

Global Forum on Agriculture

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Presentation by POVNET Agriculture Task Team

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Summary: Over the past two years, POVNET has conducted an in-depth analysis of the important contribution of agriculture to pro-poor growth. Evidence shows that it is agricultural growth, through its leverage effects on the rest of the economy that enables poor countries, poor regions and ultimately poor households to take the first steps toward economic transformation. Agriculture has in many places connected broader economic growth and the rural poor, increasing their productivity and incomes. The analysis recognizes new challenges – such as HIV/AIDS, natural resource degradation, global competition, demographic change and migration – but also new opportunities through spatial and occupational diversity. It identifies the key priorities for action in a new agenda focussed on enhancing productivity and market opportunities; promoting diversified livelihoods; and reducing risk and vulnerability. Today's presentation will focus on the potential of agriculture to spur pro poor economic growth and sustainable poverty reduction in Sub Saharan Africa.

POVNET's New Agenda for Agriculture: What it Means for Sub Saharan Africa

Introduction: For most African countries, agricultural growth offers the most promising avenue to pro poor growth. The continent has abundant natural resources and agriculture is the primary source of livelihood for 60% of the population. Moreover, Africa is rapidly urbanizing offering important new opportunities for agricultural diversification into higher value products for African farmers, agro-industry, and food wholesaling and retailing.

Agricultural growth in sub Saharan Africa has been disappointing over the past thirty years. Several factors help explain Africa's poor performance: inappropriate policies, weak institutions and inadequate infrastructure are major contributors as are the spread of HIV/AIDs and worsening terms of trade. Enabling agriculture to serve as a main driver of pro poor growth will require a major shift in current policies and practices. Increased productivity and expanding market opportunities will be the twin engines of this effort. More attention to risk and vulnerability and gender issues is also necessary.

Increasing Productivity: African farmers pursue a wide range of crop and livestock enterprises. Smallholders diversify their systems for various reasons, including spreading climate and market risks; smoothing seasonal labor peaks; exploiting crop synergies (e.g., legumes and cereals, beneficial pest and diseases) and increasing land productivity. These systems ensure the livelihoods of hundreds of millions of African farmers.

Available technologies focus on enhancing productivity for specialized farming systems. However, additional research is needed to advance the productivity of the more diversified smallholder systems. Previous attempts to improve the productivity of these systems through low external input have met with only limited success. Incorporation of advanced technological solutions into participatory technology development with indigenous technology options can lead to innovations that hold large potential.

Expanding Market Opportunity: Input intensive technologies can only succeed when smallholders produce for the market. With transaction costs as high as they are, producing for the market can be high risk. Many farmers can neither procure fertilizers and other inputs at affordable prices nor market their own products effectively. The absence of markets primarily reflects the lack of infrastructure. The road system today is leaves about 70

percent of its farmers poorly connected to markets.

Achieving realistic levels of infrastructure will require substantial increase in public investment. Africa's low population densities make infrastructure investments as well as investments in key services difficult to finance. New technologies present alternatives to expensive large-scale infrastructure development and devolving responsibility for maintenance to local governments provides a means for addressing problems with upkeep.

Trade: Africa currently imports 25 percent of its food grains. This offers scope for better integration of domestic and intraregional food-grain markets. Such integration is constrained by poor infrastructure, weak institutions, and competition from low-cost and often subsidized imports from OECD countries. To take advantage of expanding trade opportunities African farmers must be able to meet more stringent demands for grading and food quality/safety standards. This will require many of the same investments listed above including improving infrastructure as well as attention to strengthening institutions responsible for standards and quality control, enforcement of contracts, and market information.

Diversified Livelihoods: Many households in rural areas of Sub Saharan Africa obtain a significant share of their income and devote a large part of their assets to non farm activities. Households mix farm and non farm activities in their livelihood strategies because for the poorest households, access to land is limited and for the majority, a diversified livelihood strategy is the most secure means for dealing with the many risks they face.

Agriculture growth, with its strong upstream and downstream linkages, provides many income opportunities for households that rely upon non farm sources of income. Other measures can assist households in gaining higher returns from non farm activities; skill development is perhaps the most critical; access to finance to start a business and a regulatory environment that facilitates starting up business and doing business are also important.

The Importance of a Gender Lens: While increased access to markets and livelihood diversification are important poverty reducing strategies, they are often areas in which women operate at a distinct disadvantage. Women have poor access to the resources required to respond to market signals. Secure rights to land is an important example. Women generally enter labor markets on inferior terms and use scarce time in easy-entry low-return activities.

