

AFRICAN UNION

الاتحاد الأفريقي



UNION AFRICAINE

UNIÃO AFRICANA

Addis Ababa, ETHIOPIA P. O. Box 3243 Telephone 517 700 Cables: OAU, ADDIS ABABA

AU-SAFGRAD

Draft Report of the Video Conference on

**Boosting Agricultural Research and Innovation to achieve the Agenda 2063 Target in
Africa**

Innovative Financing Mechanism for Agricultural Research and Development in Africa

***“Towards Achieving the African Union’s recommendation of expenditure 1% GDP on Research and
Development”***

Thursday, 2nd July 2020

From 10-12H GMT

1. Introduction

Agricultural productivity and growth hold a key to poverty reduction in Africa. Agricultural growth has a significant impact on the rest of the economy. Africa's leaders see agriculture as an engine for poverty reduction and overall economic development. In 2003, the African Union's Commission (AUC) launched the Comprehensive African Agriculture Development Program (CAADP) that describes African leaders' collective vision on how to reach a goal of 6% growth per annum for the sector. Subsequently, CAADP Pillar IV was launched in 2006 as a strategy to support Africa's agricultural research, technology dissemination and adoption efforts. Later the Malabo Declaration in 2014 stressed again on the need to strengthen technology generation, dissemination and adoption.

Agricultural Research and development (R&D) in Africa is primarily funded by national governments and donors with variations across countries. Some countries continue to be highly donor dependent while others are funded through government budget allocations. Donor funding, together with loans, generally supports operating costs and capital investment, but has been highly erratic. In recent years, both traditional and new donors have shown renewed interest in funding agricultural research in Africa. Agricultural R&D has returned as a priority for donors and policy and decision makers. The Heads of State at the 2012 G20 meeting in Mexico, for example, highlighted the importance of R&D in promoting agricultural productivity and food security. The key role of R&D in increasing food production while protecting natural resources was also stressed in the UN post-2015 development agenda. On the Wings of Innovation, the AU Science, Technology and Innovation Strategy for Africa 2024 (STISA-2024) places science, technology and innovation at the epicentre of Africa's socio-economic development and growth. More recently, the Science Agenda for Agriculture in Africa (S3A) was adopted at the 2014

In the view of above and to respond to the Head of States and Government Decision on allocation at least 1% GDP on research, AU-SAFGRAD has organized a webinar on the innovative financing mechanism for Agriculture and Development in Africa. The aim of this video conference was to discuss the strategies on how we mobilise alternative financing mechanism to support research activities at country level and to learn from countries like South Africa that have succeeded to engage more business sector on board. The video conference took place on July 2 from 10-12H GMT and brought together more than two hundred participants including continental and regional Research organisations, Regional Economic Communities (RECs), international organisations, various experts engaged on the agriculture research promotion

2. Course of the Conference

The conference has been structured around specific thematic areas driving agricultural research agenda on the continent and developed by key speakers and then followed by general discussion. These interventions include:

- Analysis of trends, challenges, and opportunities for agricultural funding in Africa by FARA
- Policy formulation to facilitate private-sector participation and encourage technology commercialization by ICRISAT
- Promotion of regional cooperation and Innovation and technology hubs and poles (Centres of Excellence) as tools for raising research and development expenditure by CORAF
- Establish and/or strengthen national agencies responsible for mobilizing the funding for agricultural research and development, Case of Burkina Faso by FONRID
- EU's DeSIRA Programme by European Commission

1-Opening

The meeting was moderated by Dr. Ahmed Elmekass, Coordinator of AU-SAFGRAD who opened the meeting and presented the programme including the intervention areas. Due to the internet failure in Addis Ababa, Dr Elmekass gave the statement of HE Commissioner REA on her own behalf. He welcomed and thanked the participants and pointed out the leadership role that AU Commission is taking to promote agriculture research in Africa. He highlighted the need to implement the STISA 2024 as part of the long-term people centered AU Agenda 2063 goal which is underpinned by science, technology and innovation as multi-function tools and enablers for achieving continental development. The bottom line of her intervention was that mobilization of domestic excellence and financial resources and leveraging on external support and collaboration is vital for the successful implementation of STISA-2024 as well as the implementation of Malabo declaration and agenda 2063. As primary stakeholders, it is the responsibility of AU Members States in conjunction with all the implementing bodies, to engage capable hands to come up with innovative ways of mobilizing the necessary financial support for research.

2-Intervention areas

- **Analysis of trends, challenges, and opportunities for agricultural funding in Africa by FARA**

FARA presented the partnership model through 55 national research centres and 4 Sub Regional Research Organizations (SROs) with mandate covering different agro ecological zones. FARA impact pathways include Food security, Incomes and Jobs, Increases Resilience and Improved Natural Resource Management. A lot of effort has been justifiably dedicated to agriculture in the last 5 decades but sometimes, a lot is not enough.

Trends in funding in the last five decades have followed 4 pathways has been identified: 1. Huge funding for establishment of research stations, infrastructures and faculties of agriculture in the universities (1930- late 1970) 2. Establishment and funding of extension services through the World Bank projects (ADP) in few Africa countries (Early 80's) 3. Initiation and support to specific commodity programs through the CGIAR centers and national programs (1970 to 1990s) and 4. Establishment of competitive funding through calls and development of proposals. This also include co-funding mechanisms etc. (2000 ...). He stressed that New partnerships, funding mechanisms and frameworks for financing AR4D required to support major interventions to achieve STISA, Agenda 2063 & SDGs. STI is alone not a sufficient condition for transformation and therefore it must be complemented by Policies (including investments) and Institutions (including markets) .

Innovative financing mechanism could consider the followings:

- ✓ One dollar-a-year from the key beneficiaries
- ✓ 1% COVID fund to be allocated to Agricultural Research.
- ✓ One percentage of VAT allocated to agricultural research in country.
- ✓ Up to 5% of the large corporation's corporate social responsibility fund
- ✓ 1% of interest accrued from pension fund could be allocated to agricultural research.
- ✓ Technology tax of 1% from use of mobile phone could go to service agricultural research.
- ✓ Rich Africans could be approached to endow funds and give a small percentage of the interest to support agricultural research.
- ✓ If and when the smallholder farmers are positioned for profitability (fixing LCACP); they could be made to give technology development tax of 1%.

Concerted efforts are needed to structure out effective funding mechanism to support agricultural research in Africa. In addition, the researcher and the research delivery system will need to be better structured to deliver commensurate outcomes from investment

- **Policy formulation to facilitate private-sector participation and encourage technology commercialization by ICRISAT**

ICRISAT started by pointing out the challenges faced by seed related research programme in the region. These include the policy gaps for sustainable financing mechanisms of private and public seed business, weak expertise and infrastructures for seed quality control and certification, limited private registration of new varieties and no

effective cross-border movement of technologies, lack of awareness about available technologies resulting in low demand for seed, weak commercialization and marketing system coupled with lack of technologies that meet farmers, consumer and market needs and lack of formal agreement between partners and unhealthy price competition with the public seed sector.

The role of increased private sector participation in agricultural technology development and commercialization could not be more emphasized in this context. The presentation stressed on encouraging chain-wide approach to food industry development. The profit motive of private firms would mean that agricultural research should target value for money invested. He highlighted the weak farmers-extension linkages in many African countries. The presentation advocated also the need for:

- Agricultural research to target specific industrial product development
- Developing and strengthening a strong research-food industry linkages
- Strengthen the farmer-research linkage by developing an active extension system

In sum the presentation identified key elements of policy formulation to enhance private sector participation and encourage technology commercialization

- ✓ Facilitate the legal involvement of private firms into seed markets and boost the private sector's business along with a uniform policy among countries
 - ✓ Provision of subsidies for research and reduced taxes on companies investing in agricultural R & D
 - ✓ Commensurate improvements in intellectual property rights, business incubation and tax incentives to encourage R&D
 - ✓ Promote innovative blended financing mechanisms and facilitate partnership between financial institutions– to increase loans to the smallholder farmers
 - ✓ Provide logistical and institutional support (e.g warehouses to facilitate the warrantage system)
 - ✓ Restrict imports on strategic commodities to secure a safe and enabling environment for performance enhancement in national value chains
-
- **Promotion of regional cooperation and Innovation and technology hubs and poles (Centres of Excellence) as tools for raising research and development expenditure by CORAF**

CORAF started by making history of agricultural research in Central and West Africa. These were part of efforts for coordination of agricultural research in West and Central Africa in early 1970's in response to severe food shortages and environmental degradation. He mentioned the creation of WARDA in 1970, CILSS 1973, SAFGRAD 1975 and CORAF in 1987 as institutions with mandates directly relevant to agricultural research. Import

dependency is fast growing in the region, but this can be reversed by boosting the performance of smallholder agriculture. In term of building the regional Research capacity CORAF has facilitated the creation of National Centers of Specialization to work on what you have a comparative advantage for, not only for yourself but for the region as a whole (centers of convergence of international expertise, mobility, capacity building)

The presentation focused on regional cooperation programs initiated by CORAF to finance specific agricultural research projects in West and Central African countries. The advantages of the regional cooperation goes beyond meeting the financing gaps to include researchers' capacity building as well as strengthening integration of research in the regions. He emphasized the development and linkages among regional innovation and technology development hubs in agricultural R&D. The presentation recommended:

- ✓ Need to adopt a regional cooperation approach to financing agricultural R&D based on the similarities of the research challenges in regions
- ✓ Development and linkages of regional innovation and technology development hubs
- ✓ Soliciting for and mobilizing targeted regional funds in cooperation with external partners

- **Establish and/or strengthen national agencies responsible for mobilizing the funding for agricultural research and development, Case of Burkina Faso by FONRID**

The director of FONRID presented the different phases of agricultural research in Burkina Faso up the 2000st with the World Bank programme called PNDSA and later on with the joint World bank/CORAF programme PPAAO/WAPP. The role of FONRID includes the resource mobilization, funding the research programme and promoting the generation of technologies. Three (03) funding mechanisms have been put in place comprising competitive grants models focusing on national priorities, commissioned strategic project calls and support to international call for proposals. He stressed on some key messages to support the research:

- The level of research funding is still low in order to boost the sustainable transformation
- Need for the government to increase the level of funding both domestic and support to international funds
- Promote joint project implementation mechanism

- **EU's DeSIRA Programme by European Commission**

The presentation indicated the double constraints faced by research which are the funding and the capacity constraints. The two challenges are interlinked and he stressed for the solutions to be generated from the Continent, the countries and from stakeholders as well. The external support could come through strong partnership in designing research priorities, mobilizing resource and on the modis operendis as well. The partnership should look at three levels International (CGIAR), regional and national though innovation, knowledge

and education system. He also highlighted a need for effective multi actor partnership and international partnerships with an example of the High Level Policy Dialogue between Africa and Europe. This High Level Dialogue sets research priorities and facilitated funding allocation through consultations.

On DeSIRA programme, he indicated that this is an international initiative in its geographical coverage but the focus during the last two (02) years has been on Africa with a total finding of 200 million euro. The programme intervention pay stronger attention to projects on diversified farming systems rather than mainly focusing on cropping systems which could lead on more resilience building for farmers. About concrete 40 projects on capacity strengthening and agriculture research governance and governance (such as support to CAADP ex-Pillar IV Research and Extension organizations) have been funded.

3. General discussion

The discussions went around some specific points:

- ✓ The rehabilitation of the existing centers of research
- ✓ How the research in Africa can benefit from Desira funding
- ✓ The experience of UMA was shared and this could be used as model although still the lack of implementation and more engagement from private sector is needed to boost the research and innovation along with the public funding.
- ✓ UEMOA pledged for more private sector involvement and also shared their experience with CORAF through specific research project funding.
- ✓ FARA advocated to stimulate in-country resource with one dollar per year concept. External fund is welcome but there is a need to increase significantly the domestic funding.
- ✓ ICRISAT stressed on the need to empower policy formulation and promote the technology commercialisation, the bottom line is being political will.
- ✓ CORAF advocated for more support to local producers and avoid putting too much focus on emergency interventions which turn to be most costly compared to development. He quoted the Director General World Food Programme that said 1 USD in Development saves 16 USD in emergency.
- ✓ FONRID indicated the need for scientists and researchers to be more accountable with respect to the funding they received. The value addition of the money spent in research should marketable and shown to the policy makers. The Science Policy Interface should be activated for more profitable dialogue.

- ✓ European Commission supports is targeting two different aspects, the EU AU High Level Dialogue in STI on Food security and sustainable development which is more like Science based partnership and the DeSIRA Initiative focusing on research and development based on national and regional needs.
- ✓ UNECA spoke on the need to insist on the implementation of 1% GDP to research and innovation which should be the minimum investment for agricultural transformation. To achieve this, the legal framework with Intellectual Property should be amended to trigger this investment.

4. Recommendations:

1-AUC in collaboration with SROs, CGIAR and development partners to strengthen the linkages among national, regional and international institutions so as to encourage a multi institution/country agricultural research programmes.

2- MS, RECs, AUC, SROs and development partners to encourage and strengthen agricultural science- policy interface in terms of facilitating decision makers to allocate more budget in agricultural research and development.

3-MS are urged to encourage and strengthen the role of PPP in agricultural research for development

4-The research centers should establish and/or strengthen their consultancy units to respond to the private sector research needs

5-The research centers should strengthen their linkage with producers' organizations along the agricultural value chain to provide paid services base on research need.

6-Encourging the research institutions to develop a dynamic and innovative financing plan to respond to emerging agricultural research challenges.

7- Encourage MS to gradually diminish import bills as a means of freeing up or redirecting financial resources to support endogenous production led by increased use of the technologies and innovations generated in the continent