policies and trade facilitation instruments, build regional linkages among value chain participants, including input suppliers, farmers, traders, processors and distributors. It will also support multi-stakeholder policy and business dialogue at a national and regional level to increase value chain efficiency through their structuring.

The most significant commodities will include those that i) make up a significant proportion of the African food basket and rural economies; ii) are a significant proportion of Africa's trade balance through their contribution to the continent's import bill or export earnings; and iii) have considerable unexploited regional production and trade potential. In this regard, the 2006 Abuja Food Security Summit identified rice, legumes, maize, cotton, oil palm, beef, dairy, poultry and fisheries products as strategic commodities at the continental level, and cassava, sorghum and millet at sub-regional level. This was one without prejudice with attention also given to products of particular national importance. The value chains of these commodities are mostly under-developed and poorly structured around informal, as opposed to effective contractual linkages and financing arrangements between participants at different stages. This results in weak connections of smallholders to both input markets and the fast-growing urban food markets of the region.

An operational approach to developing regional value chains and trade would consist of deepening regional cooperation and integration by i) moving regional integration beyond and across REC borders and creating a Common African Market of strategic food and agricultural commodities – (commodities without borders); ii) mapping and agreeing on potential regional production and processing belts of those commodities, taking into account agro-ecological comparative advantage and the dynamics of the RECs; iii) creating a conducive investment code and fiscal policies, to name a few, leading to an enabling environment for preferential public private regional investment in agricultural input manufacturing and delivery, farm-level production infrastructure, agro-processing, market infrastructure, and agribusiness and trade services; iv) linking farmers to input and product markets through innovative contractual arrangements, such as contract farming and commodity exchanges among smallholders and agro-processing and agribusiness enterprises; v) creating/strengthening regional centres of excellence for agricultural R&D along the value chain of strategic commodities.

6.3.4 Taking opportunities of international trade agreements

Launched in 2001, the Doha Development Round was of great interest to African countries. Twelve years on, negotiations are stalled on numerous issues. Where agriculture is concerned, negotiations still focus on aid to agriculture and the integration in trade regulations is of concern regarding the unique nature of agricultural trade. They also focus on food security challenges, such as the safeguard clause and public storage, and on the protection of the livelihood of smallholder farmers to name a few. In fact, it is the future of “special and differential treatment” for developing countries that is at stake.

The lack of progress on negotiations with regard to African cotton, as well as the establishment of special safeguard mechanisms for agricultural products shows that Africa weighs little in the application of differential treatment in trade negotiations. Only the realisation of the leeway allowed by the higher levels of bound tariffs than those actually applied and the proposal of offensive safeguard measures may make some progress. It is clear that dialogue and complementarity between agricultural and commercial expertise must be considered in trade negotiations which should be directed towards the deepening of integration by preference given to regional markets. The African governments need to also seriously consider what is needed to take Africa's resources to the next level, for example negotiations aimed at generating the greatest impact from the resource and the services that will be developed as the natural resources is exploited.

In light of the failure of the WTO negotiations (multilateral liberalisation), the EC stepped up parallel negotiations with Asia and Latin America, which are Africa's competitors, such as bananas, coffee and cocoa, thereby reducing ACP preferential margins on the European market. If the Economic Partnership Agreements were not concluded, some countries would have signed bilateral agreements, jeopardising the regional integration process. But at the same time, the opening of borders to EU products exposes many local value chains to risk. In addition, provision is not made to prevent disruptive effects of subsidies or of massive imports of downgraded products or undervalued by-products, such as milk powder and chicken drumsticks. The fisheries issue is another area of concern where bilateral fishing partnership agreements with the EU are of interest to a limited number of African countries. This calls for a regional and continental strategy to ensure a unified front.

History and proximity have led African countries to prioritise relations with the EU. However, Africa is increasingly engaging with other partners, including the United States through AGOA, China, Japan and Brazil considering the future market prospects. Importantly, these engagements of preferential agreements with selected African countries need to be systematically cast with a view to yielding significant impact in advancing the structural transformation of Africa's agro-food systems, which implies defending regional markets for strategic commodities.

Importantly, Africa needs to first focus on ensuring that there is a significant volume of inter- and intra-regional trade before focusing on trade arrangements with developed countries? However, trade with the developed countries continues while we build inter- and intra-regional trade in Africa.

6.4. A Summary of actions to support CAADP implementation during the next decade

n light of the challenges, opportunities and strategies discussed above, the following supportive actions are proposed to improve the functioning of markets, develop inclusive value chains with empowered farmers, women and youth and foster regional preference over the next decade. The proposed actions should guide CAADP implementing organisations and partners to target their support to countries, RECs and continental bodies in their effort to achieve the Malabo goals and targets.

The roles of the NEPAD Agency, the AUC and the RECs as supporting institutions are briefly outlined:

1. Promote the domestic implementation of national and regional quality and trade standards, such as limiting the public trading of ungraded products where grades and standards have been defined and implemented.

2. Promote contractual relations between economic stakeholders and with upstream and downstream industries. This applies, in particular, to the access to credit mechanisms by building collaterals, such as inventory credits-warrantage, warehouse receipt systems and land and guarantees, such as guarantee fund systems and local mutual guarantee associations. At continental and regional level, support needs to be given to MAFW4A programmes and NEPAD for the capitalisation of experiences and good practices.

3. Support engagement and dialogue of different categories of players along the value chains, including professional bodies, cooperatives and chambers of agriculture. NEPAD/AUC must support commodity strategies and RECs to strengthen regional trade and legal frameworks for cross-border organisations after an assessment of the domestic market conditions establishing a starting point.

4. Strengthen financial systems, such as a regulatory framework and financing, to expand the range of financial products and eligible customers in the food sector. This includes institutional support for the establishment of a national single entity coordinating the backing of the banking sector to agriculture; strengthening jurisdiction for arbitration of commercial disputes, development of mobile banking; and establishing guarantee lines to raise bank resources for agriculture. NEPAD/AUC needs to capitalise on good practice to guide the process.

5. Regulate domestic and foreign investments. This will involve introducing and implementing concrete measures relating to social and environmental responsibility, as well as norms and standards adapted to the conditions of the regional market or for export. At continental and regional level, NEPAD will establish frameworks to be domesticated by RECs and regional exchange on best practices. At a RECs level, it will establish policies on standards and strengthening of control, as well as enforce structures.

6. Improve regional integration trade frameworks through measures that facilitate intra-regional trade in the common market; establish effective measures at regional borders, such as Common External Tariffs (TEC) and identification of sensitive products, and negotiations of trade agreements. These have to take into account the conditions of competitiveness and distortions carried by international markets, such as special safeguard mechanisms in the WTO and flexibility in pricing. The RECs are obviously the first in line for the introduction of TECs and trade negotiations. Although NEPAD is gaining importance with the need to address the issue at the African free trade area, NEPAD had been approached to become a resource centre of WTO.

7. Resilience and Risk Mitigation for Livelihoods and Organizations

7.1. A holistic approach of resilience

7.1.1 Food insecurity, malnutrition and resilience nexus

Food security is essential for peace and prosperity of communities and nations. Access to food is a universal human right. Reduced risk to food insecurity, increased food supply, enhanced economic opportunities for the poor and vulnerable and improved quality of diets depends on interventions to ensure resilient, sustainable livelihoods and supply of sufficient food at affordable prices. This will enable access by households and individuals to sufficient and diverse sources of food to meet individual dietary requirement throughout their lifecycle. Ensuring a response to food demand is also a matter of national security. For this reason, food security cannot rely solely on dependence on external markets.

Malnutrition is a component of food security linked to vulnerability at the individual (household) and collective level. Child malnutrition can have a long-lasting effect on children's intellectual and physical capacities and therefore jeopardise the future of entire swathes of the population. Proper nutrition is fundamental to the health and productivity of a country and its citizens. The cost of malnutrition in terms of national productivity losses is estimated at between 1,9% and 16,5% of gross domestic product. Malnutrition, lifestyle diseases, such as obesity, are burdens on the state, in terms of healthcare costs, and on the economy, in terms of under-productivity.

According to the recent Cost of Hunger in Africa report, children who were stunted experienced higher repetition rates in school, ranging from two to 4,9%. Malnutrition was connected to between seven and 16% of cases where schoolchildren repeated a year. The findings show that child under-nutrition results in frequent episodes of illness which generate health costs equivalent to between one per cent and 11% of the total public budget. Improving the nutrition status is therefore a priority area that requires urgent policy attention to accelerate socio-economic progress and development in Africa.

Even if the relationship between food insecurity and malnutrition is complex, food insecurity has often had a particularly strong impact on young children and their mothers. Families where the best food is sometimes kept for the men and young children, as well as pregnant breastfeeding women, are more likely to suffer from nutritional deficiencies.

A new challenge affecting the African continent is the issue of food safety, as various sources of contaminants have started to stream in unabated. For the poor and deprived, the problem is even worse as desperation exposes them to eat what is available and affordable. Lack and unaffordability of quality food on the market often results in insufficient availability of food to feed the human population and animals, and therefore, unsafe foods or feeds are consumed. Food contaminants, such as aflatoxin, might stunt children, cancer and other diseases.

African diets are high in starch and lack the essential vitamins and minerals. Diets without diversity or adequate nutritional intake can lead to deficiencies in micronutrients, such as vitamin A, iron and zinc, which affect physical and cognitive development and may increase risk of chronic disease.[10] Dietary diversity is, therefore, a key strategy in the efforts to fight malnutrition, necessitating agriculture-based interventions to improve dietary diversity and ensure that the agriculture sector promotes the production of a range of foods, beyond the key staples that currently dominate the market. This requires policy and programme interventions to improve the enabling environment for the production of foods, such as horticultural crops, including fruits and vegetables, small livestock and fish.

7.1.2 Food insecurity and agricultural risk

Diversification in agriculture occurs when a certain level of accumulation of wealth is achieved by farmers that afford them the capacity to produce beyond staples without endangering the production of their livelihoods in case of an expected event affecting production (World Bank, 2011). As such, there is a direct link between risk in agriculture and diversification of production of food. In addition, smallholders are in a better position to access

[10] IFPRI 2012. A4NH 2012 Annual Report. CGIAR Research programme on agriculture for nutrition and health led by IFPRI. www.ifpri.org/sites/default/files/publications/a4nh_ar2012.pdf

diversified production on-farm, whereas workers of commercial farms rely on what their wages can afford. This often consists of the cheapest food, essentially comprising starch and sugar.

The causes of food insecurity lie in multiple covariate and idiosyncratic shocks, as well as stresses. Food insecurity depends upon building sustainable livelihoods and systems. We know that increased and diversified production does not necessarily translate into improved food security for all. There is also a need to increase accessibility through improved market performance and incomes. Access to food at household level is ensured through production and income. However, increasing food production and incomes are essential, but not sufficient determinants of food security and sound nutrition. Failing to cover at least a minimum of food requirement by domestic production at a national for regional level, however, exposes countries to risks.

African agricultural producers are the cornerstone for ensuring food security through provision of food. This implies giving them the opportunity to develop agriculture as a profitable business however this industry is the most prone to risks and the least protected against it. Risks are threatening the livelihoods of millions of rural producers, and constitute a major impediment to increasing productivity and investment in the agricultural sector, as well as the entire agro-value chain. Agriculture and food security risks are influenced by several factors, including:

- Climate shocks, such as drought and floods, that are increasing in frequency and intensity due to climate change, and related pest outbreak and crop disease that all affect the productivity of agriculture;

- Price volatility, market and institutional failures, which affect a number of African economies. Such risks have escalated since the 2007/2008 food crises and impacted on predictability of profitability of agricultural activities and thus led to under-investment;

- Smallholder producers are very often net-consumers and therefore rely seasonally on markets to gain access to food. They are among the most vulnerable to food insecurity, and often cannot provide labour on their own farm due to insufficient food, disease and under nutrition. In the Horn of Africa and the Sahel, field abandonment is a frequent consequence of risk related to food insecurity. Farmers seek employment from their better performing counterparts, making it a common, but unsustainable and negative coping mechanism.

All these risk factors affect the entire agricultural value chain and are highly correlated. The result of this risk exposure is increased vulnerability of rural stakeholders, as well as low and volatile incomes, leading to insufficient investment and stagnation in agricultural productivity. There is also decreased resilience to future shocks. The issue of food safety is as a result of the simple agricultural processes, with poor storage and conservation conditions or lack of prophylaxes in the case of animal production.

7.1.3 Climate Change

Climate change is increasingly recognised as a challenge to economic transformation, particularly in Africa where persistent problems of poverty and environmental degradation are already impeding economic growth and development. The agricultural sector is considered to be the most prone economic activity to climate change-related risks and uncertainties. Depending on the vulnerability of the agricultural production system, it will be affected to diverse extents by climate change-related shocks that vary in intensity and frequency. Managing the complexity of the real world interactions between agriculture and climate change-related risks and building resilience will require complex, context-appropriate and forward thinking responses and an ability to address inevitable trade-offs.

Accordingly, there is need for a deliberate and systematic policy shift aimed at supporting and enhancing the effectiveness of various institutional and technical solutions in building resilience and tackling the adverse effects of climate change on agriculture. Agricultural transformation and building resilience to climate change may become more mutually supportive if these efforts are embedded within the broader sustainable development framework, and the building of resilience is accorded due priority. Africa's position at global climate negotiations, including the UNFCCC, has repeatedly maintained the importance of adaptation measures to support agriculture and food security measures.

Farmers in Africa have gained experience in dealing with climate change-related shocks and managing risks because they had to find ways to fill the deficit in availability and accessibility of public or private risk-management tools. Knowledge and expertise acquired by African farmers is invaluable to effectively build resilience at national, regional and continental levels. This knowledge, including wisdom of indigenous populations, is a welcome complement to scientific knowledge. Therefore, it is imperative to ensure that local knowledge and expertise play a central role in embedding resilience and risk management in planning, designing and implementing frameworks. However, as reported by several sources before, climate change may be reducing reliance on indigenous knowledge in some locations, but also some policies and regulation may be limiting the contribution that indigenous knowledge can make to effective climate adaptation. Measures must be taken, therefore, to ensure that local knowledge and expertise is bolstered and plays a central role in planning for adaptation to climate change at all levels.

It is important to recall that climate-related disasters and extreme weather events are expected to increase not only as a result of climate change, but also as a result of human-induced environmental destruction and de-capitalisation, requiring national policies to respond to climate change as well as address other practices that destroy the environment and the ecosystem. For this reason, development strategies, especially agricultural, need to be taken into account to make sure that communities are empowered with the knowledge and tools to protect the environment in building their resilience and help them to cope better with drought, food insecurity, conflict and other economic and climatic shocks.

Shocks related to climate change are of particular importance to Africa because of the extreme dependence of the African economy on agriculture. These are not the only shocks that agriculture producers are facing. There is, therefore, an urgent need to better understand the factors and probability of the occurrence of these shocks, prevent and prepare for them, while devising risk mitigation strategies to ensure resilient agricultural and livelihood systems, institutions, as well as policies at all levels.

It is important to remember that different parts of the population and geographic regions may also experience the peril differently, depending on age, gender, social status and availability of both natural and monetary resources. When these problems are properly understood, then various kinds of approaches/mechanisms that can help build resilience, such as early warning systems, social protection policies and programmes, can be put in place to ensure that evasive, preventive and protective measures can be taken in response.

Building effective resilience of agriculture to climate change and other risk factors along the value chain can help African governments make smart moves to protect their vulnerable populations against adverse climate.

7.1.4 Building resilience through improved risk management

The approaches of resilience are not only many and evolving, but also vary in perspectives. In the context of agricultural transformation, resilience is the capacity of agriculture to withstand, or recover from stresses and shocks to previous levels of growth. This may apply to different levels, ranging from household to countries, including value chains and communities. FAO's definition of resilience includes three components[11]. i) In the short-term and at individual level, it questions the capacity to recover after a shock; ii) in the medium- and long-term and at individual and systemic level, it relates to the capacity to adapt to a changing environment; iii) at the policy level, it addresses the transformative capacity of an enabling institutional environment.

[11] FAO, 2012. Resilience Index: Measurement and Analysis Model. Technical Brief published under the Improved Governance for Hunger Reduction Program

Such a comprehensive definition of resilience gives enough space for the development of an integrated and holistic approach to managing risk. It implies building and consolidating productivity and profitability of agriculture; building and strengthening resilience of agriculture and food systems and eco-systems, as well as markets and rural producers to ensure food security and economic growth.

It relates to the fact that African countries are being hit hard by a series of economic, environmental, natural, social and political shocks. We need to increase our effort in helping households, communities and nations find ways to cope and even thrive in the event of shocks. Even though it is difficult, if not impossible, to arrest them, we need to consider an approach of resilience that includes actions aimed at mitigating the impacts of shocks. In terms of markets, volatility of prices, for instance, is not a fatality. Even if variability of prices has some positive effects in terms of improving relationships between supply and demand, experience has shown that high price volatility in agriculture is a major impediment for investment. Ultimately, the dependence from very unpredictable global markets to supply food endangers the capacity of countries to cope with rising demand.

At a regional level, integration processes offer opportunities to mitigate risks of shortage either by providing larger supply space or allowing the possibility to establish solidarity and market regulation mechanisms, notably under the form of food reserve mechanisms. Cases of such efforts are already taking shape in some RECs, such as ECOWAS and COMESA. There is a need for African governments to focus on levelling the market environment and encourage the private sector to take the lead in holding stock.

While scaling up interventions with impact to overcome hunger, poverty and malnutrition, it is essential that the intervention packages under CAADP address the situation. Farmers need to be able to take a calculated and entrepreneurial risk to invest in increased production or storage based on reliable and profitable markets. They will then have the necessary incentives to increase productivity.

7.2. Agenda to transform Africa's agriculture through risk management and resilience building

Over the recent years, the importance of adopting a risk management approach to building resilience has rapidly risen to the top of the international development agenda. The NPCA has developed an initiative to support RECs and countries in managing agricultural risk. This initiative is aimed at mainstreaming risk management strategies into CAADP implementation. It consists of a holistic approach towards managing a variety of risk factors to increase resilience of rural producers and processors as an appropriate avenue for boosting their level of productive investment in a continuous and sustainable way. Once fully developed at the regional and national level, the initiative will provide rural producers and processors with the appropriate tools they need prevent, mitigate, adapt and transfer risk. It will therefore allow the building of assets and strengthening of livelihoods and contribute to agriculture transformation.

Mainstreaming risk management tools and policy instruments in the implementation of CAADP is a long-term strategy that departs from short-term humanitarian interventions, which are usually undertaken to address agriculture and food crises. It intends building resilience in an integrated and holistic agriculture value chain.

Furthermore, the importance of coordinated actions towards building resilience at household, community, national and regional levels through various platforms have recently been initiated by RECs and donor partners. These include IGAD Regional Disaster Resilience and Sustainability Platform, the Global Alliance for Resilience for Sahel and West Africa (AGIR), the SADC Vulnerability Assessment and Analysis Programme and the Africa Adaptation Knowledge Network. Even though these initiatives are providing valuable platforms to unite partners and stakeholders, including AU Member States, the AUC, NPCA, RECs and Development Partners, in building resilience, there is a need to harmonise continental priorities that reflect inclusiveness of women and youth into a common framework to improve coordination and impact efforts by all stakeholders.

7.2.1 Addressing shocks related to production risk including climate change

Extreme climatic conditions, as well as pest invasions or epidemics, place harvests or livestock at risk. Specific tools may be used to prevent or mitigate their impact. Enhanced agricultural information systems represent a valuable option to reduce uncertainties with regard to the agricultural sector and increase awareness about weather, and other hazards or risks. Weather Forecast and Early Warning Systems (WFEWS) are needed to take action to avoid or reduce risks and prepare an effective response based on collection, analysis and timely dissemination of information. Some of the risks could be addressed by:

Index-based insurances try to overcome the lack of data and thus the failure to create traditional insurance products that are affordable. Index-based weather insurance for agriculture addresses the impact of weather on farmers and provides relief to them as quickly as possible. This may be designed to address drought or excess rainfall based on triggers, such as satellite imagery, weather station data or area crop yields, which define a proxy for the weather impact for the geographic area. For example, a satellite image can provide an estimate of the amount of rainfall that has fallen over an area of 100 square kilometres (10x10Km pixel). The insurance policy will stipulate that if more or less than a certain amount of rain is received in that area over the course of a certain time period, then a pay-out is due to the insured farmers from the insurance.

Risks that typically affect agriculture are spatially correlated. Insurance companies operating at country level are not able to pool risk efficiently and protect against calamities, such as droughts, floods, locust invasions or epizooties, and often need government or global reinsurance companies to intervene as reinsurers. Therefore, there is an opportunity for regional financial institutions to invest in the agriculture reinsurance sector, but this will, to a large extent, be influenced by the value of premiums and number of farmers seeking insurance.

Safety nets are tools that enable governments to meet immediate needs of vulnerable households in particular those affected by production risks or that are below the economic household production threshold. These schemes are critical in minimising the negative effects of shocks representing valuable ex-post measures to respond to production and also price risks. Moreover, they contribute to building long-term resilience of people and ensuring sustainable food security. Well targeted, timely planned and predictable safety net programmes do not only guarantee an adequate level of food consumption in distress situations, but also prevent people from adopting coping strategies which result in depletion of assets.

Safety nets could be differentiated as consumer and producer support schemes, although they might target the same group of food insecure households that have become net food consumers. Consumer support schemes are mainly designed as food and cash transfer programmes that can be distributed through food vouchers or in-kind distributions. For smallholder producers, safety net interventions, also known as productive safety nets, allow for increase in productivity by enhancing use of inputs and technologies, increasing farm and off-farm incomes.

Employment-based safety nets have as their foundation a combination of food and cash transfers, and have gained momentum. Public works and employment guaranteed schemes are the most common employment-based safety nets. These public programmes particularly address negative impacts of seasonality and shocks by offering short-term employment opportunities. Indeed, they have a high potential to mitigate the impacts of a crisis in agriculture by offering off-farm revenues to contrast production losses, but support the creation productive assets.

As already mentioned in the section on intensification, it is clear that any measure aiming at improving the control of natural hazards reduces their vulnerability, such as irrigation to mitigate against droughts, land management against erosion and floods, as well as use of pesticides or fertilisation against pest and depletion of soil fertility. An example includes intensification of the farming systems. Climate smart agriculture is an important part of the response to climate related risks and should be considered as an important part of the complex set of practices aimed at reducing production risk.

7.2.2 Addressing risk related to price volatility and market failure

Although domestic prices of agricultural products are affected by international prices, as well as high and volatile oil prices, local supply and demand factors have had a dominant effect, especially on domestically produced cereals. Three key problems, in particular, stand out as most important drivers of higher and volatile food prices in the region. These include the i) widening gap between domestic marketed cereal supply and demand, leading to higher prices; ii) marketing constraints, contributing to higher and more volatile prices; and iii) policy uncertainties and openness to global markets, resulting in higher price volatility and speculation.

High production and yield variability is the primary cause of price volatility in sub-Saharan Africa. For maize production in 15 African countries, annual variability of production has increased from 2005 to 2010, compared to 1998 to 2004. Production variability may increase in the future if the frequency of extreme weather events increases due to climate change.

High marketing costs, underpinned by increased transport costs and inadequate facilities, together with policy uncertainties, are also major contributing factors to expensive prices. Despite their critical role in smoothing seasonal food production and stabilising prices for producers, processors and consumers, warehouse facilities are inadequate in the region. Unpredictable policies in grain markets, failure to enforce quality and trade standards have discouraged investment in grain storage.

Episodes of volatile prices create uncertainty and risks for farmers, wholesalers, retailers, millers/processors and consumers. The absence of enforced quality and trade standards implies no opportunity for price risk management and therefore limited access to credit markets. Financial institutions find extending credit to grain traders and millers a risky venture if prices are volatile, and may therefore substantially increase the cost of borrowing. Historically, the boom of agricultural production in Europe and North America was supported by public policies that ensured price stability, hence stimulating entrepreneurial risk and investment. In the absence of such policies, price shocks and temporary reductions in disposable income can lead potential investors who are both producers and consumers to draw down on their capital, leading to poverty traps. Unpredictable prices do not provide a secure environment for investment and consumption decisions.

7.2.3 Addressing financial and credit risks

Like most African producers, financial institutions are also risk averse. They shy away from extending credit to farmers because of the high production and price risks in agriculture. By limiting credit in particular for inputs, conversely, the financing systems hinder capacities for farmers to increase the resilience of their farming systems. Governments can play a key role in breaking this cycle by developing innovative financial products, such as Credit Guarantee Schemes, that facilitate access to credit for farmers. However, it is important that governments follow a stepwise approach in crafting their responses. They need to start by ensuring that the basic market conditions, including enforcement of defined quality and trade standards, are supported and in place before moving on to the more complicated arrangements, such as guarantees. These will require the basic market conditions to generate the desired impact. The financial aspect will be addressed in a further section.

7.2.4 Addressing policy and institutional risks

High risks and inadequate risk management tools for managing price and production risks in African agriculture are also linked to weak information systems, as well as inadequate legal and unpredictable policy environments.

Information systems are critical in facilitating the dissemination of information for risk awareness and preparedness, as market and policy decisions. Information systems in agriculture can be classified into two main categories, namely Market Information Systems (MIS) and Weather Forecast and Early Warning Systems (WFEWS). In Africa, agricultural markets are constrained by high transaction costs, notably caused by inadequate market information systems (MIS). MIS refers to gathering, analysing and disseminating information about agricultural prices, quantities and other relevant information of widely-traded products from rural assembly, retail and wholesale markets.

Legal framework and policy environments are critical. In general, formal contracts and market transactions are difficult to enforce in Africa due, mainly, to the lack of trust and community of practice between parties. Therefore, most transactions are largely informal and disputes are often settled out of court, making it difficult for third-party intervention in such transactions. In addition, the agriculture market structure is based on asymmetric relationships between a myriad of small holder producers and a significantly smaller number of intermediaries and traders. The required and indispensable stage of aggregation and bulking production have led to imperfect markets, based on oligopolies, a market in which there are only a few large buyers for a product or service, as well as inadequate rules for fair and competitive markets and trade. This has resulted in increasing transaction costs for private investment in risk-management tools. To a large extent, this situation has led to the various levels of government failing to enforce the defined quality and trade standards with the expectation that the market will safe regulate with the involvement of the private sector.

Securing an effective legal framework and developing a business and economic environment that contributes to the emergence of different solutions, namely public, private and public-private partnerships, for pooling and sharing risk , is critical. This will happen when risk management strategies are mainstreamed in national and regional development and investment plans.

7.2.5 Addressing risk to consumers through social protection

Traditional safety nets based on family and community solidarity have always existed in Africa. However, several decades of hardship and overuse of those mechanisms have partially exhausted them. Rebuilding social safety nets is critical to ensure that the most vulnerable producers, including women, female headed households and the youth have access to resources that will contribute to lifting them out of poverty, food insecurity and malnutrition. This will ensure that they become economically active and participate fully in the market economy.

In the specific field of nutrition, systems have proved to be efficient to ally the fight against child malnutrition and education through different types of school feeding systems as part of social programmes. Attention must also be given to the incorporation of high quality (micro-nutrient dense) food such as fortified or bio-fortified foods with micronutrients, diverse nutrient dense vegetables and fruits and animal source foods in in-kind packages that are part of social programmes.

However, these programmes need to be carefully designed and planned to support the vulnerable population without compromising investment in other risk management tools. For example, government interventions to lower prices for consumers through distribution of grain, which is often non-targeted, at subsidised prices, or banning grain exports or marketing and price controls have discouraged investment in warehouse receipt systems or commodity exchanges. A performing protection scheme delivers timely, multi-year, guaranteed and predictable transfers to the poor without undermining the business environment for investment in risk management tools.

7.3. Major lessons learned from the past implementation experiences

Clearly, risk management has a dual purpose to perform. It is aims to improve food security and secure public and private investments for increased productivity in agriculture. It is therefore an essential approach for reaching CAADP/NEPAD's objectives of improving food security and enhancing agricultural productivity in Africa.

Designing a risk management strategy is reliant upon a comprehensive assessment and analysis of interrelated risks. It also requires a gender responsive and holistic approach and should not only focus on agricultural production issues. It should also address trade policies and regulations, structural market reforms, food security and nutrition issues, budget management, and credit systems, as well as the establishment of institutions to support design and implement such policies and tools.

Most risk management tools require the provision of public goods, namely market and transport infrastructure, agriculture information systems, government guarantee or subsidies, as well as private initiatives from traders, farmers associations, banks or microfinance institutions and insurance companies. Designing and implementing such strategies therefore require efficient public institutions, inter-ministerial collaboration and a continuing public/private dialogue and cooperation mechanisms. The most important starting point is ensuring that the basic market rules are implemented to ensure effective competition and price discovery.

No single tool can address the full range of risks, nor is it sufficient to fully hedge any type of agricultural or market and price risk. What is needed is an appropriate combination of selected tools, addressing agriculture and price risks for each country, depending on its risk profile. The profile takes into consideration food dependency, value chain structure, external constraints, range of disaster risks, and vulnerability status of the population). This is based on the level of agricultural development, considering that the types of tools change when a country's agricultural production system evolves, hence the need for sequenced steps and market structure. A risk management strategy therefore requires a bespoke and flexible approach that is relevant for each country.

7.4. A summary of actions to be supported for the next decade of CAADP

The proposed actions for resilience enhancement and risk management should guide CAADP implementing organisations and partners to target their support to countries, RECs and continental bodies in their effort to achieve the Malabo objectives. The roles of the NPCA, the AUC and the RECs as supporting institutions are briefly outlined as:

1. Promoting a comprehensive approach to risk by identifying and supporting countries and regions in implementing a range of tools and policy instruments, combined with soft and hard infrastructure. These range from safety nets to hedging mechanisms, including contractual arrangements within value chains, supported by soft and hard infrastructure equipment and appropriate policy instruments.

2. The NPCA offers an integrated approach for mainstreaming and implementing agriculture and food insecurity risk management (AFIRM) solutions in countries and regions. This initiative is developed in a collaborative manner with major institutions active on the continent.

3. Implementation of safety nets systems at local, national and regional levels. The RECs are involved in the pooling of resources and in inter-country solidarity, such as strategic reserves, and in taking emergency measures to stockpiling into a market in coordinated fashion. NEPAD can facilitate the exchange of best practices between RECs, and support the development and up-scaling of such measures from unconditional transfers to conditional ones, and then to market contractual arrangements.

4. Establishment of insurance mechanisms, weather index or other. RECs and NEPAD have a role to play in promoting the scaling-up of solutions with a view to levelling the insurance-risk. This specific measure can be a powerful tool for boosting inclusive financing for smallholders by increasing financial institutions' confidence in the repayment capacity of the former.

5. Support to climate-smart agriculture. NEPAD Agency and AUC as actors representing African interests in coalitions at the global level need to strengthen their advocacy capacity.

6. Hedging of commercial risks, such as futures or OTC, options.

7. Strengthening organisations especially those specialising in managing commodity value chains to reduce business risks and the false expectations which may include regulatory mechanisms of certain strategic markets. NEPAD Agency and AUC are major players in the implementation of the African Strategy for commodities. NPCA supports organisations, such as the Orientation and Follow up Committee on Cotton (COS Cotton; Steering and Follow up Committee on Cotton) for mobilising actors and advocating at the international level for negotiations. The trade issues involving commodities on a global scale can be brought by NEPAD/AU in international forums such as the G20, the Africa Global Partnership Platform and the WTO.

8. Inclusive Governance of Natural Resources Towards Sustainability

8.1. Challenges of the exploitation of natural resources:

Africa is a continent rich in natural resources that are poorly harnessed or exploited in a way that serves interests that do not ensure the development of the African population. Natural resources, such as land, water, forests and wild animals, are fundamental assets for agriculture and rural livelihoods. Biodiversity constitutes a wealth for farmers to draw from to adapt to risk and changes, while serving as capital in the perspective of climate change.

According to estimates based on the intensity of cultivation and not on tenure, Africa holds almost 50% of the world's land that is uncultivated, or that enters only rarely into a rotation and which is suited for growing food crops. It comprises 450-million hectares that are not forested, protected, or densely populated.

Access to water is a key increasing crop and livestock production in Africa. While nearly 40% of the world's agricultural production comes from irrigated land, in sub-Saharan Africa it is only 10%. Access to wells is a requisite for shepherds in large parts of the continent. For most countries of the region, including some poorly endowed with water, only a small part of the available water is withdrawn for use, owing to the state of under-development of water management infrastructure.

Irrigation is practised on six per cent of the total cultivated area of the continent which is much lower than that for other regions, such as Asia, the Caribbean and Latin America, with 38, 27 and 12%, respectively. The irrigation potential of the continent is estimated at more than 42,5-million hectares. Africa uses less than two per cent of its renewable water sources, compared to a world average of five per cent. One-third of this potential is concentrated in two countries, namely Angola and the Democratic Republic of the Congo. For some countries, the irrigation potential is less than the area under water management, since these count because they use non-renewable fossil groundwater for irrigation.

Africa has about 16% of the world's forests. About one-fifth of Africa is covered by forest. This is considerable even if this masks huge variation in the type and significance of forest cover, with some "forests areas" having very little actual woody vegetation or areas that are deliberately planted. In eastern, western and southern Africa over 80% of people rely on wood or charcoal for domestic cooking and heating, as processed fossil fuels are too expensive.

A total of 19,7-million tonnes of fish is produced every year in Africa. This comprises 10,6-million from marine, 6,2-million from inland fisheries and 2,9-million from aquaculture). Much of this fish is consumed locally, but part of it is sold for income that is used to purchase other types of food. An estimated 200-million Africans depend on fish as a source of food. Fish may also be the sole accessible and/or affordable source of animal protein for many poor households in isolated coastal and riparian communities, as well as those in rural and urban areas. For example, coastal states, such as Sierra Leone, fish accounts for 63% of animal protein intake while in some inland countries like Malawi, fish makes up for 38% of animal protein intake. The sector creates jobs for 7,1-million fishers. These include 2,7-million in marine fisheries and 3,4-million in inland fisheries and 1-million in aquaculture; and over 59% of these people are women. The contribution to agricultural GDP is estimated to be about 5,1%.

It is also considered that biodiversity in Africa, with some exceptions, is currently in a better condition than in many parts of the world. Nevertheless, overall plant richness at species, genus and family level is lower than that of other tropical areas. Many important food crops originate in Africa, including several species of millet and sorghum, one species of rice, the grain crop, teff, and the oil palm. African biodiversity is closely linked to nutrition and achieving food security. In rural areas, essential micronutrients are derived from eating a large variety of plant foods. Foods from the wild are particularly important in times of stress drought, ill health and economic change.

Many plants and animals originating in Africa are important commercial trade products. Coffee originates in Ethiopia and ranks among the five most valuable agricultural exports from developing nations, employing about 25-million people worldwide. Rooibos tea, originating in South Africa, is now traded globally in the fast-growing speciality tea industry. The world's ornamental flower market includes a substantial number of species derived from Africa, namely Gladiolus, Pelargonium, Geranium, Strelitzia, Viola, Protea, Kniphofia and Zantedescia, among others.

8.1.1 Addressing the weak governance of natural resources

The natural capital of Africa is at threat due to human exploitation which is accentuated by demographic growth. New pressure occurs in Africa under the influence of global trends. Global demographic increase increases the demand for food and hence land in Africa is coveted from parts of countries where availability or fertility of land is low. Strong growth in emerging countries sustains trade in raw materials, including timber, but also fish that are also caught by foreign fleets. These growing markets bear the risk that resources in Africa are overexploited and that the natural capital value decreases if no control is implemented to ensure sustainability of production.

The so-called “land grabbing”, or “rush for land” grew since the 2008 commodity price crisis. In a first wave, some large companies have signed deals leading to a transfer of ownership. The inventory of contracts relating to investments based on land over 200 hectares shows that since 2 000, 550 deals, covering 25 million hectares (ha) have been concluded. This represents an average of 45 000 ha per deal.

Meanwhile, it appears that few projects actually started operating productively. Of the 474 cases for which an agreement had been reached until the end of 2013, and that have not been cancelled since, 199 cases only, representing 42%, are operational. The cover more than 7,5 million hectares. This was just more than 19% of the land area concern by deals. In addition, not all the land under contract is productive. Only 8,6% of the area under contract in Africa is being cultivated. These figures indicate that even though the interest in land in Africa is considerable, very little is actually concretised on the ground by real investments. However, very often the simple existence of deals has a strong damaging impact on communities that are indirectly affected. Insecurity on land tenure increases, marginalisation from the access to the main resources may deepen since investors tend to acquire land that is near roads, or access to water at the expense of existing farmers.

The majority of the large-scale land acquisition cases on the continent are with external investors. In total, this represents 73% of the deals and 79% of the area concerned. The status of land is variable. In some countries, as the case with forests in Africa, land is owned by the public sector, sometimes resulting in abuse in the way that it is allocated. In some cases, forest ownership is held by local authorities, while modern plantations are privately owned. Customary rights on land give authority to local chiefs to deal with land distribution. In practice, most natural forest areas are subject to outstanding customary rights and claims.

One direct indicator of the state of forest governance in Africa is the extent of illegal logging. It is estimated that these activities make up between 50% and 60% of total logging activities in Cameroon, Mozambique, Equatorial Guinea and Ghana; 70% for Gabon; and between 80% and 90% for Benin and Nigeria. However, this data tells us relatively little about forest governance in most parts of Africa, as it only relates to timber which makes up a very minor total economic value of the continent's forest products.

Fish-resource exploitation provides a wide variety of benefits to Africans. However, these benefits are being threatened by the increasing over-exploitation of the stock. Limited ability to detect illegal activity has fuelled a thriving market in illegal fishery products. At least one out of every four fish caught in Africa is as a result of illegal activity. Illegal fishing is still a concern considering that the value of illegal fishing off Africa is expected to be between $10-billion and $23,5-billion a year. Illegal fishing costs Sierra Leone nearly $30-million a year, for instance. The illegal catch of tuna in the Atlantic between 2008 and 2011 exceeded the catch limit by 57%. Some reports suggested that illegal tuna fishing exceeded the quota by 141% in 2010. Even the international bodies responsible for managing the fishing of tunas in the Atlantic have been criticised for their tendency to place commercial fishing interests above conservation and sustainability values. This is reflected by Atlantic tuna stocks by falling to nearly 60% in 2008, which is below the 1970 level.

Fish resources have the potential to make a substantial, perennial contribution to African economic growth. Since this opportunity is being missed, fisheries policies must be designed and implemented around the central issue of fish-resource wealth. This is essential if African States are to meet their international commitments to eliminate overfishing and restore fish stocks, and if they are to make rational decisions concerning the full range of benefits available from this resource.

8.1.2 Some initiatives to improve governance

Some countries have implemented policies to improve the governance of the resources that they are best endowed or whose management poses particular problems. Regional approaches have also been developed to take into account the common dimension of the response to bring about change. For instance, the fishing industry is managed within Regional Fishery Bodies (RFBs) that are a mechanism through which states or organisations that are party to an international fishery agreement or arrangement, work together towards the conservation, management and/or development of fisheries. River basin organisations are being established among riparian states that seek to develop the cross border rivers cooperatively without hampering the downstream users. Countries of the same forest basin are also organising to discuss the management of forest, wildlife and biodiversity in a concerted approach.

However, the application of a common fundamental of principles to deal with the sustainable use of natural resources may be better supported at continental levels where the common interest may be better protected from private interests or lobbying, acting at the ground level. Some frameworks are being developed under the auspice of the African Union in different fields of the governance of natural resources linked to agriculture.

Reforming the land tenure landscape and guaranteeing access to land to small-scale farmers is a concern that has been addressed differently since the 1960s. The issue of land reform or the transfer of full ownership from the state to the actual users is still a contentious issue in some parts of Africa. It is essential to ensure that new forms of tenure under the pressure of large investors are not creating future challenges and that large-scale land based investments promote the right types of investment and prospects for inclusive sustainable development.

The guidelines for large-scale land-based investments in Africa, prepared under the coordination of the Land Policy Initiative Secretariat, a joint initiative of the African Union, AfDB, and UNECA to which NEPAD is associated proposes 38 fundamental principles for the private sector, policymakers and other stakeholders. The principles are a “basis for commitment, solidarity and collective responsibility by governments, other stakeholders and investors, to improve the governance of large-scale land-based agricultural investments in Africa”. It is important that these guiding principles are seriously considered for endorsement and subsequent application by governments, donors, private sector investors and all stakeholders. They also lead logically to some concrete actions that must be promoted.

In many countries, the fisheries resources are seen as an investible capital and hence access rights are not only granted with the aim of improving access to foreign currencies, but also enhance the sustainable development outcomes for the fish-dependent communities. AU and NEPAD have developed the Policy Framework and Reform Strategy for Fisheries and Aquaculture in Africa with the main purpose of facilitating coherent policy development for the sustainable management of fisheries and aquaculture resources in the member states of the African Union.

During 2005, the African Heads of State and Governments endorsed the NEPAD Action Plan for the Development of African Fisheries and Aquaculture in Abuja during the AU/NEPAD "Fish for all summit". In 2006 they endorsed fish as one of the five strategic commodities, alongside maize, rice, livestock and cassava, while affirming their commitment to attain self-sufficiency in fish by 2015 at the Abuja Summit on Food Security.

The major milestone in the development of the African fish sector came in September 2010, when the first Conference of African Ministers of Fisheries and Aquaculture (CAMFA) was held in Banjul. The CAMFA was subsequently endorsed by the 18th Session of the AU Assembly of Heads of State in 2011, as the policy organ responsible for fisheries, within the Conference of African Ministers of Agriculture (CAMA).

Investments in the fish sector has grown since the 2005 AU/NEPAD Fish For All Summit in Abuja with more countries establishing dedicated ministries and departments responsible for fisheries and intensifying fisheries reforms. In a similar vein, the RECs are also integrating fisheries and aquaculture in their programme of activities and development agendas. The Regional Fisheries Bodies are assuming greater roles and efficiency in supporting regional co-operation in fisheries and aquaculture for integrated development of the sector. African countries are now showing increasing commitment to Regional Fisheries Management arrangements for high seas fisheries and signing in for international fisheries management instruments for coherence.

Meanwhile, the AU Assembly requested the development of a Regional Framework on Sustainable Forest Management in Africa in 2014. It is being developed by the AU Commission, in collaboration with FAO and will contribute to laying a strong foundation for the rational utilisation and management of Africa's forest heritage.

8.2. Some solutions to improve governance of natural resources

Governance issues may differ according to the type of natural resources they oversee, but some common ground may arise, for instance, between land tenure and right to use forest, fish catching and exploitation of biodiversity. Some of the challenges include:

1. Governance that fails to protect the user's rights. Many national legal systems centralise control over the resource, specifically land, and do not legally recognise the rights of local users, thereby paving the way for the large-scale allocation of resources to prospective investors. On the other hand, land reforms, especially tenure reforms, have often not been fully implemented, resulting in duplication of rights. This is often abused by traditional and religious powers or well-connected political elites.

2. Weak structures of local public or communitarian surveillance organisations is a hurdle. The participation of local communities in surveillance efforts on illegal extraction of resources has been effective to overcome the deficiencies of public official systems. For this to be effective, however, it is necessary to provide the opportunity for local people to organise and to have a minimum of means of observation and transmission of information. In the case of illegal fishing, observers should be capacitated to strengthen cross-checking of fishing vessels.

3. The side-lining of small-scale producers is a challenge. The large-scale land-based investment phenomenon is as a result of the failure of policy to support small holder farmers and the questionable enthusiasm and concrete support for an idealised vision of large-scale entrepreneurship. More attention needs to be given to small entrepreneurs. This strategy t will double the triggering effect by empowering local people to use their refined knowledge of their environment. This will enable them to best adapt to the requisites of sustainable use of

natural resources and provide opportunities to the economic players that have the potential to achieve the greatest productivity leap with a modest use of additional resources. Local actors often have a thorough knowledge of the challenges that they face.

4. Weak democratic governance and decentralisation processes are a hurdle. Despite advances in democratisation in Africa, huge deficits in transparency, accountability and popular empowerment exist and contribute to elite capture of resources. Weak democratic governance exacerbates the failure to protect the rights and interests of those whose livelihoods may already be precarious due to other factors. Strategic and operationalised decentralisation may play a pivotal role in the provision of or access to ecosystem service whose management takes place in unique, complex socio-economic contexts and whose solutions need to be realistic. The competing interests of different players must be addressed for decisions reached to be viable and robust over the long-term. Top-down decision making can be perceived as being imposed upon local actors and make policies difficult to implement effectively. Decentralisation, dialoguing, participation and partnerships are therefore critical to build awareness, acceptance and support for a reform process to move forward.

5. Weakness of governmental institutions is another point of concern. African countries should strengthen their governance frameworks and institutions to deter and stop illegal exploitation. Firstly, this can be achieved by establishing clear rules and means of surveillance, and these may include ratification or accession to international and regional agreements and resolutions, as well as implementation of these into domestic legislation to facilitate national actions against illegal operators.

6. Weak enforcement and arbitration bodies are an issue. Africa is viewed as an area where risks are relatively low for the unsustainable exploitation of natural resources and where poverty can encourage local complicity even if the risks are greater for local henchmen. Only the strengthening of judicial institutions and systems of repression may increase deterrence through successful prosecutions.

7. Weak capacities to mobilise at a supranational level are a concern. In recent years, African countries have demonstrated that by working together in regional and pan-African groups and cooperating at an international level, they can make a difference in the fight to stop illegal fishing. Thus maybe replicated forestry and biodiversity.

8. Economic governance that fails to recognise internationally acknowledged rights is a concern. Progress in international human rights and environmental law have not been widely ratified and adopted into domestic legislation in Africa. As such, the more liberalised trade and investment regimes may increasingly provide extensive legal protection to investors. Meanwhile, far fewer and less effective arrangements have been established to protect the rights of local populations or host countries. Developing countries are attractive areas for illegal activities because they often lack the capacity and resources to monitor their resources, have relatively unregulated labour markets, minimal controls on working conditions and operate tax havens or confidential banking systems. These facilitate the operation of "shell companies", and provide opportunities for bribery and corruption. A lot of these attract, encourage and facilitate unsustainable practices.

9. Awareness and sensitisation on the misuse of public or common goods is a challenge. Consumer initiatives may assist to tighten controls. Consumers can demand guarantees on the origin of products they buy, leading to forms of labelling and thus control over sustainable modes of production of products that are traded. Citizenry organisations are important to develop a culture of responsible use of natural resources. Sustainable networks may also be developed to facilitate cooperation and awareness such as the Stop Illegal Fishing initiative.

8.3. A summary of actions to be supported for the next Decade

In light of these challenges, opportunities and strategies, the following supportive actions are proposed for improving the governance of natural resources in a way that provides guarantees that its use is sustainable in all its aspects, namely economic, environmental, social, and respects cultures and hence gives more decision power to local communities. They should guide CAADP implementing organisations and partners to target their support to countries, RECs and continental bodies in their effort to achieve the Malabo goals and targets.

1. Support to land policies. This includes improved legislative frameworks and their implementation and establishment of local consultation frameworks on land acquisitions. Support to the African Parliament through NEPAD and the land policy initiative that requires the support of NPCA/AUC to include land policies as priorities in national plans.

2. Support to decentralised initiatives for collaborative land management, especially in agro-pastoral areas, humid or irrigated areas and in the wake of the pressure of large-scale acquisitions. At continental and regional level, support to the LPI.

3. Territorial planning (national land planning) with particular emphasis on the city outskirts and pastoralism. Work at the continental level with the establishment of management plans on rural development.

4. Management of fisheries and forest resources. NEPAD is working on two components that deserve support: one on fish value chains (Fish Trade); the other on public policies aimed at improving the management of the resource and trade (Partnership for African fisheries, PAF). AUC is working on a framework for forests.

5. Sustainable Land Management and the fight against desertification: Terrafrica Programme whose secretariat is hosted at the NEPAD Agency requires further support.

6. Protection of local genetic resources and property rights on living organisms. NEPAD is working on regulating biotechnology in the countries (African biosafety network of expertise-ABNE-). Further work is needed.

9. Agricultural Finance

9.1. Addressing the challenges of financing agriculture

9.1.1 Private financing systems

Private financial systems in most African countries remain poorly developed compared to other regions, with only 25% of the adult population having bank accounts at formal financial institutions, which is half the global average. Banks and other deposit-taking institutions, such as financial cooperatives, dominate financial systems in most African countries, with regulated Microfinance Institutions (MFIs) increasingly playing an important role in expanding access to financial services to low-income earners. However, MFIs' reach to semi-urban and rural areas is limited, while financial cooperatives in their vast majority are plagued by governance problems and serve very few rural households in many countries. On a positive note, the last few years have witnessed the emergence and rapid expansion of Pan-African banking groups and financial services companies in the region that benefitted from a significant share of domestic deposits.

This has resulted in increased local competition, while infusing new technologies, adequate products, and efficient managerial techniques. Mobile money and other ICT products are increasingly playing a role in expanding access in Africa where 16% of adults reportedly use a cellphone to pay bills or send, or receive money compared to a global average of less than five per cent. However, the majority of the region's population remains locked-out of the formal financial system. Even in Africa's more developed countries, a large percentage of the population remains excluded from all financial services.

In the majority of African countries, lack of access to finance represents business leaders' biggest concern by a wide margin, confirming the lack of depth of the financial market in a majority of African economies. Similarly, inefficient government bureaucracy is reportedly the biggest concern. The frequently cited challenges of lending to African agriculture include risks, unsuitability of lending instruments, seasonality of production, long gestation periods, inadequate collateral, limited financial literacy, high transaction costs and weak policy, to name a few. Yet, innovative lending to small holder farmers and other agricultural enterprises along the value chain, particularly those with potential to become more productive, could help to diversify risks, contribute to higher incomes and drive inclusive growth.

Supported by rising incomes, urbanisation and the innovative use of technology, the financial services industry is still likely to expand in the coming years. Technological innovation, such as mobile money solutions, has played a major role in giving Africans increased access to banking and financial services. Kenya's M-Pesa mobile money transfer service has provided more than 70% of the country's adults with access to financial services. Mobile money continues to deepen financial inclusion, as it is widely adapted even in countries where people have very low access to traditional financial institutions. Moreover, with a 52% share, sub-Saharan Africa accounts for the majority of live mobile money services in the world. As a result of these trends, as well as generally supportive macro-economic and policy environments, the pace at which Africa's banking sector has grown in recent years is unlikely to decline.

9.1.2 Public agricultural financing system

From 2003 to 2010, the amount of Public Agricultural Expenditure (PAE) for Africa increased from about $0,39-billion per country in 2003 to $0,66-billion in 2010. While this growth appears impressive at 7,4 % per year on average, it was lower than the growth in total expenditures of about 8,5 % per year. This suggests that the share of PAE in total government expenditures has declined over this period for Africa.

Agriculture Development Banks were specially established to support lending and financing to the agricultural sector in Africa. The structural adjustment programmes led to the commercialisation of most of these banks and, as a result, moved the focus from agriculture to “universal banking”. Even though most of these banks still maintain names such as "Agricultural Banks" their service to agriculture is limited. For example, the Agricultural Development Bank of Ghana (ADB) lending portfolio to the agriculture sector was only 29% in 2012.

Agricultural development banks are key to agriculture financing. Even though microfinance institutes (MFIs) are supporting rural farmers, their financial instruments are inadequate to meet the commercial need of modern agriculture. It is imperative that policy instruments are re-directed to focus on agriculture banks to improve their lending to agriculture to at least meet their original purpose pre-structural adjustment.

Foreign aid has remained important for the sector and the financial crisis in North America and Europe will probably remain important over the next decade. However, Africa must be realistic about future aid volumes, and wary of the implicit and explicit priorities that donors deploy in respect of aid. Their use of particular instruments, especially food aid imported from outside the continent, can undermine long-term market development, and the costs to Africa of the policies that donors deploy with respect to their own agriculture, especially their subsidies of exports, and their policies that depress world market prices, can undermine Africa's own industry. Africa needs to be aware of these paradoxes.

9.1.3 Limited lending to agriculture from formal banking system

In the 1960s and 1970s, African governments took a proactive approach through state-owned agricultural development banks, directed lending and widespread subsidisation of agriculture and agricultural finance. Lack of results gave way to market-based approaches from the 1980s onwards. The emphasis on the development of financial markets, which were expected to find ways to serve farmers effectively, opened the door to micro-finance initiatives. Despite some notable successes, in most African countries institutional lending to agriculture as a share of total lending is quite low.

Commercial bank lending to agriculture represents a small portion of total credit, averaging only 5,8% across a sample of 10 African countries. These loans are unevenly distributed across different types for farmers. Large farmers, estates and big plantations receive the bulk of loans from formal financial institutions. Banks are largely unaware of the true potential of the agricultural sector as they focus on the problems and realities related to production, products and the political and economic organisation of the value chain.

Small holder farmers have inadequate access to seasonal credit and practically no access to investment credit. Payment services, savings vehicles and insurance are also unavailable to most farmers and agro-dealers. For this reason, there is a significantly unmet demand for credit in the agricultural sector. This is also crucial in addressing the growing demand for shifting preferences towards higher value food sources.

9.1.4 Lending risks due to variability in agricultural outputs and incomes

Farmers operate in a very uncertain economic environment with high price volatility. Due to the high seasonal nature of rain fed agriculture, huge investments are incurred during planting seasons and relatively low during other times of the year. This generates a pattern of high credit demand during planting seasons. This demand cannot be adequately fulfilled, and the high covariant risks, such as vagaries of weather, pests, fluctuating and often unpredictable producer prices and markets, exacerbate the challenges for small holders. Risk therefore continues to be one of the main barriers to investing in agriculture. Farmers avoid innovating and reduce their reliance on inputs, as well as insurance for harvests and against livestock deaths. The seasonality of agricultural credit demands places farmers under pressure to undertake their financial obligations during off-seasons, and financial institutions will not offer credit without insurance cover. Formal and informal financial institutions, therefore, find it risky to lend to agriculture-related investments.

9.1.5 Finance and smallholder farmers

Recently, the role of the private sector, mainly comprising farmers, has been elevated as a central catalyst and driver for inclusive agricultural growth. There is also an emphasis on the renewed commitment of the Maputo Declaration on public sector financing of agriculture. This focuses on reversing the stagnant and declining rate of investment by the public sector, in terms of the volume and the quality of investment committed by governments. However, financing agriculture is not only about public investment. It encompasses all opportunities that enhance the capacity of the agricultural industry to finance its activities.

Investment in improving small holder agriculture could be the best way to generate and expand employment opportunities and create wealth at the grassroots level, generating demand for goods and services that create a broader base of jobs and incomes in rural areas. Small holder farms generally offer the best return on investment, compared to large-scale farms according to the decreasing marginal return. Family farms are recognised as having the ability to maximise the use of labour: They provide the most opportunities to absorb increasing human power. It must be noted that the principal African investors are farmers, among them a vast majority of small holders/family farms, who invest around $100-billion every year in their farms, despite the almost total lack of credit facilities for the vast majority of them.

In any case, competition on factors should be supported by sound policies for equitable, fair and secured access to them, which means reversing the historical bias against small holders in particular with respect to access to full land ownership, credit and markets, which require an affirmative action orientation in their favour.

As a result, the approach for financing agriculture must be aimed at ensuring that markets function and farmers are able to discover prices in these markets. This will support building confidence among the financial institutions and other value-chain actors to consider investments and attraction of formal financing instruments.

9.1.6 Gender and financing

Notwithstanding the legal reforms that have taken place in some countries, securing women's access to and control over economic resources has been generally poor, while women's' access to land on average has been less than half the access men hold. Despite the reverence which surrounds land and land relations in Africa, the hereditary system confers title and inheritance rights to male family members as opposed to women. In fact, married women can only access land through their husbands or male children. Such a social organisation has discriminated against women in terms of ownership and control of land resources. However, women remain the primary users of agricultural land in most African communities.

In recent years, women's access to credit has shown faster improvement than access to other economic resources, due to the intensive work done by various organisations and governments in establishing special credit schemes and programmes targeted at women. However, women's access to formal credit sources, such as bank loans, remains extremely low compared to men's. This is due to lack of regular income, inability to guarantee the loans and limited access to information.

There is a causal relation between more equal gender relations in the household and in the community, and better agricultural outcomes. Development interventions aimed at promoting extension services, vocational training, better information, more fertiliser use and better machinery, are unlikely to fully achieve their goals unless women and men are on equal footing. Therefore, solutions to the problems created by gender inequality need to be implemented.

9.1.7 Land tenure and security

There is a strong agreement that strengthening the property rights of the rural poor leads to increased investment and contributes to economic growth and more equitable development. Promoting secure forms of land tenure can be beneficial to stimulating productive farm-level investment and to allow producers to pledge land as collateral for obtaining finance.

Of the many aspects of land administration that require attention in Africa, the two that matter most to young entrants into the labour force are improved security of tenure and relaxation of controls on rental assets. Redistribution of land and decentralisation of land administration, two other issues of current interest, also affect young people's ability to access land.

9.1.8 Youth employment and agricultural lending

Limited interest in agriculture by many youth in Africa has also exacerbated the limited lending and borrowing for agriculture. Most have little or no usable collateral and little experience with financial services. A history of public intervention in credit markets has created expectations that defaults on agricultural loans will carry little penalty to the borrower. All of these challenges for outreach of financial institutions to small farmers are relevant for young farmers, and are compounded by the fact that young farmers have little experience.

Innovative financing instruments can pose a huge potential to engage more youth in agriculture in the next decade. The youth need agriculture that is attractive and dynamic, based on profitability and competitiveness. These are the same characteristics needed for agriculture to deliver growth, to improve food security, and to preserve a fragile natural environment. Most governments in Africa have designed instruments to encourage and engage the youth in agriculture. Special financing and investment vehicles have been designed to encourage the youth to undertake agricultural activities.

The Youth in Agriculture Programme in Ghana, for example, is an innovative approach to encourage them to join the industry. The government of Ghana mobilises the youth, provides funds for inputs, facilitates whole process of production and supports young farmers in marketing of their produce. The private sector provides tractor services for land preparation, quality seed, fertiliser and agrochemicals, transport and storage space. The young farmers are the core players in the programme and are the direct users of inputs towards the production of food. However, the mixed results of this initiative also indicates the level of skills, knowledge and capacity the youth needs to manage and attract financing in agriculture.

9.2. Opportunities and solutions for financing Africa's Agriculture

Attracting public and private financing will require the agriculture that is profitable and has the ability to generate the best returns to any private or public investment. There are a number of opportunities that currently exist to attract public and private sector financing in agriculture.

9.2.1 Growing national, regional and international interest in Africa's Agriculture

There is growing interest both in Africa and beyond to invest the continent's agricultural sector. There are a number of national, regional and global agriculture and agribusiness sector investments. These include technical assistance programmes, such as Grow Africa, the Africa Agribusiness Agro-Industries Initiative (3ADI), the New alliance for Food Security and Nutrition, Making Finance Work for Africa (MFW4A), among others, which are drawing much needed attention to opportunities in the agricultural sector and promising the essential public, private and catalytic resources for African agriculture.

Moreover, there is the emergence of global and continental networks supporting agriculture and agribusiness sector development, access to finance and capital mobilisation, as well as trade and investment. Among them are the producer organisations structured in the early 2000s that have benefitted from the rise of regional integration and sector-based policies at the sub-regional level.

Recent developments in the global and donor community also highlight that agriculture regained momentum which led to some reverse in the previous downward trend of ODA dedicated to agriculture. An example includes the G8 commitments of US$22-billion that were made in L'Aquila Italy in 2009. This was followed by the establishment of a Trust Fund under the Global Agriculture Food Security Programme (GAFSP) to make resources available for countries that have met the criteria established by CAADP and mainly for implementation of National Agriculture and Food Security Investment Plans. At the 2012 G8 Summit under the United States presidency, the new Alliance for Food Security and Nutrition was initiated to support Africa's agriculture through CAADP. The New Alliance was initiated to focus on issues and challenges affecting private sector investments in agriculture through CAADP, building upon the progress that was made under Grow Africa that was launched as an initiative established to accelerate the efforts of private sector investment through CAADP. By the end of 2013, more than $60-million has been invested in activities that incorporate smallholder farmers into commercial, market-based activities.

CAADP's position is to foster mechanisms for good governance that enforce social responsibility on the part of governments and investors. It entails facilitating contractual relationships between and within firms, as well as between employers and agricultural workers. The best distribution of value added within value chains must assist in alleviating poverty. This involves preventing the eviction of producers offering the greatest potential for productivity gains and investment in their farms, especially family farms. When economies of scale are justified, large-scale investments are made into in upstream and downstream sectors. Investment in development corridors is an important tool that also should not penalise territorial balances.

9.2.2 Mobile Financial Services[12] and ICT Innovations in financial delivery

The use of mobile financial services in Africa could serve as a platform for agricultural transformation, if adopted across sectors and specifically in agriculture. The market for financial services in Africa is significant and remains largely untapped. Mobile money penetration in sub-Saharan Africa is the highest in the world and presents a real opportunity to leapfrog financial services delivery to farmers, more efficiently and in a cost-effective manner. There are major opportunities for providers of mobile money, or similar services, especially considering the fact that most African countries have under-developed banking infrastructure, high poverty rates and large migrant populations.

Another example of a key financial service in operation is the Nigerian fertiliser voucher programme which enables farmers to obtain quality agro-inputs in a timely manner using vouchers in lieu of cash. As part of the Nigeria Agriculture Transformation Agenda, the Growth Enhancement Scheme (GES) is designed to enhance agricultural productivity through timely, efficient and effective delivery of yield-increasing farm inputs. It also subsidises the costs of major agricultural inputs, such as fertiliser and seed, for farmers. At the same time, the project focuses on building the professionalism of rural agro-dealers and strengthening Nigeria's private sector fertiliser supply and distribution channels. The Federal Ministry of Agriculture and Rural Development (FMARD) states that 10-million farmers have been registered and now have identity cards, which allows the use of biometric information to target them more effectively. In addition, more than 3.4-million farmers are said to have received their subsidised inputs in 2013.

9.2.3 New approaches for collateral

New approaches are emerging, combining access to credit with insurance or collateral. Some of these are promising, such as systems of inventory credit, such as warehouse receipts for coffee and cereals, index-based weather insurance and, for large-scale farmers, access to the futures market (e.g., South African Futures Exchange).

Storage–credit, also called the warehouse receipt system, inventory credit or warrantage credit, is

[12] Adapted from Kanu, B. et al 2014

another form of credit that has been implemented in many West African countries. The warehouse's service acts as guarantor. For example, it acts as collateral manager for any lender who wishes to finance the farmer against the security of the warehouse receipt, and guarantees delivery of the goods against the farmer's contractual commitments. This credit makes it possible for farmers to have money immediately after harvest, which is one of the aims of the traditional purchase–storage operations. This enables farmers to sell their products at higher prices some months after harvest. The amount of money received in loans covers only part of the value of the harvest at storage time. In order to limit the risks, the micro-finance institution (MFI), which grants the loan, allocates credit below the real value of the stock (70% to 80%). It is a safety rule that anticipates possible declines in the sale price of stocks. However, price risk remains one of the biggest limitations to the development of the warehouse receipts systems due to the slow and poor development of the markets. African governments need to further support efforts to ensure that the markets are well regulated and quality standards enforced.

The relationships between actors in the value chain may facilitate financial flow directly, such as credit from one value-chain actor to another, or indirectly by making the potential client more attractive to "traditional" financial institutions. In general, the majority of traditional agricultural finance in developing countries is provided either from savings, or from within the value chain, for example direct value-chain finance, with no direct involvement of financial institutions.

However, many obstacles remain, preventing once-off initiatives from becoming available to the majority of producers. Lack of a clear policy for financing agriculture aside from ad hoc policies, such as fertiliser subsidies, combined with periodic development aid actions are the main barriers to scaling up. This includes building sustainable institutions and delivering technical and financial services adapted to suit the diversity of the agricultural sector as a whole. In most African countries, agricultural development policy documents do not address the key issues of access to finance in a holistic way, failing to take into consideration constraints to access agricultural finance faced by small holder producers and institutions. It is also important to note that most agricultural development policy fail to recognise the role quality and trade standards in the marketplace and how these should be implemented to ensure an effective local and national market.

A dedicated policy response is necessary to address the challenges posed by agricultural finance. This will result in building a sound financial system able to increase financial intermediation in favour of the agricultural sector. A policy response will also serve as the basis on which financial institutions and the private sector would develop adequate products, as well as tools and mechanisms to meet financial needs of various participants across the agricultural value chains.

The two options proposed to remedy this situation include i) policies to provide subsidies for equipment, fertilizers and seed, for which many governments are often not prepared to provide the requisite financial backing, even in the face of demonstrable impacts and profitability; ii) involvement by governments acting as economic agents and the establishment of activities supported artificially by donors, thereby disrupting the construction of a true factor market based on the private sector. However, alternatives may exist that foster the establishment of a conducive environment for self-financing and ease of access to financing.

Credit Guarantee Schemes (CGSs) are mechanisms that combine commitment of the public sector in supporting financing institution to overcome the reluctance to give credit to agricultural activities and corporate approach of financing in a risky environment. It aims at increasing access to credit by covering a share of the default risk tied to loans, guaranteeing lenders with a minimum repayment in case of default. Public guarantee schemes involve state subsidies that are less distortive for the financing market than other options such as subsidies on interest rates. Tanzania, Nigeria and

Kenya, for instance, have a positive experience in CGS. Financial sustainability and keeping moral hazards at reasonable levels (minimizing deliberate default) are among the major challenges.

10. How Priority Interventions Relate to the Malabo Objectives

The actions we have identified result from the application of a theory of change applied to the reality of the agricultural sector, building on its challenges and opportunities to achieve the transformation that would lead to the CAADP vision. One now has to ensure that these proposed priority interventions will actually become the cornerstones for the achievement of the Malabo targets articulated in July 2014 and which are the translation of the CAADP vision for 2025.

10.1. Recommitment to the CAADP principles and values

The assessment of the first decade of CAADP brought to the fore a re-orientation towards more medium and long-term structural transformation of the agricultural sector as a crucial requirement to drive agriculture. This principle is embedded across all the set goals and will underpin Country CAADP implementation. Implementation is not expected to translate into countries' planning processes, but will rather focus on policies implementation and institutional arrangements, driven at its core by strengthened national leadership and ownership. It also implies setting up multi-sectoral and inclusive consultations and active participation of different stakeholders in decision making, as well as clear definition of roles and responsibilities in the implementation relying heavily on the subsidiarity principle.

10.2. Recommitment to enhance investment finance in Agriculture

- *Uphold 10% public spending target*
- *Operationalisation of Africa Investment Bank*

Some infrastructure is key for the development of markets, or for providing access to basic resources. These include rural roads, irrigation systems, communication networks, social infrastructure and safety nets that improve the living standard in rural areas. A starting point is ensuring that policies, such as the grading and trading standards, are implemented at all levels of government across all agricultural sub-sectors and value chains.

The share of agricultural activity of gross domestic product (GDP) per country is about 22% and the weighted average for the continent is 12%. This signals the attainability of the CAADP minimum goal of 10% investment in agriculture, stimulating agricultural growth and thus revitalising rural economies. Countries for which the share of agricultural GDP exceeds 10% should endeavour to reach this target and other countries should, at least, increase their contribution in real terms at the same pace as their GDP growth. The other important element of the public expenditure is ensuring that it is one of the aspects aligned to the investment plan and the prioritised sub-sectors.

Drawing from lessons learnt from the reform of state-owned agriculture development banks, the creation of the Africa Investment Bank should note the need to have in place effective governance and management structures. It must also engage across sectors and implement commercially-oriented policies, full risk management practices, loan products priced according to risk, as well as a portfolio mix to limit concentration which, under these conditions can lead to financial products backed by guarantee funds and eventually subsidised interest.

It is thus clear that deepening the financial effort of national governments to agricultural and rural infrastructure is a key strategic priority, directly in line with the 2003 Maputo declaration.

10.2.1 Commitment to ending hunger by 2025

- *At least double productivity (focusing on Inputs, irrigation, mechanization)*
- *Reduce PHL by at least half*
- *Nutrition: reduce stunting to 10%*

Resolving to end hunger has implications at two main levels. At household level, distinction should be made between net buyers who include very small holders who are unable to cover their needs with what the farm produces and non-agricultural/urban population and net sellers who have enough to satisfy their food needs. The first key challenge is ensuring household affordability of food and hence the need to stimulate the rural economies and create jobs or alternative incomes. The second applies to the net sellers by suitably rewarding them for production that is available.

The objective should therefore be to increase yields either through by using inputs, such as improved seeds, fertilisers, pesticides, veterinary medicine, watering or changing practices that improve the fertility of soils and herds and their maintenance. Conservation agriculture and all forms of agro-ecological practices, such as intensifying fodder production, as well as better use of new varieties, including forestry products and cultivar associations, are critical. Education, research, extending the adoption of innovation and training are critical for intensification. All measures that contribute to reducing risk and that ensure better predictability of incomes, such as credit and insurance, are strong incentives for investing on farms.
Addressing market failures to provide secure environments and incentives to farmers to invest in on-farm activities are key interventions.

Securing access to land either through ownership or outright tenant farming is a condition for investment and sustainable use of fertile soil and of water. The inclusive management of natural resources by ensuring security for the majority of farmers for their access to land and water is a strategic priority. Mechanisation can help increase productivity. This needs to be implemented in a way that makes business sense for the farmers and participants in the value-chain.

A strategic priority should therefore be to promote sustainable intensification of small holder farming. This should lead to the modernisation of family farms to increase production by harnessing under-cultivated areas without harming the remaining natural capital of the continent, while maximising employment and household incomes.

Post-harvest loss reduction plays a key role in increasing returns on reduced available areas. Investments in storage capacities, machinery and access to pesticides, as well as improvement in markets to avoid on-farm congestion should contribute to increased saleable production.

The marketing of agricultural products can play a critical role at another level by ironing out differences in prices and therefore limit pro-cyclic effects of famines on prices of food when deficits occur. This is also valid at a broader geographic level between countries, such as within the RECs. The RECs should monitor the assessment of the individual member countries to ensure that the agreed quality and trade standards are implemented at a local level and extended into the regional markets. This will enable easier expansion into commodity exchanges with success and impact achieved over a shorter period.

10.2.2 Commitment to Halving Poverty by 2025 through inclusive Agricultural Growth and Transformation

- *Sustain Annual sector growth in agricultural GDP by at least six per cent*
- *Establish and/or strengthen inclusive public-private partnerships for at least five priority agricultural commodity value chains with strong connections to small holder agriculture.*
- *Create job opportunities for at least 30% of the youth in agricultural value chains.*
- *Preferential entry and participation by women and youth in gainful and attractive agribusiness*

Agricultural growth will result from intensification, namely production growth in volume, but also from increased added value either by reducing physical losses, seasonal or speculative price sinking, or improving transformation and sales conditions. Meanwhile, the objective is to reduce poverty, and therefore action should be targeted at the farmers, or small entrepreneurs, especially women and youth, in rural areas. Two factors are key, and include the need to i) improve the positioning of these major stakeholders in the value chains by increasing their negotiation capacities. This involves enhancing pooling of products, improving quality and post-harvest management, as well as organising for transformation, storing and selling of their products. The other entails ii) reinforcing farmers' connections, with a special focus on youth in the value chain.

Focusing on youth has a positive knock-on effect by reducing unemployment of the most sensitive population and preventing social unrest in the future. However, it will also contribute to the renewal of farming methods by incorporating newly trained and open-minded youth as they become exposed to new technologies. The same would apply to women in the transformation and trade system where they are mostly present.

Strengthening the position of farmers, youth and women in the agro-food value chain and increasing public investment into education and training, with a focus on youth and women, are key priorities. Co-ordination within value chains will play a critical role to enhancing predictability of gains and therefore encourage private initiative at the primary production and processing or service delivery stages. A key success factor will also be to improve the functioning of markets by reducing their failure to distribute equitably credit, insurance and land to marginalised women, youth and small farmers, as well as other small entrepreneurs.

A key priority is therefore again to improve the functioning of markets by addressing some specific failures and securing access to natural capital.

10.2.3 Commitment to Boosting Intra-African Trade in Agricultural Commodities & Services

- *Triple intra-Africa trade in agricultural commodities*
- *Fast-track continental free trade area and transition to a continental common external tariff scheme*

Tripling intra-Africa trade cannot be the result of a laissez-faire policy and the simple result from a natural increase of global trade. It can only be achieved by providing incentives and translating these into the regional markets as a priority. Policy should aim at prioritising regional production and trade by improving and easing internal exchanges and avoiding disruptive effects of unfair global trade rules. This includes where products are exchanged at subsidised prices or are subjects to speculation that biases the economic signal of the state of balance between supply and demand.

The key priority lies in ensuring that the domestic and regional markets function and the governments are supportive of the environment to maintain quality and standards comparable to the international market. A reasonable approach involves adopting a progressive means for integrating global markets by creating vibrant internal markets at regional level with custom unions that are adapted to the prevalent conditions of competitiveness and then extend it to neighbouring RECs. The process will likely progress from custom unions at RECs levels to free trade areas between regions. Bear in mind that risks of trade diversion could occur if customs are very different, and this process could stimulate a continental common external tariff scheme. During a transitional period and to defend the productivity growth of an “infant industry”, some protection from unfair competition and volatility of global prices is unavoidable. It is imperative that global markets be implemented gradually, based on a regional preference strategy by adopting “infant industry” supporting measures.

10.2.4 Commitment to Enhancing Resilience in livelihoods & production systems to climate variability and other shocks

- *Ensure that at least 30% of farm/pastoral households are resilient to shocks by 2025*

African countries are being hit hard by a series of economic, environmental, natural, social and political shocks. Even though it is difficult, if not impossible, to stop shocks from occurring, we need to increase our effort on helping households, communities and nations find ways to prevent, cope and even thrive in the face of incidents.

Risks constitute major impediments to increasing productivity and investment in the agriculture sector and the entire agro-value chain. As such, risk management has a clear dual purpose. It improves food security, as well as public and private investments.

All these risk factors affect the entire agricultural value chain and are highly related. This risk exposure increases the vulnerability of rural households with low and volatile incomes. As a result, these households make insufficient investments leading to stagnation in their agricultural productivity, as well as decreased resilience to future shocks. No single tool is sufficient to fully mitigate against these risks. An appropriate combination of selected tools depending on risk profiles, level of agricultural development and market structure is therefore needed.

10.2.5 Commitment to mutual accountability to actions and results

- *Through the CAADP Result Framework – conduct a biennial Agricultural Review Process*

The member states and CAADP support institutions will every two years undertake an assessment of progress made to achieving the Malabo objectives and the different levels of the CAADP result framework.

11. Conclusion

Never have the opportunities for African agriculture been brighter than now, considering that we are at a stage that countries are clear that all the development paths need implementation of the various corresponding policies, starting at the local level in the member states. This stepwise approach cannot be avoided if we are to deliver on all the Malabo commitments and, e especially, triple intra-regional trade. There are reasons to be optimistic about the potential to secure the results Africa seeks. This is considering that they will bring increased wealth, more jobs, boost exports and reduce imports of food, while improving food security and bolstering resilience. All Africans should be agro-optimists, but achieving these results requires a changed in mind-set and behaviour, placing the African farmer at the centre of policy and programmes. It is important to recognise that farming is a business and that it needs a supportive business environment, as well as input and output markets. Securing these improvements is something that only Africans can do. CAADP provides a vehicle to provide the necessary focus and delivery, as well as to learn together.

Although short-term results can be obtained through temporary actions, structural transformation of the agricultural sector will be the result of interventions that are engineered over time. The addition of segmented projects cannot replace sound policies and their accompanying instruments. Addressing agricultural and food challenges requires policies in numerous areas, namely agriculture production, agro-food industries, finances, trade, infrastructure, environment and social protection, which must be driven by the governments as a whole.

The change Africa needs must be driven at country level by a broad range of players, including farmers, industrialists, non-government organisation, “think-tanks” and academics, the media, business associations, and traders and distributors, as well as government. Change will happen through the development of new partnerships, coalitions and alliances. Solutions will be unique to each economic, social and political setting but, in every case, the challenge will be the same. This involves finding the political space and entry points for securing change.

The capacity to deliver better policies, institutions and investments will be realised only if we build a stronger culture of accountability and accountability mechanisms. We need stronger capacity to reflect and learn as we proceed and to rejuvenate ourselves.

12. References

Africa Development Bank (2012). Briefing Note 5: Income Inequality in Africa, March 2012.

CAADP Document (2013). African agriculture, transformation and outlook, NEPAD

FAO, 2012. Resilience Index: Measurement and Analysis Model. Technical Brief published under the Improved Governance for Hunger Reduction Program

FARA (2006). Framework for Agricultural Productivity in Africa.

IFPRI 2012. A4NH 2012 Annual Report. CGIAR Research programme on agriculture for nutrition and health led by IFPRI. www.ifpri.org/sites/default/files/publications/a4nh_ar 2012.pdf

Future Agricultures. Political Economy of Agricultural Policy in Africa (PEAPA). Future Agricultures; http://www.future-agricultures.org/research/policy-processes/592-political-economy-framework

Gordon Conway(2015).Farming First: A global coalition for sustainable agricultural development. http://www.farmingfirst.org/tag/gordon-conway

Kanu B., Odhiambo W., Wambo Yamdjeu A. and Sile E. (2016). "New of Financing African Agriculture", in Africa Agriculture Status Report 2016: Progress Towards Agriculture Transformation. AGRA.

Keith Fuglie and Nicholas Rada (2013). Agricultural Productivity in Sub-Saharan Africa, USDA, Economic Research Service.

Klaus Deininger (2003). Land Policies for Growth and Poverty Reduction, World Bank, 2003.

ReSAKSS/IFPRI (2011). Trends in Agricultural Productivity in Africa, Annual Trends and outlook report, Resources, Policies.

United Nations (2015). World Population Prospects (2015 Revision). Department of Economic and Social Affairs, Population Division.

United Nations Economic Commission for Africa (2015). Economic Report on Africa; Industrializing through trade.

World Bank (2011). Rural Transformation and Late Developing Countries in a Globalizing World: A Comparative Analysis of Rural Change. RuralStruc Program, Africa Region, World Bank

World Bank (2016). Poverty headcount ratio, World Bank. www.data.worldbank.org/indicator

ISBN
978-0-9947056-0-0

NEPAD Agency
230 15th Road, Randjespark, Midrand, South Africa
Tel: +27 (0) 11 256 3600
Email: info@nepad.org
www.nepad.org