

ADDRESS BY THE PATRON OF THE TMF, THABO MBEKI, AT THE AGCO AFRICA SUMMIT: BERLIN, JANUARY 23, 2012.

"A VISION FOR AGRICULTURE IN AFRICA."

Professor Martin Richenhagen, Chairperson of Conference, President and CEO of our host, AGCO,

Hon Minister Aigner, Minister of Food, Agriculture and Consumer Protection,

Our dear friend and fellow African, Dr Horst Köhler, former Federal President of Germany,

Distinguished delegates:

First of all I would like to thank you most sincerely for giving us the possibility to attend and for me to speak at this important Conference.

In this context I must confess that it was because President Horst Köhler spoke to me by telephone suggesting that I should come, that I knew, immediately, that there would convene today, in Berlin, a gathering that would be important to the future of Africa.

In this context, I would like to express our sincere appreciation of the fact that despite the serious troubles which currently affect the Eurozone, towards whose solution Germany plays a decisive role, you took the trouble to convene to discuss an issue important to us, of 'A Vision for Agriculture in Africa'.

As all the delegates know, the majority of the peoples of Africa earn their living from agricultural activity, principally in subsistence agriculture. In this regard the World Bank says that agriculture employs 65 percent of Africa's labour force and accounts for 32 percent of gross domestic product.

Thus it is obvious that virtually all the principal challenges our Continent faces are intimately related to African agriculture, and, accordingly, can only be solved within the context of the positioning of agriculture as a central driver in the process of the renewal and development of African society.

I refer here to such vital issues as:

- the eradication of poverty and underdevelopment;
- the achievement of the critical objective of gender equality and the emancipation of women;
- the realisation of the goal of social and national cohesion, resulting in peace and stability within each of the African states;
- the equitable and mutually beneficial integration of Africa within the global economy; and, consequently,
- the affirmation of the dignity of all Africans as respected, equal and honoured members of the world community of nations.

And yet, despite these fundamental considerations, and as this Conference knows, at least during the last decade of the last century, financing of African agriculture by such an important international development institution as the World Bank declined in a precipitate manner, even by 90 percent.

Fortunately the World Bank has been working to correct this negative trend. In this context, in one of its reports it stated that:

"The World Bank's lending for sub-Saharan African agriculture has grown to over US\$800 million in Fiscal Year 2009 from an earlier average of US\$300 million between 2001 and 2005, and is planned to further increase to US \$1 billion in Fiscal Year 2010."

Similarly, as the distinguished delegates will know, there have also been other recent positive international developments relating to the development of agriculture in Africa.

One of these was the decision adopted at the 2009 G8 Summit Meeting in L'Aquila in Italy, at which world leaders agreed on five principles for sustainable global food security and committed \$22 billion over three years for sustainable agriculture development and safety nets for vulnerable populations. 27 countries and 15 international organizations supported this initiative as the L'Aquila Food Security Initiative (AFSI).

Later during the same year, 2009, the G20 Summit Meeting held in Pittsburgh supported this Initiative, including through the establishment of the Global Agriculture Food Security Programme (GAFSP), which would be managed by the World Bank.

Soon after, again in 2009, the World Food Summit in Rome supported these decisions.

The G20 Toronto Summit Meeting agreed to provide USD 350 billion in capital funding to multilateral development banks, which would nearly double its lending, and which should also benefit investment in agriculture in Africa and the rest of the developing countries.

This global consensus, which included commitment of significant amounts of money, suggests that we will perhaps see the high levels of investment in African agriculture and its modernisation, in a manner that will respond properly to the challenges we face.

We can only hope that the solemn commitments that were made will be honoured.

Almost eight years ago, in March 2004, while I served as President of South Africa, I was honoured to address the 23rd African regional Conference of the Food and Agriculture Organisation, the FAO.

In that speech I cited comments made in the 2000 World Bank book entitled, *"Can Africa Claim the 21st Century?"*, which said:

"Though Africa's agriculture has responded to limited reforms, it remains backward and undercapitalised, the result of centuries of extractive policies. Recapitalising the sector will require maintaining and improving price incentives (including by encouraging competitive input markets), channelling more public spending and foreign aid to rural communities (including for local infrastructure), and tapping into the savings potential of farmers. These changes are also needed to create incentives to reverse severe environmental degradation. Public-private partnerships can make a contribution, including in agricultural research and extension, where a regional approach would also help. And wider access to OECD markets for agricultural products would make a big difference – at some \$300 billion, subsidies to OECD agriculture are equal to Africa's GDP." (p4).

I went on to say that:

"In his book, "Development as Freedom", another Nobel Laureate in Economics, Amartya Sen says:

"Hunger relates not only to food production and agricultural expansion, but also to the functioning of the entire economy and...the operation of political and social arrangements that can, directly or indirectly, influence people's ability to acquire food and to achieve health and nourishment." (Oxford University Press, Oxford. 1999. p162).

"The Strategic Framework for IFAD 2002-2006" takes these ideas further when it says:

"Poverty is not only a condition of low income and lack of assets. It is a condition of vulnerability, exclusion and powerlessness. It is the erosion of

(the people's) capability to be free from fear and hunger and have their voices heard."

In the end I am reiterating the point I made earlier that, regardless of whatever issues might have become fashionable in terms of the global focus on Africa's challenges, you took the unique and correct decision to gather at this important Conference to discuss the vitally important matter of '*A Vision for Agriculture in Africa*'.

I am very pleased to suggest that this gathering, in Berlin, stands a greater possibility today, rather than yesterday, successfully to insert into the African and international agenda the accomplishment of the objectives:

- to position the challenge of developed African agriculture as a critical part of the urgent response to Africa's development needs;
- to promote Africa's equitable integration in the global economy; and,
- to enhance Africa's contribution in terms of addressing the issues of global food security and the supply of value-added agricultural products, for the mutual benefit of both Africa and the rest of the world.

In this context I would like to emphasise this matter of value addition for the very obvious reason that to sustain the old colonial economic relations, in which Africa served as a producer and exporter of raw materials, including agricultural products, only serves to perpetuate our Continent's underdevelopment.

In this regard, when the New Partnership for Africa's Development, NEPAD, was formally adopted at the last Summit Meeting of the Organisation of African Unity in Zambia in 2001, and inherited by the African Union at its launch in South Africa in 2002, it set as one of its strategic objectives as investment in agriculture, and focus on agro-industries, including, of course, the resolution of the global debate relating to the now stalled WTO negotiations on agricultural market access.

I am certain that the delegates know that in one of its May 2000 editions, the prestigious journal, *The Economist*, featured an article which boldly and wrongly characterised Africa as "*The Hopeless Continent*".

I am equally convinced that the distinguished delegates at this Conference also know that almost 12 years later, last month, in its December 3, 2011 edition, and on its cover page, *The Economist* carried the bold words, "*Africa rising*".

Among other things, in its lead article the journal said:

"Over the past decade six of the world's ten fastest-growing countries were African. In eight of the past ten years, Africa has grown faster than East Asia, including Japan. Even allowing for the knock-on effect of the northern hemisphere's slowdown, the IMF expects Africa to grow by 6% this year and nearly 6% in 2012, about the same as Asia..."

"Africa's enthusiasm for technology is boosting growth. It has more than 600m mobile-phone users - more than America or Europe. Since roads are generally dreadful, advances in communications, with mobile banking and telephonic agro-info, have been a huge boon. Around a tenth of Africa's land mass is covered by mobile-internet services - a higher proportion than in India."

When it made these remarks, *The Economist* was belatedly catching up both with African reality and assessments which had been made earlier by other reputable observers.

Some in the rest of the world, including in the West, proceed from the very wrong understanding that as Africans we need a hard push from others outside our Continent seriously to address our fundamental challenges.

This is a fundamental misconception.

During the years of her independence, beginning with the independence of Sudan in 1956 and Ghana in 1957, taking into account the exceptional independence of Ethiopia and Liberia, Africa has engaged in many initiatives to define her political, economic and social future, in her own interests.

She has drawn the necessary lessons from the results of these initiatives, which, among other things, have been marked by political instability, including wars and coups d'état, economic regression, and increasing impoverishment for the masses of our people.

As a result of the lessons we have learnt in this context, and in the aftermath of the total liberation of Africa from colonialism and apartheid, especially in the important region of Southern Africa, Africa, on her own, and informed by her own experience, Africa has progressively taken and implemented many important decisions which relate to such issues as democracy and human rights, good governance and economic management, and the our relationship with the global economy.

The positive results resulting from all this created the possibility for *The Economist* to write as it has, reflecting what we, as Africans, have done.

In June 2010, the prestigious business consultancy, the McKinsey Global Institute, published the Report with which you are familiar, entitled "*Lions on the move: The progress and potential of the African economies.*"

In their Preface to this Report, the authors wrote:

"Africa's collective economy grew very little during the last two decades of the 20th century. But sometime in the late 1990s, the Continent began to stir. GDP growth picked up and then bounded ahead, rising faster and faster through 2008. Today, while Asia's tiger economies continue to expand rapidly, we foresee the potential rise of economic lions in Africa's future."

The Report went further to say that Africa's 2008 collective GDP, at \$1.6 trillion, was roughly equal to those of Brazil or Russia.

It also said that combined consumer spending during the same year was \$860 billion. It predicted that by 2020 Africa's GDP will climb to \$2.6 trillion, while consumer spending will reach \$1.4 trillion.

All this tells the exciting story that Africa will continue to make the economic advances in the medium term which will communicate the message that Africa has indeed entered into a new era to which all forward-looking investors should pay close attention.

It is also important to take serious note of other comments contained in the McKinsey Report, especially to make a determination as to whether Africa will be able to maintain its positive growth trajectory.

In this regard the McKinsey Report says:

"The key reasons behind Africa's growth surge were improved political and macroeconomic stability and micro-economic reforms. To start, several African countries halted their deadly hostilities, creating the political stability necessary to foster economic growth. Next, Africa's economies grew healthier as governments lowered inflation, trimmed their foreign debt, and shrunk their budget deficits.

"... African governments increasingly adopted policies to energise markets. They privatised state-owned enterprises, reduced trade barriers, cut corporate taxes, and strengthened regulatory and legal systems. Although many governments still have a long way to go, these important first steps enabled a private business sector to emerge...

"Together, these structural changes helped fuel an African productivity revolution by helping companies to achieve greater economies of scale, increase investment, and become more competitive. After declining through the 1980s and 1990s, labour productivity started rising, and it has climbed by a robust 2.7 percent annually since 2000...

"Today, while individual African economies could suffer many setbacks, our analysis suggests that the continent's long-term growth prospects are strong, propelled by both external trends in the global economy and internal changes in the continent's societies and economies."

What all of this says is that the economic growth and development which Africa has experienced since the 1990s was not accidental.

It was the outcome of purposeful actions by the governments and peoples of Africa to change their condition in a positive direction, relating to the issues of governance and peace, as well as the important matters of economic policy and practice.

It also reflected Africa's response to the global economy and the impact of the world economy on Africa.

All this has laid the basis for Africa's future advances, towards the realisation of the perspectives projected in the McKinsey Report - of *African lions on the move!*

What the McKinsey Report said had earlier been reported in a 2008 paper published by the World Bank, written by Jorge Arbach, Delfin S. Go and John Page, interestingly entitled "*Is Africa's Economy at a Turning Point?*"

The paper says:

"There is something decidedly different and new about the economic landscape of Sub-Saharan Africa. After stagnating for much of 45 years, economic performance in Africa is markedly improving... In recent years, for example, GDP growth in Sub-Saharan Africa is accelerating to its strongest point at about 6 per cent a year while inflation registered below the two-digit level, its lowest point..."

"As a group, these countries have been growing consistently at nearly 7 percent a year, whether considered in the more recent period or a longer period since the mid-1990s..."

"Is the growth failure in Sub-Saharan Africa finally reversing? An upward shift in the recent growth rates suggests that a trend break may have taken place around the mid-1990s..."

"There is...evidence that economic growth is accelerating and registering across several types of countries, not just oil-exporting and resource-rich countries, but also oil-importing, landlocked, and - to some extent - fragile countries."

Three years later, at the end of 2001, *The Economist* confirmed what the World Bank economists had said.

I would therefore suggest that you have every reason to see "*Africa rising*", as *The Economist* said last month, including as this relates to agriculture.

The McKinsey Report I cited earlier says that Africa has 60 percent of the world's total of uncultivated but arable land.

Because of the importance of this issue, relating both to African and world food security, some years ago Africa's political leaders spent a considerable period of time reflecting on what needs to be done to achieve the all-round development of African agriculture.

This resulted in the adoption in 2003, as part of the process of the further elaboration of the New Partnership for Africa's Development, NEPAD, of the Comprehensive African Agricultural Development Programme, CAADP.

This Programme was adopted at the 2003 Mozambique AU Summit Meeting of African Heads of State and Government, which programme has, at least in principle, now been accepted even by the G20.

CAADP remains relevant to this day. What is necessary is to ensure its implementation. Once again, it provides many opportunities for profitable engagement by those who appreciate the possibilities which Africa offers.

Among other things, the Programme called on African countries to invest at least 10% of their budgets in agriculture.

I am pleased to report that indeed a number of countries responded to this. These include Mali, Madagascar, Malawi, Namibia, Niger, Chad and Ethiopia.

It also visualized increasing annual agricultural productivity by 6%. At least 9 African countries achieved this objective, these being Angola, Eritrea, Ethiopia, Burkina Faso, Congo Republic, Gambia and Guinea Republic.

As aggregate income in Africa and other countries such as China and the rest of the developing world increases, the demand for food will increase.

The importance of this is shown, for instance, by recent trends indicating increasing intervention by the oil-rich Arab Gulf countries to acquire agricultural land in Africa.

It is true that Africa continues to face many challenges, especially relating to issues of democracy, peace and stability.

As Africans, and as I have said, we are firmly determined resolutely and urgently to address all these matters, especially through the structures of the African Union, in our own interest, without any arrogant prompting by our international partners.

In this regard, I am happy to reassure you of the appreciation by the majority of Africans of the principled position taken by the German Government not to support last year's foreign and armed intervention in Libya.

In African eyes, your Government adopted an absolutely correct position to support the peaceful resolution of the conflict in an African country, to avoid

the avoidable death of human beings and the destruction of property, to support the birth of a democratic Libya, to respect the sovereign right of the Libyan people to determine their destiny, and to empower the African Continent to act to resolve its problems.

I would like to believe that the events in Libya last year and the earlier developments in Côte d'Ivoire have strengthened the African resolve not only to act with greater vigour to defend its right to determine its destiny, but also to implement the sovereign decisions it has taken further to entrench the process of democratisation which has dominated African politics in the last two decades.

I am certain that this is the sentiment which informs the thinking of millions of ordinary Africans throughout our Continent.

This also relates to the matter of the resolution by ourselves as Africans of all such violent conflicts as may erupt, as exemplified by the intensifying efforts to resolve the protracted conflict in Somalia.

Responding to the end of the Cold War, on July 11, 1990 Africa's leaders, meeting as the OAU Assembly of Heads of State and Government, adopted an important *"Declaration on the Political and Socio-Economic Situation in Africa and the Fundamental Changes Taking Place in the World"*.

Among other things, the Declaration said: *"We reaffirm that Africa's development is the responsibility of our governments and peoples. We are now more than ever before determined to lay solid foundations for self-reliant, human-centred and sustainable development on the basis of social justice and collective self-reliance, so as to achieve accelerated structural transformation of our economies.... We are fully aware that in order to facilitate this process of socio-economic transformation and integration, it is necessary to promote popular participation of our peoples in the processes of government and development."*

This perspective continues to inspire the peoples of Africa as they strive to achieve the renewal of our Continent.

I am very inspired that AGCO has convened this Conference to consider an issue that is indeed very fundamental to the future of the almost billion Africans, the development of African agriculture.

In this regard, I am pleased unequivocally to assure you that many of us, who consider ourselves as African patriots, as well as responsible members of global humanity, that we are ready to cooperate with you to address this challenge, in the common interest.

I am privileged to wish this AGCO Africa Summit success. Thank you.