Chapter 2
Feed Africa

Africa has considerable potential to increase agricultural production to meet local demand and substitute local food for imports. Africa needs to expand agricultural production and create more jobs in agro-processing, to ensure that food is available and that households can afford it.

Raising food production in Africa, for better food security

Africa has been a net importer of agricultural produce since the 1980s. Food production in Africa has lagged behind population growth, and the gap in supply has been met by imports. Dependence on food imports is projected to rise to $110 billion by 2025. This contributes to a significant deficit in Africa's net agricultural trade balance. In 2021, the deficit reached $36.3 billion.

> *Africa has an ample workforce and vast amounts of fertile land. But agricultural yields are among the world's lowest, and food dependence is growing*

One reason for the deficit is that yields in Africa are well below yields in other regions. For example, low-income African countries produce 1.3 tons of cereals per hectare: this is half of India's yield per hectare and less than a quarter of China's. As a result, even though living standards in many African countries have risen over the last two decades, one in five Africans faced hunger in 2020. The Covid-19 pandemic slowed progress further, and levels of hunger and malnutrition rose higher still.

Meanwhile, extreme climate events and conflicts in Africa and other regions—such as in the Ukraine in 2022—could significantly worsen the supply of cereals and fertilisers in African countries and beyond, making food more expensive and aggravating food insecurity and malnutrition (Box 3).

That is why improving Africa's agricultural productivity, especially staples, is vital. Higher productivity would make it possible to produce local food more efficiently and cheaply and improve nutrition levels. Raising agricultural productivity is also the most direct way to lift incomes and tackle poverty. Higher productivity stimulates the expansion of agricultural value chains, since small and medium-sized enterprises engaged in food processing acquire 95% of their food supplies from smallholder farmers.

The Bank's Technologies for African Agricultural Transformation (TAAT) is a continental initiative to raise agricultural productivity by delivering proven climate-resilient technologies to increase the output of heat-tolerant wheat varieties and other crops. In Ethiopia, wheat yields have increased from 2 ton/ha to 4 ton/ha, and in 2021/2022, total production reached 7 million metric tons, equivalent to 80% self-sufficiency. Similarly in Sudan, wheat self-sufficiency grew from less than 20% in 2014/15 to 50% in 2020/21, producing more than 1 million metric tons. This puts the two countries on a path to full wheat self-sufficiency in the coming years. TAAT targets 40 million African farmers.

Transforming agriculture with agro-industrial value chains

Developing Africa's agro-processing capacity is vital to modernising agriculture, promoting economic transformation, and creating jobs. In Côte d'Ivoire, for example, food processing is the largest contributor to value addition and the second-largest formal employer.

On average, African producers add more value to goods traded regionally within Africa than to goods exported from Africa. As a result, the African Continental Free Trade Area (AfCFTA) is expected to be an important channel for expanding production and trade in processed agricultural goods. However, many countries exclude processed agricultural goods from tariff reductions under AfCFTA in order to protect their own producers. It is important that opportunities

Box 3 How the crisis in Russia and the Ukraine will affect food and agriculture in Africa

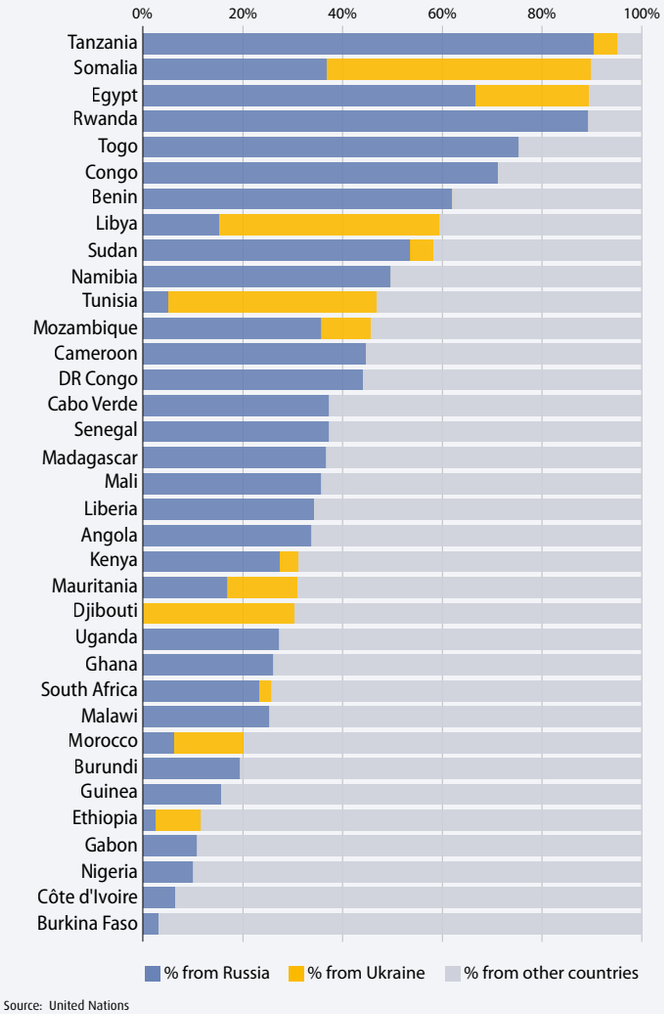
In global markets, Ukraine and Russia supply 30% of wheat, 20% of maize, and 60% of sunflower oil. In Africa, wheat imports account for about 90% of the continent's $4 billion trade with Russia and nearly half of Africa's $4.5 billion trade with Ukraine. In 2020, 14 African countries sourced more than 40% of their wheat imports from Russia and Ukraine (Figure 1). Initial analyses of the war in Ukraine suggest that international food and feed prices could rise by 8%–22% over already elevated levels and that the number of malnourished people could swell by 7.6 million in the short term, particularly in the Asia-Pacific and in Africa (FAO, 2022).

Table 3 **Agricultural productivity must expand to cushion Africa from shocks (progress in Africa)**

INDICATOR	ALL AFRICAN COUNTRIES		ADF COUNTRIES		TRANSITION STATES	
	Baseline 2015	Latest 2021	Baseline 2015	Latest 2021	Baseline 2015	Latest 2021
Agricultural productivity (constant 2010 $ per worker)	1544	1773	689	990	797	839
Africa's net agricultural trade balance ($ billion/year)	-38.9	-36.3	-0.7	-6.4	-7.2	-10.5
Africa's share of market value for key processed commodities (%)	10.3	12.9	9.3	11.9	2.0	1.9
Fertiliser consumption (kilograms per hectare of arable land)	25	29	14	18	6	7
Cereal yield (ton/hectare)	1.6	1.6	1.3	1.3	0.8	1.0
Number of people hungry/malnourished (millions)	240	248	173	154	80	90
Prevalence of stunting among children under 5 (%)	25.2	31.2	25.8	33.7	38.9	37.2
of whom girls	32.4	28.2	35.3	30.8	37.9	34.2

Improvement over baseline Stability Deterioration

Figure 1 **African countries depend heavily on wheat imports from Ukraine and Russia**



Source: United Nations

for trade linkages in agro-processed goods are explored fully even as vulnerable producers are helped to become more competitive.

It is critical that African countries export more processed agricultural products abroad. At the same time, local agricultural value chains contribute the most to inclusive growth. Success of local value chains requires the adoption of productivity-enhancing technologies: for example, improved seed varieties, better fertilisers, more efficient irrigation systems, and more productive farming methods, such as hydroponics for vertical farming.

African governments and partners must therefore increase their support of small-scale producers, giving them opportunities to develop relationships with larger local and international businesses that can supply technical support and other kinds of support down the value chain. This is all the more important in light of Africa's post-Covid-19 recovery, as it would create jobs and increase the continent's security and resilience around food.

The Bank's contribution to developing agriculture

Improving agricultural growth and nurturing agricultural productivity is one of the Bank's priorities. The Bank has invested significantly in supporting African governments and the private sector to close gaps in infrastructure, agricultural inputs, and financing. The agro-industrial project in the Belier region of Côte d'Ivoire, for example, constructed 542 km of feeder roads linking farmers to rural markets. Across the continent, the Bank **built or rehabilitated over 1300 km of feeder roads** in 2021. Although this figure is above the 2015 baseline, it falls short of the 2021 target.

One of the flagship initiatives under the Bank's Feed Africa Strategy is the development of agro-industrial parks, or special agro-industrial processing zones (SAPZs). SAPZs are agro-based spatial development initiatives that seek to transform agriculture by creating an integrated hub of commercial activity that covers

Table 4 **Feed Africa indicators (the Bank's contribution to development)**

INDICATOR	ALL AFRICAN COUNTRIES			ADF COUNTRIES		TRANSITION STATES	
	Baseline 2015	Latest 2021	Target 2021	Baseline 2015	Latest 2021	Baseline 2015	Latest 2021
Feeder roads built or rehabilitated (km)	800	1386	1500	800	1386	254	637
People benefiting from improvements in agriculture (millions)	6.0	3.7	6.3	5.3	3.6	0.5	1.0
of whom women	2.9	1.6	3.1	2.6	1.5	0.2	0.5
Land with improved water management (thousand hectares)	45.5	9.5	47.8	20.3	8.3	0.4	3.3
Rural populations using improved farming technology (millions)	0.60	0.07	0.63	0.60	0.07	0.02	0.02
of whom women	0.30	0.03	0.31	0.30	0.03	0.01	0.01

Achieved less than 95% of 2021 target Achieved less than the baseline

Box 4 **Avocado oil: Reaping the benefits of agro-processing**

In 2021, the Bank invested in developing four special agro-industrial processing zones (SAPZs) in Ethiopia. The Government of Ethiopia built sample processing facilities in each park, to serve as a model that private sector businesses could replicate. A total of 111 investors have shown interest and 17 have already set up factories.

Sunvado Avocado Oil Factory, located in the Yirgalm Park in Sidama region, has secured over $1 million in investment for exporting avocado oil to the international market. The factory collects 100 tons of avocado daily, mostly from local growers. Currently, 88 000 farmers are involved in the business: of these, 73 000 farmers sell directly to the factory. Twenty producer cooperatives have formed, and 245 new jobs have been created.

The factory has filled 27 export orders for avocado oil so far, and its business continues to grow.

production, processing, logistics, and marketing to harness the agricultural potential of rural areas. By attracting private investments, these zones will boost productivity and trade, promote agro-processing activities, encourage entrepreneurs, and create jobs. Seven SAPZ projects are being implemented in Côte d'Ivoire, Ethiopia, Guinea, Mali, Madagascar, Senegal, and Togo. Six more SAPZs were approved in 2021, and seven others are under development (Box 4).

> *Feeder roads, more water and fertiliser, affordable finance—the Bank's investments are reaching millions of farmers, men and women*

The Bank is also scaling up operations that enable Africa's farmers to access affordable financial services, which are vital to their ability to expand production and manage cashflow. The Bank's support through Tanzania's Agricultural Development Bank facilitated the provision of 198 loans to intermediary financial institutions, which provided financial services to 2.4 million farmers in turn. The financing helped increase paddy production and crop exports such as cashew, cotton, cloves, and sisal.

Improved water management is crucial for better agricultural productivity in Africa, especially given irregular rainfall and intensifying climate change. Our work on better managing water in 2021 delivered 9500 hectares of **land with improved water management**. Our projects to develop irrigation and modernise water infrastructure are improving rice production in Zambia and palm oil plantations in Cameroon, raising food and nutrition security and increasing incomes.

To help Africa's farmers use more fertiliser, the Bank facilitated the development of sustainable, competitive fertiliser business models in Côte d'Ivoire, Ghana, Mozambique, Nigeria, and Tanzania. In Ghana, its support led to the creation of 12 hub networks of producers serving 483 retail outlets. In Mozambique, it supported 30 production hubs that serve 160 retail outlets (Box 5).

The Bank also supports fisheries and aquaculture in a range of countries to promote diverse, nutritionally rich diets and make livelihoods more secure. Our operation in the Great Lakes region promoted transboundary cooperation, improved fishing communities' livelihoods, and made the use of fisheries and allied natural resources more sustainable in the Lakes Edward and Albert Basin.

As diverse as is the portfolio of the Bank's agricultural investments, our programmes all have one thing in common: they benefit

Box 5 **Bringing fertiliser financing from manufacturer to farmer**



The Bank's Africa Fertiliser Financing Mechanism uses partial credit guarantees to make financing for the fertiliser value chain more affordable and more widely available. By compensating for borrowers' lack of collateral and encouraging suppliers and agro-dealers to sign partnerships, the mechanism improved access to quality fertiliser for 966 retail agro-dealers and 570 239 smallholder farmers in Tanzania.

Fideline Mahenge, a local distributor of agricultural inputs in Mafinga (Iringa region), is a beneficiary of the project. "I started my business in 2001. But when I reached out to different fertiliser suppliers, they could not support me, due to my small capital," she says. The credit facility made it possible for Fideline to grow her business and in 2020, she supplied approximately 12 000 farmers with fertiliser. She now employs nine young people.

African farmers. In 2021, 3.7 million people—1.6 million of whom were women—**benefited from improved agriculture** through our operations. This is lower than the targeted level and last's year performance. Previous reporting periods included projects with a high number of beneficiaries on their own, such as the multinational Lake Chad Basin Sustainable Development Programme. The Bank will seek opportunities to scale up its support for African agriculture in the coming years, to help this key sector realise its potential and mitigate the food crisis that might arise from the war in Ukraine. Our increase in support continues the upward trajectory of the share of the Bank's financing that has been invested in agriculture since 2016 (2020 excepted). ■