

**The 25th Anniversary
Of the
African Capacity Building Foundation (ACBF)
Developing Capacity for Africa's Economic and Social Development**

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Statement by

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Theme: "Understanding Africa's Development Framework (Agenda 2063) priorities and their capacity dimensions"

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The 25th Anniversary of the
African Capacity Building Foundation (ACBF)
Developing Capacity for Africa's Economic and Social Development

Plenary Session 1:

Understanding Africa's Development Framework (Agenda 2063) priorities and their capacity dimensions

Mr Chair,

Distinguished fellow members of the panel,

Ladies and gentlemen.

A. Introduction and Greetings

1. I would like to start by thanking the Governors and Secretariat of the Africa Capacity Building Foundation for inviting IFAD to participate in this august gathering to celebrate the Foundation's 25th anniversary and share some thoughts with the 3rd Capacity Building Forum. I am particularly honoured to serve as a panellist in this plenary session on Understanding Africa's Development Framework priorities and their capacity dimensions.
2. Before going further, allow me to bring warm greetings from our **President, Dr Kanayo F. Nwanze**, a renowned African from Nigeria who has dedicated his entire 40 years, or so, career to building capacities of poor rural youth, women, and men, in particular small farmers and producers, globally but especially in particular Africa.

B. The Context

3. **Recall the context of Agenda 2063**: Whenever I refer to the AU's Agenda 2063 I am always filled with awe and pride as an African. The AU's Vision of "*An integrated, prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in international arena*" is truly visionary. And above all it is common sense and self-evident.
4. Agenda 2063 gives us a strategic framework for the socio-economic transformation of Africa over the 50 years between 2013 and 2063. Out of the **seven carefully crafted Aspirations and twenty Goals** of the framework, I will focus my comments on:
5. **Aspiration #1**: A prosperous Africa, based on inclusive growth and sustainable development; and in particular,
 - **Goal #5**: Modern Agriculture for increased productivity and production.
 - IFAD's mandate is perfectly aligned with Goal #5. They both aim for a "*Modern agriculture for scaled-up production, improved productivity and value addition through commodity transformation and services, contribute to farmer and national prosperity and food and nutrition security*".
6. **What is IFAD**: IFAD is a unique United Nations specialized agency, that is also an international financial institution (IFI), focused exclusively on reducing poverty and food insecurity in rural areas through agriculture and rural development. It was established in 1977 as a direct result of the 1974 World Food Conference, which was organized in response to the food crises of the early 1970s primarily in countries in the Sahel and the Horn of Africa. I will say more about us in a moment.
7. For now it is noteworthy that one of the most important insights emerging from the 1974 conference was that the causes of food insecurity and famine were not so much failures in food

production but structural problems relating to poverty, which is concentrated in the rural areas of developing countries. That fact remains today too.

C. Africa's development framework from an agriculture perspective

What is holding Africa back?

8. **Huge investment gap persists in agriculture:** African countries promised in 2003 to invest **ten percent** of their total national expenditure in the agricultural sector, under what has become known as the Maputo Declaration. In addition, in 2006 they also pledged to spend at least 1% of agricultural GDP on agricultural research.
9. Although no reliable updated comprehensive data set is as yet available there are indications that only a few countries, if any at all, may have met both those goals. What we know for sure, however, is that most African countries are investing much less in the agricultural sector than their counterparts in many other regions of the world:
 - **Low levels of mechanisation:** Africa lags behind the rest of the world in farm mechanisation, with an average of only 13 tractors per 100 ha of arable land compared to a world average of around 200 tractors per 100 ha. Instead, African agriculture is still highly dependent on animal and human power, which provide 25 and 65 percent of power in farming, respectively. Mechanisation is typically most closely associated with rising labour costs and rural labour shortages that are driven by migration to urban areas or emigration. Rural exodus is happening but mechanisation is nowhere to be seen;
 - **Poor rural infrastructure, especially transport and irrigation:** Agricultural irrigated land as a percentage of total agricultural land in many African countries is so low few bother to measure it. We know it averages around 5% or less, while it reaches over 20% to 40% in most other developing regions. As for transport infrastructure, in Nigeria, there are 230 kilometres of paved road per million people, compared with just over one thousand kilometres in India and nearly 21 thousand kilometres of paved road per million people in the United States;
 - **Low inputs:** Fertilizer accounts for yield increases of between 40 and 60 percent of global food production. Yet only a handful of African countries consistently meet the Abuja declaration target of 50 kg/ha;
 - **Weak research & development:** According to the Alliance for a Green Revolution in Africa (AGRA), Africa had in 2013 just 70 agricultural researchers for every million people, compared with 550 in Latin America and 2,640 in North America; and
 - **Inadequate leveraging of private sector investments:** It is common knowledge that public expenditure can provide only a small proportion of the investment needed by agriculture. The CAADP for example focuses on how to leverage greater private sector investments, both by producers and by businesses supporting them to meet the US\$251 billion required. Yet, most private sector players in many African countries register low to very low perceptions of the enabling environment or of the policy consistency and predictability, which are both anathema to private investments everywhere.
10. **Shaky Institutional and Policy Landscape:** The majority of Asian countries have succeeded in building vibrant institutions at all levels and effective policies. By contrast, the institutional architecture and policy framework in many African countries is still nascent and fragile. One major reason for these differences is the large investments made by Asians since independence in developing their human capital, while Africa has only just began, almost 30 years behind, and continues to suffer from negative migration.

11. In some countries socio-political expediency dictates ***half-hearted decentralisation of local governance and devolution*** of powers away from the centre. Successive governments then tinker with such decentralisation and devolution of powers, often reversing them without disbanding the institutions created in their wake. A major consequence is that many layers of institutions exist at the provincial and central government levels that duplicate each other and compete for meagre resources. Worse still devolved subjects often end up being “orphaned”.
12. In others the power of civil society organisations may be stronger than government structures that are incapable of providing services in remote rural areas. In such circumstances the temptation of development partners is to bypass government institutions and focus on capacitating and empowering the non-state actors. The dilemma then becomes how to sustain the delivery of basic services and resources needed to empower the farmers and rural poor.

Mr Chairman, ladies and gentlemen, colleagues




13. **Low Agricultural Productivity:** Agricultural development played a fundamental role in the accelerated growth of many Asian economies. The sharp rise in agricultural productivity resulted, beneficially, in the release of labour to manufacturing in the cities, provision of foreign exchange (through exports or savings on food imports), and the lowering of urban food prices that reduced pressures for wage increases. Those ***countries that have successfully implemented land and agrarian reforms*** (like Japan, South Korea and Taiwan) by equitably re-distributing state owned lands laid the foundations of sustained development and more equitable distribution of economic growth.
14. And those that integrated agricultural development and industrialisation, like Taiwan, have reaped even larger benefits. This is borne out by the fact that whenever long-term food security and economic growth policies were implemented successfully, these tend to be ***supported by genuine cottage industries of all sorts***. Thanks to such industries in countries like Indonesia, manufacturing appropriate technologies for the small farmers, the overall cost of agricultural production is ***lowered by a factor of up to 20*** as compared to many African countries that have to import everything from the most basic implements to skilled technical expertise.
15. By comparison irrigation in Asia easily costs less than US\$1,000 per hectare, as compared with donor funded irrigation development in Africa that often costs over US\$20,000 per hectare.
16. Similarly, where industries have been developed for processing agricultural produce (e.g. cotton ginneries to textile manufacturing and related services and transport infrastructure development), the countries have been able to generate more employment and thereby retained larger portions of the value added and economic benefits of the production system.
17. The countries that have not adjusted well on all these fronts have lagged behind in their development efforts overall; the further they lagged behind in adapting the right policies the less economic growth they tend to register.
18. **The consequences of conflict and disasters:** A fundamental problem facing many countries in Africa is that the long-term planning process is too often held captive to the crisis-mode operation. Natural disasters, civil conflict, and political instability or unpredictability, drain scarce human and physical resources away from long-term development planning and implementation. Such is the consequence of the wicked mixture of civil bloody conflicts and natural disasters afflicting several African countries, that the continent faces constant threats of famine and misery. And those countries affected are the least prepared to confront problems.

The riddle of unlocking Africa’s agricultural potential

19. Agriculture could generate great riches for Africa by creating jobs and new industries along the length of the agricultural value chain. This would lift millions out of poverty and hunger.

Mr Chairman, ladies and gentlemen, colleagues

20. Africa has 25 per cent of the world's arable land. And over half of the world's uncultivated arable land is in Africa. Yet Africa barely generates 10 per cent of the world's agricultural output, and an even smaller proportion of its valued added food products.

UNLOCKING AFRICA'S AGRICULTURAL POTENTIAL		
Fertile land	Plentiful agricultural labor	Abundant water resources
		
Around 60% of world's fertile yet unused arable land is in Africa	55% of Africa's labor force is employed in agriculture; in some the proportion exceeds 90%	Congo, Nile, Zambezi, and Niger amongst world's longest rivers & Lake Victoria is 2nd largest lake

21. To exploit this huge potential we need to heed the fundamental precondition for sustainable agriculture development on the continent, explicitly referred to in Agenda 2063, which is that development has to be driven by Africans. For that to happen, I am sure you will agree we must achieve, amongst others, the following outcomes.
22. **First, efficient use of investment money:** We must be more efficient in using the financial resources made available by increasing the impact of every dollar. To achieve the desired cost efficiency ratios everyone must play their part effectively to reach impact at scale. IFAD's members for example impose that with the resources they mobilise IFAD must lift out of poverty at least 80 million people between 2016 and 2018.
23. **Second, smallholders at the centre:** Just as Agenda 2063 emphasises we must put the poor smallholders themselves at the centre of the development efforts in the rural areas. In the past, investments failed to engage adequately with farmers themselves in setting priorities and in using their indigenous knowledge systems. It is only when smallholders genuinely own investment outputs and outcomes will they co-invest in them. For this we must respond to their specific agro-ecological and socio-economic needs.
24. **Third, we must build strong partnerships.** When conducted through inclusive, interdisciplinary, multi-stakeholder platforms, agricultural investments can deliver high impact and transform rural livelihoods.
25. **Fourth governments must lead:** Foreign investments must be fully embedded in the development strategies and programmes of African governments themselves for them to be scaled up and replicated through local investments. IFAD's yearly commitment of around US\$550 million for smallholder agricultural development in Africa is a drop in the ocean of the more than US\$60 billion worth of food that Africa imports annually, equivalent to 5 percent of SSA's GDP.
26. **Fifth, and last, domestic investments must increase** to meet both the 2003 Maputo declaration to spend 10 percent of expenditures on agriculture, plus the 2006 pledges to spend at least 1% of agricultural GDP on research.

IFAD Investments in capacity building in Africa

27. At IFAD, we strive to deliver in a **bigger, better and smarter way** when it comes to capacity and institutional building. IFAD's overarching development goal is to invest in rural people to enable them to overcome poverty and achieve food security. It pursues three mutually reinforcing strategic objectives: (a) Increase poor rural people's productive capacities; (b) Increase poor rural people's benefits from market participation; and strengthen the environmental sustainability and climate resilience of poor rural people's economic activities.
28. Since 1978, IFAD invested about US\$15 billion in over 900 projects reaching some 400 million poor rural people. During the current replenishment cycle (2016-2018) IFAD shall invest US\$1.10 billion annually, of which 6.5 percent, around US\$72 million, will be dedicated to research and development. It will also mobilise around US\$1.32 billion of co-financing from governments and others.

Mr. chairman, ladies and gentlemen, colleagues

29. The above confirms that as a unique international institution, set up as a UN Agency and an international financial institution, IFAD's "**level head for business and warm heart for people**" is a happy combination driving its strong engagement in a multi-stakeholder agricultural development that leaves no one behind.
30. Furthermore, UN's Agenda 2030 on the 17 sustainable development goals offers a clear evidence that both the AU's Agenda 2063 on the socio-economic transformation of Africa over the next 50 years, as well as IFAD's mandate of investing in rural people and enabling inclusive and sustainable transformation of rural areas, are of absolute global relevance today and over the coming decades.

Thank you for your kind attention.