



AFRICAN DEVELOPMENT BANK GROUP

Transforming African agriculture

The high **5** for transforming Africa
Le top **5** pour transformer l'Afrique



The challenge

Agriculture is a major source of income in Africa; however, untapped agricultural potential has contributed to persistent poverty and deteriorating food security. A third of African children live in hunger. Collapsing commodity prices for a broad range of natural resources are creating an increasing imperative for African nations to diversify their exports and reduce current account deficits. At the same time, increased food demand and changing consumption habits driven by demographic factors such as urbanization are leading to rapidly rising net food imports, which are expected to grow from \$35 billion in 2015 to over \$110 billion by 2025. The top 15 imports are all commodities which are already produced on the continent.

In the transformation of African agriculture, **exports constitute potential agribusiness markets worth upwards of \$100 billion for Africa**, while promising to deliver food security and broad-based income growth.

Transformation is beginning to occur in Africa across a diverse range of agricultural commodity value chains, such

as in the horticulture sector in Kenya, or in the rice sector in a number of countries in West Africa.

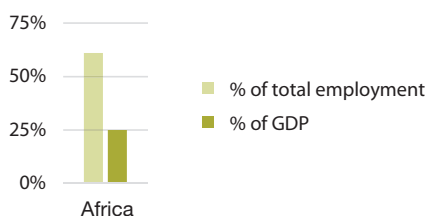
The lessons learned are framing the necessary strategies for achieving successful agricultural 'transformation' in areas like policy interventions to liberalize input markets, innovative financing, infrastructure development (irrigation, storage, and rural roads), and land tenure reforms.

The response

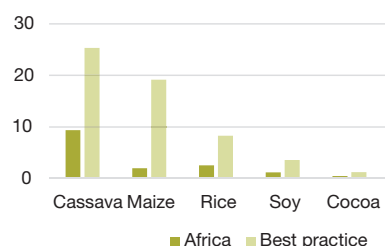
An **Agricultural Transformation Agenda (ATA) for Africa** requires formulating a collective strategy that incorporates a broad set of actors, many of whom the Bank brought together at the 'Feed Africa' conference in Dakar in October 2015.

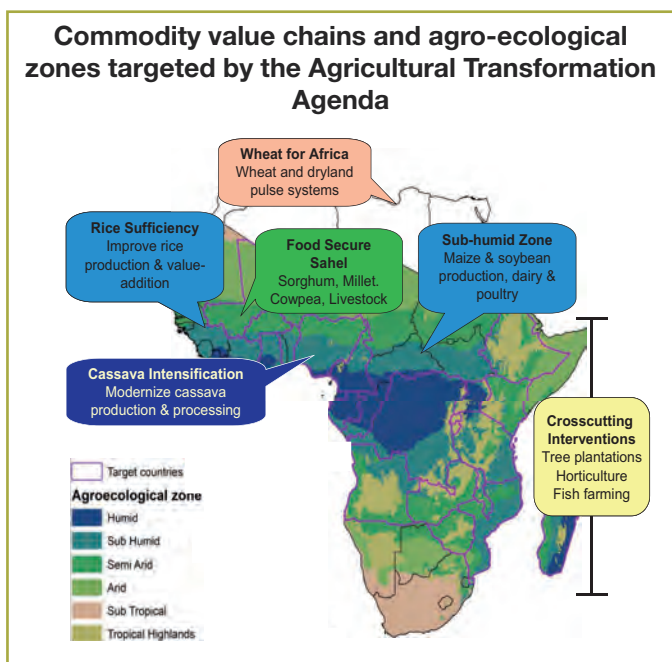
Underpinning the vision of an inclusive and competitive African agribusiness sector are four specific goals: ending

Agriculture as a share of employment and GDP % 2014



Average yields across Africa versus best practice; Tonnes/(hectares or animals) 2013





- Improved agribusiness environment
- Inclusivity, sustainability, and nutrition
- Coordination and partnership.

Transforming an initial set of key value chains / agro-ecological zones will require approximately \$280-340 billion investment over the next 10 years. Such an investment would likely create **new markets worth \$55-65 billion per annum by 2025.**

poverty; ending hunger and malnutrition; **making Africa a net food exporter; and moving Africa to the top of export-oriented value chains** where it has comparative advantage.

An initial set of agricultural commodities and agro-ecological zones have been identified as initial lead areas for investment:

- Achieving self-sufficiency in key staples (rice, wheat, fish)
- Moving up the value chain in key export oriented commodities (cocoa, coffee, cotton, cashew, cassava and horticulture)
- Creating a food-secure Sahel (sorghum, millet, cowpea, livestock)
- Realizing the potential of the Guinea Savannah (maize, soybean, dairy, poultry)

The transformation will be based on six sets of enablers:

- Better developed value chains
- Increased hard and soft infrastructure
- Increased agricultural finance

The role of the African Development Bank

The Bank will play a key role in catalyzing agricultural transformation, in three main ways:

- **orchestrating** at the sector level the impact-oriented borrowing plans and an evidence-based implementation plan for transformation, in the form of an 'Agricultural Transformation Partnership for Africa'
- **designing and leading** the operations in areas that are both critical to drive transformation and for which the Bank is able to leverage its comparative advantage
- **scaling and replicating** the activities and programs of partners that have demonstrable success and the potential to play a key role in country and commodity specific transformation.

The AfDB intends to increase its annual investments in agriculture from an average of \$612 million a year from 2010-2014 to **\$2.4 billion a year by 2025.** It will substantially increase the capital available to catalyze agricultural transformation both through its own investment activities, and through mobilizing investments from other public sector and private sector partners.