



From the CEO

The challenges facing African agriculture are daunting.

For many years the overarching goal for governments, NGOs, development partners and other stakeholders in the sector has been to achieve food security and alleviate poverty.

We must now question whether this level of ambition is sufficient to drive agriculture into the future. We argue that it is now time to pitch the level of ambition beyond food security and aim for a growth and entrepreneurial orientated agriculture if the sector is to be taken to greater heights.

African agriculture should be about growing farmers, growing nations, creating wealth, and not just managing poverty.

This edition of our newsletter explores how we can transform our agriculture in Africa for the future challenges and opportunities that lie ahead. It revisits some of the key messages that emanate from SACAU's 2013 Annual Conference entitled "Financing Agricultural Transformation beyond Food Security".

Guided by our discussions around this theme we are committed to transform agriculture to be a major engine of growth in the southern African region.

Ishmael Sunga, CEO, SACAU

No farmers – no nation!

Transformation of African agriculture from subsistence to growth-oriented was a key focus of the Southern African Confederation of Agricultural Unions (SACAU) policy conference this year.

Under the theme, 'Financing Agricultural Transformation Beyond Food Security', the conference tackled the challenges of progressing from conventional agricultural development approaches, which have mainly focused on food security and rural development, to a more business-oriented approach aimed at surplus production and wealth creation.

In his opening address, His Excellency the President of the United Republic of Tanzania, Dr. Jakaya Mrisho Kikwete, emphasised the importance of political will and public-private partnerships as key to this transformation.

"We can win the battle of eradicating income poverty and hunger. It is very possible to produce enough food for ourselves and have huge surplus for export to the outside world," Dr. Kikwete stressed.

Dr. Kikwete expressed great concern that, despite major advances in science and technology, "African agriculture remains

backward, relying on the hand-hoe."

He emphasised the need for greater private sector involvement in driving the transformation of African agriculture and called for better marketing and financing arrangements to support farmers.

Dr. Kikwete described how his government has worked with farmers, local and international business, donor partners and civil society groups to develop the Southern Agricultural Growth Corridor (SAGCOT), a public-private initiative to drive growth and productivity in Tanzania's breadbasket region.

A SAGCOT Centre has been established and a Catalytic Fund will be launched in a few months.

He also noted that his government is collaborating with the Alliance for a Green Revolution in Africa (AGRA) chaired by former UN Secretary-General Kofi Annan.

"The innovative partnerships that we have created address one particular problem we face – how to transform Tanzanian agriculture, which is predominantly subsistence and marked by low productivity," he said.



President of the United Republic of Tanzania, Dr. Jakaya Mrisho Kikwete.

Making History

The keynote address was given by one of the continent's champions of agricultural development, the Honourable Minister of Agriculture and Rural Development, Federal Republic of Nigeria, Dr. Akinwumi Adesina. Here are some highlights from his speech.

Nothing gives me greater pleasure than to speak about agriculture, a life passion of mine. As I look around, I see many farmers from all across Africa. You are the pride of Africa.

I do not believe in subsistence agriculture. In my career, including now as Minister of Agriculture in Nigeria, I have not come across a subsistence farmer. It was a term given by colonialists. What I see are hardworking farmers who want to make a good life, but are constrained by lack of access to land, credit, technologies, extension and market access. We must bear in mind that it was small-holder farmers that fed all of Asia and unleashed the green revolution there. They were well supported with subsidies and access to finance to invest in fertilizers and new high yielding varieties of wheat and rice and the rest is history.

Wasted opportunities

African farmers have been neglected for decades by their governments. They are poorly organized and therefore lack the voice and power to push for farmer-friendly policies.

The cost of neglect of our farmers is all around us. Look around the rural areas, what you find are high levels of poverty, mud houses, malnourished children and neglected rural communities.

Politicians take farmers for granted. They reach out to them only during elections where they make promises to support farmers, but as soon as they get elected they set up offices in the cities and forget all about the farmers in rural areas.

This is in sharp contrast to farmers in the European Union and the U.S.A. No politician can have a future in these countries if he or she neglects farmers. No U.S.A Presidential candidate can hope to win the White House, unless he or she wins first in the small farm town of Des Moines in Iowa. In Europe, the voice of farmers is so strong that

the political class has been unable to remove the massive farm subsidies of the Common Agricultural Policy.

Support our continent's farmers aggressively

Farmers in developed countries are lavishly supported by their countries to generate massive food surpluses which depress global commodity prices. While we often criticize these economies for their support to their farmers, we must not lose sight of a lesson for Africa - African countries must learn from them and support their own farmers, massively.

If well supported, African farmers can out-compete farmers in other parts of the world, feed Africa and contribute towards meeting global food demand.

Africa has no business being a food importing continent. Over 60% of the world's unused arable land is in Africa.

It was smallholder farmers that fed all of Asia and unleashed the green revolution there. They were well supported with subsidies and access to finance to invest in fertilizers and new high yielding varieties of wheat and rice and the rest is history.

With vast water resources, abundant land and cheap labour, we should be feeding the world. But we are not, because we have romanticized with industrialization, while forgetting that agricultural industrialization is the key for economic recovery and prosperity for the continent.

Our vast lands should be turned into prairies, water should be well managed to produce more grains per drop, our labour enhanced with mechaniza-



Dr. Akinwumi Adesina

tion, and everything produced should be processed. Nothing should be lost, for the labour of our farmers must be turned into wealth. Africa should not manage poverty in agriculture. Africa must create wealth from agriculture.

Women farmers are our bedrock

We must recognize that the majority of our farmers are women. Without women farmers, Africa cannot unlock its agricultural potential.

Empowering women farmers will change the nutritional status of children in rural households, as women spend a greater share of their incomes on household nutrition.

Women farmers need greater access to affordable credit, secure access to land, and labour saving technologies for planting, weeding, harvesting their farms and processing food. They need labour saving technologies to save them hours of back bending work.

No future without youth

We must really start to engage the youth in agriculture. All across Africa, farms are being managed by old people, with an average age of 50-60 years. Deliberate measures are needed to change the labour composition of the agriculture sector; otherwise, agriculture in Africa will be one generation away from the extinction.

This is Africa's time, but only agriculture can make this Africa's time. For agriculture was Africa's past and in agriculture lies Africa's future.

A Vision for African Agriculture



Empowering women farmers will have far reaching effects

SACAU argues that whilst food security is indeed an important objective, this level of ambition is inadequate, especially when the agricultural sector has so much more to offer.

According to Ishmael Sunga, CEO of SACAU, “African agriculture should be about growing farmers, growing nations, creating wealth and not just managing poverty. Stakeholders must define their roles to drive agriculture into the future”.

Africa has about 12% of the world’s arable land but 80% of it is uncultivated, only 7% is irrigated (compared to 40% in Asia) and production yields are low. More than half a billion Africans, or some 65 per cent of the population, depend on small or micro-scale farming as their primary source of livelihood.

With this number of people employed in the sector, agriculture is a catalyst for broad-based economic development. It has huge potential to create employment and reduce poverty.

In marketing and consumer growth the spread of supermarkets, for example, with their concomitant cold chains, and the food manufacturers that add value to basic agricultural produce, could be a major boost for regional agriculture if managed proactively, opportunistically and in the interests of regional agriculture.

According to Nigeria’s Minister of Agriculture and Rural Development, Dr. Akinwumi Adesina, agribusiness, with their huge market pool and demand for raw materials for their factories, can help unlock the much needed market opportunities that have eluded farmers and expand jobs so crucial for the rising youth population in rural areas.

He gave the example of how Nigeria set

out to transform the agricultural sector with the goal of adding 20 million metric tonnes of food to the domestic food supply by 2015 and create 3.5 million jobs with a focus on reducing dependence on food imports and turning Nigeria into a net food exporter.

“To achieve this, we made some fundamental paradigm shifts. We ended the approach of treating agriculture as a development program. We now treat agriculture as a business,” he explained.

So what could agriculture in Africa look like in the future and how do we get there?

These were the questions delegates at the SACAU Policy Conference explored to come up with a vision for and plan for transforming this sector from food security to growth, based on surplus and wealth creation. Inspired by the speakers and other information, the floor opened to the following range of innovative ideas and goals.

Transforming financing models, harnessing technology

Delegates noted that the current architecture of financing models is not consistent with higher levels of ambition.

Medium to long term financing instruments that go beyond working capital will be required to support investment in key facets such as machinery and irrigation infrastructure.

Presently, the capital, technology, tools and policies needed to take advantage of the opportunities that lie in African agriculture are lacking.

Technologies, such as mobile phones, also need to be harnessed to help dismantle entrenched corruption that undermines efforts to support farmers, for example through subsidies or input support programmes. Infrastructure should be concentrated in order to get good returns, for example through the establishment of staple crop processing zones.

“African agriculture should be about growing farmers, growing nations, creating wealth and not just managing poverty”.

Boosting political support, closing corruption loopholes

To mobilize support from and avoid being taken for granted by politicians, African farmers will need to be organized and raise the cost of inaction for politicians who do not support farmers. This includes assessing the involvement of government in the value chain segments such as input procurement, which encourages corruption and inefficiencies that are a burden on farmers. The role of governments should therefore be in policy and creating a supportive environment for farmers.

Uplifting women farmers, family welfare

With the majority of African farmers being women, empowering women farmers will have far reaching effects, achieving the goal of transforming African agriculture, on nutrition and family welfare.

Unlocking local resources

Excess liquidity can be leveraged into agriculture through risk sharing facilities, for example money from government budgets or pension funds used to unlock private finance or to leverage long-term finance for farmers.

Youth factor

Special efforts must be made to attract youth to agriculture. Unless African agriculture is transformed into a modern and rewarding business, young people will not want to be involved.

Targeted support and influence

Stakeholders and farmers organisations should know their farmers to ensure effective targeting of support. This includes support for women and young farmers. Farmers organisations should also be at the centre of representing the needs of farmers and taking appropriate actions for agriculture development, while farmer leaders should use their political clout to influence change in the sector.

Farmers must come together in order to amplify their voices and achieve a common understanding of agriculture as a business that is about creating a surplus.

Innovations in Leadership Needed for Growth

As a long-term occupation with its unique nature and character, farming needs specific innovations in financing, infrastructure and arrangements to achieve transformation from subsistence to enterprise-orientation.

Farmer leaders and experts from agribusiness, regional trade, civil society and international development agencies in discussing these agriculture-specific innovations at the SACAU Policy Conference agreed that an overarching challenge is the leadership required to drive these innovations.

This has to be coupled with political will and commitment at all levels for local farmers and other agriculture related industries to compete with imports.

Investing in leadership can provide opportunities for financing smallholders, making them bankable and enabling the exploration of the use of modern technologies, such as mobile phones, to provide banking services to small farmers.

Such leadership should also look into opportunities and issues related to land access, land rights and access to markets. This will enable local farmers' enterprises to grow as businesses regardless of their size. It will also enable them to take control of the means of production in order to benefit from the agricultural potential that exists on the continent. This further requires devising risk mitigation instruments for smallholders.

FOs need to diversify their funding sources, including engaging in business and participating higher up in the value chain and help to articulate the cost of inaction in the policy environment in their engagements with policy making structures and leaders.

African Agriculture in a Global Landscape

While Europe experiences uncertainty arising from the global debt situation, African volatility of currencies has been observed in some of the SACAU member countries, says Loffie Brandt from ABSA Agribusiness.

There remain socio-economic challenges for Africa in general, but there are also opportunities for agriculture which farmers need to take advantage of.

There is a great potential for growth and transformation in agriculture. This potential should however be embraced with special attention to some global economic trends that are coming into play.

In an analysis of the commodity outlook, key drivers and possible responses by farmers and agribusiness, he said that demands driven by population and level of economic growth show that the world will need more food in the next 40 years than we have used in the past 40 years.

In addition, there is substantial increase in maize and sugar that is going into ethanol production.

Soya beans makes up 60% of the world oilseed production. About 50% of soya in the world is imported by China.

Farmers will need to take advantage of the availability of arable land on the continent to harness these opportunities. Certain factors however pose the need for precautions to be taken in



Loffie Brandt, ABSA

midst of these opportunities.

For example:

- It will be difficult to expand beef production because of the amount of land that will be required
- Factors that influence the cost of capital are availability of capital, electricity prices and total cost of inputs
- There is space for speculators in the market, and the impact of speculation on supply and demand is not significant because the lifespan is too short
- It is important to look at what the market wants. In relation, the purchasing power in SADC is very low and as a result, there will not be high demand for luxury goods.



Crops such as maize and sugar are increasingly being used in ethanol fuel production.

“Somehow we need to capture the money” – Dr. de Jager



Dr. Theo de Jager, President of SACA

Dr. Theo de Jager, the current president of SACA, who was acting president at the time of the conference, observed that the conference deliberations confirmed that a farmer is somebody with a dream to grow.

Such growth can be experienced when farming is seen from the entire stratum of value chains. In the absence of value chains a farmer remains at the level of subsistence. Thus efforts must be made so that farmers can have a stake in value chains.

This further implies that financing of value chains must be designed in such a way that farmers benefit from them. Alluding to the observation that contract farming creates a situation where farmers are providing free labour to

large scale farmers Dr. de Jager asserts that there must be equal partnerships between farmers and other private players.

In light of these insights Dr. de Jager informed delegates that SACA is not starting from zero. “We have been having discussions on finance because there is a need to address the issue. SACA is not a bank and is not competent in dealing with issues related to financing businesses but we realise that there is need to ensure that farmers are bankable”.

Dr. de Jager concluded by stressing: “Somehow we need to capture the money - not see the money as grants but to have some kind of fund and a lot of work has been done by SACA in this area”.

SACA’s newest Board Member – “we are not happy”



Jane Ngulube, National Smallholder Farmers Association of Malawi, (NASFAM)

Ngulube, who is secretary general of the National Smallholder Farmers Association (NASFAM) of Malawi says farmers are not happy with the way African governments solve their problems.

She is a smallholder farmer in Nkhotakota, in the Central Region of Malawi and brings her experience to the SACA Board in advocating for the concerns of the smallholder sector.

“Farmers in the region have been denied their rights for a long time. Governments in the region should now start looking at our rights such as provision of the support we need so that we can increase our contributions to the national coffers,” she insists.



Development and Initiatives Briefs

Farmers Organisations need to know about important frameworks in their efforts to drive agriculture into the future. Presentations made to the conference explored some of these.

SADC/COMESA/EAC Tripartite Agreements

Africa accounts for less than 2.5% of world trade and the ten poorest performers in trade are in Africa.

Among factors limiting intra-Africa trade are cross-border trade barriers – metaphorically put as ‘thickness of borders’ - between African countries.

It remains easier for an African country to trade with its former colonial power than with its neighbours.

A key challenge is misinterpretation of free trade area (FTA) rules. In some cases there has been a tendency to think of FTA rules as to mean customs areas rules, when in fact they imply rules of origin.

In addition, the cost of doing business in Africa is extremely high. One of the most important and expensive aspect of business in Africa is transport. The true cost of transport lies in the time it takes to move goods across the borders due to the barriers referred to above.

The Tripartite (SADC/COMESA/EAC) FTA is supposed to replace those of the three Regional Economic Communities (RECs) and is supposed to be better. However, the tripartite negotiations are far behind.

SACAU could meaningfully contribute to these negotiations in the areas of sanitary and phytosanitary standards

(SPS) and technical barriers to trade (TBT) annexes.

Further, Farmers Organizations, such as SACAU and its members, need to avoid pushing for short term measures such as import/export bans as these do not necessarily address problems.

- Farmers organisations and stakeholders need to be aware that value addition issues cannot be addressed by the FTA
- The FTA does not address tax issues and there are no attempts to harmonize tax regimes

Climate Change Negotiations:

A decision on Agriculture in the United Nations Framework Convention on Climate Change (UNFCCC) process is not anticipated in the foreseeable future.

This process is being impacted by the lack of specific and detailed data on agriculture as it relates to climate change.

At the national level, Government ministries are not talking to each other, and this calls for better coordination especially between ministries of agriculture and ministries of environment.

Agriculture is being discussed under the Subsidiary Body for Scientific and Technological Advice (SBSTA) of the UNFCCC.

Through these discussions it has been

SACAU's contribution to these negotiations could be more important in the areas of SPS and TBT annexes. Further, Farmers Organizations (FOs) such as SACAU and its members, need to avoid pushing for short term measures such as import/export bans as these do not necessarily address problems.



An update on climate change negotiations was provided by Dr James Kinyangi from CGIAR/CCAFS

noted that agriculture contributes about a third of global emissions and that the length of growing season is likely to decline in the southern Africa region.

FOs need to sustain their involvement in the Climate Change negotiations processes to influence the outcomes.

At the national level, it is important that FOs understand climate change issues and engage with their governments on key national policy processes.

Grow Africa:

Grow Africa as a real example of Public – private partnerships, is an Africa-owned and country-led market based initiative.

To date, Tanzania and Mozambique are part of Grow Africa, and Malawi will soon be.

In its effort to support the 6% growth target for Africa, its focus is on food security, environmental sustainability and economic opportunity, and creating an environment where the farmer becomes the key investor.

Its objectives include increasing private sector investments and enabling multi-stakeholder benefits.

According to Grow Africa Director, Arne Cartridge, FOs need to internalize continental approaches and initiatives and programmes such as Grow Africa,



Mark Pearson of TradeMark SA highlighted matters of interest to farmers in SADC COMESA and EAC agreements.

and SACAU needs to synthesize and disseminate information on these initiatives.

Further, FOs need to look at themselves and ask whether they are well-positioned to articulate and engage in these high level issues.

Cartridge emphasised that farmers should be seen as equal partners to private sector, not as beneficiaries.



Mr Arne Cartridge, Director, Grow Africa.

SADC & EU trade in the news

A dispute over South African lemon exports to the European Union was not the only sour note when leaders from both countries met for discussions on trade and other issues in Pretoria in July.

South African President Jacob Zuma met with José Manuel Barroso, president of the European Commission and European Council president Herman Van Rompuy on July 18, to negotiate on streamlining the EU's relations with the entire Southern African Development Community (SADC) trade bloc.

Current negotiations will replace all existing agreements with SADC, including Trade, Development and Cooperation Agreement (TDCA), with an over-arching Economic Partnership Agreement (EPA).

It became clear in the run up to the SADC Summit that there was irritation on both the South African and the EU side at the current relationship.

South Africa's Trade and Industry Minister Rob Davies and his chief trade negotiator Xavier Carim hit out at a decision by the EU to impose a deadline of October 2014 or the implementation of the new EPA with SADC, suggesting that if this cannot be achieved some of South Africa's neighbours might find that existing preferential access for their exports to Europe will expire, without any new regime being implemented.

Davies suggested this might affect countries such as Namibia, Swaziland and Botswana in "brutal ways, with all kinds of employment and socio economic consequences."

EU Trade Commissioner Karel De Gucht stressed that the European negotiators are under pressure from their farming lobby at a time when the EU's economy remains depressed. He suggested that the EU already gives better access to South African exports than is granted by South Africa to EU imports.

De Gucht warned that South Africa should not take it for granted that Europe will continue to make concessions unless its own interests are respected, and that also applies to investment - with the EU the source of 88 percent of past foreign direct investment in South Africa.

Mare said that he is optimistic that despite the rhetoric, "the EU is more willing to reach compromise on a mutually acceptable result, establishing a new trade regime." "We are the largest trade partner of South Africa, and we plan to stay so," said Barroso. "We see great potential in the relationship between the EU and South Africa."

And Zuma agreed: "We value this strategic partnership immensely."

The SADC Summit spotlight has now dimmed and trade negotiations between the EU and the SADC nations will continue in more discreet sessions. (IPS Africa News).

Membership

SACAU now has 17 members in 12 countries in southern Africa:

- Botswana Agricultural Union (BAU)
- Lesotho National Farmers Union (LENAFU)
- Coalition Paysanne de Madagascar (CPM)
- Confédération des Agriculteurs Malagasy (FEKRITAMA)
- Farmers Union of Malawi (FUM)
- National Smallholders Farmers' Association of Malawi (NAS-FAM)
- Mozambique Uniao Nacional de Camponeses (UNAC)
- Namibia Agricultural Union (NAU)
- Namibia National Farmers' Union (NNFU)
- Seychelles Farmers Association (SEYFA)
- Agri South Africa (AgriSA)
- African Farmers' Association of South Africa (AFASA)
- Swaziland National Agricultural Union (SNAU)
- Agricultural Council of Tanzania (ACT)
- Zambia National Farmers Union (ZNFU)
- Commercial Farmers Union of Zimbabwe (CFU)
- Zimbabwe Farmers Union (ZFU)

SACAU also has also started working with farmers' representatives in Mauritius.

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New board: Back row: Left, Ishmael Sunga; Right, Haja Rakotomandimby. Front row: Left, Salum Shante; Centre, Jane Ngulube; Right, Dr. Theo de Jager

AGM Highlights

Dr. Theo de Jager, Deputy President of Agri-SA was elected Chairman/President of the Board of the Southern African Confederation of Agricultural Unions (SACA) at its Annual General Meeting (AGM) which was held in Dar es Salaam, Tanzania on 15 May 2013.

Mr. Salum Shamte, Chairman of the Agricultural Council of Tanzania (ACT), was elected as the Vice President, while Ms. Jane Ngulube from National Smallholder Farmers' Association of Malawi (NASFAM), was elected as a Board Member.

The other Board Members are Mr. Haja Rakotomandimby from Coalition Paysanne de Madagascar (CPM) and Mr. Ishmael Sunga who is an Executive Director and the CEO of SACA.

The new SACA Board has representation from both small and large-scale farming sectors, as well as male and female.

The African Farmers' Association of South Africa (AFASA) was admitted as the newest member of SACA.

Governance has been a key area of SACA's work and SACA continues to be active in regional, continental and international arena. At the international arena the SACA Secretariat is constrained by its limited capacity in terms of number of staff and expertise in certain areas. This challenge is felt due to the fact that there is a strong demand for SACA to participate in various activities.

Research and Development: The Secretariat has looked at areas such as connecting farmers to value chains and large scale investments in land. The Secretariat has also developed key messages on various subjects including gross capital formation on smallholder enterprise and bilateral agreements in the southern Africa region.

Bilateral agreements: It has been noted that southern African countries have more agreements in the North than those with southern Africa. Hence it is important to make resolutions calling for transparency on who has agreements with who.

Fixed Capital Formation: It is noted that when farmers get their money they are

not investing in agriculture, but rather using it for other purposes. This is not making agriculture grow.

Land grabs: There is an issue of land grabs especially by those from outside Africa. It is very difficult to verify the figures. So we can only say that there is more research that needs to be done.

Climate Change: Position statements developed in 2012 have been updated. The Secretariat also made submission to SBSTA. Noting that there is a lot of work being done before COP meetings the Secretariat is ensuring to seek support to increase engagement in processes before COP meetings.

Capacity strengthening of members: It was noted that there is more need for strategic capital at the secretariat level in various member organizations, especially to be able to engage more effectively with donors and governments.

Information provision: There is a lot of improvement made, but the Secretariat still needs to look at a more structured approach.

Gender and youth: The board included a woman from Namibia National Farmers Union. In addition, SACA Secretariat is looking at including gender aspects in its projects and is currently undertaking a study in 5 countries which will culminate to a workshop to formulate position statements.

Donor reporting: The rejection rate of reports by donors is zero.

Strategic review: The review will be conducted together with members. A workshop with members through CEOs will be conducted for this purpose.

Agribusiness: The Secretariat has started establishing more structured partnerships and is signing MOUs with some of the partners. Work on agribusiness is starting in Tanzania.

M&E: The Secretariat is seeking to complement good cooperate governance with monitoring and evaluation systems. Most projects have their own M&E systems, but there is a need to develop an overall organizational M&E system.

In conclusion, the future of the organisation still remains positive, but there is still room to improve.



SACA is involved in agricultural development in the region through strengthening the capacities of farmers' organisations, by providing a collective voice for farmers on regional and international matters, and by providing agricultural related information to its members and other stakeholders.