Agriculture is the cornerstone of Africa’s transformation. Eliminating poverty and hunger and creating prosperity depend crucially on the transformation of Africa’s agriculture sector, on which so many people depend for their food and livelihoods. Modernising and developing the agriculture sector will establish a foundation for achieving many of the Sustainable Development Goals.

This chapter reviews the current state of Africa’s agriculture sector. It draws on Level 1 of the Bank’s new Results Measurement Framework (RMF), which is now structured around the “High 5s”. Drawing on Level 2 of the RMF, we then review the impact of our current agriculture portfolio and draw key lessons for our future work.

We also describe how we are scaling up our support to move African agriculture towards becoming a competitive business sector that will boost incomes and food production, in pursuit of our High 5 priority, Feed Africa.

Delivering a food-secure Africa

Africa has seen gradual improvement in its agriculture sector over recent decades. Investments in agricultural productivity have improved the livelihoods of African farming communities and helped them become more resilient to a changing climate and other external shocks. In some countries, significant progress has been made in producing certain crops, such as maize and cassava, on a commercial basis, and in trading in local, regional and international agricultural markets.

Even so, Africa’s progress in agricultural development has been slow, and returns to farming are generally low. More than 70% of the population remains dependent on subsistence agriculture for food, jobs and incomes, and many smallholders face persistent poverty and hunger. ● Agricultural productivity (constant 2010 $) per worker remains largely static across the continent, and in low-income African countries is less than half the continent’s average. Yields are low relative to Asian and Latin American countries, with Africa’s average ● cereal yield at 1.6 tonnes per hectare and that for low-income ADF countries at just 1.3 tonnes per hectare. Yet progress can be achieved: maize yields, for example, are only 20% of their potential.

Moreover, the majority of Africans depend on the local agriculture sector for their food and nutrition. In many places, supplies of food are insufficient in quantity and inadequate in nutritional value. The ● number of people hungry or malnourished, though decreasing, is still unacceptable, at 211.6 million. Nearly one-quarter of all ● children under 5 are stunted, although the data show that this proportion is declining. In addition, famine is now returning to parts of Africa, primarily because of conflict and poor governance (see Box 1).

Box 1 The Bank says NO to famine

The magnitude and severity of food insecurity have reached unprecedented levels in 2016, leading over 11 million people in Somalia and South Sudan to hunger and malnutrition. This humanitarian crisis results from extended droughts, coupled with weak governance systems and protracted conflicts.

As families face limited access to food and income, along with low cereal and seed stocks and low milk and meat production, the Bank is responding to the dire need for food assistance. It launched the $1.1 billion “Say NO to Famine” framework targeting the most affected countries and regions in Kenya, Uganda, Ethiopia, and Nigeria that are experiencing extreme food and nutrition deficits. The coordinated and partnership-driven response aims to reduce malnutrition immediately and, in the medium term, to build sustainable food systems that are resilient in periods of drought and other shocks.

In line with our Feed Africa strategy, our response aims to promote regional integration, strengthening links among the production, distribution and consumption hubs of the food systems in the affected regions to ensure that food surpluses in one region can balance food deficits in another.
Many African economies depend on a few raw or semi-processed commodities, and agricultural products make up a major share of their total export revenue; most value-added takes place in supply chains outside Africa. Overall, Africa’s share of market value for key processed commodities is just over 10%.

Famine is now returning to parts of Africa, primarily because of conflict and poor governance

At the same time, Africa’s expanding population and increasing urbanisation, along with changing tastes and a growing middle class, have led to a sharp increase in the demand for food—a demand that is met by food imports rather than domestic production. As a result, Africa has an increasing negative agricultural trade balance, which has a significant dampening effect on African economies. Among the 15 top African exporters, Egypt, Morocco and Nigeria import significantly more agriculture products than they export, while Côte d’Ivoire and Zimbabwe are heavily dependent on agricultural exports (see Figure 2).

The Bank’s involvement in strengthening agricultural value chains

Having financed agricultural operations across Africa for many years, the Bank understands the causes of low productivity in agricultural supply chains. Improved practices throughout the production and distribution process, from farmers to consumers, are needed to create a more dynamic agriculture sector in which value is added at each stage of the process and farmers achieve high returns. Our past work has produced many successful models for achieving this, as in Ghana (see Figure 3), giving us a strong basis for accelerating our work in the sector.

Most value-added takes place in supply chains outside Africa

Over the last year, our projects have benefitted over 5.6 million people from improvements in agriculture, of whom over 2.7 million were women. These achievements fell below

Figure 2 Intra-Africa agricultural trade flows

Top 15 African exporters

<table>
<thead>
<tr>
<th>Country</th>
<th>Exports As a % of GDP</th>
<th>Imports As a % of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>2.4%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Côte d’Ivoire</td>
<td>19%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Egypt</td>
<td>2.1%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>8.5%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Kenya</td>
<td>6.6%</td>
<td>4.1%</td>
</tr>
<tr>
<td>Morocco</td>
<td>2.3%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Ghana</td>
<td>5.1%</td>
<td>4.4%</td>
</tr>
<tr>
<td>Tunisia</td>
<td>3.3%</td>
<td>5.6%</td>
</tr>
<tr>
<td>Tanzania</td>
<td>3.5%</td>
<td>2.8%</td>
</tr>
<tr>
<td>Uganda</td>
<td>5.6%</td>
<td>3.3%</td>
</tr>
<tr>
<td>Zambia</td>
<td>5.1%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>10.1%</td>
<td>9.2%</td>
</tr>
<tr>
<td>Nigeria</td>
<td>0.3%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Cameroon</td>
<td>3.9%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Sudan</td>
<td>1.4%</td>
<td>3.6%</td>
</tr>
</tbody>
</table>

Source: FAO
our target, as some projects will close a year later than expected. We provided 2.3 thousand tonnes of agricultural inputs including fertiliser and seeds, exceeding our target by 37%. Increased access to inputs and markets was facilitated through our investments in rural infrastructure, through which 520 km of feeder roads were built or rehabilitated. This represented just over a third of our target because our current investments have yet to deliver the full extent of the expected feeder road works.

Our projects helped nearly 598 000 people to use improved farming technology

Our operations also promote increased access to finance, which farmers need to access inputs, adopt new technologies and expand into agro-processing. Our projects helped nearly 598 000 people to use improved farming technology and delivered 37 592 hectares of agricultural land with improved water management. We missed our target for improving water management because our ongoing operations have yet to deliver irrigation results to the level of that target.

For example, in Gambia, we improved land and water management practices to address rural poverty and food insecurity. Over 68 400 people benefitted from a range of measures to halt soil erosion, control salinity and increase rice yields—above our target.
Timing procurement schedules to fit with agricultural seasons
When construction work is needed to support farming communities, the procurement process should be timed to fit with the seasonal farming cycle. Concerted efforts in The Gambia ensured that the procurement exercise took place in the rainy season so that construction work was done in the short window available, avoiding disruptions to farming.

Designing appropriate institutional arrangements with federal governments
To engage states actively in implementing and coordinating projects, the governance arrangement for projects in federal nations must be well designed. In Nigeria, our support for food security had appropriate multi-tiered institutional arrangements with the federal, state and local levels, securing ownership at each level and regular contributions from the state governments.

Agricultural Research in Africa, we strengthened a regional network of 34 African countries for communicating research findings and results through web portals. We promoted the use of information technologies to give farming communities access to advisory services. During the project, yields rose for all the targeted crops—for example, maize yields rose between 51% and 110% in different regions. The project upgraded the skills of about 17,000 research and extension staff, and reached an estimated 698,000 farmers directly or indirectly.

To support the continuous improvement of our agriculture operations, we collect lessons from completed projects and use them to shape new programme designs. This learning process is particularly important as we scale up our support in the coming years. Four key lessons are set out in Box 2.

Transforming Africa’s agriculture requires that farming become a business, not just a way of life
Transforming Africa’s agriculture requires that farming become a business, not just a way of life. Farming, like agribusiness and larger-scale agro-industry, must be efficient, productive and competitive if farmers are to increase production, market their goods and improve their livelihoods. Creating a dynamic and sustainable agriculture sector, with trading at local, regional and global levels, will increase jobs and spread prosperity.

A concerted set of macroeconomic and sector policies and interventions is needed to transform and modernise Africa’s agriculture. A sound economic and regulatory climate and sound governance together create an enabling environment for investing in business start-ups and growth. Public institutions must have the capacity to implement government regulations and deliver priority actions in support of agricultural development. Huge public and private sector investments are needed to create the necessary infrastructure.

Infrastructural priorities range from local storage, processing, marketing and irrigation facilities to large-scale power, IT and transport services. Key priorities identified by the Bank are mentioned in Chapters 2 (Light up and Power Africa) and 3 (Industrialise Africa). In addition, the regional integration agenda, addressed in Chapter 4, enables businesses to reach larger markets and achieve the economies of scale needed for greater efficiency (see Figure 4).
Access to capital and finance is of central importance to small- and large-scale agriculture sector activity. Helping financial institutions to deliver financial services more effectively removes a widespread constraint to investment in the sector and creates opportunities for innovation, economic growth and employment.

**Feed Africa: The Bank’s Strategy for Agricultural Transformation**

Agricultural transformation has been high on the African development agenda for many years, and the Bank’s Ten-Year Strategy (2013–22) makes clear that agricultural development is central to achieving inclusive and sustainable growth. To support the transformation of African agriculture, the Bank Group has approved “Feed Africa: Strategy for Agricultural Transformation”. Our vision for agriculture set out in the strategy is to help Africa achieve four objectives: eliminate extreme poverty; end hunger and malnutrition; become a net food exporter; and move to the top of certain agriculture-based, export-orientated global value chains in the areas where it enjoys a comparative advantage.

Our Feed Africa Strategy sets out a route for the realisation of these goals. In this effort we will work closely with African governments and with other partners, including international development agencies and the private sector.

**Rapid agricultural development will contribute to inclusive growth**

The strategy identifies a series of enabling factors that governments and donors must put in place to catalyse private-sector-led transformation. Eighteen flagship initiatives will support change across the continent, and specific agricultural commodities and agro-ecological zones have been identified as initial areas for targeted investment.

To reach more people more quickly, we will replicate and scale up our agricultural programmes that have achieved proven impact—for example, providing high-yielding cashew clonal material in Ghana, delivering improved seeds through the New Rice for Africa (NERICA) project and rehabilitating 4500 km of community access roads in Uganda. We will foster a business approach to farming and agribusiness, and will promote measures to help each part of the supply chain increase its productivity and become more competitive.

We are particularly focused on delivering more jobs and higher incomes, especially for the growing numbers of young Africans. By increasing the returns for smallholders and others working in agricultural businesses, we can attract more young people into the sector. To help ensure that young women and men are skilled and ready for employment, we will provide greater access to the agribusiness enterprise and to institutional support. In this way, rapid agricultural development will contribute to the inclusive growth that helps people escape from poverty and unemployment.

Increased food production is essential to tackling the challenges of hunger and nutrition. We will scale up and replicate successful nutrition programmes to make nutritious food available to vulnerable and undernourished communities in Africa, fostering African capacity to meet growing consumer demand for foodstuffs, including protein.

**Our strategy recognises the key role women play in farming and agribusiness**

Our strategy recognises the key role women play in farming and agribusiness, as women contribute 70% of the food production. Our work will help ensure that women can expand businesses and take jobs in a modernised sector. One of the barriers facing women farmers in Africa is their lack of access to finance, often linked to their lack of ownership of assets for collateral. Our Affirmative Finance Action for Women in Africa Initiative is addressing this challenge by providing women with the means to open businesses.

The Feed Africa Strategy places sound environmental approaches at the centre of our support to agricultural development. The stark reality is that one-quarter of Africa’s cultivated land is already severely degraded, and climate change has made agriculture highly vulnerable to dramatic weather variations and the loss of soil moisture. By promoting climate-smart approaches to land management, the Bank will help preserve soil fertility and increase resilience in the face of a changing climate.

**We are scaling up our agriculture portfolio to an ambitious $2.4 billion per year**

The Bank has long promoted better land and water management to increase the farmers’ resilience. We will continue to help farmers use climate-smart agricultural practices to adapt to climate change, and to promote land tenure reforms that facilitate production and investment in agriculture. We will support Africa in achieving its commitments under the Sustainable Development Goals to protect ecosystems, halt deforestation, combat desertification and restore degraded land and soil.

**Partnering with research centres, donors and private companies**

**Catalysing resources to feed the continent**

The Bank is playing a lead role in financing the transformation of Africa’s agriculture sector, helping to promote self-sufficiency in key staples and increasing the value-added from commodity value chains. It provided an average of $612 million per year in agriculture operations to Africa for 2010–2015. Under the Feed Africa Strategy, we are scaling up our agriculture portfolio, setting an ambitious target of $2.4 billion per year. However, development finance can only reach so far; the main source of funding must be the private sector.
Working in close collaboration with governments and international development agencies, we will catalyse funding from the private sector, using blended finance to crowd in private sector finance, including from capital markets and the African financial sector. We have a range of financial instruments to deploy, including equity and quasi-equity. In addition, we will provide grants and concessional loans to governments and the private sector, particularly in areas that may not generate a commercial return for some time, such as certain agro-ecological zones.

**Bringing cutting-edge knowledge for agricultural transformation**

The Bank promotes innovation and cutting-edge research into African agriculture. We draw on research results when investing in new technologies and practices to increase crop yields. We provide support throughout agricultural supply chains to introduce new business models, innovations and technologies and increase productivity and competitiveness, working with a wide range of researchers and research centres. We ensure that attention to gender is part of our agricultural research work, given the central role of women in the sector and the need to engage them fully in Africa’s agricultural transformation.

**For farmers, becoming more competitive will facilitate trade and result in higher returns**

The theme of our 2016 African Economic Conference was “Feed Africa: Towards Agro-Allied Industrialisation for Inclusive Growth”. The conference brought together policymakers, researchers and development practitioners to discuss how to transform the wider sector and promote sustainable development, focusing on the links among agriculture, climate change and food security.

**Expanding value chains for self-sufficiency**

If Africa is to achieve a thriving agricultural sector, farmers and agribusinesses must link into efficient value chains, and productivity must increase throughout the supply chain, from smallholders to consumers. For farmers, becoming more competitive will facilitate trade and result in higher returns, enabling investment and providing a route out of poverty. It also creates opportunities to engage in agribusiness activities and further increase incomes.

Expanding agricultural value chains also increases the returns to both small and larger agribusinesses and to agro-industries that involve local, regional and global companies. Increasing the value added in Africa is essential to ensuring that the agricultural sector makes a major contribution to economic growth and job creation. Our strategy gives particular emphasis to developing value chains for specific agricultural crops—maize, soybean, sorghum, rice, cassava—and to helping young people acquire the skills for jobs in agribusiness.

**New projects in support of the Feed Africa strategy**

To scale up our support to African agriculture, we have approved a number of new projects and are preparing others. For example, we support large agribusiness groups on the continent in opening large-scale processing plants. A central priority across these projects is to create higher returns and more jobs for young people. Our Enable Youth Initiative will help launch 300,000 agribusinesses and create 8 million jobs in 30 African countries over the next 5 years, drawing on innovations and technologies and developing agricultural value chains to modernise Africa’s agriculture.

In Nigeria, our Enable Youth project is creating business and employment opportunities for young women and men along specified agricultural value chains. By 2021, this substantial investment aims to reduce youth unemployment from 21.5% to 10% and increase real agricultural GDP from 3.1% to 7% per year. Young people are being equipped with the right skills for business and employment, and a range of measures, including greater availability of credit, are being put in place to promote a context in which businesses can succeed.

Our Côte d’Ivoire project illustrates how we build on existing agricultural operations to scale up our impact. Our current projects have constructed infrastructure and promoted value chains in key food products. With our additional assistance—transport; processing units; improved value chains for rice, bananas, maize and vegetables; and funding for microprojects—we will create around 22,000 permanent jobs and bring an additional 465,000 tonnes of food products to market each year.

In Tanzania, we are tackling lack of access to medium- and long-term finance, a key constraint that has prevented agricultural development over many years. By providing funds through the Tanzania Agricultural Development Bank, we help farmers invest and transition from subsistence to commercial farming, increasing production and productivity, reducing poverty and addressing food security.

There can be no more important effort than working to ensure that all Africans have enough to eat so that they can be healthy, strong, productive people—and that they are able to use the continent’s natural advantages to produce most of the food they need. Under our Feed Africa Strategy, the African Development Bank is focusing its own efforts, and engaging those of its partners, on this most essential area. But because the High 5 priority areas are closely interconnected, success in any one area will affect—and will be affected by—success in the others.