

The AfDB and NEPAD-CAADP: building a lasting partnership for agricultural development in Africa

1. The agricultural sector will remain an important contributor to overall economic development in Africa during the next decade, particularly in the low income, food deficit countries, due in part to the pervasive nature of poverty in the rural areas. There is need under these circumstances to promote broad-based rural economic growth and enhanced access to basic services for rural populations.

2. Despite the progress achieved in most Middle Income Countries, a few of them will still need support to develop agricultural and agribusiness schemes. One of the major areas of focus, for the Bank Group, in the agriculture sector is the promotion of access to rural infrastructure services, especially in water management and irrigation and the development of community-based integrated schemes, mainly oriented towards enhanced food security. In addition, there is need to expand access to financial services for small scale rural farmers.

3. The Bank Group will, therefore, continue to support projects and programs aimed at providing a rural infrastructure template for enhanced agricultural production, focusing on improving rural feeder and community access roads, improved marketplaces, promotion of agro-processing facilities to reduce post-harvest losses, water harvesting and irrigation systems. The Bank Group will pay particular attention to national and regional projects and initiatives aimed at enhancing food production and food security in Africa, while providing support to private sector-led agribusiness schemes and agricultural produce marketing projects.

4. The share of total Bank financing to the agriculture sector has declined in recent years due mainly to increased emphasis on public infrastructure. However, this sector still remains an important area of support and the Bank expects to concentrate its assistance on operations aimed at supporting the Comprehensive Africa Agriculture Development Programme (CAADP) of the NEPAD for priority investment in:

- (i) increasing land and water management through small scale irrigation and development, upgrading and rehabilitation of existing irrigation systems;
- (ii) developing rural infrastructure and trade related capacities for market access to support growth in the agriculture sector;
- (iii) promoting agricultural research and technology dissemination and adoption;
- (iv) increasing food production and security; and,
- (v) development of livestock, fisheries, forestry and natural resources management.

5. Though relatively low during the past several years, lending to middle income countries for agricultural development is expected to increase through both the public and private sector window financing.

6. In support of its assistance in the agriculture and rural development sector, the Bank Group will continue to leverage its partnerships with institutions such as the World Bank, IFAD, BADEA, OPEC Fund for co-financing and the FAO for project preparation and policy dialogue.

7. Currently, the Bank has over 200 on-going agricultural projects in its regional member countries (RMCs) totalling some UA1.57 billion and covering agriculture, irrigation, food and cash crop promotion, livestock, fisheries and forestry and environment, among other subsectors.

AfDB Active and Ongoing Agriculture and Rural Development Portfolio

| Subsector | # of Projects | Percent | Bank Group Finance (UA million) | Percent |
|---|---------------|------------|---------------------------------|--------------|
| Agriculture (incl. food and cash crops) | 104 | 46 | 794.74 | 50.4 |
| Rural Development (inc. water supply) | 14 | 6 | 17.34 | 11.0 |
| Livestock | 23 | 10 | 121.25 | 7.7 |
| Irrigation And Drainage | 24 | 11 | 160.63 | 10.2 |
| Multi sector (incl. finance) | 22 | 10 | 74.20 | 4.7 |
| Forestry, Fisheries and Environment | 38 | 17 | 251.38 | 16.0 |
| Total | 225 | 100 | 1,575.59 | 100.0 |

Notes: 1. agriculture covers all crop production investments;
2. Total of ADB, ADF and NTF financing and excludes SRF and PPF funds

8. The current Bank agriculture portfolio in terms of CAADP pillars is as follows:

| CURRENT BANK SUPPORT TO CAADP | | | | | |
|-------------------------------|----------|----------|----------|----------|--------------------|
| Pillar 1 | Pillar 2 | Pillar 3 | Pillar 4 | Pillar 5 | TOTAL (million UA) |
| 488.65 | 88.43 | 430.98 | 53.59 | 379.97 | 1,441.64 |

9. A number of recently approved/forthcoming AfDB financed agriculture projects and programs that evolved out of the NEPAD-CAADP agenda include:

- (i) Institutional Support to Economic Community of Central African States (ECCAS);
- (ii) NERICA Rice Project;
- (ii) Water Harvesting Project in IGAD Region;
- (iii) Silt Control in Niger River Basin;
- (iv) Preventive Control of Locust;
- (v) Nile Basin – Lakes Edward/Albert Fisheries Project;
- (vi) COMESA -- Agricultural Marketing Promotion;
- (vii) Lake Tanganyika Fisheries Development;
- (vii) ECOWAS Floating Weeds Control;
- (viii) Creation of sustainable tsetse and trypanosomiasis free areas in East & West Africa;
- (ix) SADC: Control of Transboundary Animal Diseases; and forthcoming;

- (x) Cotton/textile Sector Support Project for the Four (4) countries of the Cotton Initiative (Benin, Burkina Faso, Mali and Chad);
- (xi) Promotion of Science and Technology for Agricultural Development in Africa(FARA).

10. The Bank support to its regional member countries is addressed in its Country Strategy Papers (CSPs), which outlines the main areas and pillars of Bank support and provides the envelope of projected Bank financing and non-lending activities to the respective country. Regional assistance strategies have also been developed for support to regional economic groupings (RECS) such as is the case for SADC. In addition, Joint Assistance Strategies are developed with other donors with active participation of RMCs.

11. A review of the current assistance strategies shows that agriculture and rural development continues to be an important axis of Bank support to the middle income countries. Particular project investments over the next year are envisaged mainly in Namibia, Botswana, Swaziland, Gabon and Tunisia.

12. For the **low income** countries, agriculture and rural development is a central pillar of Bank support, for the current period of assistance, in the following countries:

| Agriculture and Rural Dev. in Country Assistance Strategy of the ADF Countries | | | |
|---|----------------------------|---|---------------------------|
| East Africa | Southern Africa | West Africa | Central Africa |
| Eritrea Ethiopia Kenya Madagascar Uganda Tanzania | Angola Malawi Zambia | Benin Burkina Faso The Gambia Ghana Guinea Bissau Mali Niger Nigeria Sierra Leone | Burundi Chad Rwanda |

13. The particular area of Bank assistance to agriculture and rural development in the above-cited countries varies with the pressing constraints identified and the volume of financing available.

14. Overall, the Bank's priorities for delivery in 2007 are premised on the following strategic orientations:

- (i) Achieving greater focus and selectivity in operations, with all interventions reflecting agreed country and institutional priorities, and a rigorous assessment of the Bank's own capacities;
- (ii) Focusing new operations particularly on infrastructure (especially for transport, power, and water and sanitation), regional integration, and agriculture and rural development;

- (iii) Significantly increasing direct investments in private sector entities and in public-private partnerships, in part by using available instruments more actively and creatively;
- (iv) Ensuring new operations of higher quality and prospective impact, with more clearly articulated and measurable performance benchmarks.
- (v) Providing increased, improved, and timelier services through a larger network of more effectively staffed and empowered field offices.
- (vi) Significantly reducing procurement and disbursement delays, improving the Bank's competitiveness, attractiveness and reliability as a development partner.
- (vii) Building deeper partnerships with current and emerging development partners in order to leverage up our own financial and intellectual resources, achieve greater consistency and harmonization, and reinforce our broader selectivity objective.

15. New operations will be concentrated particularly in infrastructure (56.5%), Finance (12.5%), multi-sector operations (11.6%). Agriculture and rural development will amount to 10.5 % of new lending, while financing for social sector, industry, mining and quarrying will account for 9.0%.

Future Bank Support to CAADP through Project Financing

16. Among the potential operations slated for financing in 2007 are 11 operations in 9 countries viz. Congo, Eritrea, Madagascar, Mali, Mozambique, Namibia, Tanzania, Tunisia and Zambia as well as two multinational operations.

17. Bank support to CAADP through project financing is expected to total UA292.7 million with UA 183.0 in financing for expansion of the area under sustainable land management and reliable water control systems; UA86.2 million for improvement of rural infrastructure and trade-related capacities for improved market access; UA13.5 million for development of agricultural research, technological dissemination and adoption to sustain long-term productivity growth; and UA10.0 million for sustainable development of livestock, fisheries and forestry resources.

| PLANNED AFDB SUPPORT TO CAADP IN 2007 | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-------------------------------|
| Pillar 1 | Pillar 2 | Pillar 3 | Pillar 4 | Pillar 5 | TOTAL (million UA) |
| 183.0 | 86.2 | 0.0 | 13.5 | 10.0 | 292.7 |

Future Bank Knowledge Management Activities of interest to CAADP

18 Knowledge management activities in the agriculture sector, planned for 2007 include:

- (i) Agriculture sector reviews in Cameroon, Botswana, Benin, Ethiopia and Liberia;
- (ii) Assessment of the impact of the COMESA Free Trade Area;

- (iii) Private Sector profiles for Angola, Madagascar, Mali, Senegal, Sierra Leone, Burkina Faso, Ghana, Nigeria, Benin and Mozambique; and,
- (iv) Study on the Impact of Land Reform on Agricultural Growth in Zimbabwe.

19. Recently completed knowledge management activities include Governance profiles for Egypt, Madagascar, Mozambique, Gabon, Lesotho, Zambia and Ethiopia while work on preparation of governance profiles for Uganda and Djibouti is ongoing. Economic and sector analytical work in agriculture has also been recently completed in Uganda (March 2006).

20. The Bank alongside the FAO, IWMI and the World Bank will in November 2006 publish the collaborative effort on 'Investment in Agricultural Water for Poverty Reduction and Economic Growth in sub-Saharan Africa' as well as the paper on 'New Paradigm for Agriculture Water Development in Africa' which will be presented at the forthcoming International Conference on Accelerating Africa's Economic Development -- Five Years into the Twenty First Century. The Conference is organized under the auspices of the Office of the Chief Economist of the Bank and will take place in Tunis on 22-24 November 2006.

21. Transport sector reviews are on-going for Angola, Cape Verde, Guinea Bissau, Sao Tome & Principe and Benin while a continent-wide study on Africa Women in Business - Enhancing Development in Africa will be carried out in 2007.

22. In order to better position itself to undertake the aforementioned activities, the Bank will concomitantly be revising its policies, strategies and business processes. In 2006, these activities included:

- (i) Strategy for middle income countries;
- (ii) Strategy for the Control and prevention of Avian and Human Influenza;
- (iii) Policy framework for post-conflict countries;
- (iv) Policy on microfinance and operational guidelines;
- (v) Guidelines on user fees and cost recovery for water, sanitation and irrigation projects;
- (vi) Handbook and guidelines on water harvesting;
- (vii) Gender guidelines on agriculture and rural development operations;
- (viii) Guidelines on multinational operations;

23. Bank policies, strategies and business processes planned for 2007 related to CAADP include:

- (i) Policy on Land;
- (ii) Extractive industry institutional guidelines; and,
- (iii) Environmental guidelines for private sector operations.