

Tapping into Africa's hidden food potential

Africa has the potential to become a breadbasket for food, according to Andre Louw, professor of agribusiness at the University of Pretoria.

He says this has become a major opportunity for foreign direct investment, research and development and new technologies, with food security being the new global objective.

Dr Wynand van der Walt, an independent consultant, says there is a new Africa awakening driven by foreign investors seeing and pursuing great opportunities on the continent.

"There is vast untapped potential to increase agricultural productivity and output using relatively cheap, underutilised land. Increased yields could wipe out food security concerns in Africa effectively and leave sufficient potential for exporting surpluses or to cultivate biofuel production.

"Global food price increases and the financial crises in industrial countries highlight great investment opportunities in Africa," he says.

However, Louw says Africa has much to do to reach its agricultural potential. While the availability of food per person since 1990 has increased by 30% in Asia and 20% in Latin America, it has decreased by 3% in Africa.

He says the 2008 global food crisis emphasised developing countries' vulnerability to food price spikes and the precarious nature of world markets.

World food prices spiked again in mid-2010 and could stabilise at a relatively higher level than in previous years. This implies little relief for food importers and poor consumers.

"Hunger often results from poverty rather than absolute scarcity of food. Both hunger and poverty are predominantly rural and, for most rural Africans, agriculture is their main livelihood. High prices should provide an incentive for farmers to increase production. However, most farmers in sub-Saharan Africa have not reacted to price signals due to a lack of infrastructure, credit, storage capacity and markets.

"With average grain yields of less than one ton a hectare, most small-scale farmers produce barely enough food to feed their families with little or no surplus to sell. The result is that farmers are unable to invest in productivity-enhancing inputs."

However, Louw says that in Asia where production systems are built around mainly wheat and rice, the green revolution led a huge productivity improvement.

"In Africa, crop diversification is the norm as farmers are reluctant to invest in one crop that might fail. There has been insufficient adoption of productivity-enhancing technologies that offer a major opportunity to improve income and competitiveness.

"Current low productivity levels mean that substantial improvement to rural households' livelihoods can be achieved by investment in basic inputs and improved agronomic practices.

"However, this requires political will. The comprehensive African agricultural development programme has been endorsed as the framework for contributing to the reduction of food insecurity and poverty in Africa and to contribute to the Millennium Development Goal of halving poverty and hunger by 2015.

"In 2003 the African Union Maputo declaration directed all AU member countries to increase investment and resources in the agriculture sector to at least 10% of the national budget by 2008. This target was not reached. Half of the AU countries spent less than 5% of their budgets on agriculture.

"A significant structural transformation is required in the next decade because small-scale farmers are unlikely to farm themselves out of poverty using current production systems. If the continent is to move towards food security, Africa needs a positive political and business environment, as well as the ability to use new and adapted technologies to improve agricultural productivity," says Louw.

Van der Walt says that success will to a large extent depend on the willingness of African leaders to move forward, more investors recognising opportunities on the continent, and all parties accepting that a win-win result needs to come from partnerships between various stakeholders.

"African leaders often overlook the fact that agriculture should be the primary target for alleviating poverty, malnutrition and disease. Agriculture makes up 70% of some countries' GDPs and up to 75% of employment. However, statistics from the UN Food and Agricultural Organisation tell us that most African soils are degraded and that per capita food production in sub-Saharan Africa has decreased since the 1970s. Yet the potential for a turnaround is there. All Africa has to do is to look at the so-called agricultural revolutions that have taken place in China, India, Southeast Asia and Latin America."

He believes a trigger could be foreign buy-up or long-term leasing of land in Mozambique, Angola, Madagascar, Ethiopia, Mali, Sudan and other countries in Africa.

He says land purchases to date may total as much as 50-million hectares. However, foreign ownership carries a cultural-political risk as perceptions may develop among food-insecure citizens that local food will be exported to feed others.

Modernising agriculture requires more open markets, facilitated access to inputs, financing, land ownership, extension services and markets, improved rural infrastructure and storage facilities for grains and agro-industries, says Van der Walt.

He says food security mechanisms should function at household, village and national levels.

"While all three demand attention, national food security requires commercial farming, development of input and agroprocessing industries and markets to drive rural economies. Harmonised regional regulatory systems can ensure access to improved varieties, fertilisers and crop-protection chemicals, as well as boost intra-African trade.

"However, this needs political will at national and regional level to move forward without delay. Time is not on the side of Africa."

Van der Walt says there have been some recent positive developments. Zambia has increased food production substantially over the past decade and exports maize grain and seed. Mozambique is undergoing an agricultural revolution. Malawi increased maize yields by supporting and distributing hybrid seed. Namibia is credited with the professional management of its fisheries and Ghana's president shared the 2011 World Food Prize for cutting hunger and poverty by

half in his country.

"Seed is the starting point in food and feed production. The east African region completed its seed law harmonisation process between Kenya, Uganda and Tanzania several years ago, with other states now joining," says Van de Walt.

"Similar progress followed in West Africa. The Southern African Development Community (SADC) has lost momentum, but new co-ordinated efforts by stakeholders have led to an agreement for harmonising variety testing and registration, seed quality certification and seed health regulations on quarantine pests, and implementation is under way. An SADC list will facilitate access to new varieties.

"A memorandum of understanding on plant breeders' rights has been formulated to ensure future intellectual property protection."

Van de Walt says that in June a US trading company announced a \$42m investment in a tomato processing deal with a Zambian food processor.

On an annualised basis from 2005 to 2008, foreign investment doubled in Mauritius and Ghana and grew more than 35% in Zambia and Algeria, while ChinaAfrica trade increased tenfold from 2000 to 2008.

"There are three messages in these developments. To the world: Africa is awakening and will become a major food basket in years to come. To Africa: those member states who ride the wave will reap benefits, those who dither will be left behind. Likewise, for foreign and African investors. To the South African government: treasure investment in your efficient agricultural sector - it is the backbone of the rural economy in SA and is ready to play a leading role in the rest of Africa," says Van der Walt.

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