

Policies for Africa's Green Revolution

Address delivered by:-

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Honourable Minister

Distinguished Guests

Ladies and Gentlemen

Let me start by thanking the Honourable Minister for Agriculture, Food Security and Cooperatives for hosting this auspicious event of the launch of the Policy Hub and Policy Action Nodes for The United Republic of Tanzania. AGRA is delighted to partner with you, honourable Minister and all partners present in translating home-grown policies into action.

We are here with one common goal: to drive the achievement of the green revolution in The United Republic of Tanzania – one that will help to rapidly raise agricultural productivity, food security and incomes of millions of farmers, and lower the prices of food for the poor who spend a disproportionately high share of their incomes purchasing food.

The global food crisis is back! Global food prices have risen again to unacceptably high levels in 2011. Africa, which spends over \$30 billion annually on food imports, will need to spend even more. As it does, it is simply importing food inflation from global markets. The poor will be hurt the most. Yet, Africa can feed itself.

We know one fact: reduction of hunger and poverty in Africa cannot happen unless Africa achieves a radical transformation of its agriculture. In short Africa needs a green revolution and to do that appropriate supportive policies must be in place.

The pundits ruled Asia out in the 1960s, and a Nobel Prize Economist called Asia a “basket case”. The Asian countries proved the world wrong by putting in place policies that led to rapidly raising agricultural productivity, with the development and release of high yielding varieties of rice and wheat which more than doubled or tripled yields. They invested heavily in irrigation and expanded investments in extension and research and development.

They did more. They knew that if farmers produced and could not sell their produce they would lose incentives to adopt new technologies. They put in place price support systems with guaranteed minimum prices and provided farmers with access to credit.

Asia not only got the technologies right, *they also got the policies right.*

The result was dramatic. The area cultivated to the high yielding varieties rapidly rose from about zero % in 1965 to almost 60% thirty years later. The use of new wheat varieties spread rapidly from less than 2% of cultivated area in 1965 to 90% in 1995.

In 1976, China developed the hybrid rice seed technology. It spread rapidly due to good policy and institutional support. Area cultivated increased from 140,000 ha in 1976 to over 15 million hectares in 1990 and reached 19 million hectares in 2008. The government mobilized a large number of seed producers to multiply the seed, setting in motion a rapid uptake of hybrid rice. The government supported the rice value chain from seed production to finance and markets.

Asia experienced a green revolution that has enabled it to feed over three billion people, lowered the price of food for the urban and rural poor, created employment and spurred the rapid economic growth now being witnessed in the region.

The Alliance for a Green Revolution in Africa (AGRA) is working actively with national governments, development partners, civil society, farmers' organizations and farmers themselves to shape a green revolution that will lift millions out of poverty. This green revolution is focused on smallholder farmers - majority of who are women- and staple food crops, and respects cultural diversity and agro-ecological differences between regions and countries.

Through the support of AGRA to the Department of Agricultural Research of the Ministry of Agriculture, Food Security and Cooperatives and 11 private seed companies in Tanzania, 27 new crop varieties of maize (4), cassava (14), sweet potato (3)

and soybeans (1) have been released. The yield of one of the new cassava varieties called "Mkombozi" (meaning saviour) yields 30 Mt/ha compared to a yield of 5 Mt/ha for the traditional varieties such as "Lushura".

AGRA is also working with the government of the United Republic of Tanzania to develop improved integrated soil fertility management systems that would allow crop varieties express their full potential at least cost.

Through funding from AGRA, over 11,000 agro-dealers have been trained in several countries. They have sold over 374,000 tons of improved seeds and about 770,000 tons of fertilizers in rural areas. They have secured about \$45 million in loans from banks. In The United Republic of Tanzania, AGRA and CNFA have trained over 3,000 agro-dealers and they have received over \$10.0 million [\$7.0 million through NMB and \$3.0 million through the CGF] in loans. Distances travelled by farmers have declined on average by 50%, from 30 kilometres to 15 kilometres in the 42 districts.

Over 30% of what Africa produces is lost due to poor storage. Development of warehouse receipt systems will further make it possible for farmers to reduce storage losses, stabilize prices, use their grains as collateral for credit, and stimulate incentives for further uptake of new agricultural technologies.

AGRA is supporting warehouse receipt system in the United Republic of Tanzania. In the South Western Districts, 6,082 farmers were supported this year to store 595 MT of paddy, which was later sold at a profit of \$14,500. The target is to support 20 warehouses with a combined capacity of 15,000MT.

AGRA in partnership with WFP-P4P trained 13,390 small holder farmers from 29 selected SACCOS in 16 districts to process and they sold 8,000 MT of maize to WFP/P4P valued at \$2 million this year at 10% profit.

All these interventions are necessary to ensure technological change, and an African green revolution. They need supportive policies for scaling-up.

According to research by IFPRI, doubling agricultural productivity of staple crops by 2015 will raise the GDP growth by 5.5% annually and lift over 70 million people out of poverty in Africa.

The main challenge to turning the African agricultural potential into reality is the lack of appropriate policies to drive change to scale. The budding policy support systems for farmers were broken when Africa blindly implemented the structural adjustment programs of the 1980s: all the institutions and support systems around farmers in Africa were dismantled as a result of imported policies.

Today, majority of farmers do not have access to functioning extension systems, affordable credit, and stable prices or markets. As a result only 5% - 15% of farmers in Tanzania use improved varieties of maize and fertilizer use averages 8 kilograms per hectare. The situation is not much different in the rest of Africa.

Distinguished Ladies and Gentlemen, the estimated resources to achieve an African green revolution are enormous. Hence we cannot invest everywhere at the same time. We must focus on areas with high potential where faster gains can be made to

increase food production and drive down food prices. Lower potential areas do need attention of a different kind.

AGRA is focusing its resources in breadbasket areas – areas with good agricultural potential, relatively better infrastructure and markets in four change ready countries, Ghana, Mali, Mozambique and Tanzania, to demonstrate that rapid agricultural transformation is possible. AGRA is working with national governments and other stakeholders to invest in the breadbaskets.

AGRA together with the government of The United Republic of Tanzania and the development partners are currently implementing a breadbasket strategy for Southern Highlands to trigger a green revolution – one that takes into consideration local needs of farmers. Many of you were present at the launch of the breadbasket strategy and investment plan by the Hon. Minister last April.

But more funding is needed to take things to scale. During the Asian green revolution the President of the World Bank, Bob McNamara said to Dr Borlaug “if you can get me these high yields, I will find you the money to scale up”. Today in Africa, the story is different. Hard times have hit several of the donor countries and development funds are easiest to cut back on. The \$20 billion promised for African agriculture in Gleneagles and L’Aquila by the G8 is yet to materialize.

The challenge is serious. Alternative and complementary sources for financing an African green Revolution must be found, including funds from commercial banks. However, less than 1% of total lending by commercial banks in Africa goes into agriculture. Banks do not lend to agriculture because of perceived high risks, poorly coordinated agricultural value

chains and poor infrastructure in the agricultural sector. What needs to be done is to leverage the excess liquidity in the banks to agricultural value chains.

AGRA is spearheading the use of risk sharing instruments to reduce risks of lending by banks to agriculture, with good results. AGRA and its partners have leveraged \$170 million in new affordable financing from commercial banks in Tanzania, Kenya, Ghana, Uganda and Mozambique.

In The United Republic of Tanzania, AGRA partnered with the Kilimo Trust and Stanbic Bank to leverage \$25 million in lending to agriculture. Stanbic Bank has approved \$10 million for 56,700 farmers and has since disbursed \$3.4 million to 23,800 farmers. An earlier scheme with NMB, working in partnership with FSDT, leveraged \$10 million to support agro-dealers.

In partnership with the Central Bank of Nigeria AGRA has completed the design of a \$500 million risk sharing facility to leverage \$3 billion in agricultural lending from banks in Nigeria – the largest effort in Africa. This will make loans available to 3.8 million farmers, impacting some 20 million people; a good lesson worth emulating by other African countries!

But as we focus on finance, we must not forget about weather risks. We must act decisively to address climate change. While African farmers did not cause climate change they must now bear the brunt of it. Accelerated efforts are needed to develop and spread heat tolerant and drought resistant varieties, and water use efficient crops. We must get more grain per drop through improved water harvesting.

Different support mechanisms are being tried in Africa. In Malawi an agricultural support program that emphasized subsidies for seeds and fertilizer for small-holder farmers through vouchers has resulted in a dramatic shift in fortunes. The country moved from being chronically food deficit to a food exporter. The ripple effects of the Malawi experience can be felt in many African countries as they design their own agricultural support programs. Smallholder farmers need support!

But for all these to work, we need a fundamental paradigm shift: locally relevant and home grown policies must be developed to drive massive transformation of agriculture. Learning from Asia, Africa must build its own local policy institutions to develop policies that better meet the needs of its farmers. Experience from other regions is useful but policies have to reflect African realities.

Success will depend on having in place appropriate policies and support systems to drive change. To achieve this, AGRA is supporting African countries through a multi-year policy support program to empower local policy institutions, farmers' organizations, agribusinesses and civil society, working together in policy nodes for specific sub-sectors and policy hubs, to develop appropriate home-grown policies to drive agricultural transformation across the continent. The policy institutions will focus on translating policies into real action on the ground.

It is Nelson Mandela who said "there is no such thing as part freedom". Today as we launch the Policy Hub and Policy Action Nodes for The United Republic of Tanzania, a new era begins for innovative home grown policy analysis and advocacy to help drive the march to full freedom: the day when all of The United

Republic of Tanzania will be free from hunger and poverty. Let us work together to hasten the coming of the day when the fields are filled with plenty; when the barns overflow; when the children dance in the fields; when a green revolution is fully achieved in The United Republic of Tanzania!

Thank you.