Transformation of the Agricultural Sector: A Strategic Tool For Africa's Development

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Abstract
The year 2008 had its fair share of woes, what with natural disasters and the financial crisis that led to a near world-wide recession in the economy. In the midst of all these, a pressing issue came to light – the rising prices of food which reached a record high, sparking a food crisis that had been several years in the making. With both the developed and developing countries struggling to make ends meet in regards to food provision, the agricultural sector's importance became apparent. The developed world sought to make partnerships with countries that have a strong agricultural sector, or the potential for it. The African continent came under the spotlight, for as much as she is developing, plenty of arable land is still available, and the potential to be the world's food basket is today under serious scrutiny and consideration by all stakeholders. This paper takes a critical look at the agricultural sector in Africa; its past, the present scale of activities, and to find out what, if anything, went wrong in the pursuit to become a powerhouse in the field. In conclusion, the paper provides recommendations for the way forward on how agriculture can be harnessed as a powerful tool for development in Africa.
Keywords: Agriculture; Africa's Development; Food Sufficiency; Inorganic Fertilisers; Agricultural Transformation

Introduction

Overview of Africa's rich Agricultural endowment

The African continent is blessed with a wide variety of resources ranging from minerals and precious stones to thousands of flora and fauna species, many of whose existence is exclusive to the African soil. With a population of over one billion people (World Population Review, 2012) spread out over the continent, agriculture is still the number one sector in most African countries. In the sub-Saharan region, for instance, the agricultural sector contributed 12.7% of the regional GDP in 2009, and employed more than 60% of the labour force (NEPAD-OECD Africa Investment Institute, 2010). While this is a common scenario across the continent, Africa still holds 60% of the world's uncultivated arable land –no doubt a great and strategic tool that can be used in the pursuit of economic development in the region.

Exposẽ on Africa's Agricultural heritage during the pre-colonial era – a Continent thriving on its own resources

Agricultural activities such as farming and livestock rearing have existed on the African continent before the colonial masters landed on the African shores. Some tribal groups were known to settle down in given areas and grow crops on a subsistence basis, and bartered the extra among themselves. Other tribal groups that were livestock herders lived a nomadic lifestyle that required their movement in the search for greener pastures as the seasons changed. With this agrarian system in place, the population was generally well nurtured.

Post-colonial Agriculture in Africa: The Nigeria Experience

Since independence in 1960, Nigeria has made several attempts at transforming her agricultural sector. Efforts made in the past by the Federal Government of Nigeria to transform the agricultural sector had involved the establishment and implementation of various agricultural policies and programmes, some of which are now defunct or abandoned. These programmes included the Farm Settlement Scheme, National Accelerated Food Production (NAFPP), Agricultural Development Projects (ADPs), River Basin Development Authorities (RBDAs), National Seed Service (NSS), National Centre For Agricultural Mechanisation (NCAM), Agricultural and Rural Management Training Institute (ARMTI) and Agricultural Credit Guarantee Scheme Fund (ACGSF). Others were the Nigerian Agricultural Cooperative And Rural Development Bank (NACRDB)/Agricultural Bank, Operation Feed the Nation (OFN), Green Revolution Programme, Directorate of Foods, Roads and Rural Infrastructure (DFFRI), Nigerian Agricultural Insurance Company (NAIC), National Agricultural Land Development Authority (NALDA), Specialised Universities for Agriculture, Root and Tuber Expansion Programme (RTEP) and Rural Banking Scheme, among others (Salami, 2007).

A new economic reform called National Economic Empowerment and Development Strategy (NEEDS) programme was instituted by the Federal Government in 2004 to encourage private sector participation in the development of the economy. In the agricultural sector, NEEDS programmes were geared towards improving the production, processing and distribution of agricultural commodities. NEEDS, however, was short-lived and therefore could not transform the agricultural sector. Despite these past attempts the sector did not fare better than it was before independence.

The Scale of Agricultural Activity in Current Day Africa

The subsistence farming system still prevails today on the continent, with plenty of small farmers holding bits and pieces of land, just enough to feed their prospective families. This mindset has presented a huge problem for investors looking to invest in large model farms, or big farm holdings, since the land is divided up into small lots and individually owned. Even if some corporations have opted to sub-contract some of the smallholders to be out-growers, it is still hard to convince large numbers of smallholders to grow a particular crop, especially if the incentives to do so are not appealing.

Nevertheless, it is these farmers, both the numerous small ones and the few large ones that have sustained the flow of basic food staples, however disproportionate that distribution may be.

With the help of foreign direct investment, research in the agricultural sector has been stepped up. New hybrid crops able to withstand drought conditions and resist pest infections have been approved for growing, and it is hoped that production will thus increase over time. This, coupled with joint ventures between public and private entrepreneurs, is geared at building or running mechanised modern farms, with the aim of increasing the agricultural output on the continent. This will bring about increase in income and thus help reduce the poverty levels in Africa. It is pertinent to mention at this juncture that studies have shown that agricultural growth has been 3.5 times more effective in reducing poverty in China, and 2.7 times more in Latin America (World Development Report, 2008).

What Went Wrong?

Given the great potential the continent has to develop economically with agriculture as the driving tool, what went wrong? There are three main factors that have stalled the rapid development of this sector in various African countries.

Difficulty in getting bank financial aid for small farm entrepreneurs

Banks and financial institutions generally find it hard to provide loans or financial backing to smallholders in the agricultural business. With the high returns that can be anticipated from this sector comes high risk levels. It is easier for such institutions, therefore, to deal with large corporations that can guarantee loan repayments with sizeable collateral, as opposed to smallholders that are most times unable to provide this assurance convincingly. As a result, small farm entrepreneurs with ambitions to expand tend to be overlooked, and the discouraged farmers lose motivation to increase output from their land.

Failed mechanisation

Those farmers that are able to get funding, either publicly or privately, and are able to expand normally do so with the idea of modern mechanised farming in mind. This is all well and good when the machinery acquired is suitable. However, as is most times the case, importing machinery from the western world has led to the realisation that not all agricultural machinery is as suitable for the African landscape as it is for their western counterparts. These mistakes tend to be rather costly, and the learning curve rather lengthy, such that only deep-pocketed farmers can afford to venture in this direction.

Poor infrastructure

This is a long-standing logistical problem across the continent that can be addressed by the different governing national bodies. Poor roads, water and rail networks make it hard for perishable agricultural produce to be transported from the farms to their respective markets, and in good time before spoilage. Bureaucracy and redtapism across national borders present barriers to the wider regional markets for farmers that would have wished to venture into the exportation of these products.

Energy woes also greatly cripple the booming potential of the continent's agricultural sector. Without the ability to generate nearly as much energy as its local consumption demands, the thought of mechanized agriculture becomes a rather daunting one. Billions of dollars are spent annually to secure the fuel needed to start up diesel engines and other auxillary power generating units in order to provide sufficient energy for some of the heavy-duty machineries that are prevalent in the industry. This, inevitably, greatly increases the capital cost for doing business in the sector – a feat that often discourages potential investors from coming in.

Current Trends in Agric Transformation in Nigeria

President Jonathan on assuming office in 2011, launched the Agricultural Transformation Agenda whose major goal was to increase Nigeria's domestic food production by 20 million metric tonnes and create 3.5 million jobs by 2015. This agenda is currently being pursued aggressively in order to unlock the vast potentials of the agricultural sector and make agriculture to become a major employment valve, wealth creator and insurance for food security.

To achieve this goal, farmers were issued farm inputs directly. Electronic Wallet System was introduced. This system allows farmers to get their subsidized Seeds and fertilizers directly via electronic coupons on their mobile phones.

Currently agriculture is being treated as a business and the Ministry of Agriculture in its programme is integrating food production, storage, food processing and industrial manufacturing. The Minister for Agriculture in 2012, stated the resolve of the government to create jobs and wealth through agriculture and ensure food security by engaging in investment-driven strategic partnerships with the private sector. As it is, the government no longer buys and sells fertilizers and seeds; this responsibility has been handed out to the private sector, but the government provides 50% support for seeds and fertilizers vouchers (Ogunkoya, 2012). The Nigerian government has established marketing corporations to facilitate marketing of agricultural commodities. The marketing corporations which are owned by agricultural value chains and run as private sector led institutions coordinate the production, investments, grades/standards, and ensure market price stabilization, and others for all value chains in Nigeria.

Within the last two years, 6 million farmers have received their farm inputs directly via their mobile phones. The beneficiaries produced an additional 16 million metric tons of food, which is over 70 per cent of the target of 20 million metric tons for 2015. This has improved the food security of 30 million persons in farm households. Ten million farmers are expected to receive the electronic wallet by the end of 2014. This will help ensure food security for about 50 million persons (Usman, 2014). In a related development, about 11 billion dollars (1.7 trillion naira) has been invested in Nigeria's agricultural sector by private investors and development partners since the Federal Government of Nigeria launched the country's Agricultural Transformation Agenda in 2011.

The President of Nigeria recently called on other African nations to follow the Nigerian example by adopting Nigeria's novel approach across Africa in order to empower farmers in the continent. President Jonathan reminded the forum of African Heads of States and Governments of the well-known fact that "over 65 percent of the arable land left to feed the world's seven billion people is in Africa. So, Africa must not continue to depend on others to feed her citizens". According to him, Africa cannot be truly free until she can feed herself. He opined that greater priority should be given to food security and that there was need to shift its focus to value chains, high value added products and stop the age-long tradition of exporting raw materials.

President Jonathan made this declaration at the African Union 2014 Summit on Agriculture and food security in Africa. The summit's theme was "Transforming Africa's Agriculture: Harnessing Opportunities for Inclusive Growth and Sustainable Development".

The Way Forward

Strong government policies

If the Continent's agricultural sector is to realise its full potential as a thriving force for economic growth, it must first of all be established against the backdrop of an enabling and creative government policy which is well documented and clearly communicated to all. African policy makers need to be creative yet firm in their approach for sustained growth to be witnessed in this sector.

Recent history has proven that countries that adopted this approach towards refurbishing their agricultural sector witnessed tremendous progress within a relatively short time-span. A case in point is Malawi, the landlocked nation in Southern Africa with a population of approximately 13 million people that formerly suffered from food insecurity and heavily relied on food aids from the 1990s through the early 2000s. Malawi's food condition, though exacerbated by eratic rains and unfavorable soil conditions, was not a scenario that is peculiar to Malawi alone. This is because the root cause for this food insecurity lay in the fact that over 80% of agricultural activities within the country was carried out by smallholders who did not use inorganic fertilizers due to high costs. This resulted in soils that had over the years been overused and exhausted, thus creating severely poor harvests year after year. Inevitably, the result was the prevalence of abject poverty, malnutrition among children and the elderly and all manner of societal ills (Beedy *et al., 2012).* By 2004, the situation had reached fever pitch and the then newly elected President Bingu wa Mutharika, desperate to turn things around,

implemented some policies under the Farm Input Subsidy Plan that made a huge impact within the next five years.
His government's strategy was simple – subsidy vouchers were given to smallholders to purchase small quantities of fertilizers and seeds so they can replenish the soils and grow a variety of crops thus increasing their revenue. The vouchers were redeemable for seeds and fertilizers at a price much lower than the market costs. Beginning from 2005 and the years that followed, the results from this plan were clear for all to see with Malawi harvesting a grain surplus that was enough to comfortably supply 3 neighboring countries including 400,000 tons of maize to Zimbabwe. Malawi was instantaneously put on the world map as a fairy-tale success story. Food experts called it a true example of Africa's green revolution. This time of plenty was however short lived, with the President becoming autocratic and paying no heed to critics and advisory partners. This further highlights one other major challenge stunting the continent's agricultural boom, 'Bad Leadership'. Furthermore, during this time of plenty, Malawi continued to depend on food aid and imports - thus negatively affecting its economy (Africa Renewal Online, 2013).
President Mutharika eventually died in office in early 2012 amidst a host of controversies and pending cases but left a remarkable legacy: He had, in a few years, successfully orchestrated a nationwide economic boom led by the agricultural sector. This is a feat not commonly witnessed on the continent of Africa and as such is a lesson that other African leaders can model. It can be summed up thus - develop workable policies that would address the plight and protect the interest of the numerous smallholders, policies that spur competition amongst industry players as well as provide competitive finance to the same. Giant strides already being made in this direction include, but are not limited to, the plan by the African Union's development agency called the Comprehensive Africa Agriculture Development Programme (CAADP). This plan calls on African nations to commit to spend at least 10% of their budgets on agriculture. To date, an estimated 30 African nations have signed up. Nevertheless, even though this money is made available, it is left for the leaders of the respective nations to harness creative policies that would effectively channel these financial resources into good use. With such policies in place, the success story of Malawi would be a resounding theme across the nations of the continent of Africa.

Public-private partnerships
With the right policies in place as well as visionary leadership to enforce these policies to the end, there needs to be a workable strategy wherein the rich agricultural resources can be aptly tapped and transformed into higher value added products. The key word here is innovation. Innovation is merely defined as the process of translating an idea into a good service that will add value whilst being replicable at an economical cost (Business dictionary Online). Innovations must meet a specific need and as such must be approached via an 'all hands on deck' route – i.e. a collaborative effort between the public and private sectors. Such a partnership would cut accross the entire agricultural value chain, from cultivation; to processing; to refining; and even transportation with the sole aim of creating high-end value-added products whose sale would make a significant contribution to the continent's economy.
The advantages of such a collaboration cannot be overstated. These collaborations enable goals, resources, expertise and risks to be shared thereby making innovation readily available tools for local farmers and other industry players. The public-private partnership allows both parties to bring to the table, competive finance, vast technological know-how, necessary experience, R&D capabilities and human resources to sucessfully handle challenges that cannot be tackled by one sector alone (CropLife International, 2012).
Dato' Sri Haji Mohammad *Najib* bin Tun Haji Abdul Razak, current Prime Minister of Malaysia, summed up this concept when he said, "*To become an innovative nation, we need a mental transformation in government, industry and the education sector*." The concept of public private partnership is the central focus of the 10th Malaysian Plan brought forward by the Najib-led government 3 years ago. The sole objective of this plan, is to acheive a high income nation status in just 10 years (i.e by the year 2020) beginning with a Gross Domestic Product growth of 6% within the first five years through well-planned strategic thrusts. This plan is being led by the private sector and underpinned by the public sector. In the 10th Malaysian plan, 11 sectors were identified as the National Key Economic Areas (NKEA) which would drive economic growth. In each of these sectors, unique strategies were clearly mapped out to facilitate the collaborative effort betwen the public and private sectors (RSM Strategic Business Advisors, 2010). Of the 11 sectors, 2 that are noteworthy in this paper are the "Palm Oil and Related Products Sector" and the "Agricultural Sector." It is interesting to note that these two sectors are addressed seperately in the 10th Malaysian Plan. The reason for this is simply the fact that since becoming the world's largest producer and exporter of palm oil in the 1960s, the palm oil industry (out of all the other agricultural industries in Malaysia) has increased tremendously in its size and influence over the years.
In 2011 alone, Malaysia's exported revenue from palm oil products reached a record high of USD 25.1 Billion. As such, it became imperative for the government to draw up a special road map for the palm oil industry (as

stipulated in the 10th Malaysian Plan) which would cement Malaysia's leadership position in the global palm oil industry. This roadmap includes key initiatives like the development of palm oil industrial clusters which are being developed into integrated sites to promote downstream activities such as bio-fuels, Renewable Energy, Oleo Chemicals and others. The roadmap also includes subsidies for the procurement of agricultural fertilizers being issued to smallholders. Furthermore, under the plan, certain financial incentives are given to industry players who engage in further downstream activities like Renewable Energy Power Generation and end consumer products (like soaps, cosmetics, and others) thus creating a diversified economy. The concept here is simple: the government voices the vision and creates an enabling environment, whilst the private sector (industry players) drive the nation towards that vision by executing their innovative projects with world-class standards. This strategy, economists would agree the world over, has positioned Malaysia on the right path to acheiving the 2020 vision. In fact, Malaysia is currently ranked the 25th most competitive economy in the world (4 places ahead of China) in the 2012-2013 Global Competitiveness Report published by the World Economic Forum (World Economic Forum, 2012).

This concept of public private partnership in the agricultural sector has also taken a firm footing on the African continent in recent times with various governments aggresively developing strategies to work in tandem with the private sector in tackling some of the dire challenges facing their country's agricultural industries. Although the strategies vary accross the different African nations, the desired end result is the same – using strategic partnerships to transform agriculture and using it as a tool for economic development.

For example, Tanzania has sucessfuly initiated the Southern Agricultural Growth Corridor (SAGCOT) in which the Tanzanian Government formed collaborations with private companies (international and domestic) and smallholder farmers in a move to produce enough food to export to the region and around the world by investing more than USD 3 billion in infrastructure and create over 400,000 jobs for the local population. In Ethiopia, in 2010, the government set up the Agricultural Transformation Agency (ATA) which brought together the private sector, government agencies, smallholders and other stakeholders to address the challenges currently stunting the agricultural growth in the country and preventing them from achieving food security. The President of Tanzania, Jakaya Kikwete, at the World Economic Forum in 2011, passionately challenged private companies present to partner with their respective governments in a fight to break through the barriers holding back the boom of the African agricultural sector. This clarion call led to the formation of Grow Africa, a year later. Grow Africa is a an agreement between 8-member African nations commiting to doing whatever is necessary to witness the growth of the African Agricultural Sector. They aim to achieve this also through the formation of public private partnership within the framework already set up by the CAADP. Member-nations include, Kenya, Ghana, Tanzania, Mozambique, Ethiopia, Burkina Faso, Rwanda and Nigeria (The Economist Intelligent Unit, 2013).

Conclusion

With 60% of the world's uncultivated arable land, only 27% of the potential yield from this land is currently being realised. With a population set to reach 2 billion by 2050, Africa poses an enormous platform for fresh and innovative business ideas. Furthermore, it can be observed from the data presented herein that in recent years, there is no longer a shortage of innovative ideas being implemented accross the continent. African nations have made giant strides in implementing policies and forming strategic partnerships, regionally and internationally, with the sole aim of capitalising on the vast potential the continent has in the way of agriculture and transforming it into the food basket of the world.

Nevertheless, as pointed out by the Economist Intelligent Unit, many of the challenges still stunting the growth of agriculture in Africa are very real and are holding back the entire economy and not just agriculture (The Economist Intelligent Unit, 2013). The bulk of them are non-agriculture in nature and they include, but are not limited to inadequate infrastructure (transportation, energy, water and others); primitive technology still being employed; corrupt politics and bureaucracy. Thus, this paper concludes that if through the enabling policies and strategic partnerships being employed in the agricultural sector, these challenges are tackled, the results would go far beyond just transforming the agricultural sector – it would catalyse the development of the entire continent at a remarkable rate.

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