



The 10 Percent that Could Change Africa

Five years ago, before the emergence of a global food-price crisis, African leaders pledged to increase support for agriculture. Recognizing the importance of a strong agricultural sector for economic growth and poverty reduction, they made a commitment to invest 10 percent of their national budgets in agriculture by 2008. As 2008 comes to an end, where do things stand?

Although the recent global food-price crisis has put a renewed spotlight on agriculture, African heads of state placed it on their agendas several years ago. Spurred on by a drought emergency in the early part of the decade, they met in Maputo, Mozambique in 2003 and pledged to allocate 10 percent of their budgets to agriculture by 2008. That 10-percent commitment was designed to put African countries on track to reach the first Millennium Development Goal of cutting poverty and hunger in half by 2015.

The leaders also threw their political weight behind the Comprehensive Africa Agriculture Development Programme (CAADP), an African-led initiative established in 2002 by the New Partnership for Africa's Development (NEPAD) and the African Union (AU). CAADP's main goal is to focus on agriculture-based development to end hunger, reduce poverty and food insecurity, and increase opportunities in the export market.

The Maputo declaration and the broader CAADP agenda marked a paradigm shift in Africa's approach to agriculture. IFPRI's Director for Africa, Ousmane Badiane, says CAADP as an agenda is significant in two ways. First, it recognizes agriculture as the centerpiece of growth and poverty-reduction strategies, and second,

as an African-led initiative, it reflects NEPAD's core principles of looking inward for solutions and focusing on responsibility and accountability. "The decision of the African leaders was that Africans are the ones who should first be putting their money in agriculture," says Badiane.

For the 65 percent of Africans who depend on agriculture for a living, these were crucial steps. During the past two decades, agriculture had largely fallen off the map. National governments and donors alike focused their attention on macroeconomic and structural-adjustment policies and allocated resources to education and health instead of agriculture. Despite the fact that agriculture contributes an estimated 30–40 percent to GDP, public investment in the sector fell from 6.4 percent in 1980 to 4.5 percent in 2002. Donor interest in agriculture has also fallen steadily since the 1980s.

While overall assistance to Africa has risen, most of it has gone to emergency humanitarian aid; only 4 percent of annual development assistance is currently devoted to agricultural investments, compared to 26 percent in the late 1980s.

As a consequence of this neglect, the agricultural sector



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is extremely under-funded, and is lagging far behind its Asian and Latin American counterparts in areas such as irrigation, fertilizer usage, and advanced seed technology. Despite its agrarian nature, Africa spends billions of dollars each year importing food, including 45 percent of its rice and 85 percent of its wheat.

According to Cris Muyunda, senior agricultural advisor for the COMESA (Common Market for Eastern and Southern Africa) Secretariat, the biggest result of this negligence was that it increased African vulnerability to drought, hunger, and malnutrition—despite the continent’s large land and water resources. “Since the 1960s, every time there has been a small drought, large numbers of people have fallen into massive hunger and have not been able to feed themselves,” he says.

For many African countries, increasing agricultural spending to 10 percent of their national budgets in just five years was ambitious. However, it was determined to be the minimum needed to meet poverty-reduction goals. According to Shenggen Fan, director of IFPRI’s Development Strategy and Governance Division, India and China spent about 10 percent during the Green Revolution, which helped their countries to significantly increase food production in the 1960s and 1970s.

Was the Promise Kept?

After five years, only a handful of Africa’s 53 nations have reached the designated 10-percent target, according to NEPAD’s 2007 tally: Burkina Faso, Cape Verde, Chad, Ethiopia, Mali, Malawi, and Niger all reached 10 percent (see table). Thirteen other countries managed to spend from 5 to less than 10 percent on agriculture, and 15 more invested less than 5 percent. The remaining 18 countries did not report. Preliminary findings for 2008 indicate again that about the same number of countries have invested at least 10 percent. Due to a lack of clear criteria for evaluation and different sources of data, reporting results tend to vary based on

who is doing the calculating and how, and on how “agricultural spending” is defined. Isaac Minde, principle scientist and country representative of the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT-Bulawayo) says, “The question about what really comprises ‘agriculture’ will continue to be debated for some time, with a lot of push and pull.”

While the exact findings may vary, many experts agree that the results are not up to par. Robert Paarlberg, a political science professor at Wellesley College, says the results so far have been unsatisfactory, while Babatunde Omilola, IFPRI’s Africa-wide coordinator of the Regional Strategic Analysis and Knowledge Support System, says the process has not been as successful as it should have been. Omilola also points out that in five years, only one country (Rwanda) completed the high-level agreement that aligns national priorities with the CAADP agricultural framework. However, other commentators have noted that implementation of the Maputo declaration started in earnest only two and a half years ago, and another dozen countries are now in the final stages of completing the alignment process.

The numbers are below expectations for a variety of reasons. According to Josue Dione, director of the Sustainable Development Division of the UN Economic Commission for Africa, a lack of enforcement is partly to blame. “One of the problems is that this 10-percent target is not at all compulsory,” he says. “The way it’s been put is purely on a voluntary basis.” He also notes that severely constrained budgets are also a factor.

Akin Adesina, vice president of the Alliance for a Green Revolution in Africa (AGRA), expects the numbers to improve, but agrees that budgets are constrained. “Don’t forget that African governments have been under pressure from many quarters,” he says. “One is the current food crisis where they are under pressure to import food and reduce the vulnerability of their populations. There are also issues with the social sectors, HIV-AIDS, and malaria that are competing with agriculture.”

Even though many countries have not achieved the desired agricultural-spending goal, the numbers appear to be getting better, albeit slowly. According to Shenggen Fan at IFPRI, numerous countries have increased agricultural spending from about 4 percent in 2003 to 6–7 percent in 2005–2006. COMESA’s Cris Muyunda says agricultural investment in the COMESA region has increased from 3 percent in 2003 to 6 percent today, while ICRISAT’s Isaac Minde notes that there has been slow but steady progress in the Southern Africa Development Community.

While the amount invested in agriculture in Africa is important, how it is spent is equally important. Different investments can lead to very different outcomes. Sam Benin, a research fellow at IFPRI, cites the case of Malawi, which invests about 10 percent of its budget in agriculture. “Probably 60–70 percent of it is in fertilizer subsidies, which have short-term growth impacts,” he says. “If you put fertilizer down now, you get growth this year, but you don’t have that investment to carry on. It’s not as if you invest in irrigation and research, which have long-term impacts. So what you invest in also matters.”

Making Investments Go Further

There are ways to help countries come closer to achieving their commitments, including creating better tracking systems,

Level of Agricultural Investment, 2007

At least 10 percent	From 5 to less than 10 percent	Less than 5 percent
Burkina Faso	Benin	Algeria
Cape Verde	Equatorial Guinea	Botswana
Chad	Ghana	Burundi
Ethiopia	Guinea	Cameroon
Mali	Kenya	Democratic Republic of Congo
Malawi	Lesotho	Egypt
Niger	Madagascar	Gabon
	Mozambique	Liberia
	Senegal	Mauritius
	Sudan	Nigeria
	Gambia	Rwanda
	Tunisia	Sierra Leone
	Zimbabwe	Tanzania
		Uganda
		Zambia

increasing donor support, and implementing policy changes.

Better tracking systems

According to Babatunde Omilola at IFPRI, better systems for tracking investments are critical. He says, “Some countries are interested in raising their budget allocation to meet the declared target, but they are not aware of where specifically within the different subsectors they should invest their resources to maximize growth outcomes. Should they target forestry, fisheries, crop production, or agricultural marketing, for example?” While much of the needed national analysis is still lacking, progress is being made in a growing number of countries.

Derek Byerlee, co-director of the World Bank’s 2008 World Development Report on Agriculture, points to some recent innovations in tracking public expenditures, such as detailed disaggregation of agricultural expenditures, and assessments of the quality of services provided through interviews with farmers and other users. He says that because many countries are currently working to improve the effectiveness of public spending in areas such as agricultural extension, there should also be opportunities for learning from one another and sharing information.

Africans do have their own periodic self-monitoring mechanism to gauge progress in a variety of areas, called the African Peer Review Mechanism (APRM). However, the process is not only slow, it is also voluntary; only half of African countries have joined the APRM.

Donor support

Donors can also play a vital role in supporting African governments and farmers, and many have begun to line up behind Africa’s agricultural agenda. For example, the World Bank underscored the importance of agriculture with its 2008 World Development Report—the first time in 25 years the publication was devoted to agriculture. The Bank also established a Multi-Donor Trust Fund to support CAADP, and increased its lending to African agriculture to \$700 million, up from \$420 million last year. The African Development Bank also recently announced a \$1-billion increase in its agricultural portfolio, to \$4.8 billion. Meanwhile, bilateral agencies such as the U.S. Agency for International Development (USAID), UK’s Department for International Development, the Swedish International Development Agency, and Germany’s Federal Ministry for Economic Cooperation and Development are also backing Africa’s agricultural efforts, while UN agencies such as the Food and Agriculture Organization of the United Nations (FAO) have been providing related support on the ground in a number of countries.

Robert Paarlberg of Wellesly College notes that despite these recent efforts, only 1 percent of USAID’s budget went to



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agriculture in 2007, and that an opportunity was missed to offer incentives to countries that met their 10-percent commitment under the Maputo declaration. “Investments are needed in rural feeder roads, electricity, water, agricultural storage and marketing infrastructure, clinics and schools in rural areas, and agricultural research,” he says. “The donor community should be doing much more to encourage these kinds of investments, and rewarding governments that meet the Maputo pledge is the best place to start.”

In addition to bilateral and multilateral aid, philanthropic organizations have also started to play a significant role in investing in African agriculture. One of the major players is the Alliance for a Green Revolution in Africa (AGRA), a joint venture of the Bill & Melinda Gates Foundation and the Rockefeller Foundation. AGRA assists small farmers in 13 countries and expects to expand to at least 7 more countries by next year. AGRA Vice President Akin Adesina says that by early 2009, AGRA will have invested more than \$500 million in programs focusing on seed systems, soil improvement, irrigation, improved access to markets, and extension and policy.

Policy changes

In order for investments in agriculture to pay off, the right policies also need to be in place. Productive land and tax policies are needed to facilitate good investments and promote private-sector involvement. Additionally, donor trade policies should be more aligned with the goals of their aid policies so that African farmers can sell their goods in international markets.

More importantly, leadership and ownership of the development agenda by African governments and stakeholders is critical to ensuring the consistency and effectiveness of investment planning and implementation as well as better growth outcomes.

While external support is generally welcome, there is a sense among some in Africa that it is important for donors and other partners to rally around Africa's existing initiative, CAADP. "We have to work together around the CAADP agenda in each and every country," says COMESA's Cris Muyunda.

Muyunda also says that it is important to tailor investments and develop technologies for particular regions, and create markets in industries that are specific to those areas. He says that in Kenya, Zambia, and Malawi, for example, investments are needed for cereal crops such as maize, while in Rwanda, the Democratic Republic of Congo, Burundi, and Uganda, the focus should be on ensuring the success of the cassava and banana markets.

Global Food-Price Crisis: Problem vs. Opportunity

If agriculture began gaining attention in the first half of this decade, the global food-price crisis really put it on the map. Prices shot up dramatically, inciting food riots in a number of African countries.

The international community quickly rallied around the crisis, but aid has continued to focus on short-term solutions. According to FAO, a World Food Programme appeal for immediate food needs was met, but a \$1.7-billion appeal for agricultural inputs for country farmers remains only partially funded. This is not new; immediate food aid has outpaced investment support since the mid-1990s. In 2007, more than 30 percent of overall aid assistance went to emergencies, compared to 4 percent for agriculture.

IFPRI's Ousmane Badiane says the current food problem originates from a crisis in global food markets, and not as the result of a crisis in Africa's agricultural sector. The most immediate impact is therefore on country budgets and foreign exchange reserves, as governments find themselves under pressure to cut tariffs, subsidize food, and meet the higher cost of imports. The supply base of the agricultural sector in Africa, on the other hand, has not been affected by the crisis. On the contrary, says Badiane, the recent economic recovery in Africa indicates that the supply base is stronger than at any time in the recent past. He says that the crisis in global food markets should be seen as an opportunity, and he cautions against viewing the situation primarily as a threat and an emergency. "That could create an environment that could cause governments to resort to past interventionist policies, which would undo the significant reforms of the last two decades and end up reversing the current growth recovery in agriculture," he says.

Despite the serious problems created by the food-price crisis, it has also presented some opportunities. As prices rise, incentives increase for farmers to produce more and thus raise their incomes. Additionally, the crisis keeps the focus squarely on agriculture. According to Muyunda, "This is making each and every one of our governments focus on agriculture every day." He also points out that African governments do not want to lose gains made in peace and stability to food-related riots.

Byerlee says that while the short-term impacts of the crisis

must be addressed, the solution in many countries is to invest more in the agricultural sector. "Invest more, and invest better," he says.

Looking to a Greener Future?

After a long period of neglect and inadequate funding, there may be some hope for Africa's farmers. Supported by the donor community, African governments are refocusing on agriculture as a way to bring the continent out of poverty. That Africa is experiencing its longest sustained period of economic growth since the 1960s also bodes well for the future. However, Adesina cautions that commitments have to be kept. He says, "Realizing the importance of agriculture is one thing. Investing at a scale to turn agriculture around is another."

In early 2009, NEPAD will host a high-level Five-Year CAADP Review Meeting to reflect on progress to date. The meeting will bring together various actors in the public and private sectors to evaluate the successes so far and to examine what more can be done to build a competitive and productive agricultural sector.

IFPRI's Babatunde Omilola suggests that the meeting offers a chance to step up CAADP implementation and see how national governments have aligned their priorities with the CAADP agenda. He says that with the right structure and people in attendance, the meeting will be a meaningful opportunity to move forward.

What about the 10-percent budget target? Most certainly, it will be prominently discussed at the Five-Year Review meeting. The June NEPAD Quarterly Review stated that, "Over the next few months, the AU and NEPAD will engage countries that are not making good progress to encourage them to make the necessary steps." By NEPAD's own count, that means it will be working with the 46 countries that have yet to achieve the Maputo declaration's investment target.

That is good news for everyone, especially African farmers. The closer countries come to achieving that goal with sound, efficient investments, the closer Africa will come to the dawn of its own green revolution. But to arrive even faster at a meaningful African green revolution, IFPRI's Director General Joachim von Braun proposes "a 10 for 10" rule. "The 10-percent budget commitment," he says, "should not just apply to African governments; the share for agriculture in total development aid for Africa should aim for 10 percent as well."

—Reported by Abigail Somma

Recommended Reference

Somma, A. 2008. The 10 percent that could change Africa. *IFPRI Forum*, October. Washington, D.C.: International Food Policy Research Institute.