Which transition for agriculture in Africa?
Some insights from the RuralStruc program

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RuralStruc in a few words

- Background
  - a collaboration between French Cooperation and the WB
  - joined by IFAD for the second phase of the program

- A comparative program with 7 countries launched in April 2006

- A comparison of the processes of change in the context of an increasing economic integration

- A knowledge sharing process implemented with local teams to better feed the policy debate

- A two-phase work:
  - global overview of the countries’ situation (desk reviews)
  - case studies with regional field surveys
The core issues

- Go beyond the trade liberalization debate
- Understand the consequences of the global restructuring of the agro-food markets on agriculture and rural economies
- Rearticulate the evolution within agriculture with the global processes of economic transition in developing countries
  - with a specific focus on the agriculture-based countries and particularly LDCs, SSA and ACP
- Fill the knowledge gap on the concrete situation of the rural economies
  - a consequence of the deterioration of the statistical systems and information base in SSA

=> “a better understanding for better policy making”
The 3 hypotheses of the program

- The restructuring of agro-food markets reinforce a **process of differentiation and segmentation** within agricultural economies.

- Marginalization trends introduced by these processes lead to **risks of transitional dead-ends** linked to the relative scarcity of alternative activities (and sources of employment).

- Agricultural households are adapting to this new context by adopting **composite strategies** of activities and income that are reshaping the physiognomy of rural economies.
A crucial need for reinvesting the “transition debate”

- Agriculture-based countries today face an original challenge of transition

- There is no possible comparison with the old European economic transition of the 19th and early 20th centuries
  - a different geopolitical order which heavily changes the competition context
  - a need to remind the adjustment variable of the “white migrations”: around 60 millions people between 1850 and 1920

- The transition of the emerging countries started before the liberalization era
  - based on strong public policies of “modernization” with protection and subsidies
  - encouraged by the Cold war context
  - and with often authoritarian regimes
A crucial need for reinvesting the “transition debate” (2)

- Agriculture based low income countries are confronted to huge productivity and competitiveness gaps
  - these gaps are adverse to their competitive insertion in the world economy
  - there is a risk of marginalization

- They are confronted to the “new agriculture” resulting from the restructuring of the international agro-food system
  - vertical integration of commodity chains and “horizontal” integration through the new distribution systems (supermarkets revolution)
  - demand-driven markets characterized by segmentation processes based on norms and standards
  - new rules of the game: opportunities for a few and constraints for the many
The very specific challenge of SSA

- An unachieved demographic transition with high population growth rates
  - 2 to 3.2%/year and very few exceptions
  - The 720 millions SSA Africans will be 1.1 billion in 2025
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- An unachieved demographic transition with high population growth rates
  - 2 to 3.2%/year and very few exceptions
  - The 720 millions SSA Africans will be 1.1 billion in 2025
  - Yearly cohorts of young people looking for employment activities are:
    - around 15 millions in SSA
    - 200 to 300,000 for a medium size African country
Sub-Saharan Africa: Yearly Cohorts Aged of 20
2004-2024
(except South Africa, in millions)
The push of younger generations

Yearly Cohorts Aged of 20
2004-2024
(in thousands)

Kenya
Madagascar
Mali
Senegal
The very specific challenge of SSA (2)

- The core issue: the absorption capacity of the economy
- Agriculture keeps a central role:
  - in GDP, trade and labor force
  - 60% in average of the EAP in agriculture (70 to 80% in Sahelian countries)
Share of agriculture in the EAP

- Madagascar
- Mali
- Senegal
- Kenya
- Morocco
- Nicaragua
- Mexico
The very specific challenge of SSA (2)

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  - *in GDP, trade and labor force*
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### Few economic alternatives:

- *The limits of the “new agriculture”: thousands versus millions*
  - E.g. Senegal, Kenya, Madagascar

- *Other sectors of employment are scarce: ten of 1000 versus hundreds of 1000*
  - E.g. Madagascar

- *The informal sector is a black box which means underemployment, low productivity, miserable livelihoods with slums dwelling*
  - E.g. the Kenyan HV exports success story and the Kibera slum

- International migrations has an exit option?
<table>
<thead>
<tr>
<th>Country</th>
<th>Migrants (Millions)</th>
<th>Population (Millions)</th>
<th>Migrants / Pop.</th>
<th>Main Destinations</th>
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<tbody>
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<td>Morocco</td>
<td>2.7</td>
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<td>9%</td>
<td>Europe</td>
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<tr>
<td>Mexico</td>
<td>11.5</td>
<td>104.3</td>
<td>11%</td>
<td>US</td>
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<tr>
<td>Nicaragua</td>
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<td>5.6</td>
<td>12%</td>
<td>Costa Rica; US</td>
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<tr>
<td>Senegal</td>
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<td>4%</td>
<td>Western Africa</td>
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<tr>
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<td>33.4</td>
<td>1%</td>
<td>-</td>
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<tr>
<td>Madagascar</td>
<td>0.2</td>
<td>17.0</td>
<td>1%</td>
<td>-</td>
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</tbody>
</table>
First lessons

- Agriculture will stay the main absorption potential for the next 2 decades
- Avoid the “tri-modal” scenario: those who can compete / those who must “move” / those who should be protected
- Risks of marginalization exist:
  - A few winners: skills, capital, networks
  - Many losers: the viability of many family farms at stake
    - Access to natural resources: land pressure, fertility
    - Access to inputs
    - Difficult connection to markets
Public policies must deal with the big numbers

- they must accompany the majority of family farms by helping their connection to markets

- they must favor structural change and:
  - help with the provision of public goods
  - support the missing and imperfect markets
  - accompany and strengthen collective action (producers’ organizations)
First lessons (3)

- Domestic and regional markets must be a priority
  
  - this is not exclusive of specific opportunities which must be encouraged
  
  - they have the highest growth potential (population growth and urbanization)
  
  - they are the most inclusive: accessible, huge distribution effect with consumption linkages fostering diversification
  
  - they release the potential for diversification by counteracting the risks of food access
  
  - they can boost local value-added through transformation and processing and diversify rural activities
Thanks for your attention