AGRICULTURAL PRODUCTIVITY AND INCLUSIVE GROWTH IN AFRICA: A CONCEPTUAL FRAMEWORK[1]

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Abstract

The renewed focus on the poverty reducing potential of agricultural productivity accentuate from the fact that the incidence of poverty in Sub-Saharan Africa is increasing faster than the population.The conceptual framework of the study identified three main linkages via which agricultural productivity translates to poverty reduction; this include: *i.* income empowerment, *ii.* Market expansion and *iii.*Sustenance enhancement. It implies that development programmes targeted at enhancing agricultural productivity should encompass strategies for accessing credit in order to boost the asset base of rural farmer for a large scale commercial production. Also, appropriate macroeconomic policies and institutional quality needs to be enhanced to boost provision of social services, equitable land and credit access.

Keywords: Agricultural Productivity, Poverty, Inclusiveness, Africa

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1. INTRODUCTION

Most of the world's poor are rural, depending on agriculture for livelihood; thus the linkage between rural poverty and agriculture is necessarily a close one. Poverty is predominantly rural both in its absolute and relative measure in Africa. In Sub-Saharan Africa, more than 65% of the population are rural, out of which 56% depend on agriculture for their for their livelihood. Also, agriculture in the region is largely subsistence

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and production is concentrated in low-value food crops – accounting for more than 70% of the regions agricultural output. This makes rural poverty transgenerational in its form due to limited asset base, weak or non-existent market linkages and lack of access to financial services. The renewed commitment to agriculture at national and global level intensified in 2009, following the factthat for the first time in history, the number of hungry people in the world surpassed 1 billion. This was largely as a result of the earlier food and financial crises.

The recent comeback by the development cooperation in exploring the dynamics of agriculture and rural growth promotion reveals some signs of a reversal in the long-term neglect of agriculture. Also, considering the rising statistics of poverty with focus on the sector and space where the poor are employed and lives respectively; policy makers have come to realize that poverty reduction in developing countries is achievable only if development efforts are targeted at agriculture.

Theoretical reviews identify the linkages between agricultural productivity and poverty reduction. Available evidence suggests multiple pathways through which increases in agricultural productivity can reduce poverty; this include real income changes, employment generation, rural non-farm multiplier effect and food prices effects. Likewise, DFID (2004) outlines four channels through which agricultural productivity reduces the incidence of poverty, comprising

i. direct impact of improved agricultural performance on rural incomes,

*ii.*Impact of cheaper food for both urban and rural poor,

iii. Agriculture's contribution to growth and the generation of economic opportunity in the non-farm sector, and *iv.*Agriculture's fundamental role in stimulating and sustaining economic transition. Also, Bresciani and Valdes (2007) posits that labour market expansion, rising farm income and declining food prices are the three key channels that link agricultural growth to poverty. Thirtle et al., (2001) concluded that agricultural productivity growth has a robust and consistent impact on poverty for all productivity measures. However, Schneider and Gugerty (2011) identified limited initial asset endowment, barriers to technology adoption and constraints to market access as inhibiting the ability of the poor to participate in the gain from agricultural productivity growth.

The existing empirical literature and theoretical researches addressing the subject matter suggests that agricultural income growth is more effective in reducing poverty than growth in other sectors due to two factors. First, because the incidence of poverty tends to be higher in agricultural and rural populations than elsewhere. Secondly, most of the poor live in rural areas and a large share of them depend on agriculture for a living (Cervantes-Godoy 2010; Christiaensen and Demery, 2007; Ravallion and Chen, 2007).Christianensen and Demery (2007) justified this claim by illustrating empirically that benefits accruable from agricultural growth can be easily obtain if the growth occurred where they are located, implying that the contribution of economic growth to poverty reduction differs across sectors. The underlying reasoning hinges on the assumption that market differentiation, remoteness or political economy consideration makes it difficult to transfer income generated in one geographical location or sector to another. Similarly, Ravallion and Chen (2007) opined that the poverty reduction impact of agricultural growth tends to be four times greater than growth in secondary and tertiary sectors. On the other hand, Warr and Wang (1999) and Warr (2002) identified industrial growth and service sector growth as having the greatest impact of poverty reduction in Asian developing economies. In spite of the vast and growing interest of poverty reducing potential of agriculture development in literature, the Africa region has witnessed limited attention. This present re-examination analyses the conceptual linkages from agricultural productivity to inclusive growth in Africa,

The study enlighten government of African economics and relevant policy decision makers on the importance of the development programmes targeted at enhancing agricultural productivity on rural, urban and dollar poverty in Africa. Also, it shall outline the appropriate macroeconomic policies schemes and schematic pathways through which agricultural productivity boost sustenance, enhance empowerment and develop markets.

2. CONCEPTUAL FRAMEWORK

This section illustrates the three key roles agriculture can play in lowering poverty and promoting growth inclusiveness. These channels include: stimulating economic empowerment, creation of markets and fostering sustenance. In addition, the study discusses analytical tools that can help African economies examine these links and determine how agriculture can be leveraged to achieve more inclusiveness in the region.

There is a strong relationship between agricultural stagnation and poverty in sub-Saharan Africa. Much, though not all, of the solution for poverty alleviation depends on stimulating agricultural growth in Africa. Data collected by the World Bank, the Food and Agricultural Organization of the United Nations (FAO), and the African governments, shows that most of Africa's poor live in rural areas and depend on agriculture for survival. The dependence is both direct in growing food and cash crops, and indirect by working on farms or by trading in agricultural inputs and products. Growth of agriculture, of agricultural production, and of agricultural incomes helps the rural poor, and hence alleviates poverty. It also helps the non-poor, in some cases more than the poor (see figure 1).

Agriculture is said to play a key role in promoting inclusive growth. This is achieved primarily by stimulating economic growth, reducing poverty, and creating employment for millions of people in developing economies. However, its potential for future poverty reduction through these transmission mechanisms depends on the extent to which agricultural productivity can be increased where it is most needed.

Productivity growth can catalyze a wide range of direct and indirect effects that mediate the pathways to poverty alleviation (Thirtle et al., 2003). Several studies provide evidence for the poverty reducing potential of agricultural productivity growth in staple crops. In Ethiopia, Diao and Pratt (2007) find that growth in staple crop productivity has greater potential for poverty reduction than any other agricultural or nonagricultural sector in their model. Minten and Barrett (2008) find similar evidence in Madagascar with regard to rice, which is largely non-tradable due to high marketing and transport costs. Finally, Jayne et al., (2010) find that maize is the single most important crop in most smallholder farm incomes Kenya, Malawi, Zambia, and Mozambique, suggesting that productivity increases could result in poverty alleviation.

It suggests that solving rural poverty through improvement in their source of livelihood entails overcoming many problems, which includes assuring food security, providing employment opportunities for burgeoning urban and rural population, enhancing market expansion, enhancing non-farm sector income, creating better agricultural forward and backward linkages, eliminating transgenerational poverty and maintaining a sustainable natural resource base. In the words of Otieno (2007), over two hundred million people in Sub-Saharan Africa live in extreme poverty and among these are the rural poor in Eastern and Southern Africa where the world's highest concentration of poor people are found. The proportion of rural poor engaging in farming varies geographically and many rural households are still net food buyers (Irz et al., 2001). According to Cox et al., (1998), 77% of the poor in Sub-Saharan Africa are small farm holders – largely women and children. This reflects in the IFAD annual report (2009), which posits that women grow more than half of the food cultivated around the world today. In sub-Saharan Africa and the Caribbean, they produce as much as 80 per cent of basic foodstuffs consumed locally. Poor women farmers generally have higher levels of ill health, less secure access to land and lower participation in decision-making in their communities. Hence, enhancing agricultural productivity reduces the burden of poverty of the most vulnerable agricultural dependent rural poor population.

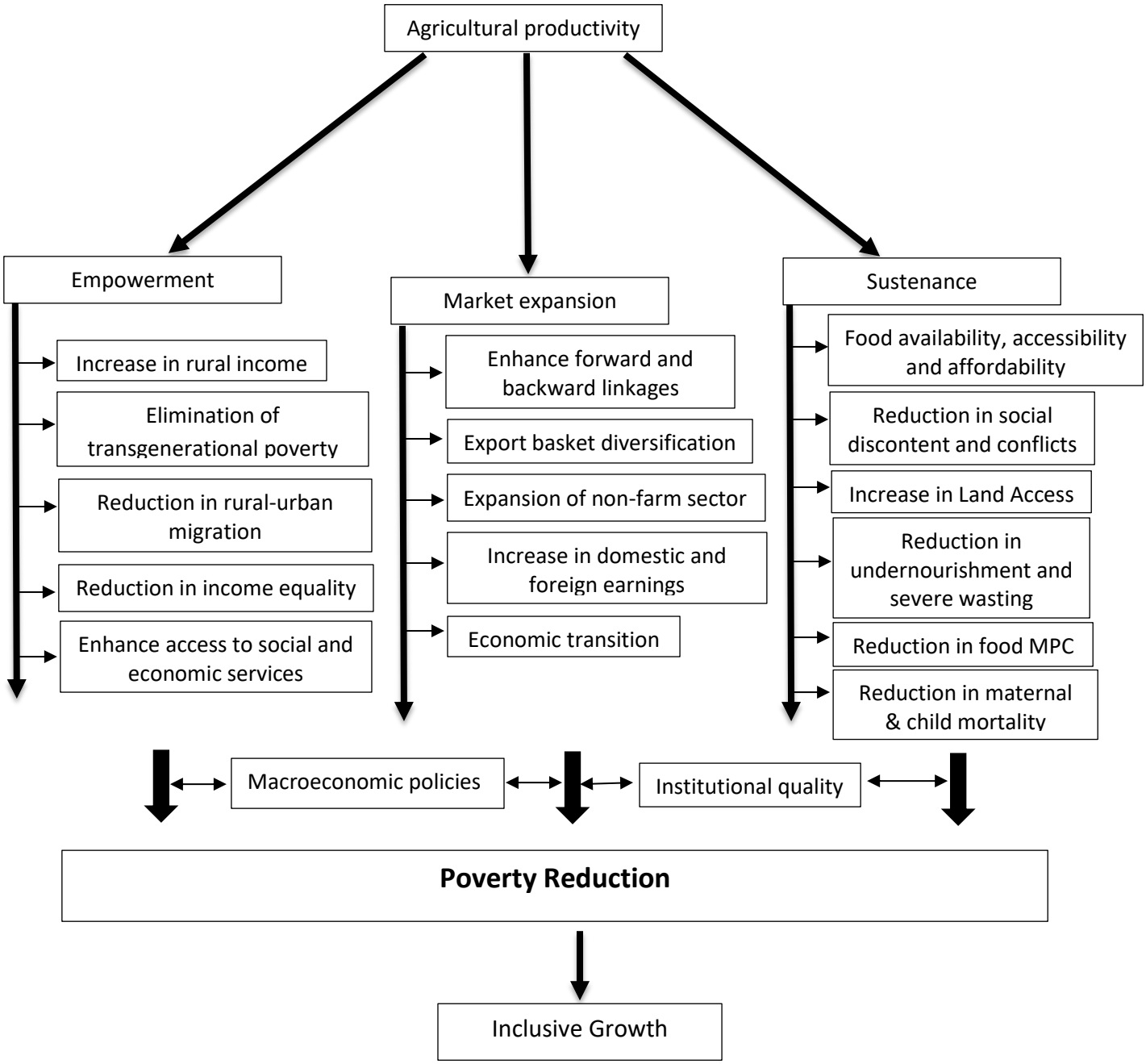

Figure 1: Agricultural Productivity, Poverty Reduction and Inclusive Growth Framework

Source: Authors compilation

3. CONCLUSION

The conceptual framework of the study identified three main linkages via which agricultural productivity leads to poverty reduction. This include: *i.* income empowerment, *ii.* Market expansion, and *iii.*Sustainance enhancement. This implies that developmental efforts focused at enhancing productivity of livelihood and spaces of the rural poor results in increase of rural income, elimination of transgenerational poverty, equitable access to social and economic services. This will also bring about enhanced forward and backward agricultural linkages, expansion of non-farm sector income, food affordability, reduction in social discontent and conflicts, reduction in undernourishment and severe waste in adult and children.

Since agriculture is predominantly subsistence and growth in one sector are not easily transferred to another due to market segmentation and geographical remoteness; rural farmers can hardly share in economic growth. In the same manner, domestic credit to private sectors and institutions were significant in reducing all categories of poverty. It implies that development programmes targeted at enhancing agricultural productivity should encompass strategies for accessing credit in order to boost the asset base of rural farmer for a large scale commercial production. Also, appropriate macroeconomic policies and institutional framework quality needs to be put in place in order to boost provision of social services, equitable land and credit access.

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