Developing Africa’s Agricultural Markets

In May 2009, 150 of the world’s leading market experts gathered in Nairobi, Kenya to consider how governments, donors and other stakeholders could improve Africa’s national and regional agricultural markets. Their goal was to identify and recommend priority actions for achieving more efficient and effective markets that would contribute to poverty reduction and economic development throughout the continent.

The Conference, organized by the Alliance for a Green Revolution in Africa (AGRA) and the International Livestock Research Institute (ILRI), comprised a wide range of representatives from the African agricultural value chain. Participants considered interventions that have improved African markets as well as actions and policies that have undermined them. Overall, the experts concurred that no single institution or group of special interest stakeholders could resolve the array of problems afflicting Africa’s agricultural markets. Participants called for a range of efforts that would dramatically scale up proven interventions and test new ideas and approaches that would unleash the capacity of African agriculture to improve livelihoods and drive economic growth.

Among the many recommendations made for priority action was the need to encourage innovations that improve market efficiency and more fully integrate small-scale agro-entrepreneurs into marketing processes. Another recommendation was to support the provision of financial services to small-scale agro-enterprises and smallholder farmers – especially women – and the channeling of “smart subsidies” for farmers and small agro-businesses through private sector input suppliers in order to create market demand.

The assembled market experts also agreed that policy makers should subject their existing and planned investments to impartial and independent analyses of anticipated returns in order to reduce transaction costs for smallholder producers and market intermediaries.

Interventions that help level the playing field and provide for more secure transactions for sellers and buyers were also considered a high priority, as was increased technical skills training in post-harvest value addition for the commodities for which African producers have a comparative advantage.

The conference participants also noted growing evidence that informal market systems managed by small-scale players can be upgraded significantly through improvements in technical post-harvest and marketing skills and assistance in establishing effective certification systems.

A general consensus was reached that the traditional heavy reliance on policy change as the main instrument for improving markets should be reduced in favor of pursuing a more diverse strategy with a focus on investments. While the policy environment remains critical, recent evidence suggests that market-oriented investments by a variety of actors – small-market players, charities and donors, large-scale private sector organizations, and governments – can stimulate changes in behavior and performance, and ultimately improve market opportunities in many settings. While some existing policies may continue to undermine market development, many conference participants felt that identifying examples of successful investment initiatives might be the best way to stimulate needed policy changes.

In closing the conference, AGRA President, Dr. Namanga Ngongi, stressed the importance of bringing together a similarly diverse group of experts to clarify what needs to be done next, when and by whom in order to develop Africa’s local, national and regional markets. Concrete actions that will promote the ability of these markets to absorb the fruits of smallholder productivity increases are essential, he noted. The right actions by key players across the continent will reinforce the growing momentum for a uniquely African Green Revolution, he said, and in so doing help increase food security and reduce poverty for millions.

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The Regional Collective Action Flagship Program on Markets and Institutions played a central role in the development, implementation and reporting of this conference. Representatives from CIAT, CIMMYT, ICRISAT, IITA, IFPRI, ILRI not only presented papers at the conference, but contributed to development of the conference structure, chaired the parallel sessions, and acted as reviewers of the conference papers in preparation for the proceedings. The Regional Collective Action Coordinator at that time, Ravi Prabhu, also facilitated key parts of the conference.