Liberté • Égalité • Fraternité
RÉPUBLIQUE FRANÇAISE

Ministry of Foreign Affairs

OCDE OECD

IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

SUPPORT FOR AFRICAN AGRICULTURE POLICY

A joint initiative by IFAD, France, OECD and the Hub to improve agricultural policies in the countries of Western and Central Africa.

Project background

Africa has the natural and human resources needed for strong and sustainable agricultural development. However, during the past few decades when agriculture in Europe, the Americas and Asia generally prospered, in many African countries it faltered. Among the reasons cited to explain why Africa's agriculture potential is not being harnessed are: inappropriate sectoral and macroeconomic policy, poor functioning of markets and institutions, an unstable economic environment that lacks appeal for private investment, and the paucity of national budget resources for public investment needed to promote agricultural growth.

African governments generally put agriculture at the top of their development priorities. But they frequently have great difficulties justifying their choices. The agricultural sector is extremely complex, and national governments lack the statistical information systems, human resources and analytical tools they need to assess the relevance of existing policies and anticipate the effects of policies under consideration.

These observations prompted the International Fund for Agricultural Development (IFAD), the French Ministry of Foreign Affairs (MFA) and the OECD to initiate a project aimed at helping African governments improve the design and effectiveness of their policies for agriculture and rural development. The project is being implemented in close collaboration with the HUB, an agency headquartered in Dakar, Senegal whose mission is to promote coherence in agriculture and rural development programmes in West and Central Africa. Techniques of applied policy analysis are to be employed in assessing the nature and relative importance of policy, market and institutional constraints to agricultural development. An improved understanding of these 'bottlenecks' is seen as an essential starting point in helping African governments design policies fully coherent with their objectives for achieving Africa's agricultural development potential.

Initial insights from the data

Initially, the project is focusing its efforts on three pilot countries (Cameroon, Ghana and Mali). This document and the accompanying PowerPoint presentation report some preliminary insights obtained in considering four hypotheses frequently articulated to explain why the agricultural sectors of African countries may be underperforming: 1) slowdown in agricultural productivity 2) slowdown in use of modern inputs 3) high trade protection and agricultural subsidies in OECD countries 4) insufficient and inappropriate sector aid provided by OECD countries.

1. Agricultural productivity growth slowdown

- Cereals yields in two of the three study countries (Cameroon and Ghana) have increased at a faster rate in recent as compared to earlier years and when compared with the experience in selected OECD countries
- Cereal yield trends in Mali have been less favourable – though there has been some expansion of land area devoted to cereals there

- Trends in agricultural GDP per worker are even more divergent between countries and periods studied
- Agricultural GDP per worker has shown steady increases throughout for Cameroon – even when per capita national incomes were declining sharply
- In Mali, agricultural GDP per worker grew substantially in the most recent years recuperating most of the loss witnessed in the seventies and early eighties.
- Typically GDP per worker grows and the number of workers employed in the sector declines with economic development – a pattern observed only for Mali in recent years
- In Ghana GDP per worker in recent years has grown but not sufficiently to offset declines witnessed in the seventies and eighties.
- The number of workers entering the sector continues to grow in Cameroon and Ghana but not in Mali.

2. Slowdown in use of purchased inputs

- Only one indicator – annual national totals of fertiliser consumption, has been created thus far.
- Fertiliser consumption is highly variable but characterised by a sharp increases throughout the study period in all countries

3. High OECD trade protection and farm subsidies

- OECD agricultural trade protection and farm subsidies have caused farm incomes in the three study countries to be an estimated to be 2 to 3% lower than they would otherwise be

4. Inadequate sector aid

- OECD aid flows to the agricultural sectors in the three countries have been declining and currently account for no more than 3 to 4% of agricultural GDP on average in Cameroon, Ghana and Mali – a percentage that undoubtedly overstates the true income benefit of such aid flows

Provisional inferences

- It is not clearly evident from the data that there has been a slowdown in agricultural productivity growth in the study countries
- GDP per worker in the sector remains low but has been growing in recent years, especially in Cameroon and Mali. Agricultural GDP per worker will likely remain low so long as the number of workers entering the sector is increasing – perhaps a reflection of slow growth in other sectors of the economy
- OECD agricultural policies have not benefited farmers in the study countries but have not hurt much either. The figures cited do not give much cause for believing that complete success in the trade negotiations would do much to improve farm sector incomes in these countries.
- Sector aid flows have declined relative to total aid and it is not clear why nor what it means for sector performance.