NEW PARTNERSHIP FOR AFRICA'S DEVELOPMENT

(NEPAD)

Comprehensive Africa Agriculture Development Programme

Executive Summary

November 2002

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Executive Summary

1. Background

African Ministers of Agriculture met at FAO Headquarters in Rome, Italy on 9th June 2002 under the auspices of the FAO Regional Conference for Africa. They held the special follow-up session meeting to review an earlier draft of this document – ***the Comprehensive Africa Agriculture Development Programme (CAADP)*** – prepared by FAO in co-operation with the NEPAD Steering Committee. An extract from the report of the June special session is reproduced as an Annex. It can be seen that the Conference welcomed and endorsed the CAADP and agreed on the need to quickly operationalise it; it offered guidance to member governments on a wide range of aspects of operationalisation and action to revitalise African agriculture. The CAADP has been adjusted to reflect some comments received on the version presented to the Ministers, including their desire to see research included as a pillar for action.

Clearly, a programme on agriculture must remain living and open to continuing improvement and also be open to interpretation for each of Africa's sub-regions in order to best address that continent's diversity. This document therefore offers a broad frame of priorities from which more precise strategies and programmes can be derived for operationalisation.

Africa is a rural continent and agriculture is extremely important. For the region as a whole, the agricultural sector accounts for about 60 percent of the total labour force, 20 percent of total merchandise exports and 17 percent of GDP. The latest figures (for 1997-99) show that some 200 million people – or 28 percent of Africa's population – are chronically hungry, compared to 173 million in 1990-92. While the proportion of the population facing hunger is dropping slightly, the absolute numbers are rising inexorably. During the 1990's declines in the number of hungry have been registered in only 10 countries. At the end of the 1990's, 30 countries had over 20 percent of their population undernourished and in 18 of these, over 35 percent of the population were chronically hungry. As of 2001, about 28 million people in Africa were facing food emergencies due to droughts, floods and strife, of which some 25 million needed emergency food and agricultural assistance. To reflect its particularly difficult situation, the World Food Programme – which accounts for two-fifths of international food aid – has spent US$12.5 billion (45 percent of its total investment since its establishment) in Africa and 50 percent in 2001. Food aid gives evidence of considerable external dependency: in 2000 Africa received 2.8 million tons of food aid, which is over a quarter of the world total. In line with the rise in the number of hungry, there has been a progressive growth in food imports in the last years of the 20th century, with Africa spending an estimated US$18.7 billion in 2000 alone. Imports of agricultural products have been rising faster than exports since the 1960s and Africa as a whole has been a net agricultural importing region since 1980. Agriculture accounts for about 20 percent of total merchandise exports from Africa, having declined from over 50 percent in the 1960s.

Until the incidence of hunger is brought down and the import bill reduced by raising the output of farm products which the region can produce with comparative advantage, it will be difficult to achieve the high rates of economic growth to which NEPAD aspires. People suffering from hunger are marginalised within the economy, contributing little to output and still less to demand. Investing in reducing hunger is a moral imperative but it also makes economic sense. Agricultural-led development is fundamental to cutting hunger, reducing poverty (70 percent of which is in rural areas), generating economic growth, reducing the burden of food imports and opening the way to an expansion of exports.

2. Areas of primary action

As currently formulated, the proposed initiatives under the NEPAD Comprehensive Africa Agriculture Development Programme (CAADP) focus on investment into three “pillars” that can make the earliest difference to Africa’s agricultural crisis plus a fourth long-term pillar for research and technology. The fundamental mutually reinforcing pillars on which to base the immediate improvement of Africa’s agriculture, food security and trade balance are:

- **Extending the area under sustainable land management and reliable water control systems.** Reliance on irregular and unreliable rainfall for agricultural production is a major constraint on crop productivity and rainfed agriculture is also often unable to permit high-yield varieties of crops to achieve their full production potential. Accordingly, it is of concern that for Africa the percentage of arable land that is irrigated is 7 percent (barely 3.7 percent in Sub-Saharan Africa) while the corresponding percentages for South America, East and South-East Asia and South Asia are 10 percent, 29 percent and 41 percent respectively. Furthermore, in Africa 16 percent of all soils are classified as having low nutrient reserves while in Asia the equivalent figure is only 4 percent; moreover, fertiliser productivity (expressed in terms of maize yield response) in Africa is estimated at some 36 percent lower than in Asia and 92 percent lower than in developed countries. Building up soil fertility and the moisture holding capacity of agricultural soils, and rapidly increasing the area equipped with irrigation, especially small-scale water control, will not only provide farmers with opportunities to raise output on a sustainable basis but will also contribute to the reliability of food supplies.

- **Improving rural infrastructure and trade-related capacities for market access.** Improvements in roads, storage, markets, packaging and handling systems, and input supply networks, are vital to raising the competitiveness of local production vis-à-vis imports and in export markets. Investment in these areas will stimulate the volume of production and trade, thereby assisting to generate an appropriate rate of return on needed investments in ports and airport facilities. In general, Africa urgently needs infrastructure improvements for development given that it faces the longest distances to the nearest large markets and a fifth of its population is landlocked. Its rail freight is under 2 percent of the world total, the marine freight capacity is 11 percent (much being foreign owned but registered for convenience in Africa), and air freight is less than 1 percent; similarly, its power generation capacity per capita is less than half of that in either Asia or Latin America. In parallel with improvements in infrastructure within Africa, adjustments are needed in the promotion and support (including subsidy) policies of developed countries. Exporting countries within the region need to raise their capacity to participate in trade negotiations and to meet the increasingly stringent quality requirements of world trade.

- **Increasing food supply and reducing hunger.** Africa currently lags behind all other regions in terms of farm productivity levels with depressed crop and livestock yields, and limited use of irrigation and other inputs. By accessing improved technology – much of which is simple and relatively low in cost – small farmers can play a major role in both increasing food availability close to where it is most in need, raising rural incomes, and expanding employment opportunities and contributing to a growth in exports. This requires improved farm support services, pilot projects targeted at poor communities and a supportive policy environment.

  A sub-component of this pillar is for investment to respond to the growing frequency and severity of **disasters and emergencies** calls for some attention to rapid humanitarian interventions followed by rehabilitation before normal development can resume. IFAD recently observed that in addition to natural disasters, over 50 countries were facing or had recently undergone civil or cross-border conflicts, including some 20 poorest countries. As a result, more aid is being diverted to emergency relief than to necessary long-term development; IFAD also noted a troubling gap in the transition from relief to development[1]. There is need for action to ensure that short term interventions are followed up by long-term development. Furthermore, achieving an immediate impact on hunger also requires that the production-related investments be complemented by targeted **safety nets**. Failure to attend to unpredictable needs and to providing safety nets can easily derail long-term development. However, the actuarial basis for dimensioning investment is too weak. For lack of better information, therefore, Africa at this stage needs to at least provide some US$3 billion annually is proposed till 2015. Together the "investment" in safety nets and humanitarian / emergency food and agriculture would require some US$42 billion between 2002 and 2015.

In addition, to provide the scientific underpining for long-term productivity and competitiveness, there is the fourth pillar!

- **Agricultural research, technology dissemination and adoption,** the long-term pillar, aims at achieving accelerated gains in productivity and will require: (a) enhanced rate of adoption for the most promising available technologies so as to support immediate improvement of African production by way of linking, more efficiently, research and extension systems to producers; (b) technology delivery systems that quickly bring innovations to farmers and agribusinesses so making increased adoption possible, notably through an appropriate use of new information and communication technologies; (c) renewing the ability of agricultural research systems to efficiently and effectively generate and adapt to Africa new knowledge and technologies, including biotechnology, needed to increase output and productivity while conserving the environment; and (d) mechanisms that reduce the costs and risks of adopting new technologies. For the period 2002-2015, a total investment of some US$4.6 billion is estimated.

3. Investment estimates

The implementation of the programme will be undertaken at regional level in co-operation with regional economic organisations and unions and also at national level. NEPAD can add value to national action by promoting convergence of country programmes towards complementary or shared priorities. This would enable African producers to not inadvertently undermine each other in the international marketplace but instead they can collaboratively carve out a significant market share for selected products for which the region can be competitive.

Table A: Estimates of Overall Investment

Objective of investment	**Estimated investment US$ billions (rounded)**			
	Immediate (to 2005)	Short term (2005-2010)	Medium term (2010-2015)	Total (2002-2015)
Land and water	10	20	7	37
Land and water systems: operations and maintenance	2	12	18	32
Other rural infrastructure	22	35	32	89
Other rural infrastructure: operations and maintenance	7	13	17	37
Trade-related capacities for improved market access	0.8	1.5	0.5	2.8
Safety nets and emergencies	12	15	15	42
National programmes for food security	1	2	3	6
Regional programmes for food security	0	1	0	1
All investment	**56**	**100**	**95**	**251**

[1] IFAD, 1998: IFAD Framework for bridging post-crisis recovery and long-term development. International Fund for Agricultural Development, Rome. Executive Board, 64th session, Document EB 98/64/R.8. From http://www.ifad.org/

Preliminary estimates suggest that required investment in the main pillars between now and 2015 would have the orders of magnitude given below and in Table A. Converting them to reality will involve the formulation of specific bankable projects; a task for which NEPAD may wish to involve its external partners as Africa pursues implementation. The total outlay for the period 2002 to 2015 (including operations and maintenance) for the four pillars is some **US$251 billion** (of which US$68.2 billion for operations and maintenance), apportioned as follows:

- **Extending the area under sustainable land management and reliable water control systems:** Increasing the area under irrigation (new and rehabilitated) to 20 million ha and improving land management on the same area: **US$37 billion.**

- **Improving rural infrastructure and trade-related capacities for market access: US$92 billion** of which US$62 billion would be for rural roads and US$2.8 billion for trade-related capacities for improved market access. To protect infrastructure investments would require additional allocations for continuing operation and maintenance totalling some **US$37 billion** over the period.

- **Increasing food supply and reducing hunger:** Raising the productivity of 15 million small farms through improved technology, services and policies: **US$7.5 billion**. There is a "sub-pillar" on emergencies and safety nets requiring some **US$42 billion.**

- **Agricultural research, technology dissemination and adoption:** a total of **US$4.6 billion**.

The above implies an annual investment in core activities under the "four pillars" of some **US$17.9 billion** between 2002 and 2015, including operations and maintenance costs. As can be seen, the CCADP pays attention to safety nets and emergency-related food and agriculture.

It is noteworthy that the gross 2002-2015 investment requirement is, at **US$17.9 billion** per annum, equivalent to just over 90 percent of Africa's annual cost of agricultural imports of nearly US$19 billion. The safety nets component of this investment includes programmes such as school-feeding, designed to increase school attendance, especially for girls, and to provide nutritious food to the poorest of Africa's school age children. Table B shows one scenario of investment apportioned among various main sources.

Table B: Gross Estimates of Investment by Source

Source of investment	**Share of total investment (US$ billion)**			
	Immediate future (2002-2005)	Short term (2006-2010)	Medium term (2011-2015)	Total (2002-2015)
Africa				
Public domestic sources	19.6	40.0	37.8	97.4
Private domestic	2.8	10.0	14.2	27.0
Sub-total	*22.4*	*50.0*	*52.0*	*104.4*
External				
Concessional assistance (i.e. ODA)	25.2	35.0	28.3	*88.5*
Non-concessional loans	5.6	10.0	4.7	20.3
Foreign direct Investment (private)	2.8	5.0	9.5	17.3
Sub-total	***33.6***	***50.0***	***42.5***	***126.1***
Rounding off error	-	-	-	0.8
Total	**56.0**	**100.0**	**94.5**	**251.3**
Annual	14.0	20.1	18.9	17.9

4. Africa's contribution to investment

It is believed that an important part of funding can come from investments by the beneficiaries themselves and from domestic resource mobilisation for many countries however, additional Official Development Assistance (ODA) and private inflows will be required, in line with the spirit of Monterrey. Indeed, in connection with Monterrey, the three Rome-based UN agencies for food and agriculture issued a joint statement communicating a vision of shared responsibility[2].

Africa's own commitment to funding agriculture should be seen against a background of re-emerging international recognition that funding agriculture is vital for sustainable development. Worldwide, industrial countries (which can easily do without agriculture and still prosper), continue to finance their agriculture sectors heavily. Yet Africa, with some 70-80 percent of its people dependent on this sector is withdrawing state support for the sector; the evidence is that the consequences are grave. Financing for agriculture under this NEPAD CAADP is therefore based on the dual assumption that Africa itself will increase its level of investment and that its external partners will come forward and support it.

Table C: Orders of Magnitude for Africa's Contribution to Investment

Objective of investment	**Investment (US$ billion)**							
	Immediate (2002-2005)		Short term (2006-2010)		Medium term (2010-2015)		**Total (2002-2015) ****	
	Total	Africa	Total	Africa	Total	Africa	**Total**	**Africa**
Investment:								
Land and water investment	10	4	20	10	7	4	**37**	**18**
Rural infrastructure	22	9	35	17	32	18	**89**	**44**
Trade-related capacities for improved market access	1	0	1	0	1	0	**3**	**1**
National Food Security	1	0	3	1	3	2	**7**	**3**
Regional food security	0	0	0	1	0	0	**1**	**1**
Research & Technology	1	0	1	0	3	2	**5**	**2**
Sub-total	*35*	*13*	*60*	*29*	*46*	*26*	***141***	***68***
Operations & Maintenance:								
Land and water	2	1	12	6	18	10	**32**	**17**
Rural infrastructure	7	3	13	6	17	9	**37**	**18**
Sub-total	*9*	*4*	*25*	*12*	*35*	*19*	***69***	***35***
Humanitarian, etc.:								
Safety nets and emergencies	*12*	*5*	*15*	*6*	*15*	*6*	***35***	***17***
Rounding off adjustment	-	-	-	-	-	-	- 1	
Total	56	22	100	50	96	53	**251**	**125**
Annual total	13.9	5.5	20.0	10.0	19.2	10.6	**18.0**	**8.9**

Note: In this table, the ratio of Africa's contribution has been kept the same for all objectives of investment. In reality, Africa's capacity to invest varies according to whether heavy infrastructure or emergencies etc. is involved. Such detail, however, can be taken up at planning stage. The function of this table is to provide indicative magnitude of the investment envelope Africa could plan towards.
*** Because of rounding off, the numbers do not necessarily add up to the exact totals for each column or row.*

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[2] FAO/IFAD/WFP (2002): Reducing poverty and hunger: the critical role of financing for food, agriculture and rural development. Paper prepared for the International Conference on Financing for Development, Monterrey, Mexico, 18 - 22 March 2002. The report (revised version, May 2002, page 4-5) states, *inter alia*: "*The responsibility for escaping from hunger and poverty rests first and foremost with the individuals themselves, and then with their families, communities and governments. . . . . The proportion of public expenditure which developing countries now devote to agricultural and rural development and food security is, however, far from adequate, especially in countries where food deprivation is higher, implying a need to adjust public finance policies. However, the international community has important roles in supporting national endeavours, ... especially those of low income countries, to meet the costs of the necessary investments to the extent that these cannot be met by their own resources.*"

On this basis, the CAADP presents a preliminary estimation of what Africa itself can reasonably afford to invest, leaving the rest to be raised at the international level. The assumptions is that Africa should progressively increase its domestic contribution to agricultural investment from a current base estimated at somewhere over 35 percent to some 55 percent by 2015. Under this scenario, Africa's expected contributions to investment under NEPAD agriculture could be summarised as shown in Table C. It should be noted that the African share covers both public and private funding. To achieve it in practice will require deliberate insertion of NEPAD allocations in national and regional economic groupings' budgets; more importantly, it will require putting in place policies that can make agricultural investments attractive to both the region's own private sector and to international capital.

5. Enabling conditions for action

Much of the investment under the main pillars is into the "hardware" of development – it is intended to respond to the crisis situation facing African agriculture. Yet Africa also needs to address many other "software" issues if it is to permanently reverse the declining trends of the agricultural sector. These "software" concerns largely focus on creating an enabling environment[3].

In the preamble, it has been stressed that enabling factors require medium to long term attention and that Africa needs to continue paying attention to them even now when rapid action may appear to be all that is needed. It has also been said that the rapid action proposed is possible because there is already some available capacity, technology and enabling policy/institutional factors upon which the priority investment pillars approach can be based. Thus in justifying the focus on investment for action under the mutually reinforcing "pillars" that can make the earliest difference to Africa's dire situation, the preamble has stated that science and technology, policy and institutional reform, capacity building and other long-term enabling factors should be integrated into implementation of all the "pillars".

It is an underlying assumption that the creation of enabling conditions will go hand in hand with investment, otherwise it becomes an empty exercise, with little hope of success or of acceptance by Africa. Thus, for example, to a considerable degree due to lack of accompanying investment, the decades-long efforts at structural adjustment of African economies, policies and institutions have shown few discernible benefits, except in isolated cases.

[3] It may be noted that in its Action program for Africa, the Kananaskis Summit of the G8 (25-27 June, 2002) also focused on enabling conditions. This focus makes the support of Africa's potential leading external partners complementary to the immediate action focus of the CAADP. The two approaches can be synergistic and it is hoped that no party will seek to pursue one as an alternative to the other but as mutually reinforcing areas of emphasis.

Annex

Consideration of the NEPAD Comprehensive Africa Agriculture Development Programme by the Meeting of African Ministers of Agriculture

FAO Headquarters, Rome, Italy
(9th June 2002)

Background

African Ministers of Agriculture met at FAO Headquarters in Rome, Italy on 9th June 2002 under the auspices of the FAO Regional Conference for Africa, which held the special follow-up session meeting to review the Comprehensive Africa Agriculture Development Programme (CAADP) prepared by FAO in co-operation with the NEPAD Steering Committee.

At its substantive session held in Cairo, Egypt 4-8 February 2002, the Twenty-second Session of the FAO Regional Conference for Africa had discussed the New Partnership for Africa's Development (NEPAD) and, *inter alia,* through resolution ARC/02/RES recommended that FAO extend support to the NEPAD process.

The Conference noted that the CAADP was designed in recognition of the fact that African agriculture faces a major crisis, with large numbers of people facing food shortages, net dependency on imports and food aid, and frequent disasters requiring emergency food and agriculture interventions. In view of this crisis situation, the CAADP focussed on investment into three mutually reinforcing "pillars" that can make the earliest difference to Africa's situation, which are: (i) extending the area under sustainable land management and reliable water control systems; (ii) improving rural infrastructure and trade-related capacities for improved market access ; and (iii) increasing food supply and reducing hunger in Africa.

The first pillar focuses on irrigation and water management in order to disengage African agriculture from dependence on unpredictable rainfall; the second one promotes rural infrastructure to reduce the cost of providing inputs and of extracting produce thus making African agriculture more competitive; the third pillar stresses direct promotion of more productive ways of agriculture especially among small-scale farmers, both male and female, the poorest segment of the society. The CAADP also pays attention to the growing frequency and severity of disasters and emergencies with disruptive effects of food and agricultural situations and to the need for better market access for Africa's products both internally and globally.

To combat these ills afflicting Africa's agriculture and to achieve the sector's early revival, the CAADP proposes investment till 2015 of about US$241 billion, including provision for maintenance and operations (US$69 billion), and funding for emergencies and safety nets (US$35 billion); of this total it has been suggested in the CAADP that Africa itself could potentially fund about half the total needs. These estimates were also presented in terms of the immediate future 2002-2005 of some US$ 56 billion; the short term 2006-2010 at US$ 97 billion; and the medium term 2011-2015 at US$ 88 billion. The annual average investment is, at US$17 billion, lower than Africa's annual agricultural import bill.

The Conference welcomed and endorsed the CAADP and agreed on the need to quickly operationally it. It offered guidance to member governments on a wide range of aspects of operationalisation and action to revitalise African agriculture. Its report, which is in a draft being finalised, states:

Summary of principal considerations

By way of areas of emphasis, the Conference:

1. Underscored its belief that as the mainstay of the African economy, agriculture should be mainstreamed and linked to development of other sectors and programmes under NEPAD. It also called for agriculture to adopt environmentally sustainable practices.

2. Emphasised that the implementation of the NEPAD activities be carried out in an integrated manner and in full collaboration with individual countries as well as with the existing regional and sub-regional institutions.

3. Recognised the need to address issues of concern to small island states, of land-locked countries and of those threatened with land degradation and desertification.

4. Highlighted the importance of developing the institutional and human capacity and the involvement of small producers, and particularly rural women in the NEPAD process.

5. Requested that sub-sectors of fisheries, livestock, and forestry be given adequate attention in the NEPAD efforts.

6. Called for political commitment to address areas of potential conflict and development of mechanisms for management of shared natural resources, including water.

Recommendations

Noting the commitment of Africa under NEPAD to take responsibility for its own development, the Conference addressed its recommendations principally to the Governments of Africa and to its Regional Economic Organisations. It recommended:

1. As the next step, to prepare a plan of action incorporating national and regional plans, to include the timeframe for the implementation of the programme, as well as the specification of the expected outputs and performance indicators.

2. To prepare projects for financing at the regional, sub-regional and national levels under the framework of the CAADP priorities and that in doing this, attention be given to country and sub-regional diversity.

3. To devise a concerted strategy involving the Ministers for Agriculture, Finance and Planning for raising the funding of agriculture and rural development in order to enhance the proper funding of NEPAD agriculture-related programmes. In this connection, the Meeting noted that a target of 25 percent of annual national budget was adopted by the 21st Regional Conference for Africa held in Yaoundé in February 2000. The countries should also approach traditional and new partners for supporting African efforts in implementing the CAADP.

4. To highlight and incorporate agricultural research into the CAADP while exploring the possibility of creating sub-regional centres of excellence and an agricultural trust-fund for research and development.

5. That the NEPAD Steering Committee, operating through the initiating country responsible for agriculture – currently Egypt – establish a committee to follow-up this Ministerial Meeting in

order to provide political oversight, monitor the implementation of CAADP and to facilitate the engagement of all countries in the future NEPAD developments on agriculture.

6. To cast the NEPAD efforts for development within the framework of the countries' poverty reduction and food security strategies, which are presently the most agreed upon frameworks for country-owned initiatives targeted at poverty reduction.

7. To prepare a proactive plan of action for enhancing the role and contribution of the private sector and civil society in the implementation of NEPAD agricultural programmes including in upstream and downstream agriculture-related activities.

Furthermore, the Conference:

8. Drew attention to the serious intention and commitment of Africa to allocate increased domestic resources for agriculture and rural development and urged the international community to play its part in supporting African countries in formulating projects and programmes to bring to reality the continent's vision of a prosperous agriculture, thereby reducing hunger and poverty.

9. Called upon FAO to maintain its co-operation with NEPAD Secretariat in the spirit of the Cairo Regional Conference resolution (ARC /02/RES) as the process moves towards operationalisation of Action Programmes."