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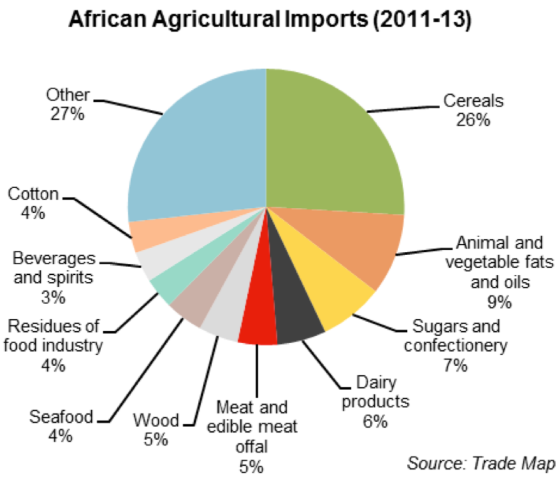
Introduction and Overview



Agriculture has the greatest potential to lift the African continent out of poverty and alleviate hunger, but the sector has struggled to perform in recent history, with reforms happening excruciatingly slowly. According to the World Bank, agriculture contributes 32% to Africa's GDP and provides employment to 65% of the labour force on the continent. In fact, in many countries in Africa, up to 85% of the workforce is employed in the agricultural sector. Furthermore, an estimated 38% of Africa's working youth is presently employed in the agricultural sector. Despite these numbers, African soil remains greatly underutilised and the continent still imports a substantial deal of its food needs. According to Trade Map, African countries imported about US$94bn worth of agricultural products during 2013, compared to exports amounting to about US$60bn. In addition to the significant labour resources as yet untapped, Africa is home to millions of hectares of unexploited arable land. It is estimated that about 60% of the world's available and unexploited cropland is in sub-Saharan Africa. Furthermore, only between 5% and 7% of the continent's cultivated land is irrigated, which leaves farmers exposed to the elements.

Given the nature of African agriculture, where a large proportion of farmers are smallholders or subsistence-based, it is essential to invest in and develop accessibility to quality inputs, markets for produce, good soils and soil management techniques, innovative finance tools and other resources needed for sustained agricultural production. Moreover, the lion's share of African farmers use non-modern techniques in their production process and this limits their productivity, while the lack of irrigation leaves them exceedingly vulnerable to weather shocks and often lacking adequate inputs, efficient markets and the necessary technology to ramp up production to levels beyond personal use.

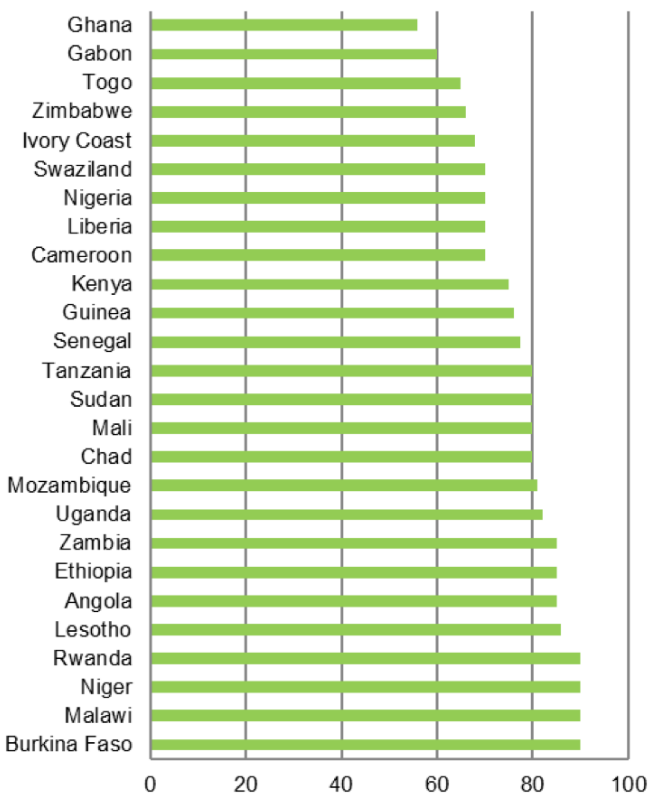
Key Drivers

The key drivers which could see the African agricultural sector shift to a higher growth trajectory are all rooted in government policy. With subsistence and small scale farming forming the bulk of agricultural activities on the continent, the provision of co-operative structures, financial backing, stable markets, improved infrastructure and knowledge sharing initiatives all stem from government and organisational structures on all levels. Unfortunately, there is not one blueprint that fits all the regions on the continent and some countries have fared better than others in this regard. Government and multilateral organisations need to focus on spreading skills and knowledge, increasing fertiliser use, increasing the availability of financing, implementing technologies to improve yields – including research into improved seed varieties – and improving infrastructure. If reforms are implemented efficiently, these focus areas will combine to lead to significant increases in yields in order for Africa to feed itself and ultimately lift a large proportion of the population out of extreme poverty.

Policy

As mentioned above, the role the government plays in the agricultural sector in the African context is pivotal, on all levels. In 2003, at the African Union (AU) summit in Maputo, African leaders pledged to allocate at least 10% of national budgets to agriculture, to adopt sound agricultural development policies and to achieve at least 6% agricultural growth p.a. and created specific plans like the Comprehensive Africa Agriculture Development Programme (CAADP).

Percentage of labour force active in agricultural sector



Source: CIA, latest available data

Central to the CAADP's policy objectives are a series of interventions designed to strengthen policy processes and implementation:

- Support institutions in order for them to be more efficient and accountable;
- Improve governance of natural resources;
- Encourage planning and implementation on more inclusive foundations based on experience;
- Improve coordination, partnerships and alliances both within and between the private and public sectors;
- Foster public investment in agriculture;
- Increase production of / and access to quality data and knowledge, and provide information to the public.

In addition to budgetary thresholds and developmental targets, the broader strategy also included the concept of regional economic integration that was supposed to facilitate cross border trade and investment and create economic/agricultural hubs that would in theory be more efficient than individual nation states. In the framework of the AU, these regional economic communities are the building blocks for Africa's economic integration and almost by definition play an important role in regard to the harmonisation and coordination of agricultural policies and as components of overall agricultural development in relation to the CAAPD. However, the problem here is that the obsession with creating regional economic integration hubs and expanding these into an African whole often inhibits national agricultural development policies with the result that despite the grand designs of NEPAD, the AU and its CAADP, the record is not impressive.

Overall policy development and specifically implementation in the agricultural sector has been disappointing over recent years and in fact has shown some signs of going backward in respect of measurable outcomes. In fact, the UN estimates that sub-Saharan Africa has the highest prevalence of undernourishment in the world, with only modest progress in recent years. The organisation estimates that around one in four people in the region remains undernourished. Moreover, sub-Saharan Africa has actually regressed over the past two decades in terms of feeding its people. The amount of undernourished people in Africa rose from 176 million in 1990-92 to 214.1 million in 2012-14. Although this represents a proportional decline from 33.3% of the total population to 23.8% of the total population, sub-Saharan Africa is the only major region in "The State of Food Insecurity in the World, 2014" report where the actual number of undernourished people increased over the past two decades.

Individual nation states have done better than others and in almost all cases individual states have tended to make better progress that the regional integration schemes. According to the NEPAD website, 30 countries have signed up to the CAADP Compact since 2003, though only eight have surpassed the 10% budgetary allotment target. Although there is certainly a place for mega policy programmes such as the CAADP, especially over the longer term and there is a tendency by donor nations and organisations to look to integrate their contributions to CAADP objectives, the results of this scheme is speckled over the past decade.

It seems clear that overall policy direction and specifically mechanisms for policy implementation regarding agriculture in Africa requires a major overhaul. The concepts at the top level are necessary and even visionary but they are simply too grand, too big, unmanageable and unfunded. At the other end the initiatives and interventions are too small and too limited. It seems most governments continue to ignore the potential of agriculture to alleviate poverty and improve overall quality of life.

Donor Aid

There is a clear shift away from nation state donors to multilateral structures with targeted interventions in African agriculture in an attempt to make some advances in critical areas of African development (food security) where progress over the past decade or more has been slow. In addition, donor nations are now tending to either band together with Non-Governmental Organisations (NGOs) whose expertise and knowledge of what is required is better at directing aid than government agencies or bypassing direct government aid where much is still lost to corruption and mismanagement.

In addition, the vast majority of donor interventions are now dovetailing with AU and NEPAD initiatives such as the CAAPD policy objectives in order to ensure African voices have a say where the money is spent. Individual nation state donor aid tends now to be related to colonial ties – so the United Kingdom tends to still provide individual support to selected countries mainly those once its colonies – while Portugal supports Angola and Mozambique and Germany helps Namibia. However, the bulk of donor aid in 2015 and beyond in relation to agricultural development is likely to come from public-private joint ventures with NGOs holding specialist knowledge playing pivotal roles.

Examples of this relatively new approach to donor aid include the Multi-Donor Trust Fund and Agriculture Fast Track Fund (AFTF) approved by the African Development Bank (AfDB) in 2013. Financially backed by the United States and Sweden, with grants from other countries such as Denmark, the AFTF current holdings are some US$23m with new pledges for 2015. The AFTF has awarded two grants worth almost US$650,000 to high value agriculture infrastructure projects in Tanzania and two grants worth almost US$1.5m to high value agriculture infrastructure projects in Mozambique. According to the AfDB, the AFTF operates in six pilot countries - Burkina Faso, Ivory Coast, Ethiopia, Ghana, Mozambique and Tanzania with more to be added as additional funding is secured.

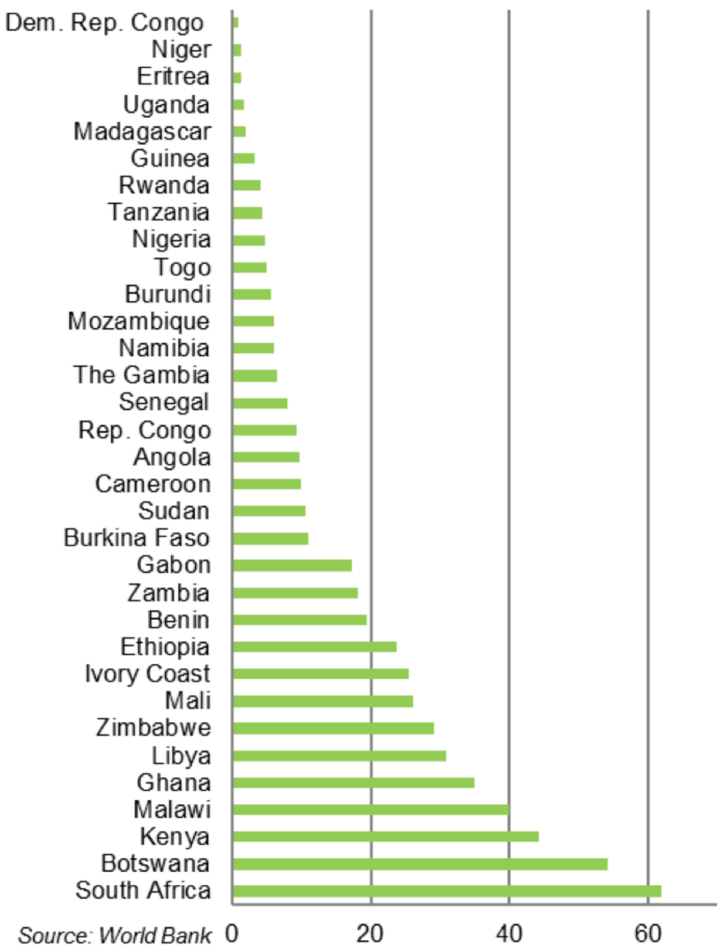
The AU declared 2014 the Year of Agriculture and Food Security, and African Business predicts that agriculture and agribusiness will grow into a US$1trn industry in sub-Saharan Africa by 2030 – from just US$313bn in 2010. "As well as increased interest from private equity, increasing foreign investment came from NGOs, such as Grow Africa, which doubled investment to US$7.2bn." More to the point, much of this investment/donor capital is being directed through the CAADP. Multiparty organisations such as the Global Donor Platform for Rural Development that includes almost every single major donor nation from the Americas to Europe and beyond support African agriculture by aligning with the CAADP structures, principles and processes jointly established by AU/NEPAD and other CAADP constituencies. Development partners engage with CAADP in accordance with the "Joint Donor Principles for Agriculture and Rural Development Programmes" that translate the Paris Declaration and Accra Action Agenda commitments into the African Rural Development context. According to the Global Donor Platform for Rural Development, it provides a focal point for day-to-day interaction with the CAADP country team, and coordination with their international counterparts.

Donor aid for agricultural development is a critical component of overall development and food security for many African countries and the approach donors are now taking of teaming up with NGOs with several decades of experience of dealing with the problems and challenges of African agriculture is an extremely positive development. Despite years of donor aid – much of it stolen and mismanaged – agricultural development has continued to lag and continued to enjoy a low priority. In many cases in the past donors were at fault for misdirecting their aid and taking a "we know best" attitude. The future looks more promising.

Infrastructure

It is no secret that the key to unlocking Africa's economic potential lies with addressing the severe infrastructure deficit. Specifically with regard to agriculture, the state of roads and storage facilities in Africa pose a significant hurdle for farmers. The dire state of the continent's roads and storage facilities results in a substantial proportion of agricultural production never reaching the end user. The World Bank reported in 2011 that the amount of grains losses in sub-Saharan Africa amounts to US$4bn each year, which in turn is more than the amount of annual food aid received in the region and equivalent to the annual caloric requirement of 48 million people. The African Postharvest Losses Information system (APHLIS) estimates that between 10% and 23% of total cereal production goes to waste in Africa post-harvest. Of this, 2% - 5% is due to farm storage, 1% - 2% occurs during the transport to the market phase and a further 2% - 4% goes to waste in the market storage facilities. In fact, a study undertaken in Uganda, Tanzania, and Kenya in 2008, found that transport costs make up about 76% of total maize marketing costs. While the remainder of the losses typically occur on the farm level, the abovementioned areas present an opportunity for government to make a significant contribution by upgrading roads and establishing co-operative organisations which could result in better storage facilities. We expect the agricultural sector to be one of the main beneficiaries as the continent steps up infrastructure development over the medium to long term.

Fertiliser use (kg/ha, 2012)



Source: World Bank

Fertiliser

Africa, on average, uses far less fertiliser than other parts of the world. According to the International Fertiliser Society, average fertiliser use in sub-Saharan Africa is about 8 kg/ha compared to the international average of about 107 kg/ha. This is extremely worrying, given that the rate of soil depletion is estimated at 60 kg/ha. As such, it is clear that the level of fertiliser use needs to rise if the continent is to increase agricultural output. The fact is that many African farmers do not have the resources or knowhow to properly utilise fertilisers. On the other hand, the subsidising of fertilisers is a controversial topic, with many experts suggesting that it is a costly exercise with only modest returns. Proponents of this system believe that fertiliser subsidies are the only way to start up African agriculture, reverse nutrient depletion, and deliver food security and income benefits to the rural poor.

Although the overall level of fertiliser use remains low, there have been some success stories with regard to increased fertiliser use on the continent already. Malawi is regularly offered as example.

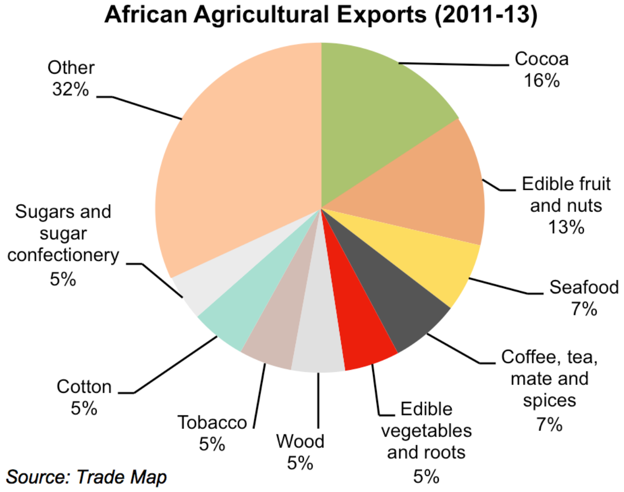
During the mid-200s the government implemented an extensive fertiliser subsidy scheme following a disastrous corn harvest in 2005 that left almost five million (nearly 40% of its population at the time) needing emergency food aid. The subsidy programme, with the help of favourable weather, resulted in the country turning things around to produce record crops in 2006 and 2007.

It is agreed that the effectiveness of fertiliser subsidies will vary from area to area. Nevertheless, the fact is that Africa needs to fight the depletion of nutrients and increase yields to address the food scarcity on the continent and increase growth in the sector. Case-by-case analysis is needed to decide on the appropriate channel to increase fertiliser use, be it traditional subsidies, demonstration packs, vouchers, matching grants, and loan guarantees. Whatever the channel, it is expected that the increased use of fertilisers will be a key driver of agricultural development on the continent over the medium to long term.

Access to Finance

Small scale farmers generally lack access to financing, which in turn deters the use of improved cultivation techniques and fertilisers. In many instances, the smallholder farmers are under more traditional land tenure and cannot use their holding as collateral to borrow. In fact, according to the World Economic Forum's (WEF) Global Competitiveness Report for 2014-15, lack of access to finance ranks among the main obstacles for doing business in Africa. The survey showed that lack of access to finance was voted the most jarring obstacle to doing business in 21 out of 32 sub-Saharan African countries included in the survey. Moreover, only in South Africa and Botswana did lack of access to finance not rank among the three top hindrances to doing business. It is especially concerning that 32.3% of respondents in Ivory Coast, which could again become a West African agriculture giant, voted lack of financing as their greatest hurdle to doing business. According to the World Bank, small-scale farmers require access to four kinds of financing: 1) credit used as working capital; 2) savings for lean months; 3) transactional facilities; and 4) insurance of crops and livestock. As the prevalence of microfinance on the continent expands, we expect to see more and more smallholder farmers improve their operations. However, proper regulation of this sector is of the utmost importance as credit extension remains a double edged sword, especially during a period of lean harvests.

Looking Forward



There is a wide range of serious obstacles standing in the way of Africa reaching its full potential with regard to agricultural development. The role of government cannot be overstated. For African agriculture to prosper the local authorities need to take the lead. Unfortunately most governments on the continent are under severe fiscal pressure, with inefficient revenue collection practices, large public wage bills and severe infrastructure deficiencies. As such, the necessary funds needed to kick-start the agricultural sector may not always be available on time. Nevertheless, being a key poverty-alleviating sector, we expect governments and NGOs on the continent to intensify their efforts to boost the agricultural sector over the medium to long term. In the following section we list a range of countries where the agricultural sector is likely to flourish over the medium to long term, be it on the back of increased government involvement or private entities taking advantage of the immense potential buried in Africa's soil. We explore some of the countries more deeply, but expansion will of course not only be limited to these countries.

Key Growth Areas

Real Agriculture (Y-o-y % Change)					
	2013	2014E	2015F	2016F	2017F
Angola	7.88	4.70	4.46	4.85	4.14
Cameroon	3.75	2.08	-0.13	0.70	3.85
Ethiopia	8.81	5.40	5.90	6.10	5.80
Ghana	5.21	5.71	5.34	4.25	3.73
Kenya	5.06	3.50	4.20	4.40	4.20
Mozambique	3.57	6.30	5.00	7.15	7.25
Nigeria	2.94	4.52	3.48	4.50	4.30
Rwanda	3.05	2.60	3.70	4.10	4.40
Tanzania	3.20	3.50	4.00	4.05	4.30
Uganda	3.25	4.33	5.80	5.50	5.50
Zambia	-7.42	5.48	6.20	6.52	5.70

Angola

Angola has a strong agricultural heritage, with the country once considered to be one of the region's agricultural powerhouses. Development of the agricultural sector holds the greatest promise of improving the lives of the Angolan people. With approximately two-thirds of the working population employed in the sector, agricultural development holds far greater importance to the majority of people than the oil rigs offshore and the diamond mines in the northeast of the country. Indeed, according to the World Bank, Angola's total agricultural land area amounts to 59.2 million hectares (or 47.5% of the total land area). However, the Bank estimates that a mere 3.9% of Angola's total land area is arable, with 0.2% under permanent crops. The reason for this is nearly three decades of civil war that left vast tracts of land littered with landmines, robbing the country of its farming prowess. Plantations and fields were abandoned as millions were displaced, infrastructure was damaged, crops and livestock were destroyed or stolen, irrigation systems fell into disrepair and the rural economy collapsed. In addition, the deterioration of roads inland inhibited any movement of goods, and agricultural production came to a near stand-still. Still, as the government moves to rebuild the economy, Angola's temperate climate and fertile soils have the potential to not only feed itself, but also support a healthy export business. As part of the government's plans for the agricultural sector, the country's sovereign wealth fund, the Fundo Soberano de Angola (FSDEA), in April 2015 announced that it will set up two US$250m investment vehicles aimed respectively at the timber and agricultural sectors.

Ethiopia

The Ethiopian agricultural sector has shown commendable growth in recent years, achieving an average growth rate of around 7.4% p.a. between 2007 and 2014. The country's most important agricultural commodity is coffee, with about 15 million people directly or indirectly deriving their livelihoods from the product. The East African country is the largest producer of coffee in sub-Saharan Africa, and is the fifth largest coffee producer in the world next to Brazil, Vietnam, Colombia, and Indonesia, contributing about 7% - 10% of total world coffee production.

In support of the agricultural sector, the government has created the Agriculture Transformation Agency (ATA) to drive the transformation of the sector, and to realise the interconnected goals of food security, poverty reduction, and human and economic development. Moreover, the government's Growth and Transformation Plan (GTP 2011-15) contains ambitious targets for the agricultural sector. These include enhancing the productivity and production of smallholder farmers and pastoralists, strengthening marketing systems, improving participation and engagement of the private sector, expanding the amount of land under irrigation, and reducing the number of chronically food-insecure households. Sub-sectoral targets include tripling the number of farmers receiving relevant extension services, graduating six million households from safety net programmes into poverty-reducing commercial activity, and more than doubling the production of key crops from 18.1 million tonnes to 39.5 million tonnes.

The government's focus on the agricultural sector has yielded some promising results. Policy reforms, infrastructure improvements, resolution of bottlenecks, and investment facilitation are building the confidence and interest of domestic and international companies alike. In an attempt to increase the participation of the sector in agricultural development, the Ethiopian government established the Agriculture Investment and Land Administration Agency. The agency provides integrated support for investors in a bid to improve their land utilisation and production. According to the agency, 3.6 million hectares of arable land is being provided for investors engaged in the agricultural sector.

The Ethiopian government also initiated a land certification programme which has shown strong progress, with one million parcels of land already surveyed and one quarter thereof certified. According to Grow Africa, studies indicate that certification has increased investments, enhanced agricultural productivity by over 10%, and encouraged landholders to implement natural resource management practices. Prior to the programme, the government owned all land, and land could only be leased from the government for a maximum period of 99 years by Ethiopian law. There is some uncertainty regarding the extent to which the certificates will provide security, but the programme signals the acknowledgement by government that land-ownership is crucial to increasing agricultural productivity. A key characteristic of agricultural development is the credit required to commercially develop land. Due to the seasonal nature of output and inter-temporal dimension of costs and revenue, credit is required to act as a buffer over time. Lack of credit is the primary reason for underdevelopment in the Ethiopian agricultural sector. Being able to acquire credit by using land as collateral can significantly change the country's agricultural landscape, and enhance both productivity and commercialisation.

The government's efforts have been well received. One example is the establishment of a burgeoning flower growing industry in Ethiopia. In fact, Ethiopia was the target of the biggest private equity investment on record for East Africa in 2014. US-based Kohlberg Kravis Roberts (KKR) invested US$200m in Ethiopian horticulturist Afriflora, which specialises in growing flowers, most notably sweetheart roses, according to Fairtrade principles. Afriflora already employs 10,000 people, with the company's website indicating that once all the new sub-projects have been completed, there will be work for around 15,000 people. Ethiopia is the second-largest regional exporter of cut roses to Europe, after Kenya, and the industry looks primed for further growth.

Ivory Coast

Ivory Coast was ravaged by a decade long civil war which brought the economy to a standstill, but relative stability has returned since 2011 and the economy has grown by near double digit levels for two years now, while the prospects are favourable. Ivory Coast is the largest producer of cocoa in the world, supplying about 41% of global output. Ivory Coast is also Africa's leading producer of natural rubber, as well as a major exporter of palm oil products. The government plans to further capitalise on its abundance of arable land. The Ivorian government's National Plan for Agricultural Investment (PNIA) aims to reduce poverty and lead to the local processing of half of Ivory Coast's agricultural output. Authorities plan to invest more than US$4bn to improve and diversify the agricultural sector in order to create some 2.4 million jobs in the sector by the end of 2016. Political stability has also prompted an influx of foreign direct investment (FDI) and infrastructure spending which provide further scope for expansion of the agricultural sector.

Mozambique

Agricultural transformation receives a high level of priority from the country's top leadership. The Centre for Agriculture Promotion (CEPAGRI) has launched a National Agri-business Forum which meets regularly, engages the private sector, brings together major stakeholders, and disseminates information on investment opportunities. In addition, the government is working to remove bottlenecks to attract agricultural investments. Steps taken by the government to enhance the agricultural investment environment include fast-tracking land right acquisition, investing in infrastructure, and improving the overall policy environment (i.e. with regards to taxation and minimum wage provisions).

There are several factors that bode well for the agricultural potential of Mozambique going forward. These include favourable climatic conditions, with vast tracts of largely unutilised arable land, fertile soil and ample rainfall, as well as tremendous irrigation potential from major rivers. Moreover, the country has positive macroeconomic indicators, including a strong GDP growth outlook and extensive import substitution opportunities. The government also plays a role, with support for the agricultural sector by way of the provision of business incentives and specific agencies set up to organise and assist investors in the agricultural sector, while the authorities also enable an environment for investment, with numerous innovative public-private partnerships. The commercial agricultural sector, while still limited, is also showing signs of rapid expansion, with the Ministry of Agriculture and Food Security (MASA) estimating that commercialised agriculture grew by 36% in 2013.

A salient characteristic of land ownership in Mozambique is the fact that all land is owned by the government and that land rights may not be sold, mortgaged or otherwise alienated. As a result, farmers are unable to use their land as collateral to obtain loans, which limits new investment and leads to a gradual deterioration in quality. While Mozambique has some of the most progressive land laws in Africa, with the 1997 Land Law widely seen as striking a balance between protecting customary rights and encouraging investment, the insecurity created by a lease contract does have a negative impact on long-term investment in the agricultural sector. In addition, implementation of the land laws, particularly the obligation to consult affected communities, remains complex in practice, especially given both the pressure to fast-track privatisation and the liberalisation of regulation concerning land.

Mozambican authorities have acknowledged the important position that the agricultural sector currently holds in the economy, both as an employer and a means of support for the large rural population, and have recognised the role that sector will play in future development. In this regard, Mozambique has a clear vision for the long-term growth of its agricultural sector. This is captured in the 10-year Strategic Plan for Agricultural Sector Development (PEDSA). The PEDSA details steps to unleash the vast potential of Mozambican agriculture by creating an integrated, prosperous, competitive and sustainable agricultural sector. By focusing on six corridors – with particular emphasis on the Nacala, Zambezi Valley and Beira – the plan intends to optimise the alignment of activities through the public, private and development sectors. The plan specifically focuses on the Nacala, Zambezi Valley and Beira regions as they hold most of the country's water resources, display high agricultural potential, as well as integration potential with domestic, regional and international markets. Furthermore, the plan prioritises 16 agricultural commodities ranging from rice and soybeans to oilseeds and pulses, with each corridor focusing on specific commodities.

While there is considerable potential for further development, investment into the sector has been below expectations, leading to the review of the National Agricultural Sector Investment Plan (PNISA). An additional concern pertaining to the agricultural sector is its over-exposure to adverse weather conditions, as is evident from the floods in the first quarter of 2015. While the damage was less severe than in neighbouring Malawi, partly due to a disaster-preparedness plan put in place by the Mozambican authorities last year, there has been considerable damage done to the agricultural sector, not to mention the lives lost and uprooted by the floods.

According to the World Bank, the floods in January were the worst the country had faced in a decade. Mozambique's National Institute for Disaster Management indicated that the flooding forced the emergency evacuation of about 50,000 people and affected a further 100,000. Floods have had both social and economic costs, and continue to plague the country. Coastal Mozambique is home to nine international river basins, making it especially vulnerable to flooding. Regular flooding severely affects the livelihoods of thousands of individuals that depend on the agricultural sector, and also devastates the country's already inadequate infrastructure. Furthermore, government finances are also negatively affected by recurrent flooding, forcing an increase in emergency government expenditure.

Nigeria

Unlike some of the other countries in this list, Nigeria has already come a long way with regard to agricultural development. That said, the West African nation still lists among the countries in Africa with the most untapped commercial agricultural opportunities. Agriculture remains a salient provider of employment and livelihoods, and there remains much scope for the sector to expand by improving productivity levels and easing access to finance. Agricultural land constitutes 83.7% of the country's total land area, but arable land accounts for only around 40% of total agricultural land. Moreover, fertiliser consumption amounts to only 5.7 kg per hectare of arable land, compared to 17.9 kg in Ghana, 32.2 kg in Ivory Coast, 53.2 kg in South Africa, and 120.5 kg in the US.

The government's agricultural reforms – the Agricultural Transformation Agenda – are centred on import restrictions to boost local production, improving the distribution of fertilisers, a scrapping of import duties on agricultural equipment, and easier access to credit for farmers. Arguably, though, more needs to be done to improve the basics, such as addressing the high levels of corruption and the poor state of infrastructure. Key agribusiness industries currently receiving government support include cocoa processing, sugar refining, and poultry production. Government support includes the provision of subsidised agro-chemicals, the rehabilitation of old farms, and efforts to boost local production through limiting imports. Apart from providing direct support, the Nigerian authorities will continue to encourage foreign direct investment in key sectors such as maize, rice, sugar, livestock, and dairy production.

According to the former agricultural minister, Dr. Akinwumi Adesina[1], Nigeria (the fourth largest cocoa grower in the world) is on track to bring cocoa production to 500,000 tonnes by the end of the current harvest in September 2015, compared to 350,000 tonnes during the 2013/14 season, on the back of the distribution of higher-yielding seeds. The new cocoa seeds reportedly yield 1,500 kg - 2,500 kg per hectare and flower within two years, while the old seeds yielded only 350 kg - 450 kg per hectare and flowered only after five years. Dr Akinwumi Adesina recently indicated that Nigeria's cocoa production could top one million tonnes by 2020. At present, actual production levels continue to fall short of the government's lofty goals because farmers are relatively old and their trees need to be replanted. The majority of the country's cocoa farmers are above 60 years of age and most cocoa trees are even older.

With Nigeria's population set to grow to 210 million by 2020, the need for agricultural investment both as a source of food and employment is greater than ever. Leading the charge is Africa's richest man, Alhaji Aliko Dangote. Dangote plans to invest about US$9bn in Nigeria's Kebbi state to cultivate and develop farmlands and a food processing factory. The billionaire also targets rice production, with around US$1bn going toward the acquisition of 150,000 ha of farm land in five states. As part of this drive, the company plans to set up two rice mills with an installed capacity of 240,000 tonnes per day.

The government has also stepped up its efforts to make Africa's biggest economy self-sufficient in rice production by 2015. Nigeria is currently the largest importer of rice in the world, despite a steady increase in local production over the past few decades. The government also increased import tariffs in order to spur private sector development in the rice industry, though these efforts unfortunately resulted in an influx of rice smuggling from Nigeria's smaller neighbours, especially Benin. Still, private sector investment led to the establishment of 14 new large-scale rice mills in recent years. In September 2014, the government announced that it had made N13bn (about US$80m at the time) available as financing for the establishment of a further 10 rice mills and six cassava flour mills. The rice mills will each have an annual capacity of 36,000 tonnes.

[1] Recently elected President, African Development Bank

Rwanda

Agriculture is a major contributor to Rwanda's economy. Roughly half the population is engaged in agriculture as an economic activity, with a slight majority being women. In addition to tea and coffee, Rwanda's agricultural sector currently produces cassava, potatoes, and sweet potatoes in significant quantities, with the country producing around 8% of Africa's annual potato production, according to Grow Africa. The government has adopted a cooperative subleasing model, in which land consolidation into farming blocks intends to maximise yields and efficiency. Under this system, Rwanda has created quality premium products and premium production hubs within which smallholder farmers are hired by companies that sublease parcels of land for often generous periods of time. According to the agriculture ministry, difficult access to finance is one of the major factors affecting the agricultural sector. Farmers continue to complain about the high interest on agriculture loans, which hurts efforts towards agricultural mechanisation and increased productivity. However, this issue is being addressed, with private-sector insurers and agricultural companies providing crop and weather insurance, while microfinance initiatives are facilitating farmers' access to credit and stimulating agri-credit supply. In addition, the Development Bank of Rwanda is in the process of establishing a stand-alone agricultural financing department that will streamline and ensure farmers' access to long-term financing for projects that other banks do not fund.

According to Grow Africa, the value of registered private investments in Rwandan agriculture totalled US$512m across 184 projects between 2000 and 2013. As the country's top agricultural export commodities, tea and coffee have remained significant investment targets, though proportionately only accounting for 19% of overall investment in agriculture. The industry is increasingly witnessing diversification into emerging sub-sectors with growth potential, including floriculture, fruits & vegetables, dairy, meat, hides & skins, rice & grains, fish, honey and oils. To facilitate investors' efforts to tap into the opportunities in these nascent sub-sectors, the Rwandan government is increasingly making use of partnerships with the private sector. These partnerships are aimed at adding value and increasing exports by providing resource and infrastructure support. Recent partnerships include an agreement with Erasmus Investment International. The Rwandan ministry of agriculture and Luxembourg-based firm Erasmus Investment International signed a formal commitment worth €3.5bn last year for a wide-ranging project portfolio that envisages investment in hillside irrigation, land cultivation, development of horticulture, fruit and vegetable processing, mechanisation, postharvest treatment, logistics, cold storage, production and export of silk, and livestock. Furthermore, in order to fast-track investments in the agricultural industry, the agricultural ministry and Rwanda Cooperative Agency (RCA) have identified key farmer cooperatives together with production areas that will serve as Premium Agriculture Investment Hubs for specific commodities, with the focus shifting towards improving their marketing and business skills. The multitude of partnership initiatives create a strong climate for value addition and export growth in Rwandan agriculture. Furthermore, the agricultural sector has also benefited from significant bilateral and multilateral support. In June 2014, the European Union committed some €200m to the country's agricultural sector. The fund, to be invested until 2020, is part of the €460m earmarked for Rwanda's development programme, and will cover areas such as feeder roads, nutrition, and centralised & decentralised agriculture.

Tanzania

Tanzania has the capacity to become a major regional food-exporter given its abundance of natural resources with agricultural potential. The country shares borders with eight countries in the East African region, which provides significant market potential, while a coastal location with an international port provides potentially low-cost access to rapidly expanding markets in the Middle East and Asia. At present, Tanzania is yet to make full use of its abundant resources. According to data from the World Bank, Tanzania's agricultural land amounted to 406,500 km2 in 2012, or 45.9% of the total land area. This is up from around 340,000 km2 (38.4% of total land area) during 1985-2003. The agricultural sector in Tanzania is hampered by low productivity, poor infrastructure, and a lack of technology. Only around 10% of crops in the country are cultivated with the use of a tractor, while a further 20% is cultivated by ox, and most crops (70%) are cultivated by hand hoe. Furthermore, only about some 20% of areas with high irrigation potential are currently irrigated.

The government has undertaken various initiatives to promote development of the agricultural sector. The Tanzania Agriculture and Food Security Investment Plan (TAFSIP) 2011/12 - 2020/21 intends to focus on production and commercialisation of agricultural products, which includes transferring technology and subsidised inputs to smallholder farmers, as well as public-private partnerships in the Southern Agricultural Growth Corridor of Tanzania. The cost of the first five years of the TAFSIP is estimated at US$5.4bn, with US$2.5bn already made available. The aim of this programme is to triple agricultural production over a 20-year period, leading to the creation of 420,000 jobs.

Zambia

Zambia's arable land spans 752,000 km^2, though less than 20% is under cultivation. The Zambia Institute for Policy Analysis & Research (ZIPAR) estimates that productivity in the agrarian sector increased by 9.8% p.a. in the 2008-12 period, with the informal sector outperforming the formal sector on aggregate. Turning to recent performance, the finance ministry indicated in October 2014 that Zambia has recorded a "historic achievement" during the 2014/15 farming season by harvesting the highest tonnage of maize on record. The government stated that 3.35 million tonnes of maize were harvested on the back of an 8.1% increase in area planted during that season, which, coupled with favourable weather conditions and increased farmer productivity, translated into an increase of 22.3% in crop yield. Increased agricultural productivity has also been ascribed to the adoption of the evergreen agriculture scheme, with the World Bank estimating that farmers using this method have reported an increase of approximately 30% in crop yields. Evergreen agriculture refers to the simplistic method of integrating trees into crop systems, thereby contributing to the conservation of water, improving soil fertility and combating climate change. One of the measures applied is the use of the Faidherbia albida tree, an indigenous African acacia, according to the World Bank.

In February 2015, Africa's top cane producer Zambia Sugar, which is a unit of South Africa's Illovo, indicated that it is planning to spend US$82m to construct a refinery that would double its annual refined production. The funds will also go toward other factory improvements. Zambia Sugar indicated that the extra refinery and upgrades will double refined output capacity to around 100,000 tonnes per year, starting in May 2016.

In order to consolidate the strong sectoral performance, the fiscus has allocated a higher portion of state resources to agriculture in 2015. The government is also moving spending away from subsidy expenditure and more toward infrastructure outlay in order to promote longer-term growth.

The government will specifically aim to recruit 500 additional extension officers, equipped with transport facilities, to support the farming community with technical knowledge and an updated skillset. Furthermore, under the umbrella Farmer Input Support Programme (FISP), the government aims to unlock greater productivity and diversification of crops; to provide perspective, maize absorbs more than two-thirds of the overall agricultural budget at this stage. Extending on this theme, the government furthermore aims to unlock the vast potential of the domestic agrarian sector via increased focus on conservation farming and the establishment of smallholder irrigation schemes, thereby limiting the impact of adverse weather conditions. In order to achieve this objective, the state will provide support to a projected 84,000 farmers spanning 31 districts during the latter half of the 2014/15 season, as well as including an additional 6,000 hectares (ha) under irrigation in 2015. The government has already supported the irrigation of 17,500 ha of land over the period 2012-14.

Foreign interest and investment in agriculture are expected to increase in coming years on the back of the government's on-going drive to develop and boost the sector via fiscal and non-fiscal investment incentives as a means to fast-track economic diversification. Non-fiscal investment incentives include the division of several portions of land in certain parts of the country to be allocated to investors to develop for agricultural purposes. The Zambia Development Agency (ZDA) handles investor applications for a Certificate of Registration (CoR), fiscal and non-fiscal incentives and immigrations permits. In order to qualify for benefits, the minimum investment threshold for an Investors Permit is US$250,000, while qualification for special tax incentives for Priority Sector or Multi Facility Economic Zones (MFEZ) requires a minimum investment of US$500,000. Priority Sectors include horticulture and floriculture. Non-fiscal benefits to obtaining a CoR include investment guarantees and protection against state nationalisation.

Conclusion

Growth in Africa's agricultural sector has failed to reach its potential and there is no one quick fix to get the sector on a higher growth trajectory. A concerted effort is needed on all spheres, from improving techniques, markets and access to credit for small scale farmers, to government policies to attract foreign investment and spur commercial agriculture and increased value add. That said, the potential for growth in the agricultural sector on the continent is huge. Africa houses a large proportion of the globe's unexploited arable land and there is significant scope for improvement with regard to irrigation, use of fertilisers and improved technology. Furthermore, the return to political stability is some key countries and programmes by governments and NGOs could unlock significant value in the medium to long term.

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