



AGRICULTURAL VALUE CHAINS AND TRANSFORMATION IN SOUTHERN AFRICA:

OPPORTUNITIES STEMMING
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Executive summary

The state of agricultural value chains in Southern Africa

Agriculture is the backbone of the African economy, and a major source of income in African countries (African Development Bank (AfDB), 2016). Fifty-five per cent of jobs in Africa are in the agricultural sector, which generates more than 70 per cent of the income of those living in poverty. However, outdated agricultural practices, the agricultural sector's vulnerability to climate change and variability, and the continent's high levels of subsistence farming continue to undermine agricultural productivity. Boosting productivity, which could help address many of the continent's socioeconomic challenges, including unemployment, entrenched poverty and food insecurity, was therefore identified as a priority area in Agenda 2063: The Africa We Want, of the African Union.

The development of agricultural value chains in Southern Africa is constrained by limited technical capacity, inadequate transportation and agricultural infrastructure, widespread poverty and food insecurity, the predominance of subsistence farming over export-oriented agriculture and the agricultural sector's vulnerability to climate change.

Other challenges include poor market regulation, poor market infrastructure, "supermarketization", which hinders local producers' access to markets, the growth of informal markets, and a lack of real-time market information. Those challenges, which have yet to be fully addressed, have led to several decades of decline in sector output, making agriculture the weakest contributor to gross domestic product (GDP) growth in Southern Africa. Those challenges must be addressed comprehensively if economies in Southern Africa are to revive agricultural sector productivity and leverage the opportunities stemming from the establishment of the African Continental Free Trade Area.

Anticipated benefits of regional agricultural value chain development in the context of the Comprehensive Africa Agriculture Development Programme and the African Continental Free Trade Area

Africa currently has a population of approximately 1.3 billion people, but that figure is expected to rise to 2.5 billion by 2050. The Agreement Establishing the African Continental Free Trade Area, which entered into force in 2019, was adopted with a view to driving growth and innovation in Africa and creating opportunities for sustainable development. As of July 2021, 54 member States of the African Union had signed and 37 had ratified the Agreement. Trading under the terms of the Agreement began on 1 January 2021. For countries in Southern Africa, the anticipated benefits stemming from the establishment of the Area include:

- Increased employment and household income, GDP growth, poverty reduction, increased food security and social stability, and an overall improvement in people's health;
- Increased government revenue stemming from the broadening of national tax bases;
- More favourable trade balances due to reduced imports of agricultural inputs and agro-industrial manufactured goods that can be produced at the national and subregional levels;
- Economic diversification and growth derived from an expanding agricultural sector, the mainstay of employment in Southern Africa, the expansion of the subregion's industrial base and increased exports to countries in Africa and beyond;
- The formalization of many jobs in the informal sector, enabling many workers to access market-related information. This is likely to prove particularly beneficial for those currently employed informally as cross-border traders;

- Reductions in the cost of living as a result of greater competition among the producers of consumer goods, including those from abroad, which will lead to reductions in the costs of goods available on national markets;
- Increased public and private sector investment in research, development and innovation, leading to strengthened partnerships at the subregional, continental and international levels, and facilitating the commercialization of innovative African products and services;
- Increased use of indigenous African knowledge, and the strengthening of intellectual property rights and enhanced protection for geographical indications;
- Inclusive and sustainable economic development.

Leveraging the opportunities for economic transformation stemming from the establishment of the African Continental Free Trade Area

Southern African governments can leverage opportunities arising from the establishment of the Area by modernizing their agricultural sectors and promoting industrialization, including through agribusiness and agro-industry development. To achieve those objectives, countries in Southern Africa should:

- Enact legal reforms to improve access to agricultural land for farming, strengthen land ownership and tenure rights and facilitate access to finance for smallholder farmers;
- Upgrade critical infrastructure so as to improve farmers' access to water, reliable electricity supplies, cold storage facilities and stable Internet connections with a view to strengthening food security. Southern African countries should develop and implement programmes for sea- and brackish-water desalination, groundwater and freshwater pumping, water conservation and wastewater treatment and reuse in agricultural settings;
- Develop and strengthen food trade mechanisms and standards, enhance food safety and facilitate access to extension and business advisory services;
- Provide facilitated access to well-coordinated, reliable, and up-to-date real time market information so as to provide farmers with relevant and timely information on the weather, farm inputs and agricultural output prices and quality;
- Harmonize quality standards and make every effort to improve the quality of African agricultural goods;
- Ensure respect for the intellectual property rights of Southern African value chain stakeholders and enhance protections for geographical indications. To that end, every effort should be made to strengthen collaboration between the African Regional Intellectual Property Organization and l'Organisation Africaine de la Propriété Intellectuelle;

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