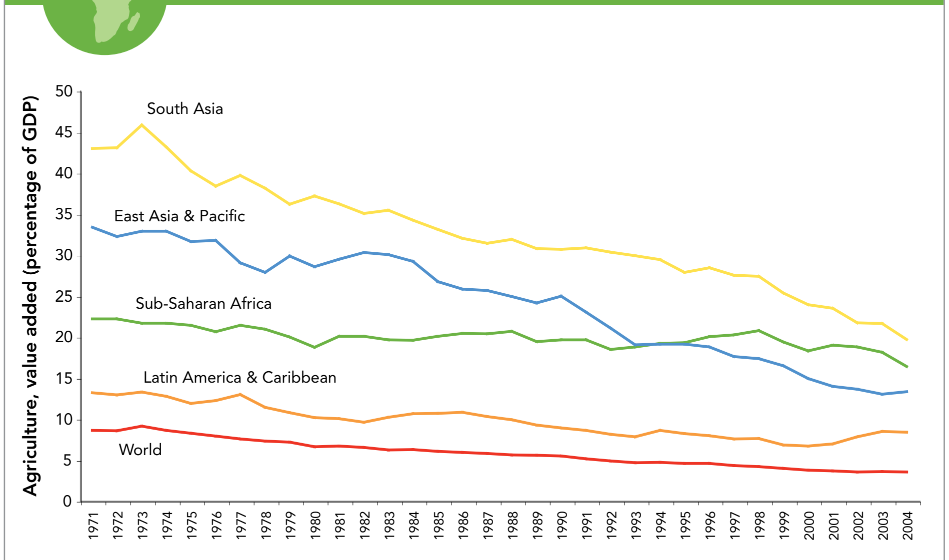
AGRICULTURE

Trends of share of agriculture in GDP, 1971-2004



Source: World Development Indicators 2007.

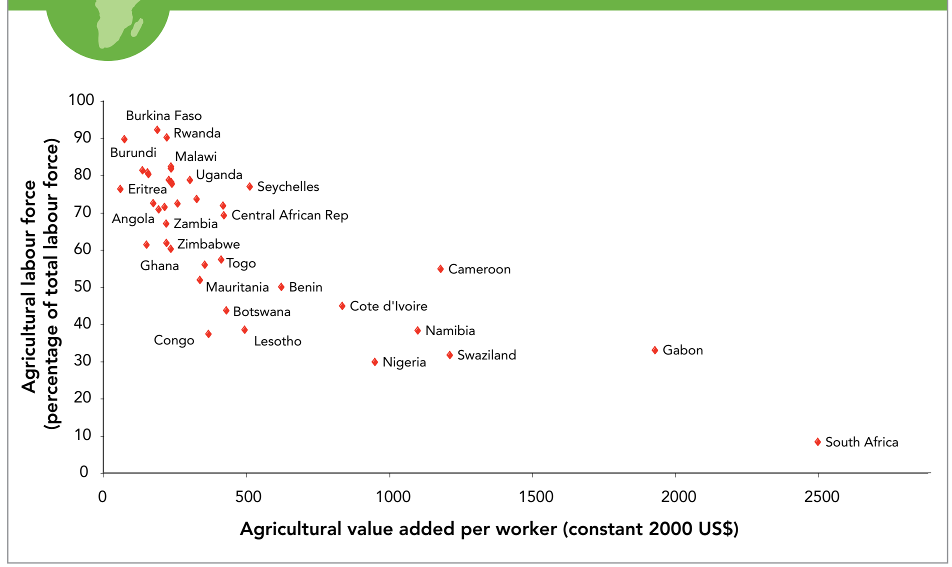
About 20 per cent of sub-Saharan Africa's GDP is generated by agriculture.

Agriculture still dominates the economy of many countries in the region. Although the economies of South and East Asia used to be more dependent on agriculture than Africa in the 1970s, the importance of agriculture has declined in both regions, whereas the share of agriculture in the sub-Saharan African economy has only slightly decreased.

In many countries, agriculture is the main source of employment.

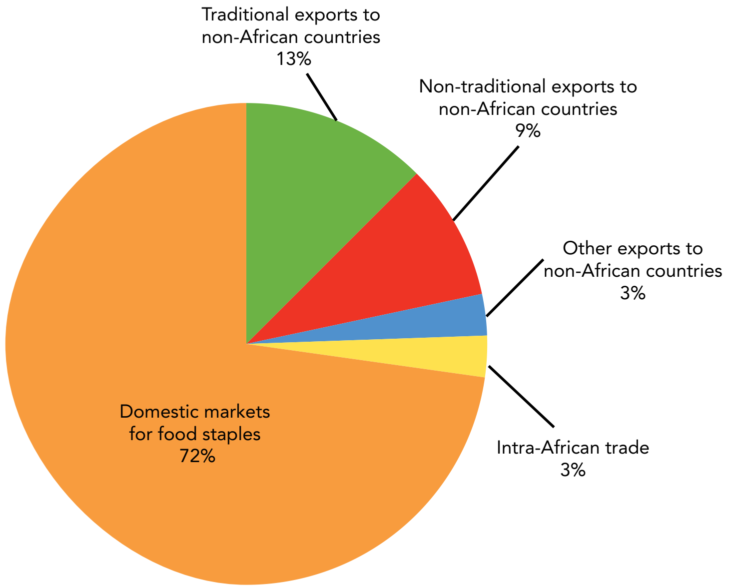
In at least 20 countries, more than 70 per cent of the labour force works in agriculture. Crop production and livestock husbandry account for about half of household income. The poorest members of society are those who are most dependent on agriculture for jobs and income. Average agricultural value added per worker is low in many countries, reflecting a low degree of mechanization and limited penetration of improved seeds and inputs such as fertilizers.

Agricultural labor force and agricultural productivity (2004)



Source: World Development Indicators 2007 and FAO 2007.

Destination and composition of agricultural trade, Sub-Saharan Africa (1996-2000 average)



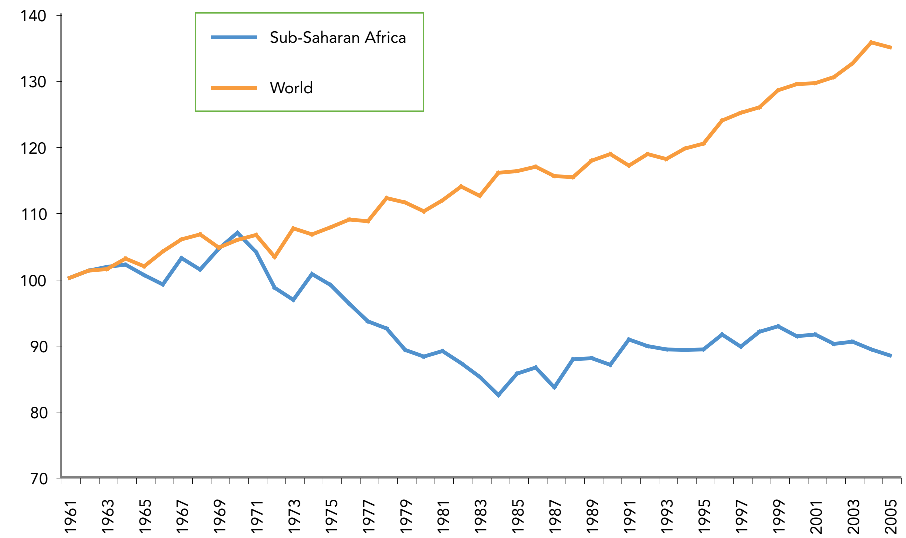
Source: IFPRI, 2007.

Agriculture is still largely oriented towards subsistence agriculture.

From a study undertaken by IFPRI on the years 1996-2000, for sub-Saharan Africa as a whole 72 per cent of the food traded was for sale in domestic markets for food staples. Traditional and non-traditional exports constituted only 22 per cent of total trade. Food trade between African countries is very limited. Southern Africa and in particular South Africa are more oriented towards exports than the other subregions. By contrast, in Eastern Africa 80 per cent of all food traded was for sale in domestic markets for food staples.[31]

> "Africa is the only region where overall food security and livelihoods are deteriorating. We will reverse this trend by working to create an environmentally sustainable, uniquely African Green Revolution. When our poorest farmers finally prosper, all of Africa will benefit."
>
> Kofi Annan
> former UN Secretary General

Food production index per capita, 1961 - 2005



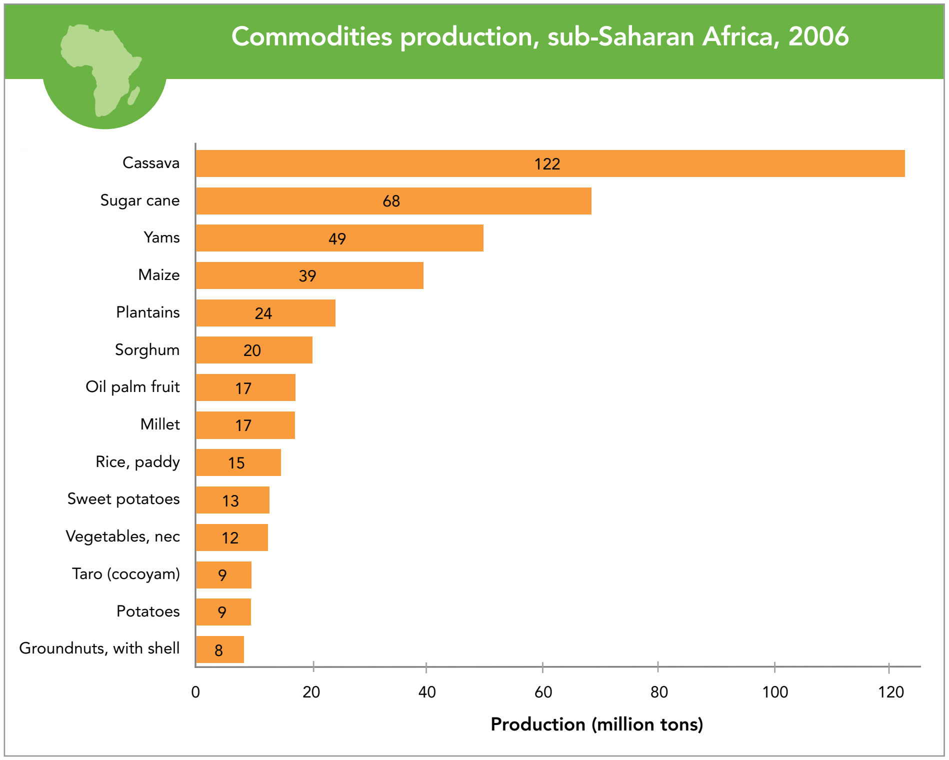
Source: FAO, FAOSTAT, 2007.

Note: Index base 100 in 1961.

Food production in most of sub-Saharan Africa has not kept pace with the population increase over the past four decades.

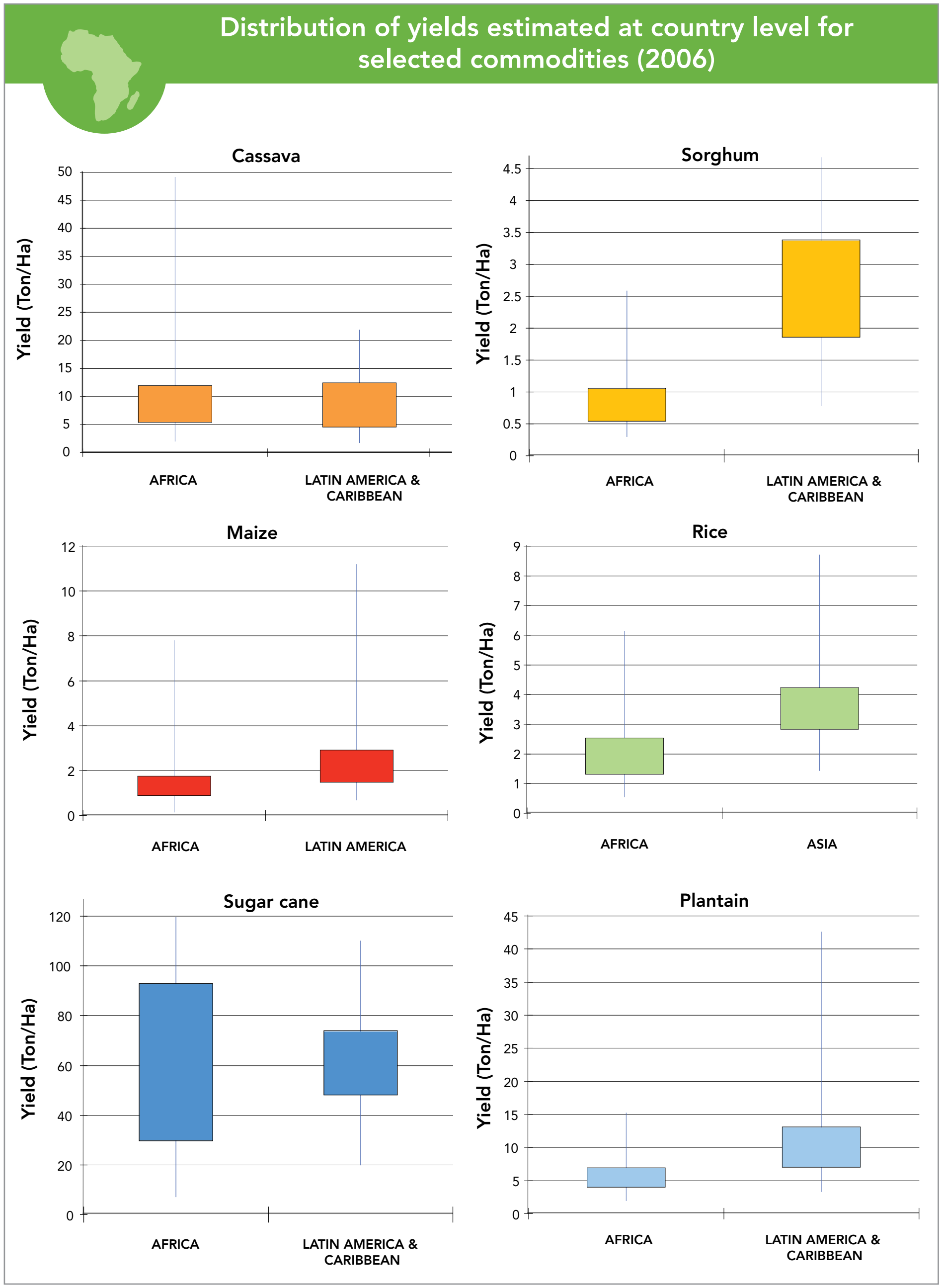
Sub-Saharan Africa is the one region where per capita food production is either in decline, or roughly constant at a level that is less than adequate.[32] In Africa as a whole, food consumption exceeded domestic production by 50 per cent in the drought-prone mid-1980s and more than 30 per cent in the mid-1990s.[33]

At the subregional level, during the last 15 years only Western Africa has succeeded in increasing per capita food production significantly. In Southern Africa, food production has declined and suffers from high variability, reflecting vulnerability to weather conditions of rain-fed agriculture in arid or semi-arid regions.



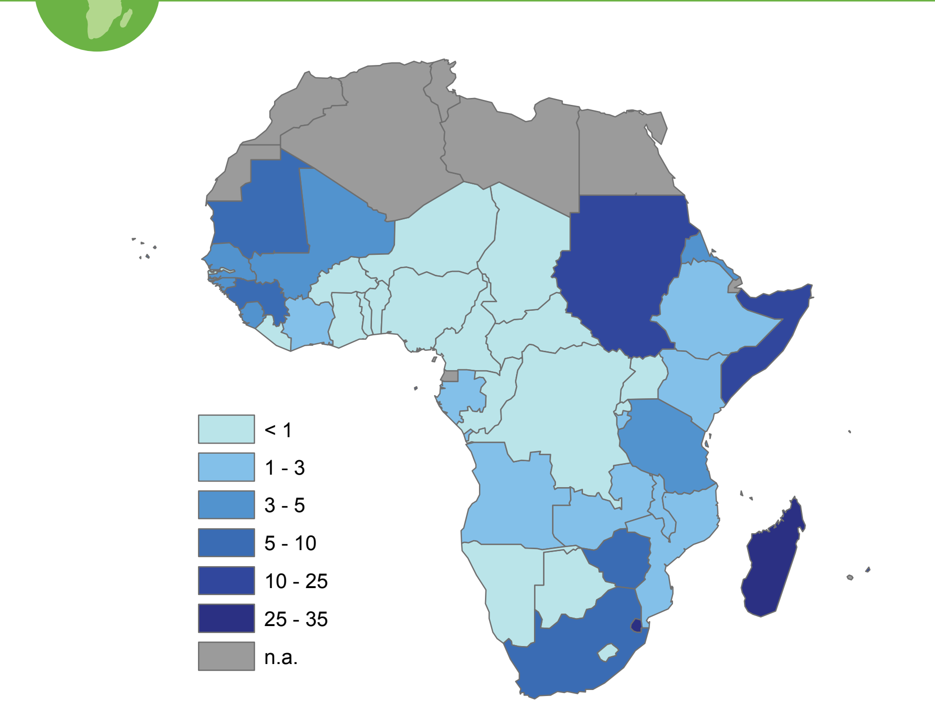
Source: FAO, FAOSTAT, 2007.

Africa's main commodities are cassava, sugar cane, yams and maize. Sorghum, plantain and rice are also important food staples. For all those commodities except sugar cane and sugar products, yields registered in Africa are generally lower than those registered in Latin America or Asia. Lower productivities in Africa result from a combination of factors, including: high dependence on rain-fed agriculture; low and declining soil fertility due to low levels of organic matter in the soil; lower use of improved seeds, fertilizers and other inputs than in other regions; relative fragmentation of land holdings; low level of mechanization; and low levels of access to credit for farmers.



Source: FAO, FAOSTAT, 2007.

Share of cropland irrigated (percentage)

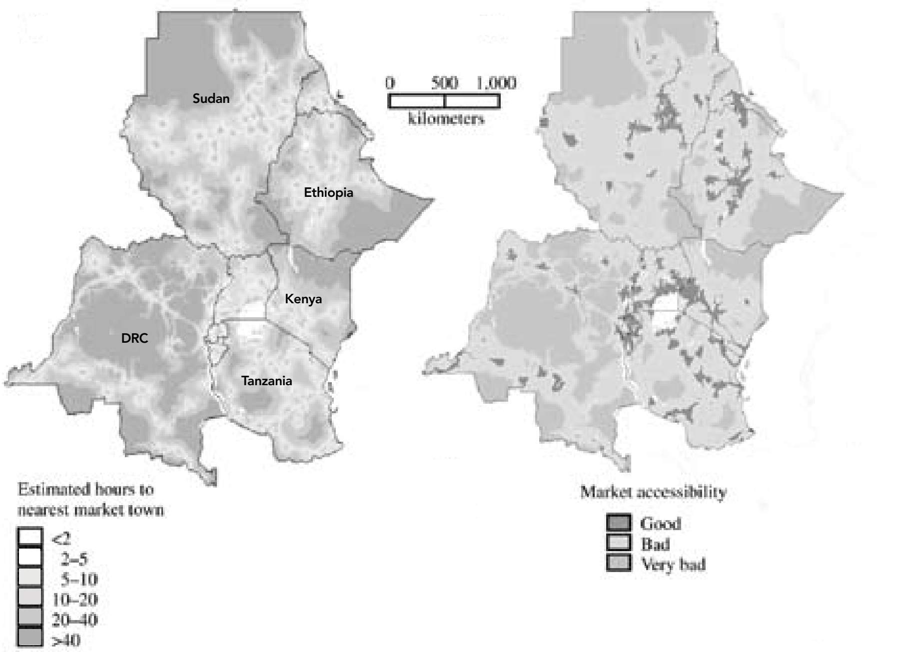


Source: FAO, FAOSTAT, 2007.

Compared to other regions, irrigation is much less developed in sub-Saharan Africa.

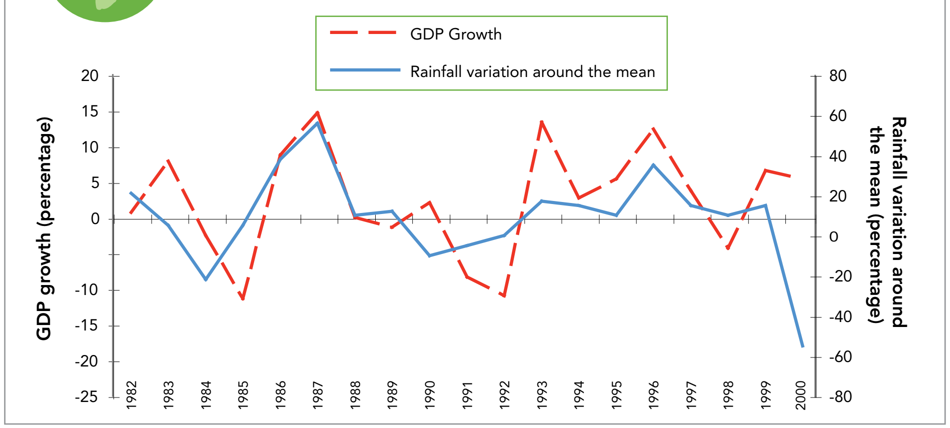
Only 4 per cent of agricultural land is currently under irrigation. In arid or semi-arid regions, lack of irrigation infrastructure constitutes a constraint to increases in productivity. Some parts of the continent have the potential for extending irrigation networks, due to large untapped endowments of water resources. In other parts of the continent, however, renewable water is limited and will come under greater pressure in the future due to population increase. There, agricultural demand for water will compete with increasing demands for domestic and industrial purposes. Integrated water resource management approaches, which have been adopted by an increasing number of countries, will be needed to allocate water efficiently.

Agricultural market access in Eastern Africa: travel times to regional market centres and aggregate high/low market access classes



Source: IFPRI, 2006.

Rainfall variability and GDP growth in Ethiopia



Source: World Bank, 2006.

Lack of access to markets constitutes a binding constraint to the agricultural sector in most of the continent.

According to a study on Eastern and Central African countries done by IFPRI, transport costs and other internal trade barriers such as marketing cost have a major impact on agricultural GDP. Improving transport infrastructure looks to be critical to allow for linkage of rural areas with urban markets, and to allow for production of products aimed at export markets that need to reach borders within limited time. Well-functioning transport networks are also key as a protection against local weather shocks in order to allow for easy food transfers between surplus and deficit regions.[34]

Rainfall variability deeply affects many economies that are largely dependent on rain-fed agriculture.

In addition to direct impacts on agricultural output, rainfall variability also affects transport, power production and water-intensive industry. Ethiopia is an extreme example of such dependence of the whole economy on rain. According to a World Bank study, incorporating historical rainfall variability into a model of the Ethiopian economy decreases projected GDP growth rates by 25 to 40 per cent, compared to projections from models based on average rainfall.[35]

Devising risk mitigation and adaptation strategies well integrated into economic planning is critical to addressing vulnerability to weather in many African countries. Examples of such strategies already put in place include early warning and response systems for drought (Ethiopia); an integrated flood management system in Mozambique; dissemination of meteorological information and incorporation into farmer's practices (choice of crops, decisions to sow etc.) in Mali;[36] and the introduction of index-based weather insurance products for farmers in Malawi.[37]

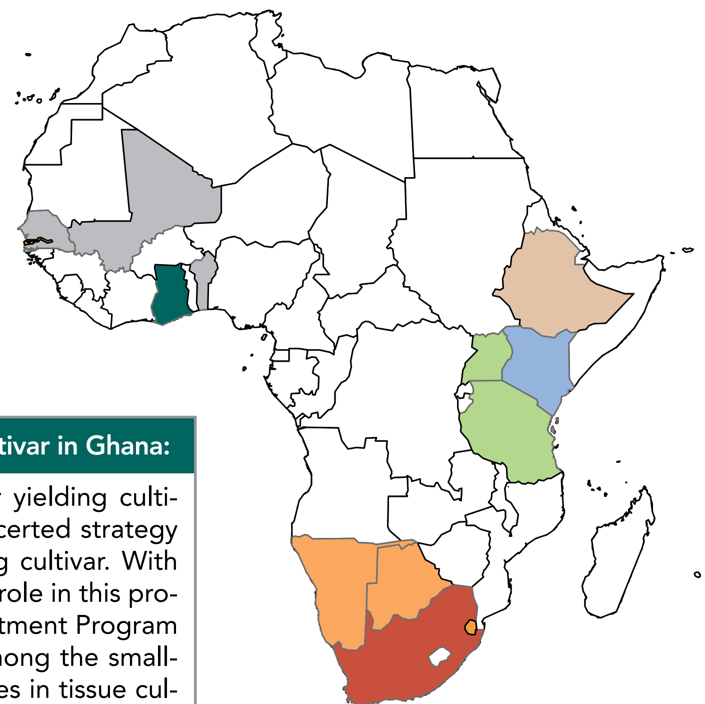
High value agricultural exports from Africa

Trademarking of specialty coffee in Ethiopia:

The producer share of retail prices of agricultural commodities has systematically declined during the last three decades, at the same time as consumer prices in developed country markets for coffee, and especially specialty coffees, have increased substantially. Obtaining trademarks for coffee grown in Harar, Yirgacheffe, and Sidamo allows Ethiopia to decide which distributors it will grant licenses to sell those specialty coffees, and under what terms. This will allow growers to retain a higher share of the profits.

Organic cotton in West and East Africa:

Some smallholder farmers in West and East Africa are turning to organic production. Organic cotton production began in Uganda and Tanzania in 1994, in Senegal in 1995, and in Benin and Mali in 1996, but adoption has been slow, despite higher returns and lower production costs. High certification costs and the fact that yields typically drop until efforts to improve soil fertility and integrated pest control measures bear fruit are important barriers to adoption.



Fish fillet industry in Uganda and Tanzania:

Investments in quality and food safety assurance systems are key factors behind Uganda and Tanzania's emergence as important suppliers of fish fillets — a high unit value export that happens to be among the most dynamic commodities in world trade. Production of fish fillets has stimulated the development of the animal feed sector, which uses fish waste as a main input, as well as the packing and logistics sectors.

Overexploitation of fisheries stocks, however, could limit the industry's expansion. Product differentiation could also be improved. Nile Perch from Lake Victoria is still sold in developed country markets without any reference to its origin and characteristics.

Smallholder conversion to higher yielding pineapple cultivar in Ghana:

Confronted with increasing competition from a higher yielding cultivar grown in Costa Rica, Ghana has put in place a concerted strategy to convert pineapple production to the higher yielding cultivar. With donor support, the government is playing an important role in this process through its Agricultural Services Support and Investment Program (AgSSIP). In addition to supporting crop conversion among the smallholders, other actions include developing local capacities in tissue culture multiplication techniques and investments in cold-chain facilities and other export infrastructure.

Cut flowers and fresh vegetable exports from Kenya:

Kenya is the largest exporter of fresh vegetables in sub-Saharan Africa and its market share in the EU is second only to Morocco. In addition, the country is by far the largest exporter of cut flowers in Africa and one of the largest in the world.

Public investments in logistics infrastructure for air-freighted perishable exports and in quality and food safety assurance systems have been instrumental to Kenya's export diversification success, helping to attract private sector investment.

Substantial private investments have been undertaken by the leading companies in the fresh produce industry, stimulated by a liberal investment regime, and fiscal incentives for horticultural exports.

South Africa citrus and supply chain organization:

In addition to investments in productivity and quality, suppliers must now undertake important investments in terms of organization if they want to penetrate international markets. South African citrus agribusinesses are among the few on the continent which have been engaged in forging alliances with international partners in the United States and elsewhere.

Traceability and differentiation in beef from Namibia vs. Botswana:

Namibia and Botswana are the largest African (boneless) beef exporters to the EU. To be able to face competition from Brazil and Argentina, both countries have undertaken substantial public investments in order to meet stringent import requirements.

Namibia's market share in the EU has grown faster than Botswana's and unit values have also increased more. A key determinant of Namibia's success has been the Farm Assured Namibian Meat Scheme, managed by the government-owned, privately financed Meat Board of Namibia. Under this scheme, both full traceability and strict veterinary and animal welfare standards conforming to EU requirements are ensured. No other comparable scheme exists in Africa today.