

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD)

Support to NEPAD

Period of Report: July 2008 to June 2009

I. Introduction

The problems of poverty and hunger are particularly acute in Africa, especially given the ongoing food and fuel crises, as well as the unfolding global financial and economic crises that threaten to undo the continent's economic progress over the last decade and a half. Global climate change only deepens these challenges. To address the current challenges facing Africa, the answer lies in creating the right policy framework and incentives for rapid growth in agriculture. As *The 2008 World Development Report* notes, in sub-Saharan Africa 470 million people are located in rural areas, agriculture employs 65 per cent of the labour force, and the sector drives 32 per cent of GDP growth. Thus, agriculture and food security are central to Africa's development needs. In fact, agricultural growth has been found to have a larger effect on reducing poverty in sub-Saharan Africa than growth originating from other sectors.

Africa has always been a key priority for IFAD. In 2008, the largest share of IFAD new financing for programmes and projects went to sub-Saharan Africa. The region received 43.4 per cent of IFAD 2008 investment.

II. Development Needs and Economic Growth Challenges

For a number of years prior to 2008, Africa was averaging economic growth rates of more than 5 per cent per year, giving renewed hope to its people that poverty could, in time, be eradicated. According to the *2009 African Economic Outlook*, however, growth in the African region is likely to decelerate from 5.7 per cent estimated for 2008 to 2.8 per cent in 2009. Furthermore, the World Bank projects that GDP growth in sub-Saharan Africa will decline by nearly 60 per cent (from 6.4 to 2.4 per cent) over the next several years. Against this background, key issue areas for Africa include: on-going food insecurity and the rise in food prices; investment in the agricultural sector and poverty eradication; sustainable economic growth and an African Green Revolution; and gender mainstreaming.

III. Food Crisis

Status and Challenges

Chief among the challenges that Africa faces is how to feed a projected population of two billion by 2050 – a very tough challenge given that around one third of Africa's current one billion people are hungry today. Recent price volatility on international markets is putting further pressure on global food security. Africa is the region most severely affected by the current volatility in food prices. According to the Food and Agriculture Organization latest figures, there are a total of 31 countries in crisis requiring external assistance, which are expected to lack the resources to deal with reported critical problems of food insecurity. Of those 31 countries, 20 are

in Sub-Saharan Africa.¹ In the wake of the on-going food crisis, much of the progress that had been made to end hunger has been undone, which threatens the achievement of internationally agreed goals on hunger reduction, including MDG 1 which calls for the proportion of people who suffer from hunger to be halved between 1990 and 2015.

IFAD's Contribution

During the past decades, IFAD has initiated many projects designed to improve household food security, and the nutritional status of individuals through improving overall food availability and increasing income-earning opportunities. IFAD has also made available funds from existing loans and grants to provide an immediate boost to agricultural and food production. For instance, in Mauritania, IFAD is working through the Government's Special Intervention Programme on Food Prices to purchase and distribute seeds and other inputs and to set up cereal banks. In Benin, a food security component has been added to the ongoing Rural Development Support Programme to stimulate food production in the coming year. IFAD has also identified opportunities in nine other sub-Saharan African countries to expand existing programmes or start new initiatives to improve food production in the next few years.

In response to the very volatile food prices in 2008, IFAD worked in countries such as Benin, Côte d'Ivoire, Ghana and the Niger to improve food security by redirecting unspent funds for country interventions to support national programmes facilitating access to inputs for the current and next cropping seasons. IFAD also plays an active role in the High Level Task Force on the Global Food Security Crisis, established by the United Nations Secretary-General in April 2008.

IV. Agricultural Development and Poverty Eradication

Status and Challenges

In agriculture-based countries such as those in sub-Saharan Africa, agriculture accounted for approximately a third of overall growth during the period from 1993 through 2005. However, current levels of agricultural spending in sub-Saharan Africa are low, and according to the World Bank are insufficient for sustained growth. Consequently, the implementation and scaling-up of initiatives to support improved agricultural productivity; enhanced food security; more efficient food distribution; and better nutrition across Africa will be critical to speeding growth, increasing incomes and improving the continent's human development indicators.

In Africa, efforts to develop agriculture must necessarily focus on smallholder agriculture, as it is the major sector in almost all countries. Smallholder farms number some 80 million and supply up to 80 per cent of African agricultural production². In light of today's challenges, resuming economic growth, resolving the food crisis, and tackling the challenge of poverty must necessarily be based on creating a dynamic smallholder agriculture sector. Investing in smallholder agriculture is the most sustainable safety net for societies.

IFAD's Contribution

Over the next five years, IFAD is prepared to invest US\$ 2.5 billion in smallholder agricultural

¹ FAO "Crop Prospects and Food Situation" No. 2, April 2009.

<http://www.fao.org/docrep/011/ai481e/ai481e02.htm>

² Statement by the IFAD President to the joint AU and ECA conference: Implications of the global financial and economic crisis for Africa's long-term development. June 2009.

development in sub-Saharan Africa. Work is also underway on medium- and long-term projects in sub-Saharan Africa to support smallholder agriculture. For instance, initiatives to develop more efficient fertilizer markets and agroforestry systems in which crops and trees are grown together to replenish soil fertility have been initiated in Kenya and Zambia, amongst others.

In Middle Income Countries (MICs) such as the North African countries, the Fund's approach has been focused on supporting Governments in the definition and formulation of their national agricultural and rural development strategies, by capitalizing on and upscaling experiences in IFAD portfolio, which have proven their impact on rural poverty alleviation, and by harmonizing with other IFIs in financing local area rural development projects. Targeting specific agro-ecological systems where the incidence of poverty is highest and the concentration of smallholders is more prominent, has been the main tool used by the Fund in countries like Algeria, Morocco and Tunisia.

V. Sustainable Economic Growth

Status and Challenges

The present food crisis has sharpened calls for a uniquely African "Green Revolution" to boost productivity. Such an African Green Revolution should be sustainable, pro-poor and tailored to Africa's wide range of farming systems. In particular, an African Green Revolution will draw on the experience of the Green Revolution that has raised production in much of Asia and Latin America over the past forty years – including new, resilient and high-yielding varieties of seeds, increased use of fertilizer, and irrigation – while also adapting to the multiplicity of Africa's different agro-ecological and social conditions. Smallholder farmers must be at the forefront of this revolution as 80 percent of farmed land in Africa is farmed by smallholder farmers.

IFAD's Contribution

Empowering poor rural men and women to overcome poverty is a core objective of IFAD work in Africa, and the basis for its work at the country level. It is a prerequisite for sustainable economic development. Such a sustainable African Green Revolution led by small holders is both necessary and possible, but only if they get the support they need.

Two initiatives in Africa, in which IFAD has been involved, illustrate what can be achieved. First, in four West African countries, IFAD is supporting initiatives by which cassava has moved from a food crop to a cash crop produced on an industrial scale and even exported. Production increased impressively – so impressively in fact that it outstripped demand. The focus is now on the entire cassava chain – input, production, processing, and marketing. As a result, producers and processors are organizing themselves so that they can link to larger, private sector actors, and are producing more food and earning more income. The programme has also introduced biological pest control to combat green mites and mealy bugs.

A second example is NERICA rice, which combines the hardiness and drought-resistance of local species with the high yield of Asian varieties. IFAD and other partners, such as the Government of Japan, helped to develop and disseminate NERICA, with good results. NERICA helped Guinea reduce imports by forty per cent. In Benin, IFAD has supported smallholder farmers to switch to NERICA, and many have seen their yields more than double – without having to increase inputs of either water or fertilizer.

IFAD is also supporting Pan African initiatives through three grants, for a total of US\$ 770,000. South-South cooperation in Africa is a dimension which will be pursued by the Fund where MICs could play a leading role as aggregators for sustainable economic growth vis-à-vis sub-Saharan LDCs.

IFAD also undertakes efforts to build sustainability early in a project's lifespan through the development of participatory approaches, which build ownership by rural beneficiaries. For instance, in several projects in the Eastern and Southern Africa region, IFAD is working with local communities to develop rural road maintenance plans which clarify roles between local communities and district governments. These plans are developed before the roads are constructed. When completed roads are opened, maintenance work can begin rapidly. By maintaining the roads, the original investment is sustained and people benefit for many years to come.

VI. Gender Mainstreaming

Status and Challenges

Rural poverty is deeply rooted in the imbalance between what women do and what they have. Building women's capabilities and addressing gender inequalities are crucial factors in enabling them to transform their lives and the lives of their families and communities.

Addressing gender issues lies at the heart of tackling rural poverty in sub-Saharan Africa. Women account for a substantial share of smallholder farmers; they also produce and process most of Africa's food. Studies have found that marginal increases in women's agricultural productivity arising from input support are greater than those for men. As a result, efforts should be made to tailor technologies and support services to women farmers.

Progress has been made towards mainstreaming gender within the policy framework, and many countries now have national gender policies in place. However, much more substantive action is required on the ground if the position of poor rural women is to improve significantly.

IFAD's Contribution

IFAD strives to remove the material, institutional and policy obstacles that prevent rural poor, women in particular, from harnessing their potential. In 2008, IFAD along with the World Bank and FAO released the "Gender in Agriculture Sourcebook", which reviews good practices and innovative activities that can help to ensure full integration of gender considerations in policies and programmes.

Also in 2008, IFAD and the Government of Canada signed a two-year CAD\$ 1 million grant agreement for projects to empower poor rural women to reduce their vulnerability to HIV/AIDS. Priority was given to projects in Africa that focus on policy dialogue to ensure gender equality, economic empowerment of rural women and knowledge management activities. Under the agreement, IFAD has approved projects in Burundi, Malawi, Liberia, and Senegal.

In Algeria, Djibouti, Egypt, Morocco, Somalia and Tunisia, gender mainstreaming support activities to IFAD programmes have been at the center of an IFAD regional grant covering the Near East and North Africa Region between 2001 and 2008.