

Speech Delivered by President Akinwumi Adesina of the African Development Bank at the 7th African Agricultural Science Week and FARA General Assembly, held in Kigali, Rwanda, June 13, 2016

Good morning Your Excellency President Paul Kagame ably represented by the Prime Minister, Honorable Anastase Murekezi, the AU Commissioner for Human Resources, Science and Technology, H.E. Martial de Paul Ikounga, the EU Representative in Rwanda, H.E. Michael Ryan, Hon. Geraldine Mukeshimana, Minister for Agriculture and Animal Resources for Rwanda, Honorable Ministers, heads of diplomatic agencies, scientists, farmers, distinguished ladies and gentlemen. Let me welcome you all to the 7th African Agricultural Science Week and FARA General Assembly.

FARA is doing a great job for Africa, mobilizing the research community to work for the development of scientific innovations to drive agricultural growth. Let me applaud Dr. Akinbamijo for his excellent leadership as head of FARA.

Let me thank Rwanda for hosting the Africa Science week – and President Kagame for hosting the Kigali Round Table to call for action on agricultural science and innovation.

There is no substitute for science, technologies and innovations. And the timing of this event is important. The recent issue of the *Economist* talks about how science and technologies are transforming the agricultural sector, more than ever before. From the use of modern biotechnology, drones, smart systems for efficient management of water and nutrients, technologies and innovations are turning farms into “intelligent farms”.

Africa needs to invest more in science and technology to become more efficient and competitive in agriculture – and to diversify rapidly its economies. For Africa must fully unlock its immense agricultural potential. That potential is massive: Africa has 65% of all the arable land left in the world to feed 9 billion people by 2050. Africa cannot eat potential.

Therefore, what Africa does with agriculture is not only important for Africa: it will shape the future of food in the world.

That is why today, I call for greater investments in the agriculture sector for Africa – and in particular, for greater investments in agricultural science, technology and innovation. I am sure this is your desire as well, as the scientific community of Africa, gathered here today.

But there are hard questions we must ask ourselves.

The issue is what kind of agriculture are we investing in, what do we expect from the investment and then what type of investments are needed to get the expected results? My main thesis in this discussion today is that we cannot expect to simply change investment in agricultural research. We need to first change the environment which agricultural research feeds into; to raise the level of investments for agriculture, and by implication derived demand for agricultural research and innovations.

The challenge has always been that the agricultural sector has been looked at as a social or development sector. This approach has not been helpful for the sector. The focus has always been on how to use agriculture to manage rural poverty, not for creating wealth. It is incomprehensible that a sector that accounts for up to 60% of the labor force in many African countries barely generates much in terms of revenue for governments.

The high level of poverty in the rural areas, which depend largely on agriculture, means that agriculture is given a lip service. The farmers – majority of who are women - are not organized, so they cannot push governments as is done in developed economies – and hold them to accountability. The high poverty levels sometimes allow farmers to be used for political gains, only during elections, with short term consumables to placate them for votes, without any serious commitment to greater investments in their sector. Lacking strong political weight, they are easily forgotten, marginalized, in favor of the more powerful, but consumption driven, urban elites.

This model has several problems. Underinvestment in the agricultural sector leaves hundreds of millions of Africans in poverty – with poverty being transferred from one generation to another. Savings rate are low, hence capital formation is low and therefore consumption demands for goods and services produced in the rest of the economy is weak – a further drag on economic growth. High poverty rates leads to weak purchasing power to invest in agricultural productivity enhancing technologies, as well as infrastructure such as irrigation or land improvements.

With rapid population growth, increased susceptibility to climate change, rural economies in many parts of Africa have become zones of misery. With limited economic opportunities, rural youth move out in droves to the urban areas, join the rickety boats to escape towards Europe – with many dying in the process – and worse: become susceptible areas where terrorists recruit into their ranks.

Therefore, there cannot be a secure Africa unless we first and foremost revive the rural economies. We must turn these areas into zones of economic prosperity. And for that to happen, we must transform the main source of livelihoods – agriculture – into a wealth-creating sector.

But equally important are other reasons.

Today, Africa spends \$35 billion on importing food. This is projected to grow to \$110 billion by 2025. Africa is importing what it should be producing, creating poverty within Africa and exporting jobs outside of Africa. Scarce foreign exchange is used to buy food. Lacking ability to feed itself, Africa becomes vulnerable, dependent on market forces to feed its burgeoning population. Any shock to global food production will have direct price transmission into Africa, especially into the rural areas, where the percentage of net buyers of food is high, despite being the zones to produce food to feed their countries. Investing in agriculture therefore makes economic and security sense.

But we need to make the case to Ministers of Finance, not to ministers of agriculture. If the rate of returns on agricultural research is as high as clearly demonstrated over time by several empirical studies, the question then is: why is it that Ministers of Finance have not understood this and invested more in the agricultural sector? One reason is that the political economy has not favored the rural sector. Also, translating the expected rate of returns to agricultural research into real benefits requires a lot more than the research system. It requires comprehensive investments in rural infrastructure, market development, transforming the financial sector to lend more to agriculture and greater investments by the private sector in logistics, warehousing, storage, and processing and value addition.

A Minister of Finance is more likely to listen to the case for greater investments in agriculture, when it can be shown that the sector will add greater value to the economy, expand foreign exchange earnings, significantly reduce imports, drive down inflation through higher productivity and food production, and create quality decent jobs for the youths.

So let me make the case.

A more food secure Africa will spend less of its foreign exchange importing food. That will help stabilize the exchange rate and local currencies – which is good for the economy. A more food secure Africa will have greater savings, as disposable incomes will rise for both rural and urban populations. A more food secure Africa will free up resources for high value food, feed, horticulture, floriculture and livestock exports to earn foreign exchange. Food prices represent the highest share of consumer price index in Africa. By producing more food and reducing the price of food, inflation will decline, making it easier for central banks to address inflation. Clearly, therefore, a more food secure Africa will ensure strong macroeconomic and fiscal stabilization for Africa.

Africa must also position itself to take advantage of fast growing regional agricultural markets. It is estimated that food and agricultural markets in Africa will rise to \$1 trillion by 2030. The question for Africa is this: will Africa tap into this huge market by investing now in modernizing its agricultural sector or will it simply become a net food importing region? The answer to this must be to modernize the agricultural system.

To achieve this, Africa must rapidly invest in supporting the development of its agro-industry. Africa should not be a consumption center, it must be an agro-industrial center. Africa must export processed cocoa, not cocoa beans. It must export specialized coffee with distinctively “aroma of Africa” instead of coffee beans, and export finished textile products not cotton lint. The remarkable market progress of Kenya, Tanzania, Ghana and Ethiopia in the global horticulture industry shows that with well-designed policies and financing and infrastructure support, Africa can get to the top of the global food value chains.

And that is what the African Development Bank wants to help Africa to achieve.

The new agricultural transformation strategy of the African Development Bank is directed at supporting African countries to achieve the modernization of their agricultural sectors – to turn agriculture into a business all across Africa. The goal is to eliminate extreme poverty, reduce food imports, move Africa to the top of the agricultural value chains, and expand foreign exchange earnings.

I am excited that Ministers of Finance across Africa endorsed this plan two weeks ago at the Annual General Meeting of the African Development Bank held in Lusaka, Zambia.

A key component of our strategy is the Technologies for African Agricultural Transformation (TAAT), which has as objective to scale up agricultural technologies to reach millions of farmers in Africa within ten years. I am very pleased that the Consultative Group on International Agricultural Research (CGIAR) and the Forum for Agricultural Research in Africa (FARA) are helping to spearhead this initiative, under the leadership of the International Institute for Tropical Agriculture. I am equally delighted that several multilateral and bilateral financing and development institutions have endorsed the plan, including Bill and Melinda Gates Foundation, USAID, World Bank, IFAD, WFP and FAO.

To drive this, the African Development Bank has also raised the profile of agriculture, with the establishment of a new Vice Presidency for Agriculture, Human and Social Development. Given the focus of the TAAT on agricultural research, the Bank will work to ensure that it succeeds.

We must get technologies into the hands of farmers. As late Nobel laureate, Norman Borlaug used to say “take it to the farmers”.

I know the effects of this very well, as a former Minister of Agriculture in Nigeria. So powerful was the impact of new agricultural technologies, coupled with financing and private sector growth, that Nigeria expanded its national food production by an additional 21 million metric tons within four years.

Africa now has several success stories that prove that we can do it. Rwanda has drastically reduced the population that is malnourished. Kenya’s agriculture is pushing the frontiers on horticulture globally. Ethiopia’s remarkable growth of its floriculture market foot print globally is an amazing feat. Senegal is well on its way to achieving self-sufficiency in rice. Morocco and Algeria have shown great strides in agricultural value chains exports to Europe.

And with technologies from science, we can do even more.

Insect and drought resistant maize can transform all the maize belts of Africa. New high yielding cassava varieties stand ready to help unleash a revolution with cassava, for starch, ethanol, high fructose cassava syrup to replace sugar, or for high quality cassava flour for making composite wheat-cassava flour bread. Advances in genetics now make it possible to incorporate vital vitamins and minerals in our foods, such as iron enriched beans right here in Rwanda, orange flesh sweet potato, high lysine maize or vitamin A rich cassava. Across the banana belts of eastern highlands, research has made available high yielding tissue culture banana, resistant to pests and diseases. Advances in livestock and fisheries genetics, and aquaculture, have opened up huge opportunities for meeting protein needs in Africa.

Africa has all it needs to win in agriculture. My mentor, the late Dr. Norman Borlaug (the man who led the Asian green revolution) and I were walking together on the streets of Manhattan New York in the spring of 2006. He paused and asked me whether I played soccer. I asked why. He said “in soccer, when you score the first goal you will have the confidence you can win. So go out there and score a goal for African agriculture”. I never forgot that – even now, as President of the African Development Bank.

I am determined that Africa will score a lot of goals in agriculture.

But to score those goals, there is need to open up the agriculture sector to the private sector. Governments should enable greater participation of the private sector in the agriculture,

food and agribusiness industries. The development of value chains drives profitability in agriculture. Fiscal incentives are needed to attract the private sector to invest in agro-allied industries, which will provide access to markets to farmers, stabilize market prices, reduce post-harvest losses and add value to agricultural products.

We must also invest in the youth to get into agriculture. The higher the share of young and educated people in the agriculture sector, the faster the sector will grow and the higher will be its profitability. The Bank is already leading the development of a continent-wide effort to get younger and better educated youths into agriculture, as a business. The Bank's flag ship program, ENABLE Youth's Initiative, which currently has enlisted interests from over 30 countries, will help support the emergence of a new generation of young commercial farmers and agribusinesses for Africa.

We must urgently accelerate commercial lending by banks and institutional investors into the agriculture sector. Successful experiences in Nigeria, Kenya, Tanzania, Ghana and Mozambique show that with properly structured risk sharing instruments, commercial banks will lend more to agriculture, with lower risks of loss. The ADB will be working with central Banks across Africa to set up risk sharing facilities to help de-risk commercial bank lending to the sector. This will help raise the profitability in the sector and greater private sector investments.

With an improved agricultural sector environment, with better policies, incentives, infrastructure and institutions that can drive accelerated growth, the predicted high rates of returns to agricultural research will be achieved. We would move from possible impact or predicted returns, to actual impacts and real returns on the ground. This will require greater levels of support for national agricultural research and extension systems, sub-regional research organizations, farmers' organizations and the international agricultural research institutions.

Africa must feed Africa. And the African Development Bank stands ready to fully support Africa to do so. Africa must develop itself with pride. And there is no pride for Africa without being able to feed itself. The African Development Bank plans to invest about \$24 billion (or \$2.4 billion per year) over ten years to help drive the agricultural transformation of Africa. This is a big deal for the Bank – and a big deal for Africa. It will represent a 400% increase in financing to the agricultural sector by the Bank.

But we cannot do this alone.

We will forge very strong alliances and partnerships. We will work with NEPAD, the Economic Commission for Africa and multilateral and bilateral finance institutions in this

drive. We will support FARA, African agricultural research institutions, and universities. We will support the international agricultural research systems. We will support countries to give voice to farmers, youth and women and their associations. And we will support the private sector. Together with the African Union, we will stand in support of African governments, as they change the environment for agriculture – and fully turn agriculture into a business: to diversify African economies and finally turn Africa’s huge agricultural potential into its most important economic dividend.

Let’s go out there and, together, score the goals for African agriculture.

Thank you very much.