

# Megatrends Transforming Africa's Agrifood System



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Presentation at the First Evidence to Action Conference for West Africa

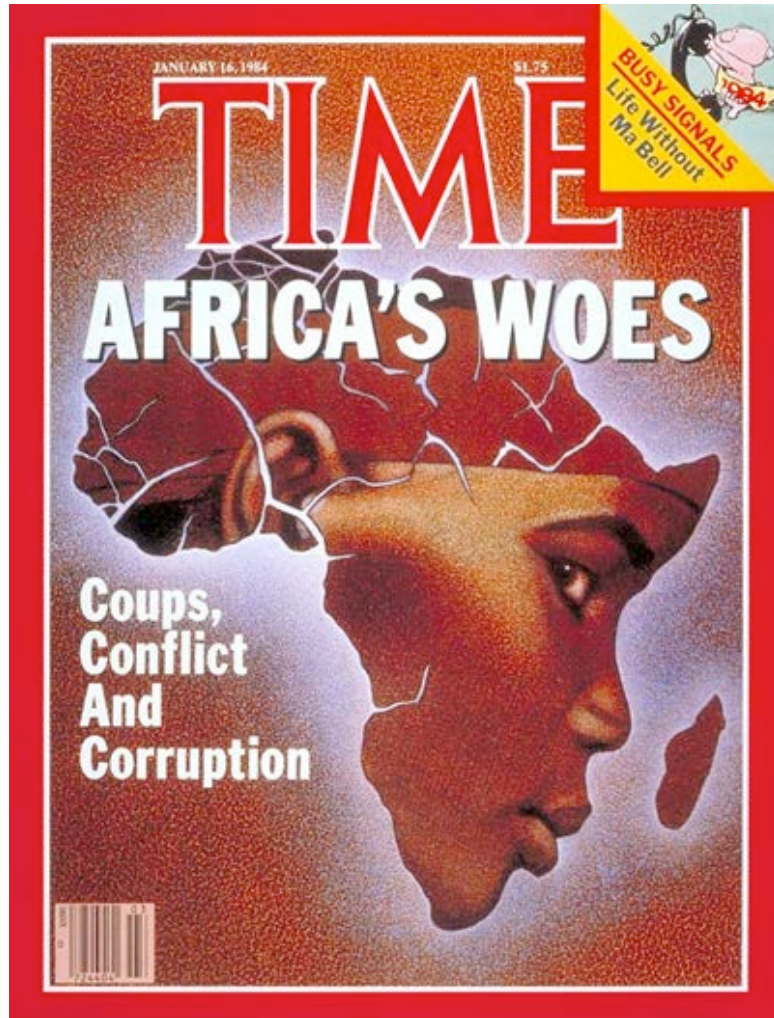
University of Ghana, Legon, Accra, Ghana

July 25-26, 2017

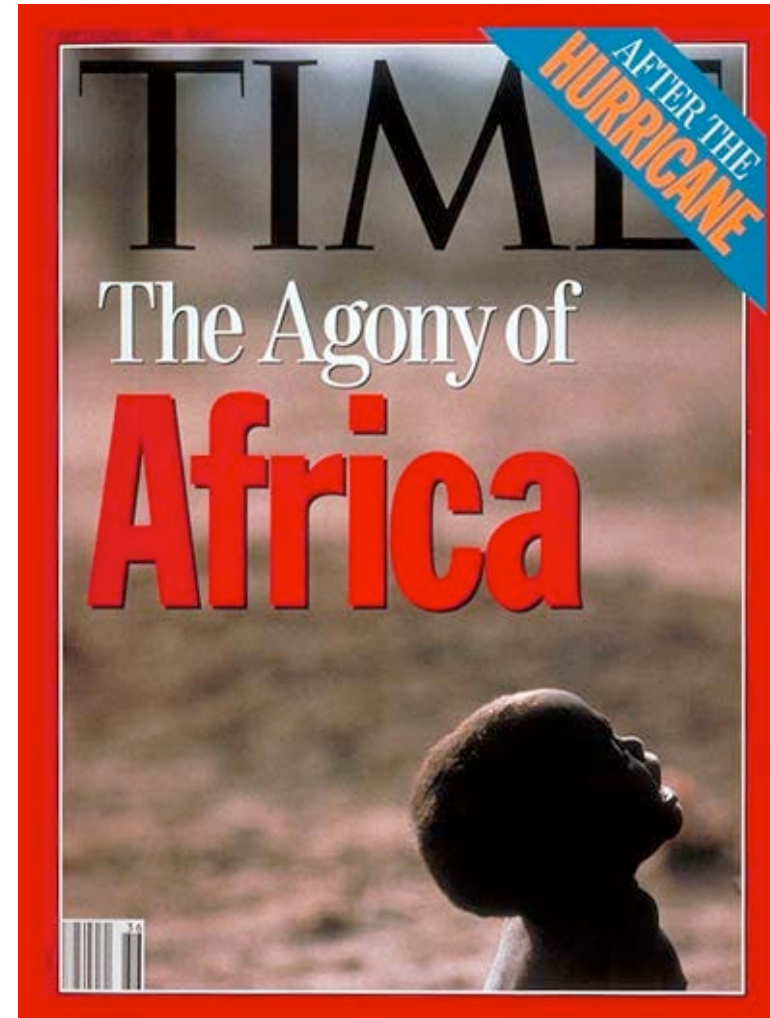


# Africa's Changing Economic Landscape

1984



1992



# Africa's Changing Economic Landscape

- Impressive economic growth since 2000
  - Six of 10 fastest growing economies in Africa (Kearney, 2014)
  - Several countries with GDP growth above 5% (IMF, 2013)
- Growth prospects remain favorable despite changes in external environment
  - Commodity price slump
  - Slow down in world's economy (China)
  - Rise of US interest rates

2011



# Salient “mega-trends” affecting Africa’s AFS

- SSA undergoing rapid transformation in response to key megatrends with implications for the demand and supply of agricultural and food products
  - Rapid population growth and labor force expansion
  - Rapid growth in food demand/reliance on food import
  - Rise of investor farmers/Changing farm sizes
  - Land scarcity and land degradation
  - Labor exit from farming
  - Climate change
- Megatrends often couched as inevitable transformation

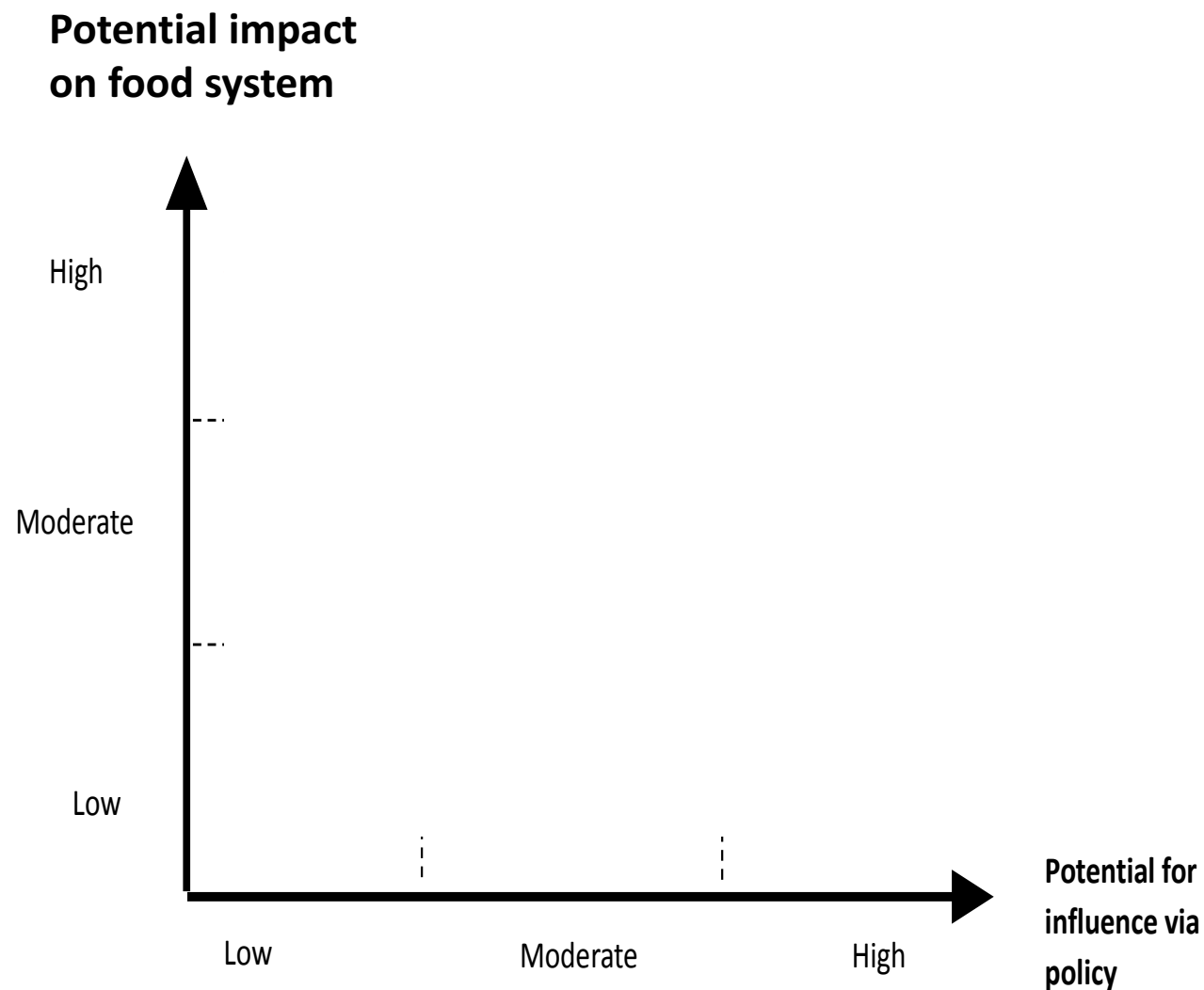
# Main Argument

- Most “megatrends” shaping the future of AFS are less certain and are neither irreversible nor inevitable
  - dependent on the time path of other trends that are highly uncertain
  - **Policy** can influence future trajectory of some trends



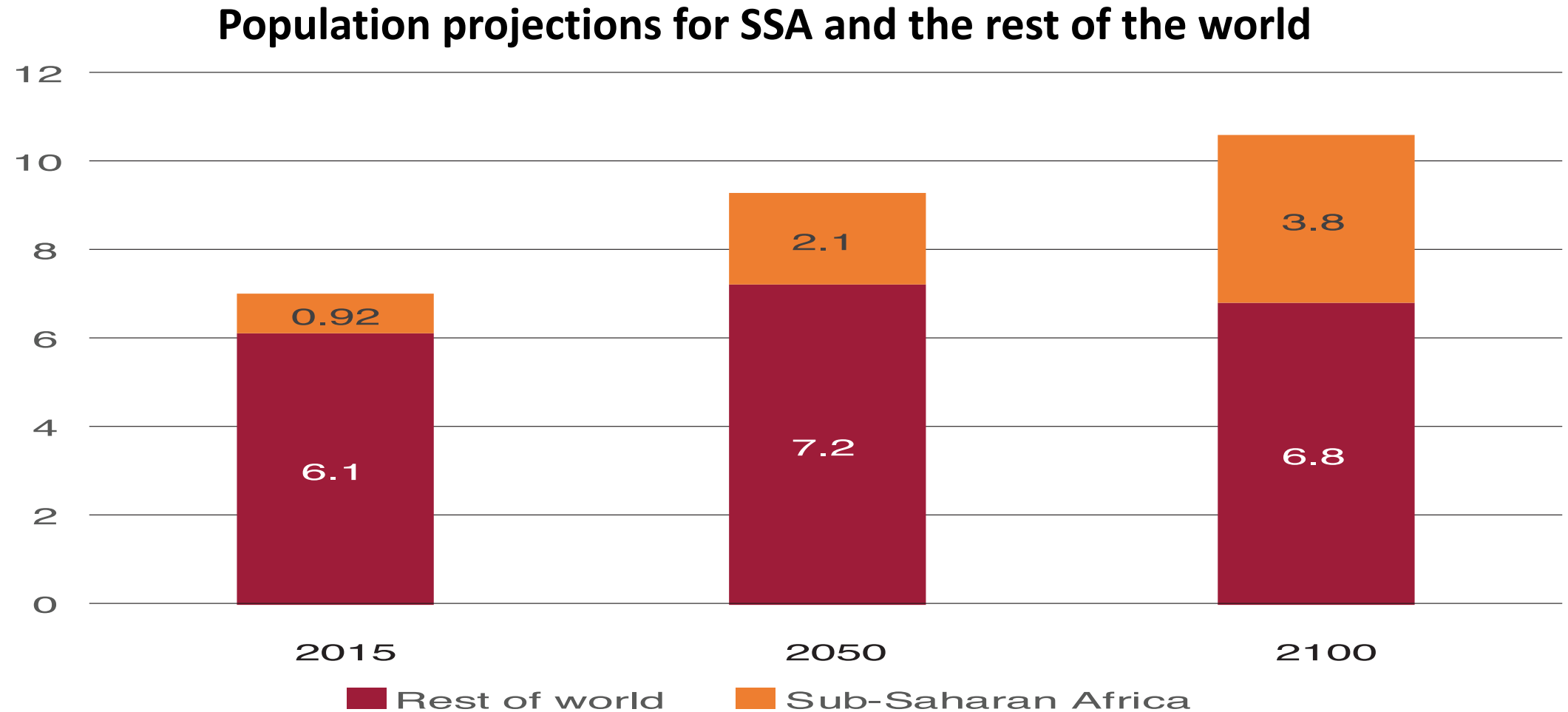
# Objectives

- Investigate “mega-trends” shaping African Food System (AFS)
- Consider how policy can influence the trends
- Recognizing
  - variation across countries
  - The trends we highlight are not the only ones



# Trend # 1.

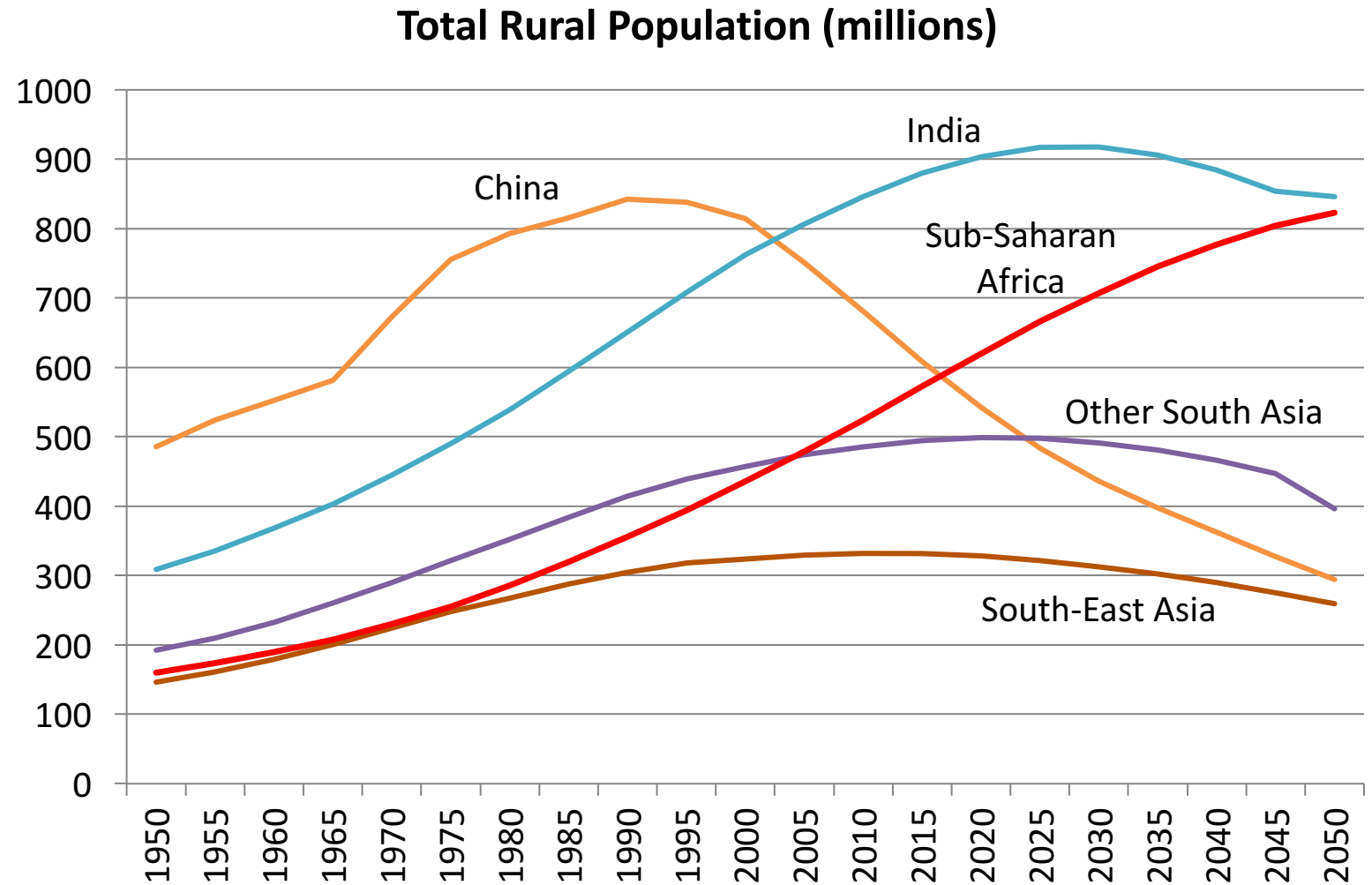
## Rapid population growth and labor force expansion (Youth bulge)



Source: *United Nations (2016)*

# 1. Rapid population growth and labor force expansion (Youth bulge)

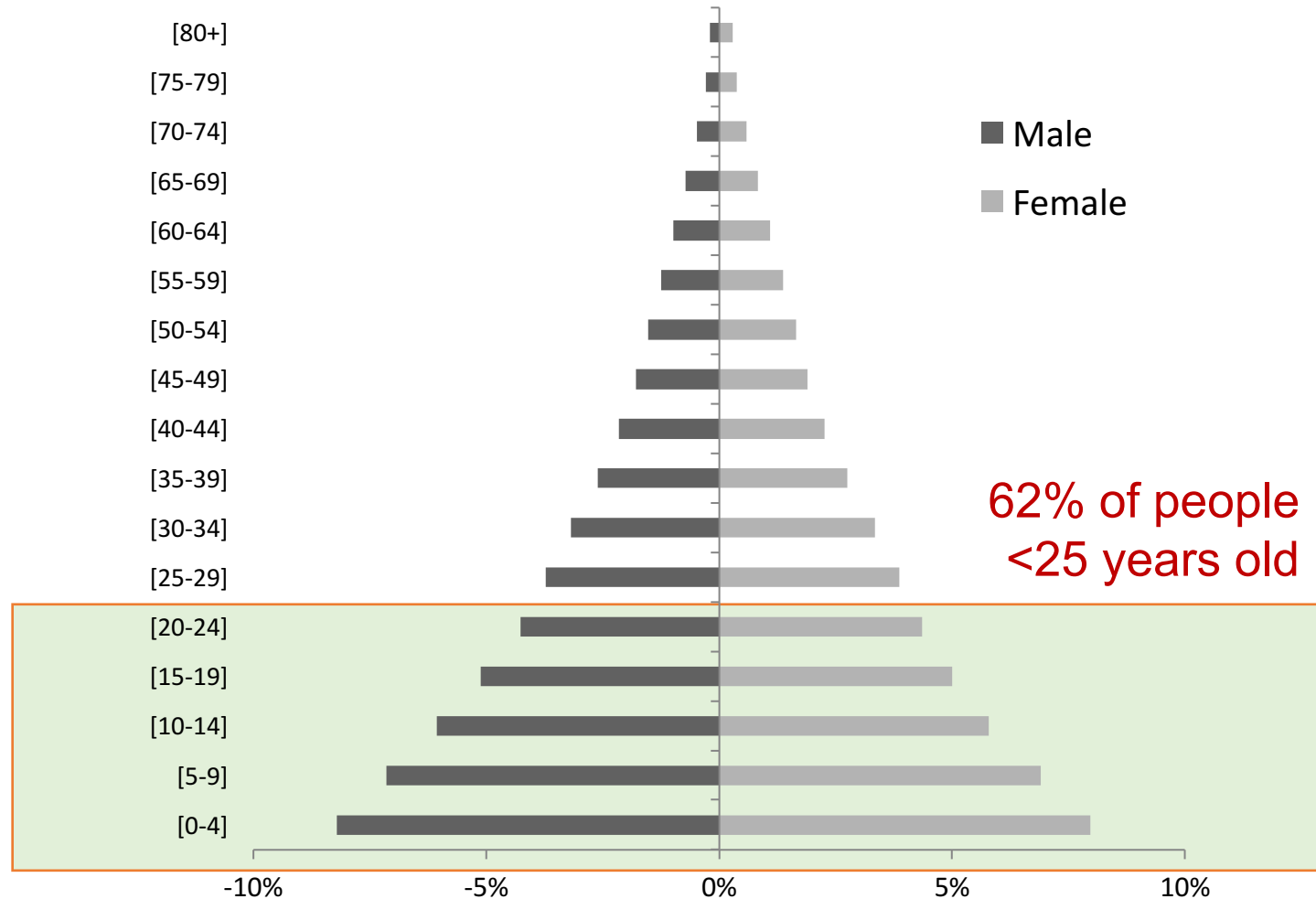
- Only region of world where rural population continues to rise past 2050
- 53% more people in rural Africa by 2050 than there was in 2015
- Africa's impact on world economy will amplify
- Pressure on African production system to feed growing population





# Looming employment challenge

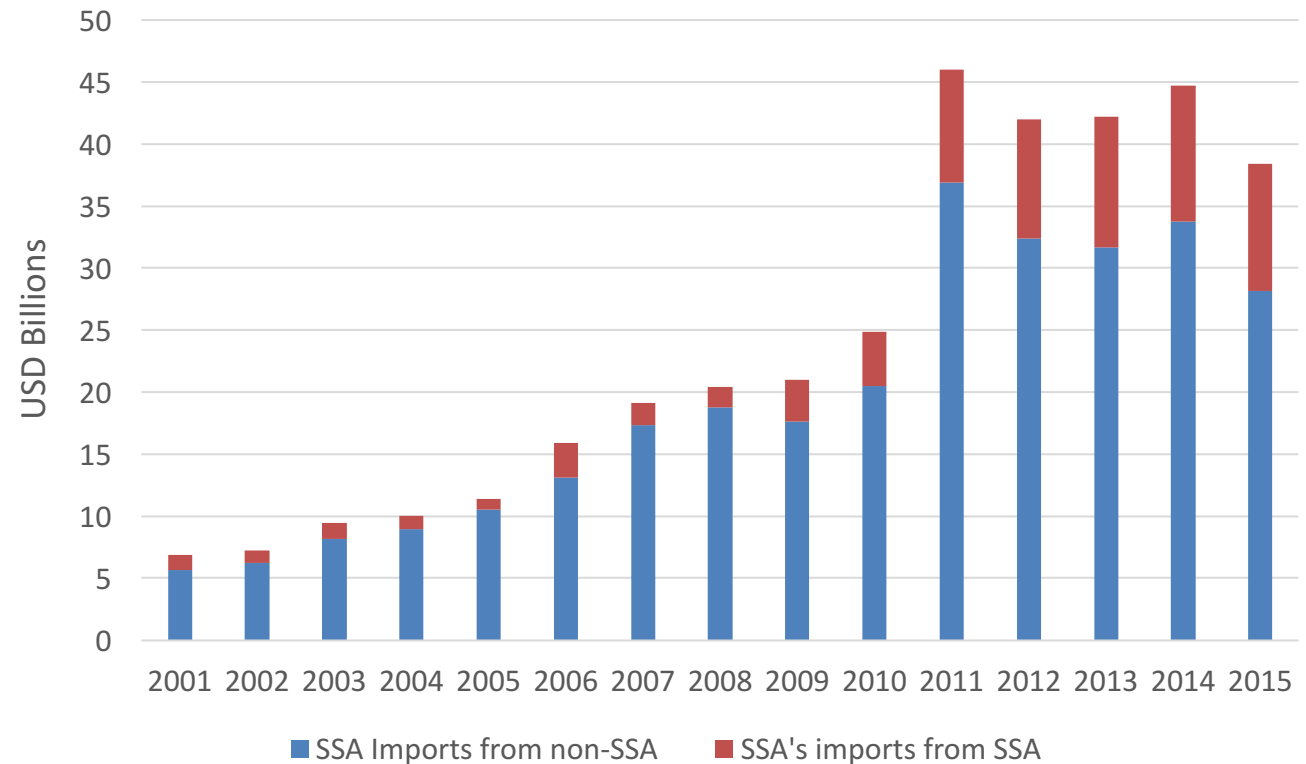
- 3% growth in labor force per year
- 375 million young Africans to become of working age by 2035 but only a quarter may find wage jobs (Losch 2016)
- Agriculture will need to absorb a large share of new workers into gainful employment
- Little scope of policy to alter trajectory of Africa's "youth bulge"
  - Over a 10-15 year period, family planning policies can greatly reduce population growth rates (as in much of Asia)



# Trend # 2

## Rising Food Demand and Reliance on Food Imports

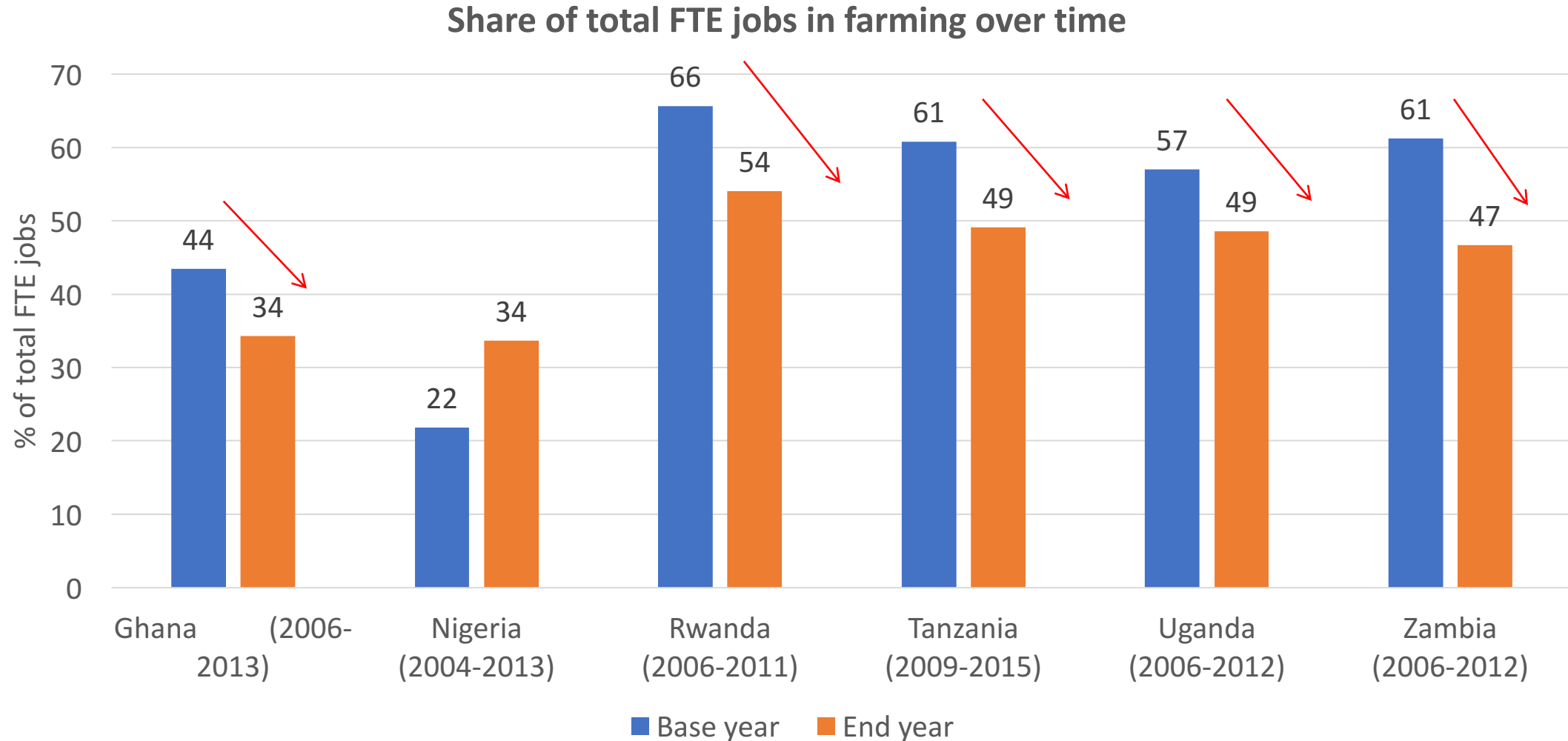
- Growing demand for food
  - Population growth and urbanization
  - Rising incomes and diet transformation (Tschirley et al., 2015; Hollinger and Staatz, 2015)
- Rising reliance on imported foods
  - SSA food import rose from US\$ 6 billion to US\$ 45 billion between 2001 and 2014
- Great potential for job creation if rising food consumption requirements can be satisfied by local production rather than imports.
- Future dependence on imports subject to public investment patterns



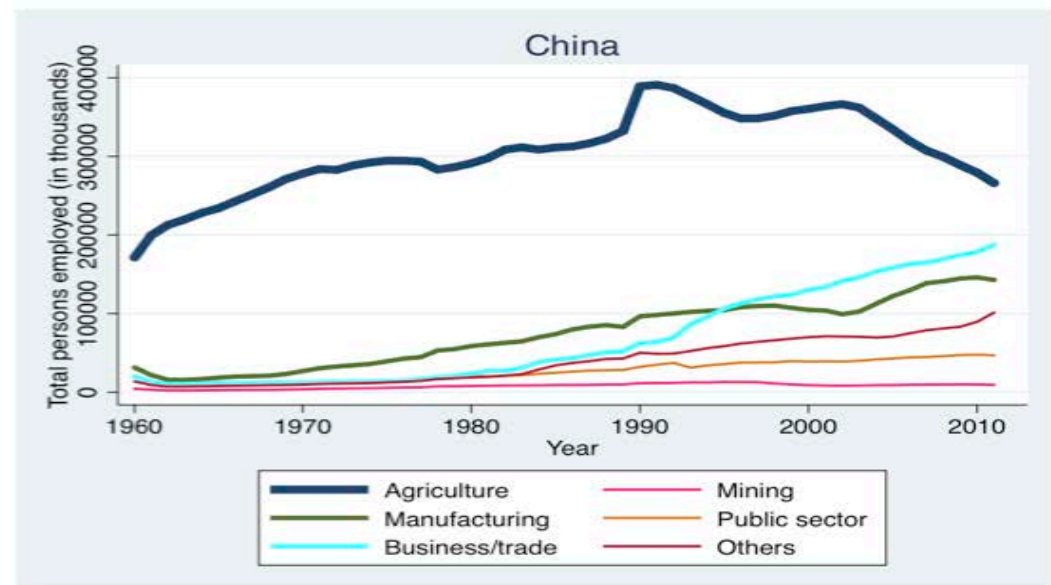
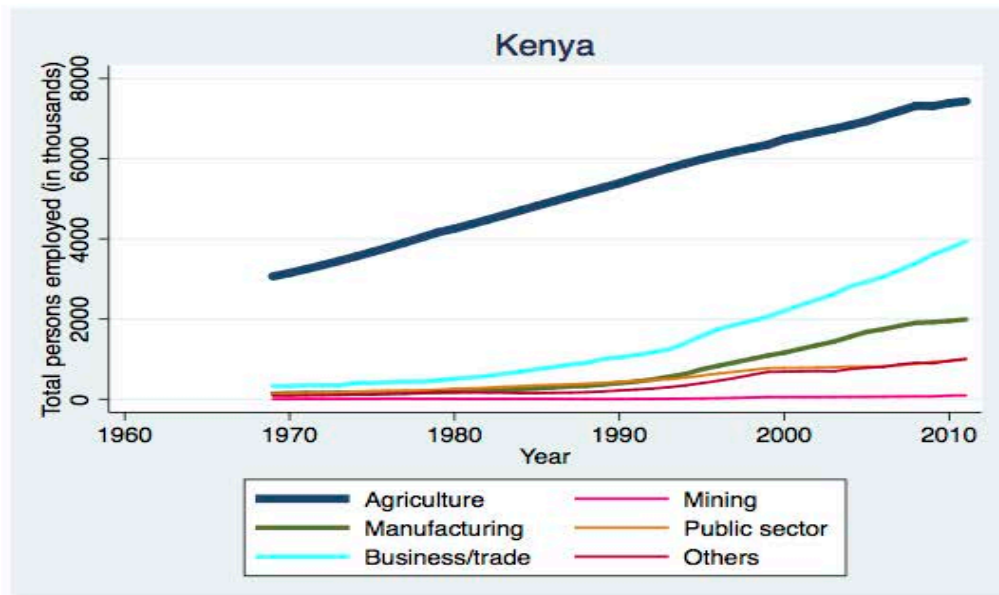
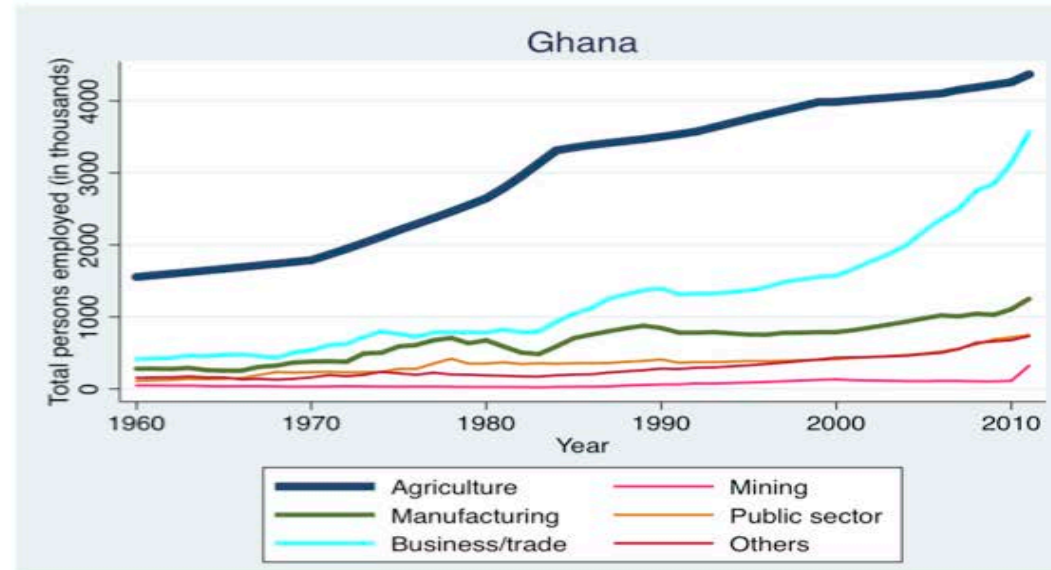
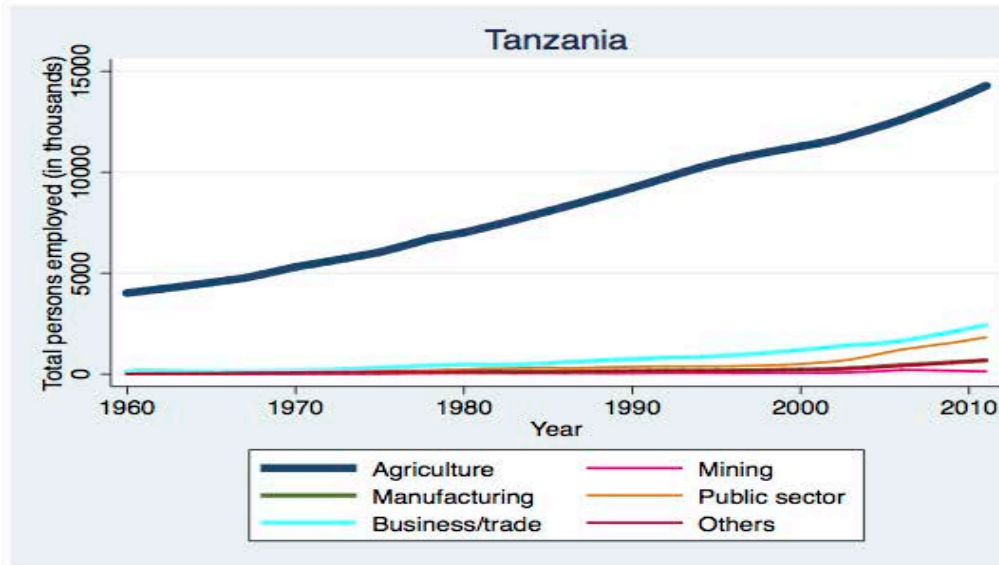
Source: RENAPRI (2017)

# Trend # 3

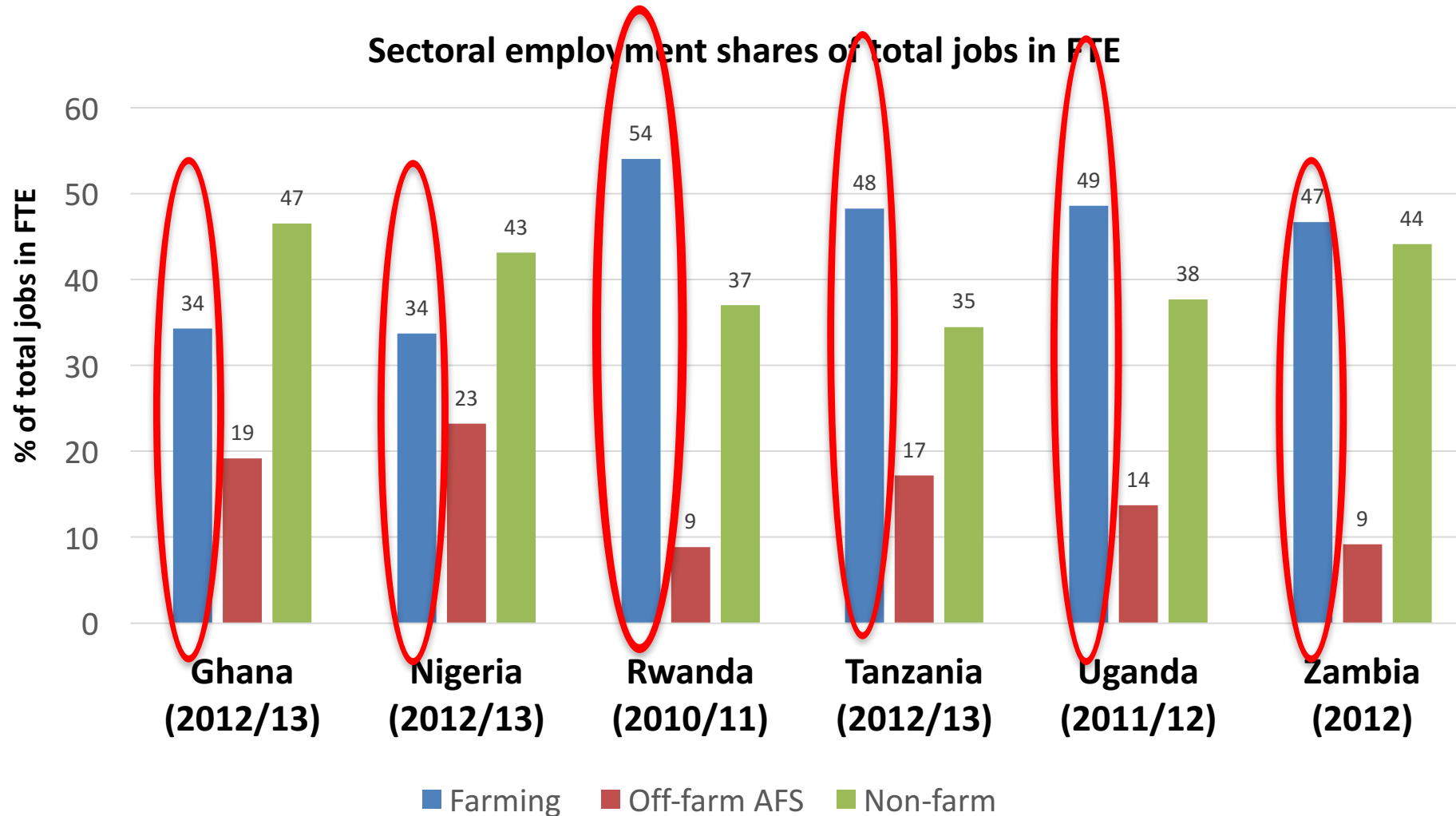
## Labor exit from farming and corresponding rapid percentage growth in off-farm jobs



# # of people employed in farming still rising

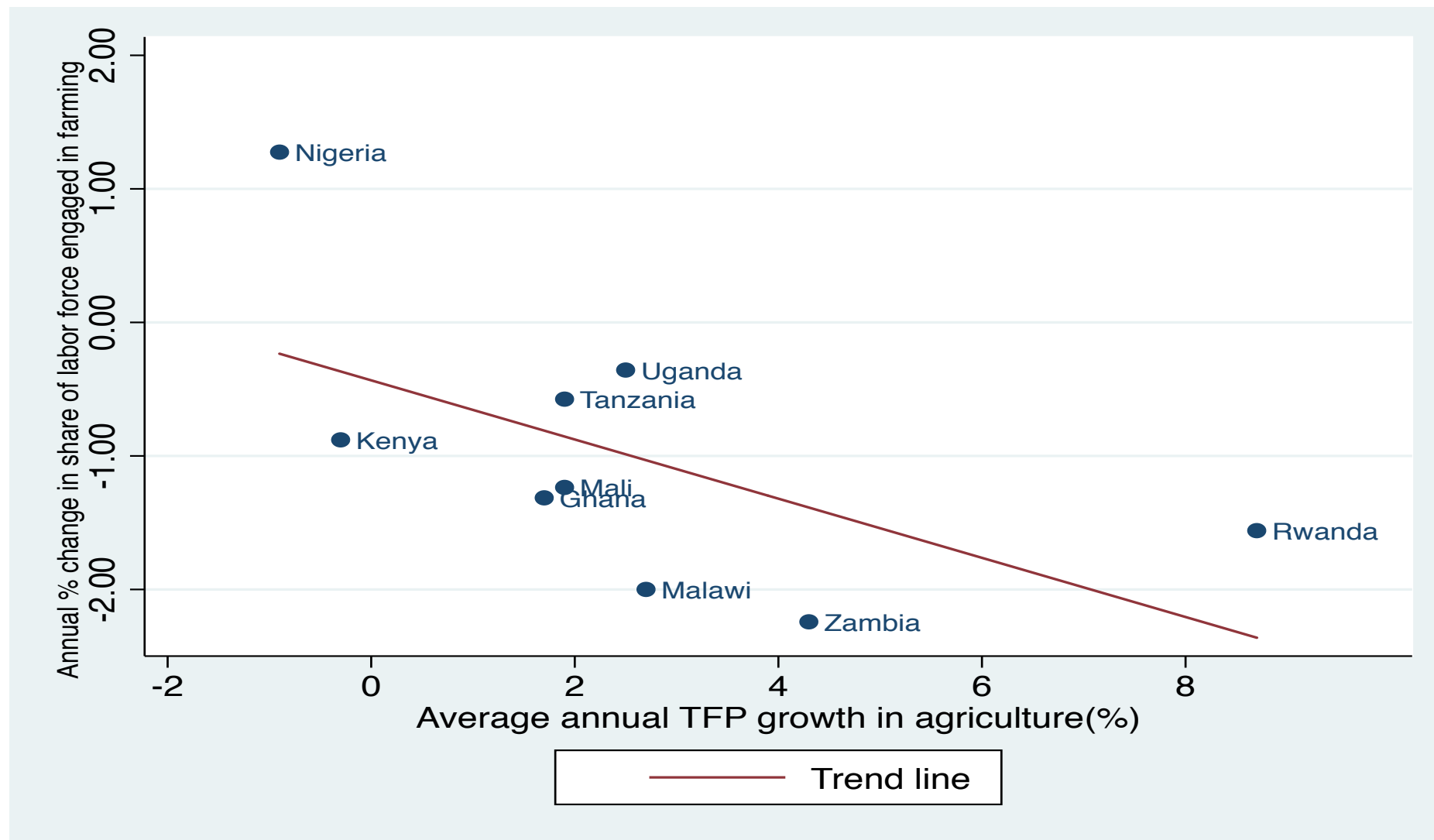


# Farming remains single largest employer of workforce



Pace of labor exit from farming and off-farm job creation depends on public investments in agriculture

Farming employment share declining most rapidly among countries enjoying highest agricultural productivity growth



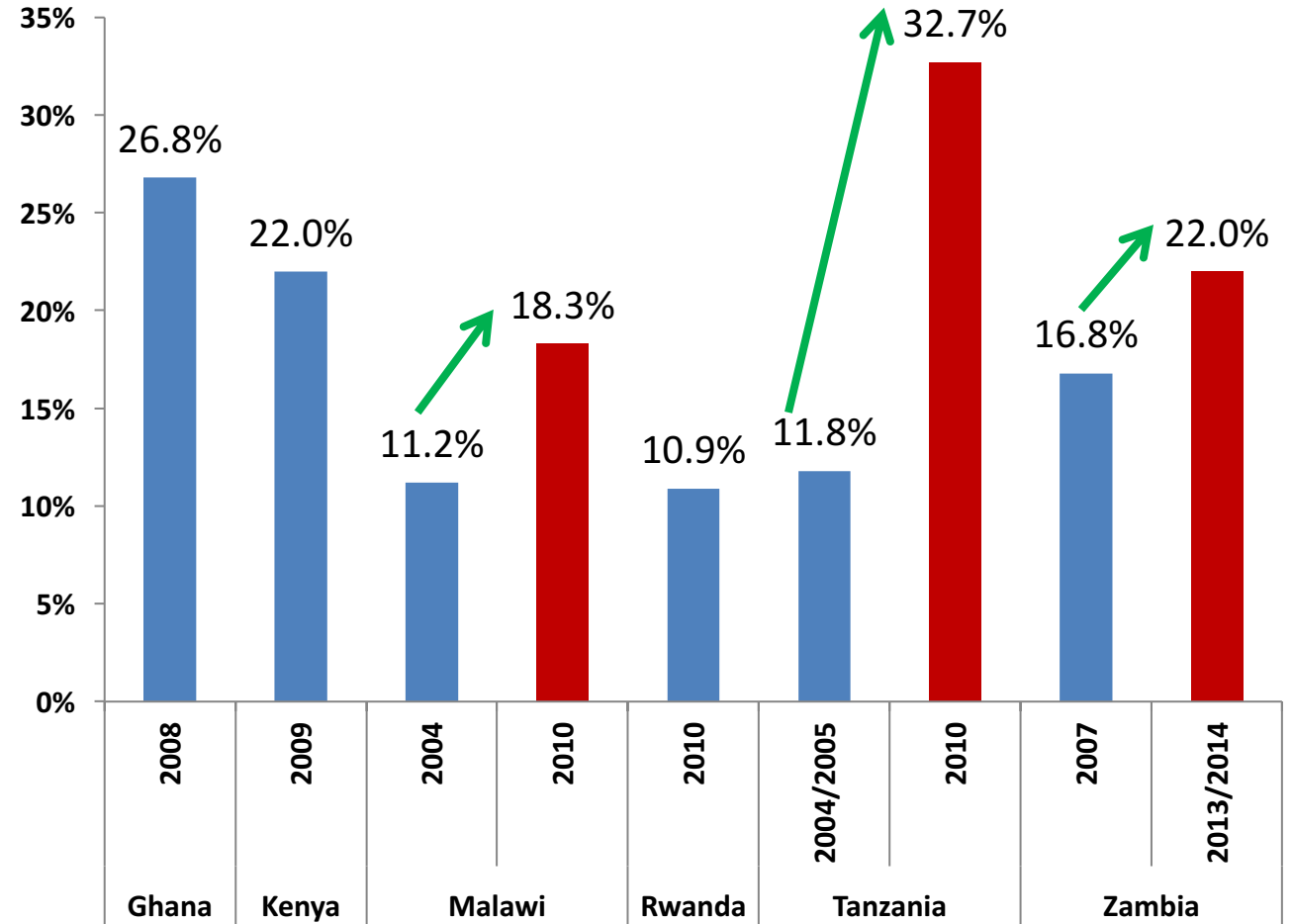
Source: Yeboah and Jayne, 2016

# Trend # 4

## Concentration of landholdings/Rise of “investor farmers”

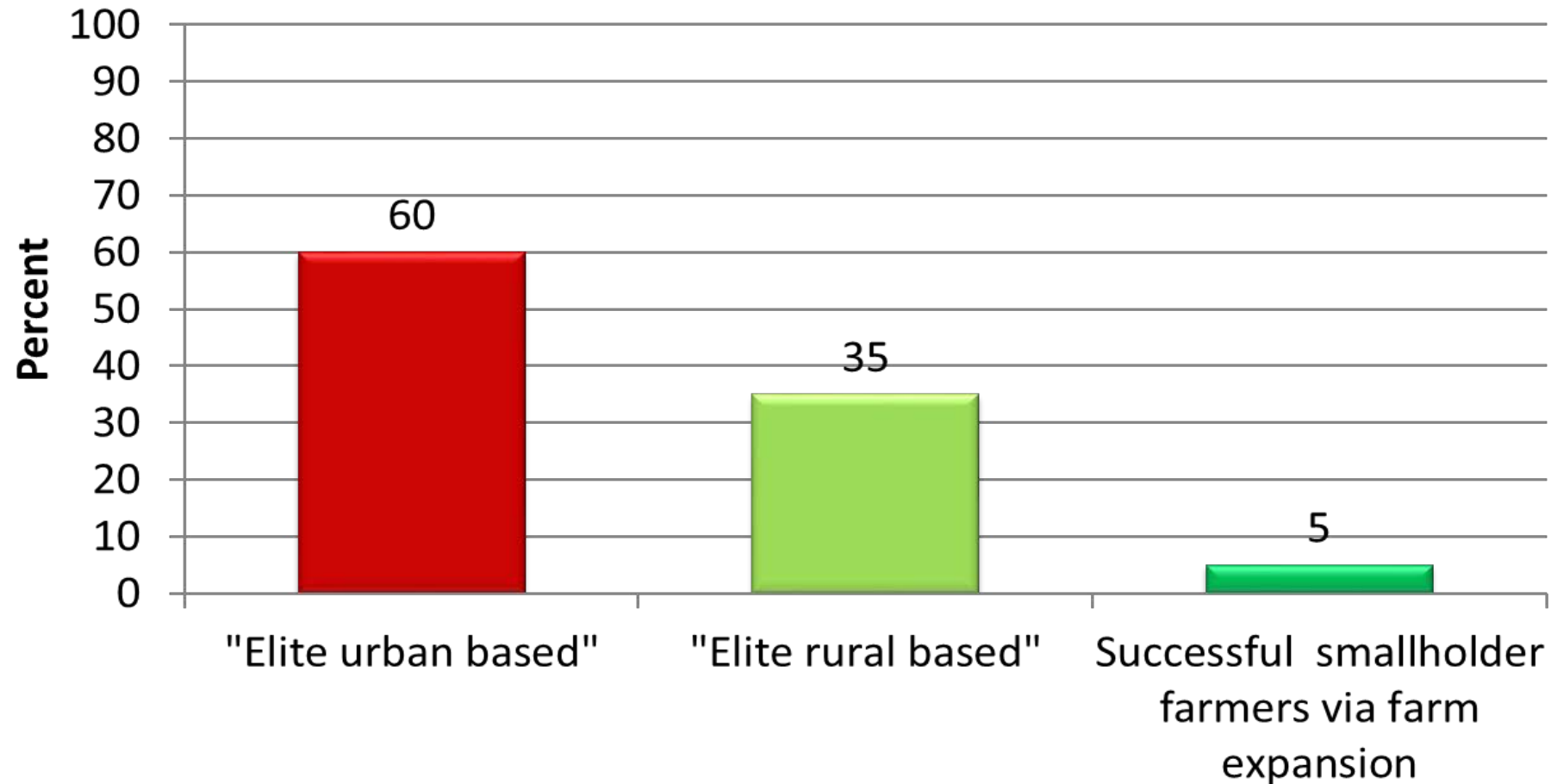
% of National Landholdings held by Urban Households

- Rising interest in Africa’s arable land
  - Meteoric rise of medium-scale farms (5-20 ha)
- A large and rising share of arable land owned by urban-based households
  - Urban-based HHs own between 10-30% of national agricultural landholdings (DHS data)



Source: Demographic and Health Surveys, various years between 2004-2014.

# Three sub-categories of medium scale farmers: Ghana, Kenya, Zambia





# GINI coefficients in farm landholding rising: Much higher than green revolution Asia and approaching levels in *Latifundia* agric system

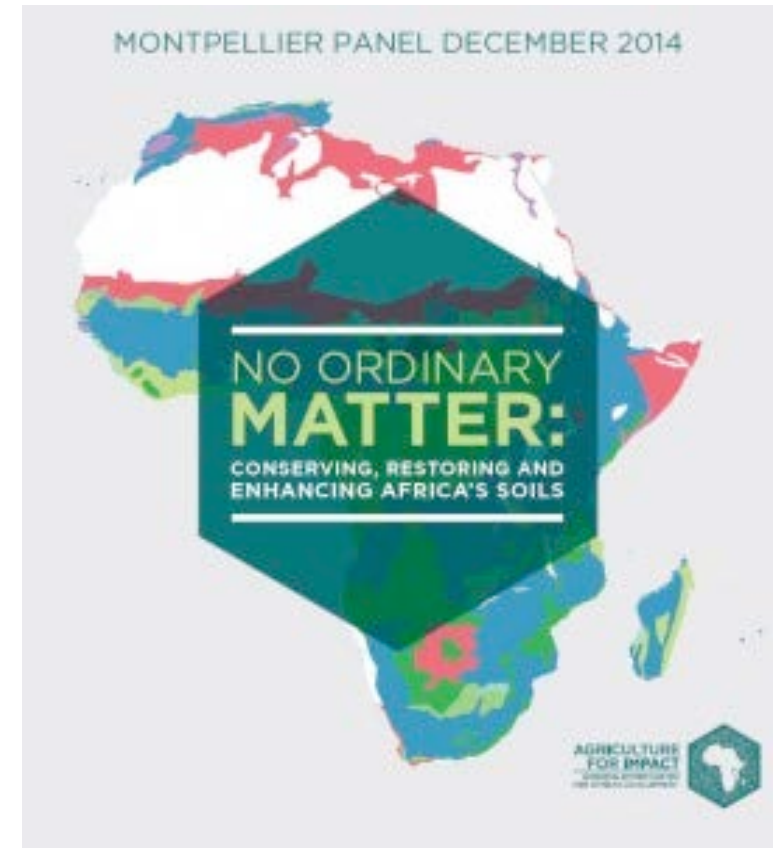
	Period	Movement in Gini coefficient:
Ghana (cult. area)	1992 → 2013	0.54 → 0.70
Kenya (cult. area)	1994 → 2006	0.51 → 0.55
Tanzania (landholdings)	2008 → 2012	0.63 → 0.69
Zambia (landholding)	2001 → 2012	0.42 → 0.49

- Anticipate
  - Decline in the share of farms under 5 hectares
  - Development of land markets in areas with favorable market access
  - Rising land prices
  - Increased pressure to convert customary land into statutory land
  - Increasing land scarcity for rural-born Africans
- Pace of the changes in farmland structure depend on public policy on landownership

# Trend #5

## Widespread Soil Degradation

- Land pressure → continuous cultivation of land → soil degradation
- Extent of degradation
  - 65% of arable land
  - 30% of grazing land
  - 20% of forests
- **Trend amenable to policy**
  - Investment in sustainable agricultural intensification



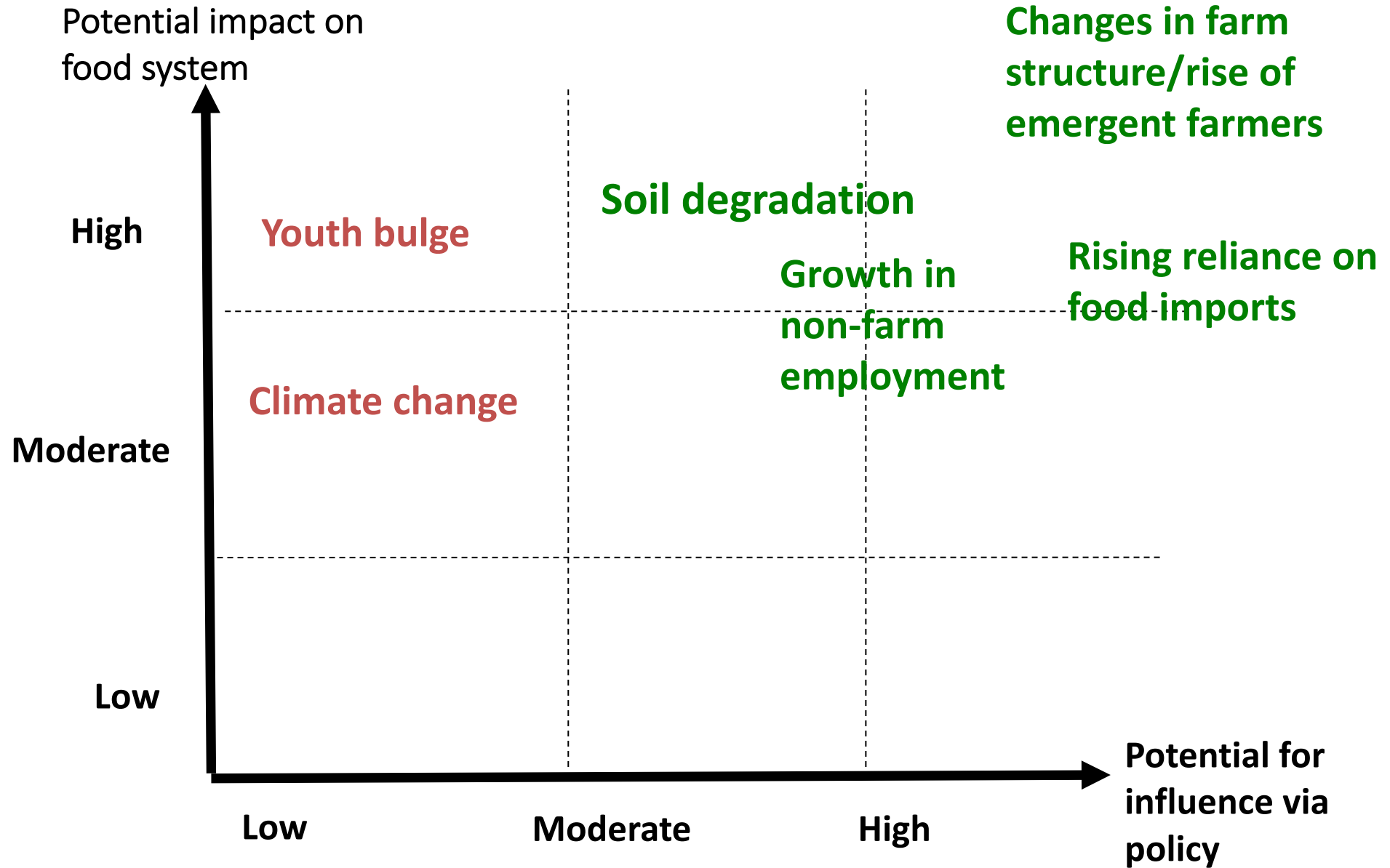
# Trend # 6

## Climate Change

- SSA projected to suffer greater effects from climate change
  - Reductions in annual rainfall and higher temperature in arid regions (IPCC, 2007)
  - Benin, Burkina Faso, Ghana, Mauritania, Niger and Nigeria may face water scarcity by 2025
- Impact on agriculture uncertain and likely to vary spatially
  - Greater variability in agricultural production
  - Possible decline in crop productivity (Schlenker and Lobell, 2010)
- Effect of climate change largely exogenous
  - Possible influence through policies that affect land use



# Classification of Trends



# Summary

- **Don't accept all these trends as inevitable**
  - Some trends are highly uncertain, and dependent on the time path of other trends
  - **Policy** can influence future trajectory of some trends
- Agriculture will remain extremely important for economic growth and livelihoods
  - dominant source of employment for the expanding labor force at least in the next few decades
  - Performance of agriculture will be critical to the off-farm job expansion

# Recommendations

- Invest to raise agricultural productivity throughout the AFS
  - re-capture the growing urban and regional markets for local farmers/producers
  - generate growth multipliers (e.g. Off-farm job creation)
- Invest in education and skill development to upgrade the skills of workforce and prepare them to take advantage of emerging opportunities
  - Need for regular updates to the content and educational approaches as required skills are likely to change over time
- Consider the effects of land policies on inclusive growth and poverty reduction
  - Promote land allocation patterns that will maximize agricultural productivity and efficiency
- Include resilience agenda in agricultural growth strategies
  - Growth highly vulnerable to shocks (natural and man-made disaster)

Thank You

