



Prioritizing Agriculture Investment in the IDA21 to Improve Africa's Food and Nutrition Security is good for the continent's economic growth



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Though the exact figures of how much Africa spends on food imports are disputed, the consensus is that Africa's reliance on food imports has surged, and the food import bill continues to grow. By some estimates African countries spent close to \$68 Billion on importing agricultural products. For context, this coincides with a period of global turbulence, a series of disruptive events, including the COVID-19 pandemic, the Ukraine war, and climate-related extreme events indeed played a role. These events disrupted dependable global supply chains increasing the overall cost of food. The escalated costs have had a direct impact on the food import bills particularly in Africa where the majority of countries are heavily reliant on imported food. This has strained national budgets that are already under pressure from other economic challenges.

Furthermore, climate-extreme events such as droughts, floods, and unpredictable weather patterns, have compounded the situation by reducing agricultural productivity and increasing the volatility of food supplies. For instance, in their State of the Climate in Africa update for 2022 the World Meteorological Organization indicated that more than 110 million people on the continent were directly affected by weather, climate and water-related hazards in 2022, causing more than US\$ 8.5 billion in economic damages.

This situation is further aggravated by the debt crisis facing many African nations. The UN Trade and Development (UNCTAD) estimates that Africa's cumulative public debt in 2022 was 1.8 trillion USD. These high debt levels have limited most countries' ability in Africa to effectively respond to food insecurity and economic instability.

Nonetheless, this complex interplay of factors has exposed an underlying problem, an Agriculture sector that has been starved of the much-needed investment thus limiting the ability of the continent to produce self-sustaining food. Indeed, as evidenced by the African Union's Fourth Bi-annual report assessing the progress of African countries' progress in implementing the Comprehensive Africa Agriculture Development Program (CAADP), none of the Forty nine (49) countries that reported is on track to achieving their commitments.

To address this, African countries must jointly enhance their investment in domestic agricultural production, boost value chains, improve market & financial access for smallholder farmers.

As the World Bank's shareholders negotiate IDA21 agriculture and specifically the food sector must be a top priority. African leaders and World Bank representatives can make this case. With the continent's population projected to double by 2050, and climate change exacerbating existing vulnerabilities, investing in this key sector will be a critical strategy to ensure food security, tackle all forms of malnutrition, alleviate poverty, and promote economic growth.

Why prioritize Agriculture investment in Africa?

Agriculture is a driver for Economic Growth in Africa: In 2021 for instance 52% of employed people in Sub-saharan Africa were active in Agriculture and an estimated 45% of the world's suitable land for sustainable agriculture is in Africa. This makes the agriculture sector a foundation of economic growth and development for a majority of African countries. Investing in agriculture not only boosts agricultural productivity and incomes but also stimulates overall economic growth through linkages with other sectors such as agribusiness, transportation, and services.

It will enhance Food Security and Nutrition: Africa is disproportionately affected by food insecurity, for instance Oxfam estimates that a fifth of the African population (278 Million) is undernourished, and 55 million children under the age of five are stunted due to severe malnutrition. Prioritizing agriculture investment in the IDA replenishment will strengthen food systems, improve resilience to climate shocks, and enhance access to nutritious food, thereby advancing progress towards achieving Sustainable Development Goal 2 of zero hunger.

Climate Resilience and Adaptation: Agriculture is highly vulnerable to the impacts of climate change. By one measure, the world lost an estimated \$3.8 trillion of crops and livestock production due to climate shocks in the last three decades, a figure that FAO notes is likely an underestimate due to insufficient data. Africa contributed billions of dollars to this figure. Investing in climate-resilient agriculture therefore will ensure that Africa's food industry remains resilient contributing economic growth and sustainable development.

Promoting Inclusive Growth and Poverty Reduction: Smallholder farmers, particularly women and rural communities, constitute the majority of Africa's agricultural workforce. By prioritizing agriculture investment, IDA21 will spur and support inclusive growth by empowering smallholder farmers with access to finance, markets, technology, and extension services. This will immensely contribute to reducing poverty, promoting social equity and the achievement of Agenda2063 priorities.