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Food security in Africa: learning lessons from the food crisis

Executive summary

Months after the food crisis, food security in many African countries still remains of great concern. Prices of staple foods remain high – above their long-term averages – and over 300 million Africans continue to face chronic hunger. Ensuring food security in the region will require action to improve productivity, improve rural livelihoods, and address international market imbalances.

Measures to improve the living and production conditions of rural populations include improving farmers' access to inputs and credit, increasing agricultural research and extension services, and providing essential infrastructure; and also the provision of social safety nets, and protection from short-term market fluctuations. South–South cooperation has an important role to play in sharing costs and experiences.

International trade in commodities should be reviewed, in order to prevent a small number of investors and buyers from having a disproportionate amount of influence on the price of staple foods while the producers have almost none. Moreover, concluding the agricultural aspects of the Doha round of trade negotiations is essential in order to improve market access for African agricultural producers.

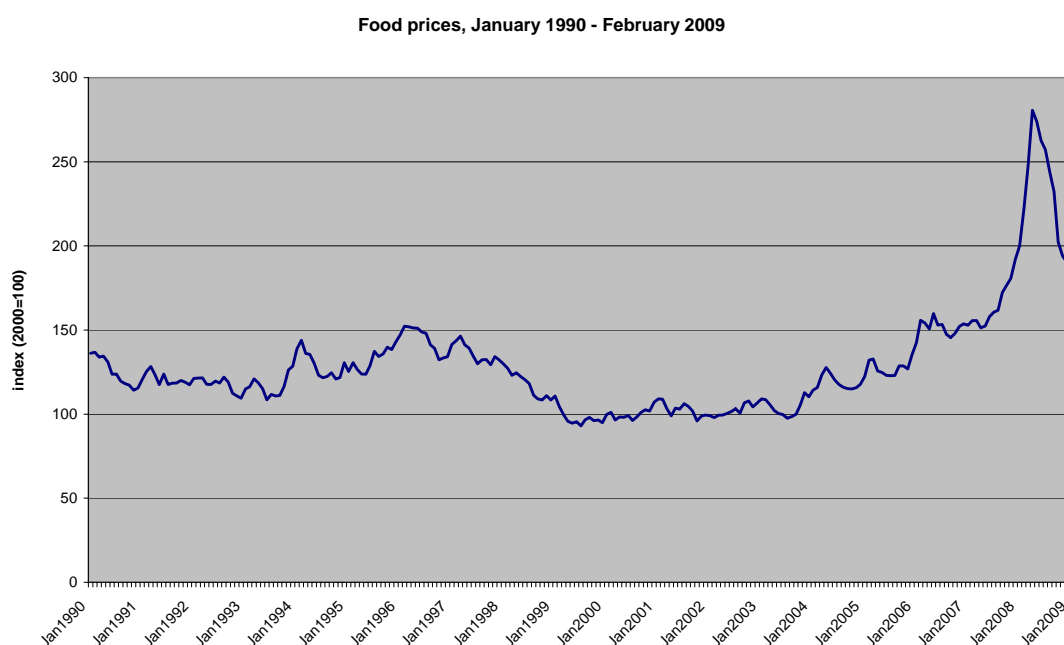
The 2008 food crisis should be taken as a wake-up call. If action is not taken now, food insecurity in Africa will continue to deteriorate.

Introduction

1. In recent months, the food crisis in Africa and much of the developing world has been overshadowed by the financial crisis. Unfortunately, this does not mean that food security in African countries has been successfully addressed. Prices of basic foodstuffs remain high in much of the region, and the structural factors that underpinned last year's crisis have not been resolved. Now is not the time to forget about this crisis. UNCTAD called last year's crisis a wake-up call for developing countries. Now is the time to heed that call, and for African countries and their development partners to acknowledge the urgency of addressing food security.

I. Food security in Africa: the food crisis and its aftermath

2. The global food crisis of 2008 manifested itself by a combination of high and dramatically increasing prices of food – especially staples – coupled with shortages and diminished food stocks. As a result, poor people in many African countries lost their access to food.



3. The situation has improved somewhat compared to the worst days of the crisis last year, when the high prices and the difficulty of access to basic foodstuffs provoked food riots, and emergency food aid had to be dramatically increased to prevent famine in several African countries. Nevertheless, prices for basic foodstuffs remain at above pre-crisis levels. Additionally, falls in international market prices have been poorly transmitted to local marketplaces in many African countries, where prices remain high.

4. The food security situation of African countries remains worrying. Of the 36 countries worldwide currently facing a food security crisis, 21 are African, and it is estimated that there are now over 300 million Africans facing chronic hunger – nearly a third of the continent's population. This highly vulnerable population is most affected by changes in the price levels of staple foods, which represent a very large

part of their household budget. Indeed, the proportion of income in poor households that is spent on food is well over 50 per cent in many African countries.

5. Food insecurity therefore clearly remains a threat for the region, since the elements that produced the food crisis have not been addressed. Indeed, the food crisis can be seen as the overlap of a production crisis with a price crisis. The production crisis arose from low productivity in African agriculture, which is unable to keep up with increasing demand. The price crisis, on the other hand, arose from a malfunctioning and manipulation of the market. As of today, the production crisis continues to pose a structural threat to food security in Africa, and no effective measures have been taken to ensure that a price crisis will not strike once again in the near future.

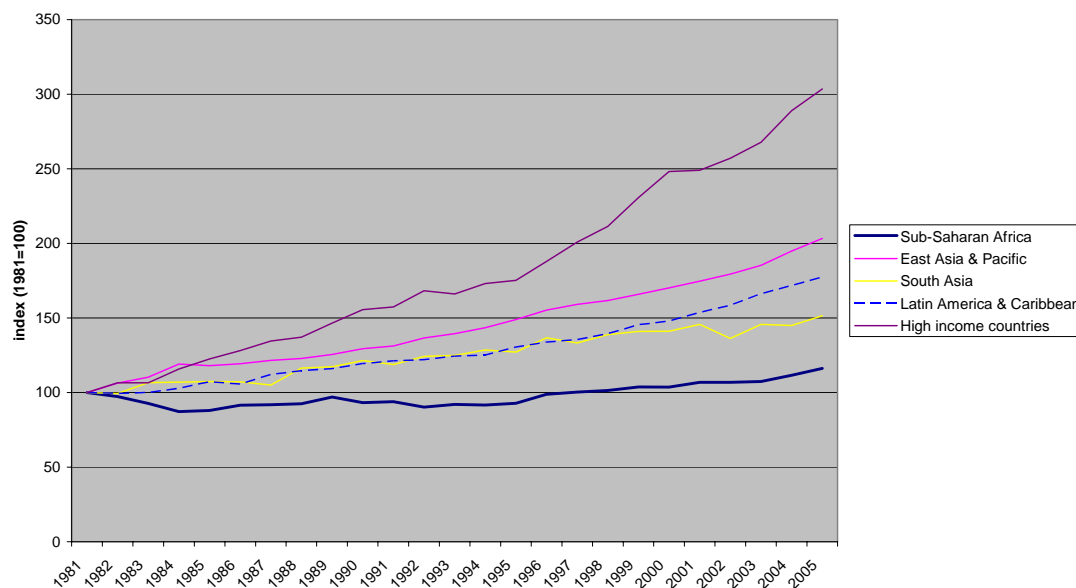
6. The current financial crisis has had the short-term effect of provoking a relative fall in international market prices for many commodities. The inflationary pressures arising from speculation on commodity markets have been reduced, and lower oil prices have helped to reduce production and shipping costs for some crops.

7. However, in the medium-to-long term, the current financial crisis represents a serious threat to future food security in Africa. Indeed, the crisis directly affects the incomes and employment of the poor in Africa, making them more vulnerable to hunger. Additionally, the crisis has reduced the already scarce capital available for investment in agriculture. The financial crisis, then – far from alleviating the food crisis – is actually sowing the seeds of a deeper and more severe food crisis in the future unless action is taken. Therefore, it is crucial to understand the lessons from the food crisis and to take relevant action to help African countries to improve their food security and to achieve the first Millennium Development Goal: halving the proportion of people who suffer from hunger by the year 2015.

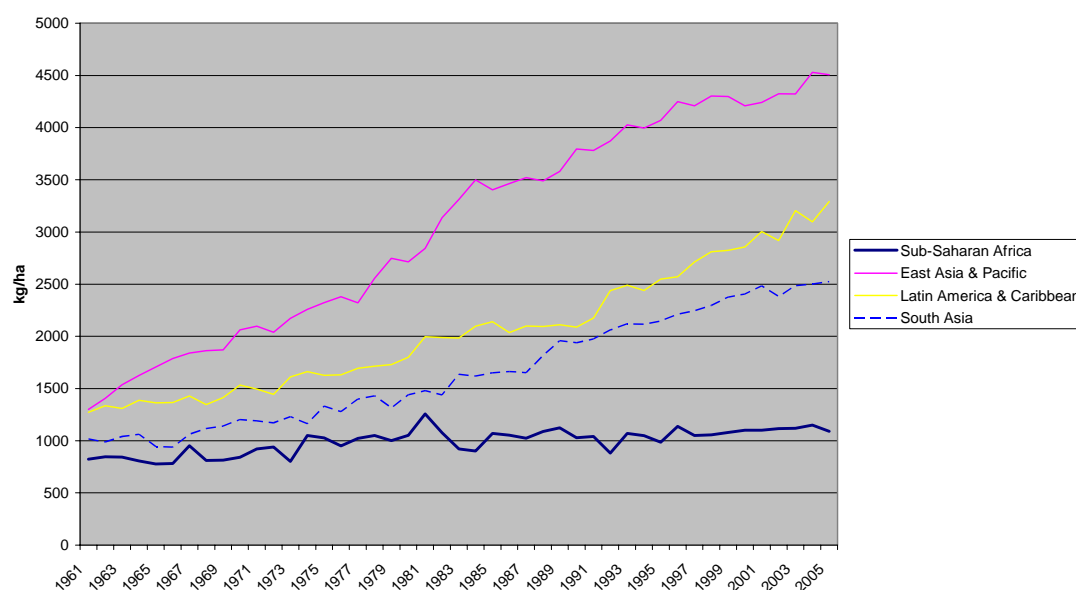
II. Understanding the causes and learning the lessons

8. The 2008 food crisis highlighted the extreme vulnerability of African countries' food security to external shocks. High prices and a tightening of supply of basic foodstuffs hit African countries especially hard. This is largely due to the deeper and more protracted production crisis affecting African agriculture. Productivity in African agriculture is low in comparison to other regions of the world. Even more worrying is the fact that this productivity has not seen any real improvement over the past decades. Both yields and productivity per worker have remained low, while they have increased in other regions.

Labour productivity in agriculture, 1981-2005



Cereal yields in developing regions, 1961-2005



9. While the productivity of African agriculture has stagnated, the demand in the region for agricultural products has continued to rise, due to fast population growth, urbanization, income growth, and changes in diet patterns. As a result, African countries have gone from being net food exporters in the 1970s to often being food-aid-dependent net food importers in recent years. Currently, African countries import around 25 per cent of their food. In 2008, this translated into a food import bill of over \$15 billion. Furthermore, the region is dependent on imports for some of its major staple commodities, such as wheat (45 per cent imported) and rice (84 per cent imported).

10. The prevalence – and indeed the worsening – of food insecurity in Africa points to a serious failing of development strategies at both the national and the international level. There has been a neglect of the agricultural sector in the region for decades – leading up to the food crisis of last year. In part, this neglect has been a consequence of the policy of strict fiscal austerity imposed on African countries, which has severely curtailed State support of agriculture. This has manifested itself in poor rural infrastructure, low coverage of extension services, reduced provision of subsidies for inputs and finance for farmers, and reduced investment in research and development in the agricultural sector.

11. As a result, farmers in Africa are now poorly equipped to deal with the challenges they face, which include climate change, desertification, competition from cheap imports, and highly concentrated global value chains dominating the global commodity market.

12. The dramatic food shortages observed last year also illustrated the importance of food sovereignty for African countries. When the crisis escalated, many food-exporting countries reacted with knee-jerk protectionist measures to limit their food exports both directly and indirectly. It is reported, for example, that 28 countries imposed export bans during the food crisis. This brought home the dangers of relying completely on imported food and food aid, and offers a powerful challenge to the doctrine of comparative advantage, which has often been used to persuade African countries to develop cash crops at the expense of domestic production.

13. The low productivity of African agriculture is also partially linked to international factors. For example, between 1980 and 2002, multilateral donors slashed official development assistance on agriculture from \$3.4 billion to \$500 million – an 85 per cent decline. Bilateral donors reduced their support to agriculture by 39 per cent, taking it from \$2.8 billion to \$1.7 billion. Aid for research and development in the agricultural sector has been woefully insufficient. Indeed, only 3 per cent of science-, technology- and innovation-related aid is destined for agricultural research in least developed countries – many of which are in Africa. As a result, Africa is one of the only regions in the world where agricultural research and development spending has actually declined since the early 1980s.

14. The high subsidies and protective measures in the agricultural sectors of developed countries have also had an impact on African agriculture, by depriving it of part of its export markets. As a result, exported products fetch lower prices on the international market, thereby lowering the incentives for agricultural production. African countries, meanwhile, have been strongly exhorted to open their markets. As a result, African farmers have to compete with cheap imports on their domestic markets.

III. The way forward: policies and actions

15. The main factors behind the acute food crisis of 2008 have not been adequately addressed. It is time to take action to put food security firmly back on the African and international agenda. A careful analysis of the crisis suggests that the need for action should be particularly targeted on three main objectives: improving African agricultural productivity, improving rural livelihoods, and tackling international market imbalances. Action is required not only on the part of African countries themselves, but also on the part of development partners, notably through South–South cooperation and in the context of multilateral trade negotiations.

Addressing production

16. It is clear that African countries will not be able to improve their food security without addressing the constraints that are keeping African agricultural productivity low. In this respect, it will be necessary for the State to take up a more proactive role than has been the case in recent years. Particularly important in this respect are those measures that improve farmers' access to agricultural inputs such as seeds, fertilisers and pesticides. At present, the provision of inputs is poor in many African countries. Fertiliser use, for example, is only 8 kg/ha in Africa, whereas it averages over 100 kg/ha globally. Furthermore, most of the use of fertilisers in Africa is currently confined to export crops. Indeed, if only food crops are considered, the use of fertiliser is only 1 kg/ha. Experience from other developing countries has, however, shown that the provision of such inputs at subsidised prices can help to boost the productivity of agriculture. A recent scheme to provide subsidised inputs in Malawi, for example, has been found to have already impacted positively on both productivity and food security in its first years of operation.

17. Another important measure to improve productivity is the provision of credit to farmers in need of capital. Indeed, the rural market is often underserved in terms of financial services, and States can step in, either to fill this gap or to provide incentives to ensure that the private sector does. At present, it is estimated that in most African countries only 5 per cent of the population have access to the banking system, and that access is mostly confined to urban areas. Lack of access to credit is therefore a severe constraint in the rural areas of many African countries that is preventing successful farmers from scaling up their production.

18. In the long term, perhaps the most important element in improving African agricultural productivity will be research and development. It has often been argued that in order to meet the needs of its growing population and to achieve food security, Africa needs its own green revolution. This will require a dramatic increase in the resources currently devoted to research and development to be specifically targeted to the productive conditions prevailing in African countries. African countries should also improve the provision of agricultural extension services, in order to ensure that knowledge is transmitted to producers in an efficient and timely manner.

19. South–South cooperation can play a crucial role in helping African countries to improve the productivity of their agriculture. Countries in the region can learn a great deal from each other and from other developing countries that have faced or are facing similar difficulties. A more intensive sharing of agricultural knowledge and experience between developing countries should therefore be encouraged. Furthermore, developing countries could envisage sharing the costs of mutually beneficial agricultural research and development, in order to enable greater investment in this crucial field.

Improving rural livelihoods

20. Besides taking actions that directly help to raise productivity, African countries can do much to improve the working and living conditions of farmers and rural households. One such area of action is rural infrastructure. Indeed, key infrastructures such as transport, power, and communications are often inadequate or lacking in rural areas of Africa. Only 12 per cent of roads are paved in Africa – the lowest proportion of any region – and even these paved roads are often degraded by poor maintenance. Access to electricity is low in the region too, at 24 per cent, compared to 69 per cent in Asia and 90 per cent in South America, which impedes many activities such as processing, refrigeration, or underground water pumping. Improving infrastructure can therefore have an important impact on food security, not only by improving productive conditions but also by helping to get agricultural products to consumers more quickly and more cheaply.

21. Food security and rural livelihoods can also be improved by making farmers less vulnerable to the short-term fluctuations of markets, and by improving their bargaining position with respect to large buyers of agricultural produce. This is a role that in the past has often been held by marketing boards – offering a stable price to producers, and negotiating with buyers directly. In many African countries, however, these marketing boards have been dismantled. Although some marketing boards were highly ineffective and harmed agricultural production, it is important to note that well-managed agricultural boards can fulfil a very important role in improving rural livelihoods and food security.

22. Finally, the most important element must not be overlooked – namely, the rural population itself. Farmers in many African countries are poor, and are highly vulnerable to shocks such as floods, droughts and disease. The appropriate measures should be put in place to ensure that rural populations enjoy decent living conditions. This involves implementing minimum safety nets to assist the population in difficult times, to ensure that they can continue to provide their essential contribution to food security in the future.

Tackling international market imbalances

23. Improving food security in Africa requires more than just addressing agricultural production. As last year's food crisis has made clear, the international market in agricultural products is characterized by a number of imbalances that constitute a considerable threat to food security in many African countries. The dramatic explosion in the prices of staple foods in 2008 provides a potent example of the dangers of the current system, in which millions of people's access to food can be disrupted by a handful of investors in pursuit of profit.

24. Another feature of the international market in commodities is the concentrated nature of global value chains. In practice, this often means that agricultural producers are confronted with a very limited number of buyers and therefore have little negotiating power. This situation is of great concern, as it reduces incentives for production and can have an adverse effect on rural livelihoods when producers are forced to accept unreasonably low prices for their crops.

25. Global trading relations also exhibit considerable inequality, often at the expense of the agricultural sector of African countries. Indeed, the high levels of protection and subsidies that continue to prevail in many developed countries harm African producers both by denying them markets abroad and by keeping commodity prices artificially low. Many of these issues have been raised by African and other developing countries in the context of the Doha round of trade negotiations. The completion of the round, or an early harvest on some of the issues pertinent to African agricultural trade, is therefore essential.

IV. Conclusion: hard decisions ahead

26. The food crisis of 2008 should be considered a wake-up call. It demonstrates with deadly clarity the vulnerability of African countries' food security. To avoid a repeat of the events of last year, it is necessary not only to learn the lessons from the crisis, but indeed to take the actions required.

27. There are hard decisions to be made. Improving the food security of African countries requires that they and their development partners put agriculture firmly back on the agenda and tackle the many elements that made last year's crisis possible. Doing this will require additional resources – both financial and in terms of political will. This will necessarily have to come at the expense of other measures and sectors. Both African countries themselves and their development partners will need to put a

price on food security, and assess whether they are willing and able to meet that price.

28. Improving food security in Africa will also require countries to rethink development strategies and global market organization. It might be necessary to shield farmers and consumers from the market to some extent, for example by setting up marketing boards or by delinking certain staple-food commodities from the excessive speculation. Redefining the roles of States and markets, and addressing market regulation with a view to improving food security, are among the tasks that will need to be undertaken not only at the country level, but also in partnership with other countries both developed and developing. Old orthodoxies will have to be revisited, in light of the terrible suffering that a food crisis such as that of last year causes.

29. The issues that need to be addressed are numerous and complex. The cost of ignoring them, however, is dire. Without change, another food crisis is not only a possibility, but a certainty. Indeed, with continuing population growth and worsening effects from climate change, the next crises could be even worse.

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