

Report: Agriculture can power transformation of African economies

According to a new report from Ghana-based African Centre for Economic Transformation (ACET), backed by Kofi Annan and African finance ministers, agriculture can power the economic transformation of African economies.



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Africa has resources to drive a boom in agriculture under the right economic conditions

Modernising African agriculture will require policies to boost farm productivity and strengthen the sector's links with the rest of the economy. To achieve this, African countries must overhaul their land tenure systems and support farmers by making new technologies accessible, reducing business risk and educating them as businesspeople. These reforms could trigger an economic transformation with benefits far beyond the sector, stimulating growth in manufacturing and related services, whilst driving down food prices and raising disposable incomes.

"With a uniquely diverse climate and more than half the world's uncultivated arable land, Africa has the natural resources to drive a boom in agriculture that can lift millions out of poverty. But we have not yet created the right economic conditions. The report shows how we can do that – and underlines why we must," said Annan, former UN secretary-general and chair of the Africa Progress Panel.

Not just an economic argument

Transforming agriculture would enable the continent to feed its own people whilst growing its economies. African countries currently spend \$68bn a year on food imports, a figure likely to keep rising. Meanwhile, global food demand is forecast to double by 2050, by which time the continent will be home to one billion young people.

"This is not just an economic argument. The steps needed to transform Africa's agriculture make excellent social policies too. Eighty percent of African farmers are smallholders and half of those are women. With more secure access to land, they can operate modern farms that produce more, and raise their incomes. These reforms could feed our people and fuel our economies, but we must act quickly," said Rosine Coulibaly Sori, finance minister of Burkina Faso.

“ *This is not just about agriculture. This is about how you transform the whole economy, with agriculture as the catalyst*

Key opportunities and challenges

Drawing on comprehensive data and analysis from across African economies, the report highlights key opportunities and challenges to reform. Growing private sector involvement in agriculture and developments in technology offer opportunities to rapidly accelerate agricultural transformation, but must be balanced with measures to ensure the benefits are shared and sustainable. Strategic investments and innovative programmes from governments are urgently needed to support existing farmers and bring in new investors in agriculture and agribusiness.

Key recommendations include:

- Reform land tenure systems to provide secure and improved access to land in ways that respect the ownership rights of communities and women;
- Make modern agricultural innovations like improved seeds and fertilizer more accessible to farmers by working with the private sector and providing targeted subsidies;
- Increase investments in targeted irrigation projects, particularly small-scale projects managed by local associations;
- Work with the private sector to ensure access to better tools and mechanical services;
- Work with the private sector and other partners to use mobile communications to improve agricultural efficiency and stimulate growth;
- Treat agriculture as a modern business, and prioritize it in national private sector development strategies.
- Design macroeconomic, exchange rate, and trade policies that prioritize the need for profitability in agriculture.
- Support smallholders to become more commercially orientated, reduce risks, and strengthen their capacity to operate on markets.
- Strengthen links between farming and other industrial sectors; regard agricultural development strategy and industrial policy as two sides of the same coin.
- Promote investment in agro-processing and manufacturing of agricultural inputs.
- Prepare young people to take up business and employment opportunities in agricultural value chains, and create incentives for educated youth to enter farming.

- Ensure that women are equal drivers and beneficiaries of agricultural transformation by reforming land, finance, and agricultural laws.
- Ensure that more intensive cultivation involving increased fertilizer use, mechanization, and irrigation is harmonized with environmental sustainability and takes into account the potential effects of climate change.

“This is not just about agriculture. This is about how you transform the whole economy, with agriculture as the catalyst and a driver,” said Yaw Ansu, Chief Economist at ACET, and lead author of the report. “There are lessons to learn from East Asia, but they need to be adapted to the African context, including our historical land ownership system, which is currently acting as a brake on transformation.”

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