PUTTING AGRICULTURE AT THE HEART OF AFRICA’S RISING

SPECIAL REPORT | 24 - 28 SEP. 2018
http://eurac.tv/9PLW

With the support of Bill & Melinda Gates Foundation
Farming accounts for around 60% of all jobs in sub-Saharan Africa. Governments, the African Union and the EU are keen to promote the industrialization of the African farming sector.

But rapid population growth, the effects of climate change and lack of access to finance are among the threats to both the future growth of African agriculture and its capacity to feed its people.

In the meantime, new innovative technologies are being unleashed in the continent’s rural communities. Renewable energy, particularly off-grid solar, is being viewed in many countries as a means to power rural Africa, particularly in those areas furthest away from the electricity grid.

This Special Report looks at some of the challenges and opportunities faced by domestic agriculture and how policymakers and businesses are working to grasp them.
Contents

‘Cashew means future’ in Swahili 4
Leap-frogging the African electricity grid with solar 6
Senegalese milk production trying to find its way 8
Sahel region faces task of increasing crop yields to meet population boom 10
Bridging African agriculture’s financing gap 12
Cashew nuts: They are not only meant to make you happy but also to strengthen the heart. On average, every European consumes an average of one kilo of this nut per year.

The demand for the trendy "superfood" is rising so significantly that the production in India, the leading cashew producer, is no longer sufficient. This is another reason why more and more African countries are taking part in the race of cashew producers for a good world market position. One of them is Tanzania.

Yusuf’s grandfather used to be able to feed his own and his brother’s family with the proceeds from the annual cashew harvest, says Yusuf, a farmer in Tandahimba, in the Mtwara region on Tanzania’s southern border with Mozambique.

When he says past, Yusuf means the 1970s, a time when Tanzania was the world leader in exporting cashew nuts. Since then, a lot has happened.

Tanzania is now one of the fastest growing economies in Africa and worldwide, the gross domestic product has more than tripled since 2010. Those were growth rates of which cashew farmers like Yusuf can only dream of.

Since the 1970s, lack of access to markets, training, funding opportunities and agricultural innovation made the situation of cashew farmers steadily worse. Desertification and climate change played their part as well. So it

Continued on Page 5
Continued from Page 4

happened that most of the cashews in the European food trade now come from India.

However, five years ago, Yusuf decided to resume the cultivation of cashew nuts. At that time, he not only took over the land from his grandfather with an old stock of cashew nut trees, but also learned everything about their cultivation and care.

The fact that the cashews are more expensive in trade than many other nut varieties is also due to the fact that only one single pip is formed per cashew apple and that the harvest and the processing are very complex.

“It takes up to five years before a cashew tree bears apples for the first time,” says Yusuf. “In order to achieve the best possible quality, the trees must be pruned regularly.”

Yusuf’s cashews and those of other Tandahimba farmers are among the highest quality harvested in Tanzania, according to European standards. With a production of more than 70,000 tonnes last year, Tandahimba is the largest cashew producing district in the East African country.

According to FAO statistics, Tanzania is once again one of the largest producers in Africa and one of the ten largest in the world (2016 ranked 6th among international producers).

Cashews are and will remain an important export product for the future, according to the plans of the Tanzanian government. In the past year alone, the Proceeds from the 265,000 tons of cashew nuts produced accounted for 10-15% of the country’s foreign exchange earnings.

Still, 65% of the export tax is returned to the farmers via the Tanzanian Cashew Board (CBT). The remaining revenues flow into a state-owned cashew nut fund.

In the current discussions on the Tanzanian budget, it is planned to amend the law on these cashew nuts funds in favour of the funds. MPs from the southern regions of Mtwara and Lindi like Ahmad Katani (CUF) have little sympathy for such a solution.

“The peasants from this region need every shilling from the proceeds,” says Katani. “The revenue from cashew cultivation is the most important source of income for many.”

In order to not only secure but also increase these in the future, there are proposals for a “tax structure” in favour of local processors. So far, only 10% of the cashew nut production in Africa is processed within the respective countries of origin.

In Tanzania too, the marketing of raw cashew nuts for external markets for further processing is largely monopolised by buyers from India. A tax levy on raw nuts and an exemption for processed products could support the Tanzanian industry and make marketing more predictable for the marketing of the crop by farmers like Yusuf.

In addition, the cashew apples could be better processed further – into beverages, food products such as apple flour or cattle feed.

Small farmers like Yusuf hope that more government funding will go towards helping producers and processing their products, and that cashew will continue to be an important source of revenue for him.

In Swahili, kesho means “tomorrow,” explains Yusuf. ” Cashew means ‘future’ for me.”
Mobile phone technology made landlines obsolete in sub-Saharan Africa years before Europeans began to give up their home handsets. Now a raft of energy companies believe that renewable energy, particularly off-grid and pay-as-you-go, will enable African countries to ‘leapfrog’ the grid.

“We’ve been doing pay-as-you-go since around 2012,” Ned Tozun, co-founder of D-Light, tells EURACTIV.

“And we’ve really been able to get to a significant scale on the market and have now introduced a product that includes TV and radio, multiple lights and really giving customers an experience that is closer and closer to what the grid is like.”

The World Energy Network states that €340 billion of investment will be needed to achieve universal access to electricity across Africa by 2030. The combined grid capacity of the 48 sub-Saharan African countries is roughly equivalent to that of Spain. Economic realities and the slow pace of government infrastructure projects mean that this volume of investment is unlikely to happen any time soon.

In Kenya, for example, fewer than half the population are on the grid, and millions have to buy and burn kerosene for power. Research from 2014 suggested that the average Kenyan would spend between 25 and 50 cents per day on a poorly lit kerosene lantern – potentially up to $200 per year. That is poor value, especially considering the dangers of burning kerosene.

“Kids will study longer, because they have better light,” says Tozun, who points out that the air quality is improved by abandoning kerosene for

Continued on Page 7
solar.

“It’s a very obvious connection but it actually happens. People do more productive work when they have better lighting and they make more income.”

D-Light started out in 2007, selling solar lanterns in India, but its founders quickly saw a large potential market in East Africa.

“It really started out with the idea that we wanted to get 100 million people off of kerosene lanterns by 2020. So we started out by making these very, very simple, but highly affordable, very high-quality solar lanterns,” says Tozun.

83 million people now use the firm’s products, over 20 million of them in East Africa, and the firm also has major operations in Nigeria and partners in Côte d’Ivoire, Ghana and Namibia.

“We are about to hit the 100 million goal about a year early,” says Tozun.

The most basic – and top-selling – product D-Light offers is a lantern that costs around $4.

In Machakos, a town of around 200,000 people, two hours south-east of the capital Nairobi, Justus Kimole, who manages D-Light’s operations in Machakos County, tells EURACTIV he will sell around 400 lanterns each week.

But D-Light, M-Kopa and a string of other companies offer solar kits that power TVs, fans, radios and mobile phones. Kits with the ability to power generators, refrigerators and freezers are also starting to become available.

Customers will typically pay a deposit of around $20 for a solar powered TV, followed by daily payments of around 55 Kenyan shillings (50 cents), typically paid for via their phone. The payment period usually lasts between 12 and 18 months. At below 5%, default rates are low.

“You’re actually investing in an asset that you own,” says Tozun.

“One of the things that has been interesting for me to see is just how much customers value just having that independence to wield their own power – not having to wait for it to come. It’s like I can own my own power – it’s a really powerful concept. And I really do think that distributed solar is going to be a key part of the future of energy on the markets we work in.”

The pay-as-you-go model is popular because mobile money technology has become ubiquitous in the region, enabling people to avoid cash-dependency without a bank account. 90% have a mobile phone and M-PESA and Airtel are among the leading mobile money firms in East Africa, with branches on nearly every street corner.

That, in turn, drives financial inclusion, giving a new group of customers access to credit.

“I see it very analogous to the mobile phone industry here, where people never got landlines and then because it was just too expensive, and there were government infrastructure problems, mobile phones essentially enabled the total leapfrog that happened here,” says Tozun.

“I see power happening the same way.”

“You don’t have the burden of having all the existing infrastructure, all the existing super inefficient appliances, which suck tons of power, now you can actually jump these households into the 21st century to pretty advanced households.”
In Senegal, the dairy sector is facing competition from cheap European exports – that makes its development much harder, EURACTIV France reports.

In Western Africa, the campaign “Mon lait est local” (‘My milk is local’) seeks to promote the domestic consumption of milk in producer countries, such as Burkina Faso, Mali, Mauritania, Niger, Senegal and Chad.

This is a challenge in Senegal, where – despite the fact that there are 200,000 farmers and increasing milk consumption – the majority of the milk consumed is imported from Europe, albeit in powdered form.

“In Senegal, milk is consumed in the form of milk powder enriched with plant material,” Christian Corniaux of CIRAD (the French Agricultural Research Centre for International Development) explained.

This milk powder is sold 30% cheaper than locally produced milk. The situation is partly due to a customs policy which is particularly advantageous for imported milk. European milk is taxed at 5%, in accordance with the common external tariff imposed by the Economic Community of West African States (ECOWAS). Some 25,000 tonnes of milk are thus imported every year, representing 90% of the national consumption.

On this open market, European milk, which is heavily subsidised by Europe and in need of markets, has

Continued on Page 9
poured into West Africa. This trend has accelerated since the removal of European milk quotas in 2015 and reduction in European consumption. Skimmed milk powder exports have trebled since 2009, according to a study published by Oxfam and SOS Faim.

**DOMESTIC CONSUMPTION**

“Milk imports in Senegal are aimed at urban consumption, whereas local production – which is mainly pastoral production – is consumed in rural areas,” says Corniaux.

Currently, Senegalese milk production is growing at a slower rate than domestic consumption. While milk consumption per capita in Western Africa remains low (19kg/year in the ECOWAS), demand is growing sharply.

“Here, for example, consumers can’t really tell the difference between butter and margarine,” Corniaux explained. Furthermore, dairy products enriched with vegetable fat, such as palm oil, have made customers accustomed to sweet-tasting products.

Some local initiatives are attempting to establish local professional production, following the example of La Laiterie du Berger, which produces Dolima yoghurt made from local milk. By using milk from small pastoral producers, La Laiterie du Berger has partly succeeded in structuring a supply chain. However, since 2014, it has been incorporating up to 50% imported milk powder into its products in order to meet the demand.

Another obstacle is the lack of professionalization in the dairy sector. While Senegalese livestock is large in terms of volume, it is intended more for meat production than milk production.

“In terms of productivity, it’s a bit like if we were trying to milk Charolais cattle in France,” Corniaux explained. As a result, there is a low productivity per head of livestock. Senegalese cows only produce 300 litres of milk a year on average – far from the 7,000 litres of European breeds.

Furthermore, the issue of forage availability, particularly in the dry season, severely limits the opportunities for the dairy industry to develop.

At the same time, European milk powder imports allow access to dairy products at a low cost, in a country where the poverty levels remain high. With much more accessible tariffs, low-cost imported dairy products – such as milk powder – allow the poor urban population to be fed.

**ECONOMIC PARTNERSHIP AGREEMENT**

The matter of customs barriers is crucial to allow the dairy industry to develop. Currently, the customs duty imposed on milk powder is relatively low (5%) but would completely disappear under the proposed Economic Partnership Agreement between the EU and ECOWAS.
Sahel region faces task of increasing crop yields to meet population boom

By Cécile Barbière | EURACTIV.fr / Translated by Rob Kirby

INTERVIEW

With their populations set to double by 2050, the Sahel countries – Niger, Mauritania, Mali, Burkina-Faso and Chad – have to develop their agricultural productivity to feed their populations.

Alain Billand is the chief policy officer of the Environment and Societies Department at the French Agricultural Research Centre for International Development (CIRAD).

What is the situation with regard to agricultural production in the Sahel countries?

The Sahel is a transition zone between the Sahara and humid areas, such as the Ivory Coast. In this zone, the soil is poor and the temperatures are extreme, both in terms of heat and in terms of precipitation. Agriculture in the Sahel is therefore highly constrained and the windows for sowing seeds are very narrow, sometimes only a few days. This is a region where agriculture is not in an optimal situation. In order to deal with these conditions, local people have developed appropriate agricultural strategies. The term “resilience” is very strong in this region.

In addition to these natural factors, socio-economic factors also constrain Sahelian agriculture. The Sahel countries are among the poorest countries in the world, according to the human development index.

In this region, there are many challenges for farmers.

The Sahelian populations are, for example, very poorly equipped to deal with climate change. The planet is getting warmer on a global scale. In the Sahel, there could be an increase in temperatures in the warmest areas. These remain projections, as it’s a difficult region to predict because there is little data available. When it comes to rain, there is the risk there will be further concentration of the rainy season. So, systems will have to be found to collect water.

Moreover, Africa has around 1.3

Continued on Page 11
billion inhabitants and should see its population double within 20–30 years. According to projections for 2100 – in other words, in three generations – the African continent will have around 5 billion inhabitants.

This demography will have consequences, particularly in the Sahel, where the demographic transition hasn’t really started yet. For instance, in Niger, the birth rate is reaching 7.6 children per woman. The country has one of the highest fertility rates in the world and is placed second-to-last on the UN’s human development index. So, we’ll have to educate, find jobs for, and also feed this population.

**Is the food supply in the Sahel sufficient to respond to the population growth?**

While the demography in the Sahel has increased, so has the quantity of food. In the Sahel, the agricultural production curve has increased in a roughly similar way to the increase in population. There isn’t a chronic deficit of food in the Sahel but there can be seasonal deficits, caused by climate or accessibility problems. Currently, the main obstacle to the food supply is not the lack of agricultural production, but a lack of accessibility and of funds. For a large proportion of the population, food remains too expensive. As for accessibility, the most glaring lack of food is being felt, for example, in the areas occupied by Boko Haram.

**So, there isn’t a productivity problem in the Sahel?**

The Sahel has increased its agricultural production because of the increase in arable land. By cutting back on the savannah and the land around villages, the Sahelians have extended agricultural areas and increased production. But, now the availability of arable land is beginning to become a problem because all of the good land has already been cultivated and the arable land isn’t infinite to feed the Sahel, so the crop yields will have to be increased. However, the Sahel does not have the money of Saudi Arabia to grow intensive crops in the desert.

Currently, people aren’t dying of hunger in the Sahel. But the issue of malnutrition remains very problematic, particularly among children.

**How can the Sahel increase its agricultural productivity?**

Europe could easily double its wheat production and send it to Africa but that’s not the solution. The Sahel needs to develop its agricultural productivity.

The seeds used are a major issue. A large part of the seeds are of rural origin, such as millet and sorghum. This is very advantageous because these seeds are free. They have also been selected over generations and are therefore highly adapted to the soil. However, they are not very highly productive.

Moreover, crops have to be promoted which can be fairly profitable, such as market gardening. Currently, there are crops which aren’t very healthy, particularly in urban areas, where the crops are grown near stagnant water or in highly polluted soil. In order to have a balanced food supply, we need to develop local agriculture, especially in cities, where the African population is increasingly concentrated.

Young rural Sahelians no longer want to stay in villages. So, they move to cities and often become destitute because there hasn’t been the development of industrial or tertiary sector employment as has happened in Europe or Asia. Relocating to cities is therefore often synonymous with poverty. So, we need to come up with something else, particularly in regional urban centres, which may provide access to some services which don’t exist in villages, such as food processing, while also maintaining agricultural employment.

**How can the Sahel develop its agricultural productivity while avoiding the pitfalls of intensive farming, which Europe is struggling to get out of?**

You can’t really apply the Northern models to the Sahel, with the extensive use of chemicals. However, we are staring from an almost blank state of affairs because almost no fertilisers have been used in the Sahel. Rather than multiplying the use of chemicals tenfold, it is important to immediately develop agro-ecology, particularly by using digital tools. But you can’t completely reject chemicals either. These may allow yields to be increased in order to deal with the demographic change.

**How can CIRAD (the French Agricultural Research Centre for International Development) and the Ouagadougou Declaration support this agricultural transition in the Sahel?**

CIRAD and the national institutions of agricultural research in the Sahel countries adopted the Ouagadougou Declaration. This declaration had the intention of supporting the agricultural objectives of the Sahel Alliance, which aims to coordinate development solutions for the region. The Ouagadougou Declaration has eight priorities for agricultural development in the Sahel and stipulates that the signatory institutions pool their knowledge to accelerate the search for solutions.
Bridging African agriculture’s financing gap

By Benjamin Fox | EURACTIV.com

The European Commission and African Union set up a joint rural Africa taskforce in May, after agricultural co-operation was one of the key topics as the EU-Africa summit in Abidjan in November 2017.

The task force and its 11 experts were tasked with making recommendations in January 2019, with a mandate that focuses on promoting food security, transferring skills, climate change adaptation and investment in agri-business.

The International Food Policy Research Institute estimates that Africa will add 38 million to its number of hungry people by 2050 as a result of climate change. The Institute has also forecast that the continent will experience major food shortages by 2020 and beyond, while malnutrition will be on the rise over the next 20 years.

Carlos Lopes, the AU’s High Representative on the post-Cotonou talks, told EURACTIV that the planned African Continent Free Trade Agreement (ACFTA) would drive the integration in African value chains that will solidify the industry, and allow African agriculture to serve a mass market.

But all of that will require a rapid ramping up of investment, both public and private, in African agri-business.

The lack of domestic processing means that African countries often find themselves exporting raw materials, whether commodities or

Continued on Page 13
produce, and then importing the finished product.

“If you look at what is available, a lot is still imported...even coffee, which is the country’s main export, it’s all pure green bean exports, we need to get more investment into processing.” Erik Habers, the head of development co-operation at the EU’s delegation to Ethiopia, told EURACTIV.

“We are looking more at the linkages between smallholders, co-operatives, the private sector, processing, this whole value chain discussion,” he added.

Indeed, it is driving investment and access to finance that is the main barrier to African agriculture, and development finance institutions have vowed to step up their market-making efforts since fewer than 15% of lenders in Africa are offering services to agri-business and smallholders.

In regions such as sub-Saharan Africa, smallholder farmers typically farming less than two acres produce 70% of the total food consumed. But it is effective. Economic growth in agriculture is up to 11 times as effective at reducing poverty as growth in other sectors.

The EU’s External Investment Plan – potentially worth up to €44 billion – promises to focus on supporting agri-businesses, while the African Development Bank is investing $24 billion in African agriculture over the next 10 years as part of its 'Feed Africa' strategy launched in 2015.

“Domestic resources from African countries have to be supplemented by European resources, and that has to mean the private sector,” says Tom Arnold, who chairs the Rural Taskforce.

But that is just a start. The financial sector meets less than 3% of total smallholder demand for financing, estimated at $450 billion.

Donors and development finance institutions have been looking at ways to make crop insurance schemes more attractive financially. The One Acre Fund and Juhudi Kilimo are among the successful recent micro-finance firms in the East African market, but the surface has barely been scratched.

“Agriculture is the main engine for transforming the economy of Africa. We want to unlock those challenges in terms of food security, land degradation, poverty and trade,” Josefa Sacko, the AU’s Commissioner for Rural Economy and Agriculture, told EURACTIV at the launch of the Rural Africa Taskforce.

The question is how Africa, through its own efforts and increasingly with more support from Europe, can put this into practice.