

# Investing in Africa: The challenge of agriculture

## Fact Sheet

As the world population rises, Africa's agricultural potential will become increasingly critical to global – and regional - food security. Africa is endowed with an abundance of natural resources, including 60% of the world's arable land. Farming in Africa faces multiple challenges. The most important include inadequate funding, poor rural infrastructure, stress on land and water resources, soil degradation and climate change. In addition, African governments have neglected agricultural research. Not surprisingly, many young people are moving to urban areas in search of jobs.

With a population of 910.4 million, projected to grow to 1.6 billion by 2030 and surpass 2 billion by 2050, Sub-Saharan Africa's demand for food is on the rise. According to NEPAD, 1 in 4 Africans is currently underfed. Africa's agricultural sector can guarantee food security through acting on 4 critical points:

1. Greater agricultural productivity of smallholder farmers;
2. more effective nutrition policies;
3. more access to food;
4. empowerment of women and the rural poor to play a more important role in agriculture. (UNDP 2012)

The good news is that there is a renewed focus on agriculture by African governments and their key partners. Significantly, special attention is being paid to smallholder farmers – many of whom are women.

Given *Friends of Europe's* strong policy focus on Africa, we have compiled a list of key facts and figures which provide important information on the state of agriculture on the continent. The list below is by no means complete and exhaustive but it does provide a compelling overview of the challenges ahead in the sector. We have relied on data provided, among others, by the United Nations, the World Bank and the African Development Bank (AfDB).

### Africa's agricultural sector: Basic facts

#### Land:

- Africa is endowed with 733 million hectares of arable land, a sector which accounts for 34% of Gross Domestic Product (GDP) (ADBG 2013) and the main source of income for 70-80% of its population.
- 79% of Africa's arable land remains uncultivated<sup>1</sup>.
- 8.5% of land in Sub-Saharan Africa is used for agriculture. On average, 2,387m<sup>2</sup> is available per person.
- Many African farmers use their self-produced food to feed themselves and their families and they do this on very small areas (less than 2 hectares).
- Global food prices grew about 170% between 2000 and 2010.



- The lack of secure land tenure is one of the main hindrances to increasing agricultural productivity and family income (UNDP, 2012; AASR, 2013).

### Population:

- According to the World Bank, 63% of the total Sub-Saharan population lives in rural areas.
- More than 60% of the population in Sub-Saharan Africa is under the age of 25.
- According to IFAD, three quarters of the African population lives of less than 2 dollars a day and half of the African population lives of less than 1.25 dollars a day. Those living in remote and rural areas are often more struck by poverty.
- Access to institutional and physical markets for Sub-Saharan African agricultural products is underdeveloped. More than 30% of the rural population has to travel more than 5 hours to the closest markets.
- Agriculture does not solely benefit the people living in the rural areas, but contributes to the entire continent's economy. Agriculture stimulates other sectors such as the manufacturing and industry sector to evolve, in terms of demand and raw materials, but it also creates a taxable base for governments to invest in health, education and infrastructure.

### Employment:

- 40% of young people in Africa are unemployed.
- According to the World Bank, 69% of all Sub-Saharan Africans work in agriculture.

### Gender:

- Half of Sub-Saharan African farmers are women<sup>2</sup>.
- A woman in Sub-Saharan Africa gives birth to 5 children on average.
- Women grow 80-90% of the food in sub-Saharan Africa but own less than 2% of all land<sup>3</sup>.

### Enhanced agricultural performance is important to achieve:

- Growth
- Poverty reduction
- Job creation
- Increasing opportunities for women and youth
- Food security and improved nutrition
- Building resilience

### Markets<sup>4</sup>:

- Changes in agricultural markets are giving rise to new opportunities to smallholder farmers in developing countries, resulting in more incentives to boost their productivity.
- Getting access to the markets is key, so is providing farmers with enough support to make their farming systems more productive, sustainable and resilient.

### Africa's policy responses

The 22<sup>nd</sup> African Union (AU) Summit in Addis Ababa earlier this year vowed to transform Africa's agricultural sector. 2014 has been designated as the Year of Agriculture and Food Security in Africa. It is also ten years since the adoption of the Comprehensive Africa Agriculture Development Programme (CAADP).

### Maputo Declaration<sup>5</sup>

African governments adopted the Maputo Declaration on the Comprehensive Africa Agriculture Development Programme (CAADP) in 2003, saying they were ready to increase public investment in agriculture by 10% and to raise agricultural productivity by 6% by improving agricultural planning and policies, scaling up investment in agricultural policies, improving rural infrastructure and trade-related capacities for market access, increasing food supply and reducing hunger, increasing agricultural research, technology dissemination and adoption.

A decade of CAADP has:

- demonstrated that Africa as a region has home-grown framework guiding policies, strategies and actions to transform and develop Africa's agricultural sector;
- put agriculture at the centre of the national, regional and global development agendas;
- increased active engagement of multi-stakeholder partnerships;
- increased investment in its agricultural sector;
- encouraged and facilitated evidence based planning;
- shown improved commitment to institutional and policy reforms.

### Key outcomes of the Maputo Declaration

- 34 AU Member States have signed CAADP compacts.
- 30 AU Member States have developed formal national agriculture and food security investment plans.
- At regional level, 4 out of 8 Regional Economic Communities (RECs) have signed regional compacts.
- Public agriculture expenditures have risen by 7% per year across Africa since 2003.
- Annual agricultural GDP growth has averaged nearly 4% since 2003.
- Several AU Member States have also achieved significant improvements in tackling the challenges of hunger, undernourishment and extreme poverty.
- Empirical evidences suggest that a 1% gain in GDP originating from agriculture generates a 6% increase in overall expenditure of the poorest 10% of the population.

### Challenges facing Africa's agricultural sector include:

- inadequate funding;
- poor rural infrastructure;
- stress on land and water resources;
- an increase in soil degradation;
- climate change;
- salinisation of irrigated areas;
- poor rural infrastructure;
- neglected agricultural research;
- migration of youth to urban areas.

### Agriculture and research

- African countries often do not possess the financial, human and operating means to support research activities.
- Public expenditure on agricultural research in Africa is 0.7% of agricultural GDP compared to 2.5% of agricultural GDP in developed countries.
- Increased investment in agricultural research in combination with the commitment to disseminate this research and new technologies to the farmers would result in sustainable growth in agricultural productivity.
- Public investment at the country and local level should be increased to strengthen and expand the capabilities of national agricultural research agencies.

### Empowering women in agriculture

Rural women play an important role in supporting their household and communities in achieving food security, generating income, establishing small businesses and ensuring overall well-being. Yet, they face several limitations. In addition, many women's activities are not considered in national accounts as formal economic employment, so their contributions to the household and the rural economy are often unreported and unaccounted for.

- Women make up half of the agricultural labor force in low-income countries. They are involved in all aspects of nutrition: Growing, preparing, buying and selling.
- An estimated 60% of women in Sub-Saharan Africa are employed in the agricultural sector.
- Equal access to production resources for both women and men would result in 20-30% more yields per household, hunger would be reduced for 100-150 million people and total agricultural output in the developing world would rise by 2.5-4%<sup>7</sup>.
- With education, capital, and access to markets and technologies, women could turn commodity surpluses into profits by processing, packaging and marketing products, especially for Africa's growing middle class<sup>8</sup>.
- Only 5% of foreign aid is directed to gender equality in agriculture.



- Women and girls spend a high amount of their time carrying water. If this time would be reduced by 15 minutes, child mortality could be reduced.

### Women and land rights:

- Land is for rural women the most important asset, providing food, nutrition and income support for their family and communities;
- less than 20% of all landholders are women as a result of legal and cultural constraints in land inheritance, ownership and use.

### Women and labor force:

- Women in rural areas are often not employed on a full-time basis. The women that earn an income are likely to hold seasonal, part-time and low wage jobs;
- women also receive less pay for the same work than men.

### Women and access to credit:

- The share of female small farmers who can access credit is 5-10% lower than for their male counterparts;
- in rural Sub-Saharan Africa, women in small-holder agriculture access less than 10% of available credit.

### Women and nutrition:

- The low status of women in many countries is the main reason for the high rates of hunger and malnutrition;
- empowering women as agents for change, amongst others, will help reduce gender disparities in household food consumption;
- putting money in women's hands will ensure better child nutrition, health and education.

### To boost agricultural productivity, more commitments should be made to:

- exploit Africa's arable land;
- attract more investment from public and private sector;
- improve human resources for agricultural infrastructure and research;
- modernise rural infrastructure;
- promote agricultural research;
- popularise the most efficient farming techniques.

### Women, infrastructure and ICT:

- Women are less likely to take up new practices and technologies in agriculture given their lack of access to information and communication technology;
- gender gaps exist in a wide range of agricultural technologies, such as extension services, machines, tools, plant varieties and animal breeds, fertilisers, pest control measures and management techniques.

## End notes

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### Further reading

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