

The Maputo Commitments and the 2014 African Union Year of Agriculture

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FORTY CHANCES

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The **potential** for agriculture-led economic growth

to **reduce** both the breadth and depth of poverty in Africa is **enormous**.

Through the **2003 Maputo Declaration**, African leaders pledged to reverse decades of underinvestment in the sector by allocating

at least

10% of their national budgets **to agriculture**



to achieve at least

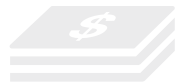
6% annual agriculture **growth**.

A decade later,

the results of these commitments are decidedly mixed.

Fewer than

20% of countries have fulfilled their Maputo **commitment on agricultural spending**.



However, there are countries that are making progress and are **highlighting the kind of success that is possible**.

The 2014 African Union Year of Agriculture presents a once-in-a-decade opportunity

for a review and renewal of African leadership and commitment to an **African-led decade for agriculture** – drawing upon the **successes and lessons of the past decade**.

THE CASE FOR INVESTMENT IN AFRICAN AGRICULTURE

Globally, very few countries have achieved rapid economic growth without prior or accompanying growth in agriculture. Thus, improvements in agriculture can be a powerful engine for economic development and poverty reduction.

Agriculture forms the backbone of most African economies. It accounts for 32% of the continent's gross domestic product (GDP),¹ and is thus key to the growth and development prospects of most African countries. Driving this growth are the millions of smallholder farmers who cultivate 80% of African farms.² More than two-thirds of African citizens depend on agriculture for their incomes. The potential for agriculture-led growth to reduce both the breadth and depth of poverty in Africa is therefore enormous. Most recently, the World Bank has calculated that growth in the agriculture sector is 2.5 times as effective at reducing poverty as growth in other sectors.³

In order for the agriculture sector to contribute more to GDP and development and to significantly reduce food insecurity, the sector requires greater public investment by African governments to increase the productivity and competitiveness of smallholder farmers. To boost their potential, Africa's smallholders need more training, infrastructure, financial services, affordable inputs, and better access to markets.

In the 1980s and 1990s, under the auspices of World Bank-led Structural Adjustment Programs, African governments significantly reduced investment in agriculture – investment that was needed for farmers to thrive. This neglect was mirrored in declining donor

spending on agriculture. As spending by African governments decreased, donors slashed assistance to agriculture by 72% between 1988 and 2003.⁴ These declines posed a double threat for agriculture, and especially for smallholder farmers, and stood in stark contrast to a steep rise in spending in Asia.

Low levels of investment in African agriculture are reflected in the alarming dearth of roads, infrastructure, extension services, and irrigation and in smallholder farmers' lack of access to inputs, markets, and finance. In addition, soil degradation, combined with inefficient use and inconsistent access to fertilizer, has further diminished productive capacity and has led to erratic harvests.

As a result, Africa's cereal crop yields are almost as low today as they were several decades ago, and are just a fraction of those in Latin America and South Asia. Average grain yields in Africa have been consistently a third to one-half of global averages.⁵ There is no region in the world with a larger gap than sub-Saharan Africa between the potential of productivity and the yields that are realized for staple crops, such as maize and rice. Actual yields and potential yields vary widely between agro-ecological zones, with humid zones and the tropical highlands recording the largest gaps and the greatest potential yields, and arid zones the lowest.⁶

THE MAPUTO DECLARATION

In July 2003, at the African Union (AU) summit in Maputo, Mozambique, African leaders made a bold commitment to reverse the underinvestment that had held the agriculture sector back for so long. Through the Maputo Declaration, African heads of state made the following promises to their people:

- to allocate at least **10% of national budgets to agriculture**; and
- to achieve at least **6% annual agricultural growth**.

The 10% spending target represented a commitment to double what was then the average spending level of approximately 5% of national budgets. Critics point out that the 10% spending target, like all such targets, is a blunt instrument. It focuses on the quantity, not quality, of investment and does not account for differing country contexts. Moreover, given the comparatively low total budget envelopes of most African countries (constrained by the size of the revenue base), agriculture's sizable share of GDP, and the pressing need for investment in the agriculture sector, many countries may need to spend significantly more than 10% of their budgets to achieve robust development in the sector. Still, the Maputo commitments to increase spending and accelerate growth prompted a renewed focus on agriculture and signaled new political momentum to invest.

This political will was reflected in the adoption by AU leaders the same year of the Comprehensive Africa Agriculture Development Programme (CAADP) as part of the New Partnership for Africa's Development (NEPAD) initiative. CAADP's objectives mirror the Maputo pledges: to raise agricultural productivity by at least 6% per year and to increase public investment in agriculture to 10% of national budgets each year. CAADP's overarching goal is to eliminate hunger and reduce poverty through agriculture. An entirely African-led and African-owned program, it addresses policy and capacity issues across the continent's entire agriculture sector. CAADP is premised on country ownership, with an emphasis on country-owned agricultural investment plans.

Building on this momentum, in 2006 AU leaders made an additional pledge to allocate 1% of agricultural GDP to agricultural research and development (R&D). Studies show that returns on agricultural R&D and extension in Africa are high, including for poverty reduction.⁷ Public research in Africa is an especially important complement to private research. Private research investments typically target widely grown crops such as maize, wheat, and rice and focus on high-input systems that have sufficient water and fertilizer. In contrast, public research is most often directed to more diverse African staples (for instance, sorghum, tubers, millet) and for marginal lands it can fill important gaps in serving the needs of millions of smallholder farmers.

A DECADE SINCE MAPUTO: PROGRESS AND GAPS

A decade has passed since African heads of state committed to the Maputo targets in 2003, and the results are decidedly mixed. Fewer than 20% of countries have fulfilled either of their Maputo commitments (10% of budget to agriculture, 6% growth) in the decade since the pledges were made; however, many countries are making progress. More than 30 have signed the CAADP compact, pledging to develop national agriculture through defined investment plans, and at least 19 countries have launched fully costed and technically reviewed plans to accelerate agricultural development. Moreover, a number of high-performing countries illustrate the kind of success that is possible (see “Success Stories” on page 9).

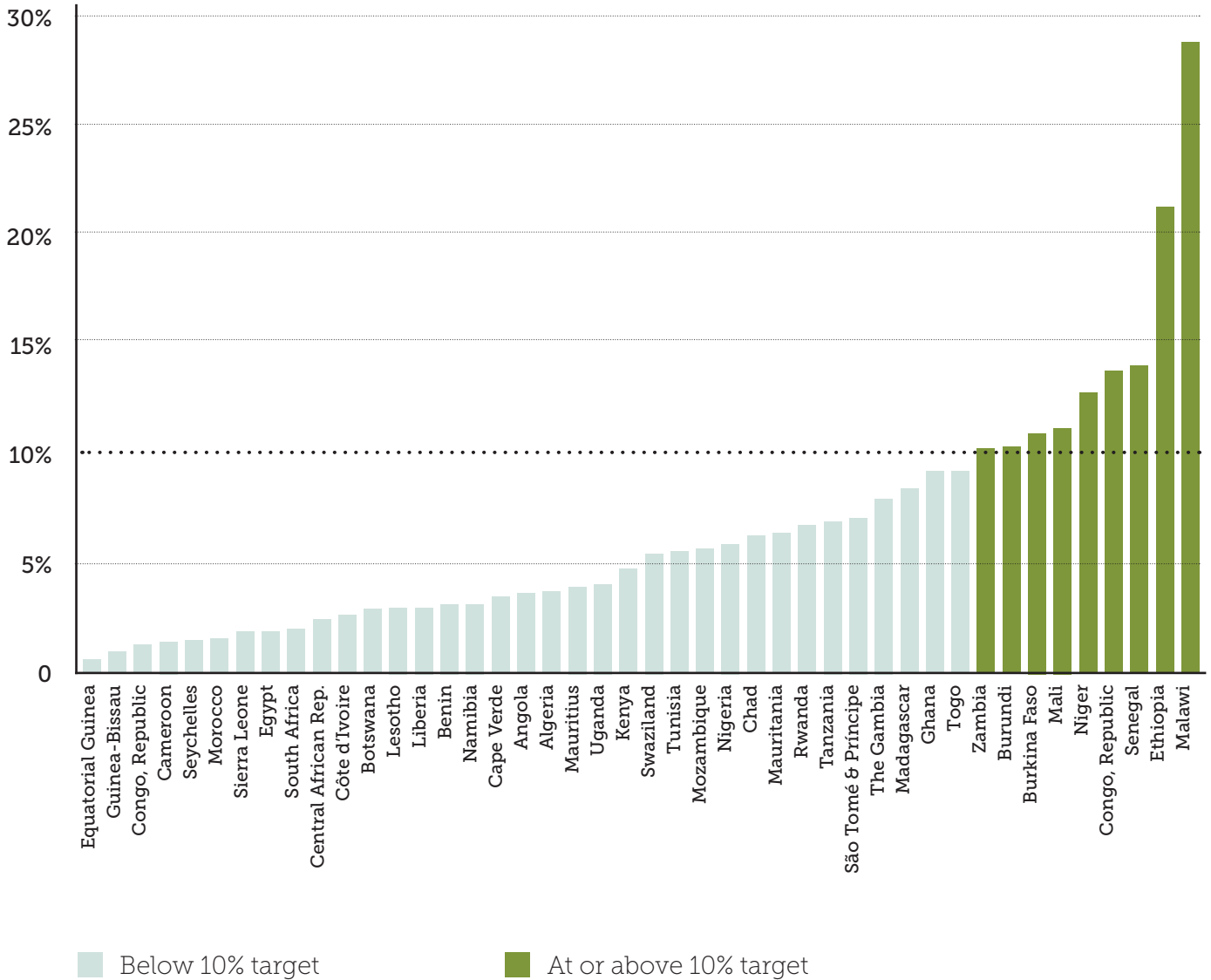
LEVELS OF PUBLIC EXPENDITURE ON AGRICULTURE

According to the latest statistics from IFPRI’s Regional Strategic Analysis and Support System (ReSAKKS), just nine of the 54 AU member states have met the Maputo target of spending 10% of budgetary resources on agricultural and rural development (Figure 1).⁸ Only seven (Burkina Faso, Ethiopia, Guinea, Malawi, Mali, Niger, Senegal) have consistently met the target in most years.⁹ Across the continent, the share of total public expenditure allocated to the agriculture sector has barely exceeded 6% per year since 1995.¹⁰ Overall, the Agricultural Orientation Index of African public spending on agriculture declined significantly between 1980 and 2007.¹¹

R&D spending has followed a similar pattern.¹² Just eight countries have exceeded the 1% target for agricultural R&D spending (Figure 2).¹³ According to the Alliance for a Green Revolution in Africa (AGRA), on average, Africa has just 70 agricultural researchers for every million people (Niger has only six), compared with 550 in Latin America and 2,640 in North America.¹⁴ Increasing investment for agricultural R&D faces the twin challenges of inherently long lag times between initial investments and future benefits, and limited evidence showing high rates of return for national research programs.¹⁵

FIGURE 1

PUBLIC AGRICULTURE SPENDING, AS A PERCENTAGE OF THE NATIONAL BUDGET, 2010



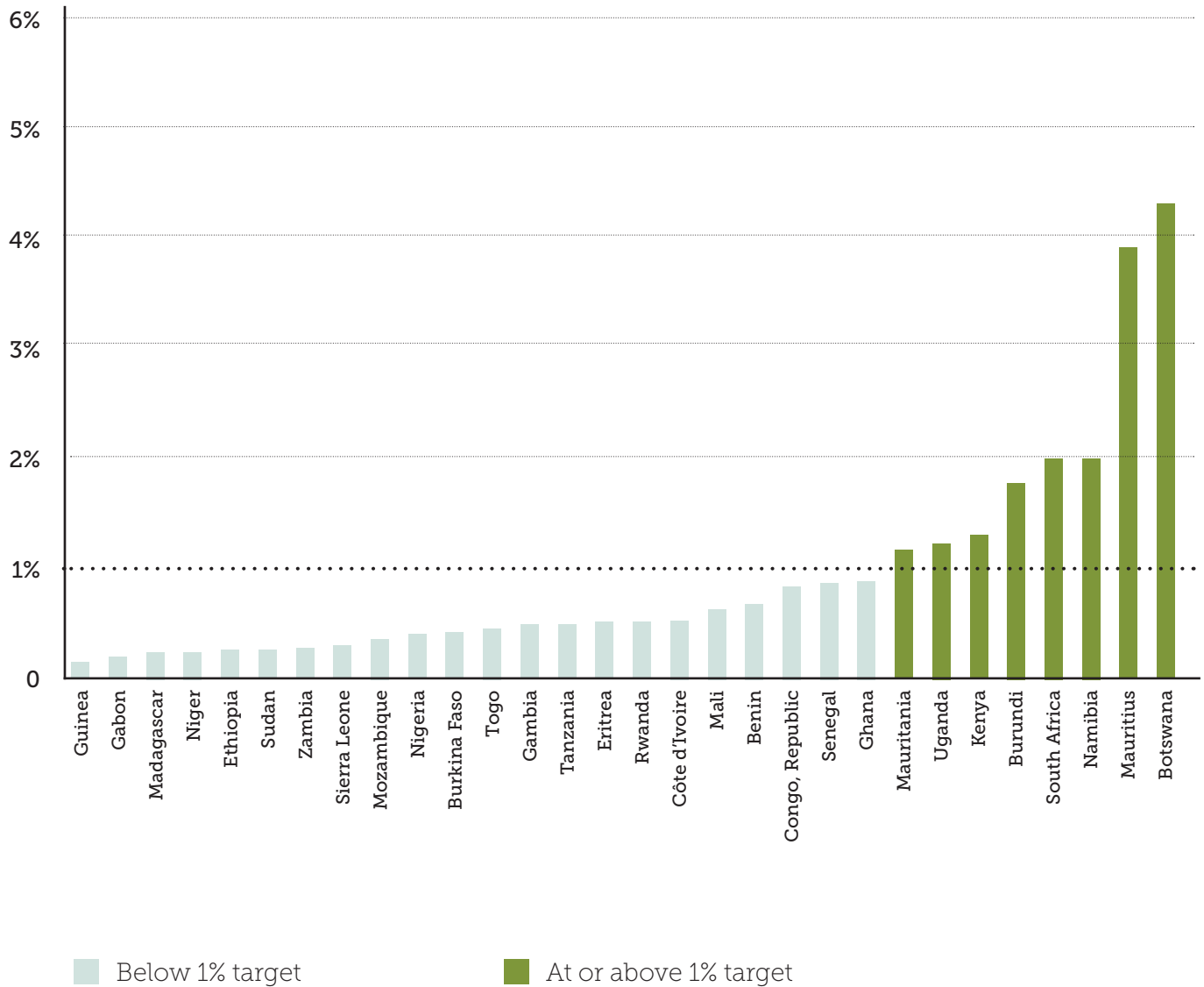
Sources: ReSAKSS based on national sources, IFPRI 2011, IMF 2012, and AUC 2008

Target for national budget spending on agriculture is 10%; nine countries (in green) achieved this in 2010.

44 total countries, some excluded due to missing data.

FIGURE 2

AGRICULTURE RESEARCH AND DEVELOPMENT SPENDING, AS A PERCENTAGE OF AGRICULTURE GDP, 2011



Source: ReSAKSS based on World Bank 2012

Target for R&D spending is 1%; eight countries (in green) achieved this in 2011.

30 total countries, some excluded due to missing data.

EFFECTIVENESS OF PUBLIC EXPENDITURE ON AGRICULTURE

It is not only the amount of spending on agriculture that is important to the sector's development, but also the effectiveness of that spending. Studies show that different types of expenditure in differing agro-ecological regions and geographic locations vary in their impacts on development goals.¹⁶ Public spending needs to take into account the diversity of farmers, agro-ecological conditions, local needs, and production systems. In particular, priority should be given to effective services and public goods – including extension services, financial services, infrastructure, and inputs – for smallholder farmers, including and especially women.

How countries finance their agricultural investments matters. In many countries, agriculture subsidies constitute a significant – and sometimes a majority – share of public expenditure in the sector. For instance, Ghana, Malawi, and Zambia all allocate a significant share of their agriculture budget to subsidies, including for inputs such as fertilizer and seeds. This has crowded out spending on other critical needs, such as training and infrastructure. The perceived benefits and costs of these subsidy programs stir heated debate. Increased production and food security are frequently cited as benefits, while difficulties include poor targeting, patronage, crowding out of commercial inputs, and fiscal sustainability. Other countries, such as Kenya, have pursued alternative approaches of developing private input markets through active policy reform to increase access to inputs, which has driven down their costs and increased usage.¹⁷

AGRICULTURE GROWTH

According to the latest figures from the AU and ReSAKSS, just ten countries (Angola, Eritrea, Ethiopia, Burkina Faso, Republic of the Congo, Gambia, Guinea-Bissau, Nigeria, Senegal, and Tanzania) have met the 6% agriculture growth target.¹⁸ In 2010, overall agricultural GDP growth across all of Africa was 2.9% – significantly lower than the 6% Maputo target.¹⁹

Agriculture growth rates vary significantly across regions. Between 2003 and 2010, the highest growth rate for agriculture-based GDP in sub-Saharan Africa was in West Africa (4.4%), while Central Africa had the lowest (2.7%).²⁰ Unsurprisingly, countries with the most favorable conditions for agriculture performed the best. In terms of year-by-year improvement, East Africa demonstrated the biggest average annual increase.



SUCCESS STORIES

The mixed performance on the Maputo commitments and uneven political will belie the returns that investments in agriculture can deliver. Yet a number of standout countries illustrate the kind of success that is possible:

GHANA'S average annual agriculture growth rate has exceeded 5% over the past 25 years, putting it in the top five performers worldwide.²² Despite a drop-off in 2011, Ghana has averaged 5.5% agricultural growth in the last few years, which is only slightly below the Maputo target. Additionally, this growth rate has surpassed growth in the country's non-agricultural sectors. At the same time, Ghana has steadily developed from a poor country to one that is nearing middle-income status, following unprecedented reductions in poverty. Today, it is one of just three African countries to have already reduced hunger by half. The strong political commitment to agriculture of President John Kufuor (2001–09) was instrumental in this success, and is evidenced in the Ghanaian government's decision to invest the entirety of the \$547 million award from the U.S. Millennium Challenge Corporation (MCC) compact in agriculture.

ETHIOPIA has witnessed its most rapid growth period in history, averaging growth of 9.5% in the agriculture sector between 2005 and 2009.²¹ This growth was stimulated in part by robust public investment and also by some institutional reforms. The country's level of public investment has exceeded the Maputo target of 10% of budgetary expenditure on agriculture. Ethiopia is also on track to meet its MDG targets for reductions in hunger and poverty. Despite these successes, however, many challenges remain in improving opportunities for smallholder farmers.

BURKINA FASO, a country where more than 80% of people are engaged in farming, has prioritized agriculture and has achieved impressive results. Cereal output has achieved an annual average growth rate of 3.5% since the early 1960s – a rate that matches Vietnam's better known performance.²³ Burkina Faso has achieved both Maputo targets on spending and growth, and is also on track to meet the MDG targets of reductions in poverty and hunger. The government's political commitment to agriculture development is reflected in its prioritization of agriculture in allocating its \$480 million award from the U.S. Millennium Challenge Corporation.

THE 2014 AFRICAN UNION YEAR OF AGRICULTURE

In 2012 Yayi Boni, then African Union Chairperson and President of Benin, declared 2014 as the AU's Year of Agriculture. This presents a once-in-a-decade opportunity for a review and renewal of African leadership and commitment to an African-led decade for agriculture, learning from the successes and shortcomings of the previous decade to accelerate the pace of progress.

Momentum is building to assess the lessons learned from the past decade of CAADP, identify opportunities to build on and improve the program, and marshal continent-wide political will to review and revitalize the Maputo commitments.

At the AU summit in June/July 2014 in Gabon, all heads of member states will have the chance to re-pledge to invest in agriculture and to make key policy commitments for the next ten years of African agriculture. **To realize the potential of agriculture in the next decade, leaders should undertake the following commitments in an "enhanced Maputo" agreement:**

- 1 Make **time-bound commitments** to increasing investment and improving services to smallholder farmers and women farmers, including concrete timetables for meeting their existing pledges to allocate at least 10% of budgetary resources to agriculture and food security and to achieve 6% growth in agriculture.
- 2 Sign on to an **"enhanced Maputo"** agreement, committing to prioritize and **accelerate implementation of a set of policies and targeted investments** that support smallholder farmers, including those that address issues such as infrastructure, extension services, intra-regional trade barriers, post-harvest storage, value chains and markets, seed policy reform, improved land governance and land rights, and sustainable localized approaches to agriculture.
- 3 **Increase transparency and accountability** in the implementation of an enhanced Maputo framework, including through the creation of a **CAADP food security and agriculture index** to measure and monitor the implementation and outcomes of the enhanced Maputo framework at the national level, while engaging smallholder farmers on accountability.

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