

Trends on Financing Agriculture and Food Security in Africa



Tunis, 26 June 2008

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Reasons for investigation:

- Decline of 50% of total lending to agriculture from 1990 to 1999.
- Slow progress of African countries to meet MDG-1.
- Lack of investment: a major constraint for increasing agricultural production.
- Soaring food prices:
 - a new threat for the most vulnerable livelihoods
 - an opportunity to revitalize African agriculture and increase investment.

The beginning of the inversion of trend and renewed visibility for agriculture:

- Monterrey 2002: ODA increase from USD 69 billion in 2003 to a record of USD 107 billion in 2005
- Maputo 2003: launching of CAADP
- Gleneagles 2005: agricultural development is key to African development
- World Bank WDR 2008 and the IEG 2007 Report: call for agriculture investment as key priority for Africa
- **MDG Africa Initiative (2007):**
 - Acceleration of CAADP implementation (four pillars)
 - Significant increase of financing in line with the Paris Declaration
 - Review of estimates of financing flow and gaps
 - Need for new financing instruments?
- TICAD 2008: focus on agriculture
- Rome Summit 2008: new pledges for agriculture
- UN HLTF on Food Security and Comprehensive Framework for Action
- Forthcoming G8 meeting.

FAO projections at global level

(June 2008, provisional for the CFA)

- OECD projects ODA increase of 12% per year by 2010 if pledges are fulfilled.
- In addition, ODA share of ARD would need to increase from around 3 to 10%.
- G8 countries actual disbursements to agriculture range from 3.2% of overall Japan's aid to 1.4% of Italy's aid (OECD, between 2003-2006)

Difficulties in mapping aid in Africa:

- Overlapping of multiple financing mechanisms
- Data collection complex, fragmented, not readily available
- Need to distinguish multilateral institutions as donors and funding channels (risk of double-counting)
- Time lag between commitments and actual disbursements
- Africa vs. Sub-Saharan Africa
- General Budget Support: resources to ARD not easily measurable
- Data on non-DAC countries: largely not available, especially from emerging donors (e.g. Russia, China, India and Brazil)
- Accessing data on NGOs, foundations and remittances

Some estimates for Africa:

Overall needs:

- UN (2001): USD 20 billion per year by 2015.
- WB (2002): USD 54-62 billion per year by 2015

Incremental needs:

- IFPRI (2005): + USD 8 billion per year for Sub-Saharan Africa during 2005-2015.
- IFPRI (2008): + USD 7-8 billion per year by 2015
- FAO for CFA (2008): + USD 8 billion per year by 2015.

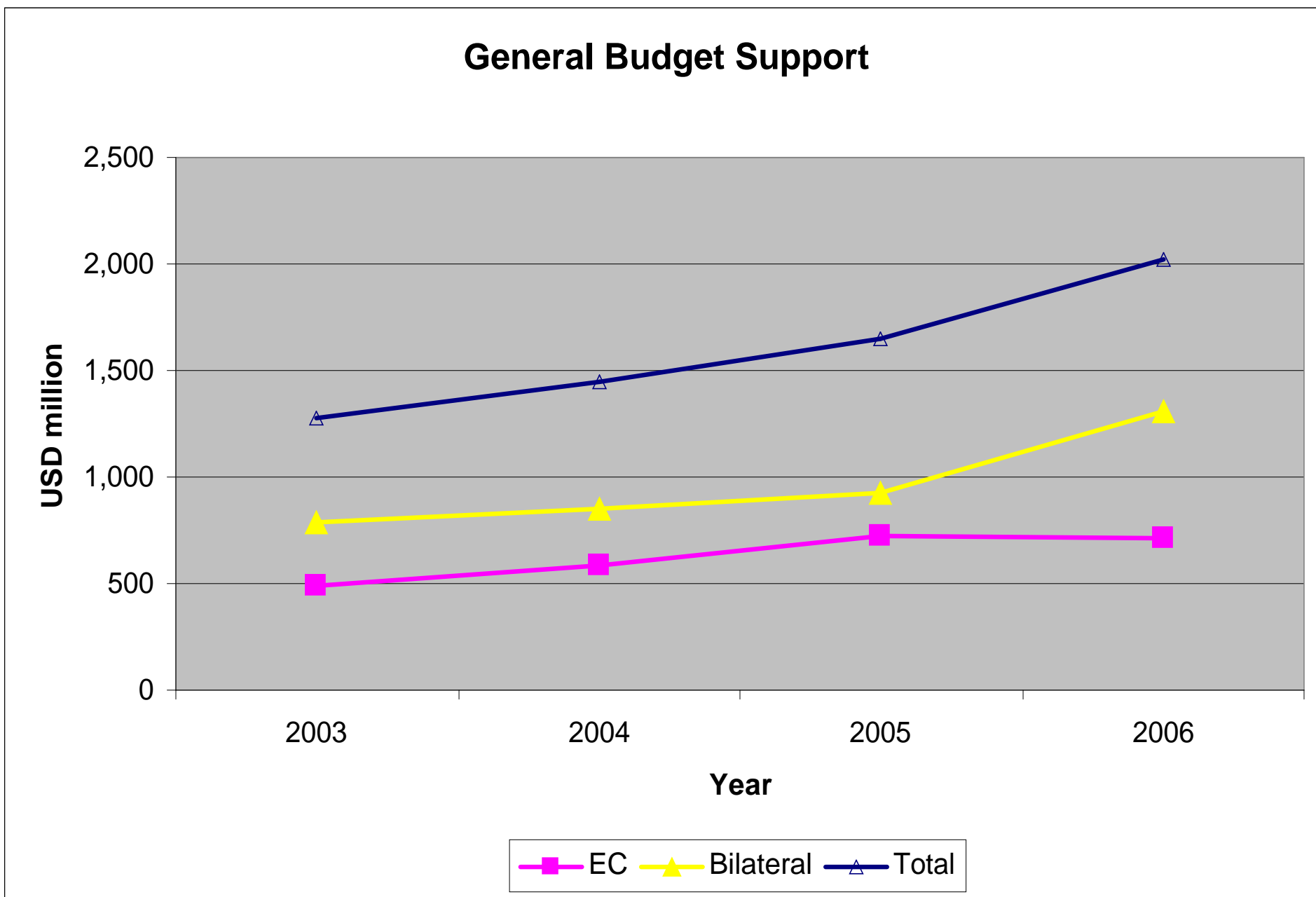
MDG Africa Thematic Group on Agriculture and Food Security

Provisional Summary (as of June 08)

Agricultural Development	DISBURSEMENT (USD million)							
	Work-in-Progress - data still incomplete							
Years	2003	2004	2005	2006	2007	2008	2009	2010
Bilateral donors	978	859	826	1,009	962	931	927	911
EC	86	121	114	110	150	124	124	124
IFIs	481	617	638	670	741	911	1,115	1,189
Foundations	23	24	24	178	188	144	159	159
TOTAL	1,568	1,621	1,602	1,967	2,041	2,110	2,325	2,383

Source: OECD Creditor Reporting System Dataset

General Budget Support



Incremental Commitments TICAD and Rome Summit 2008 (USD 19 billions)

for example:

- USA: USD 5 billion (over 2 years)
- Spain: USD 773 million (over 4 years)
- AfDB: USD 1 billion (over 3 years)
- World Bank: USD 1.2 billion (3 years)
- Islamic Dev. Bank: USD 1.5 billion (over 5 years)
- France: USD 1.5 billion (over 5 years)
- Japan: USD 150 million
- Kuwait: USD 100 million

Innovative response to the food situation

Mr Sarkozy's proposal (Rome, 08/06/03) :

- A global partnership for food security
- Based on three pillars :
 - Governance: an international group on food security for an effective international coordination of efforts.
 - A networking of scientific knowledge on food security.
 - Financial re-engagement for increased funds' mobilization in support of enabling policies

Which investment policies?

(food for thought)

- Consider alternatives, diversify!
- Invest in people (formal education and training of service providers, producers and their organizations)
- Balance between short and long-term
- economic and environmental sustainability

for example, up scaling *Faidherbia albida* in Malawi:

Investment:

- 100,000 ha over a 5 years
- 2,500,000 trees established (1.4 t of seeds)
- 500,000 farmers with 0.2 ha/farmer
- investment costs of USD 3 - 4 million

Benefits:

- after 30 years, trees would produce some 83 kg N/ha
- equivalent to some 6,600 t of N or 14,700 t of urea
- benefits: urea equivalent valued at: USD million 0.5 (yr 10); 5 (yr 20) and 15 (yr 30).

(updated from estimates made in 1998 by FAO and MAFE)



THANK YOU