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AU-SAFGRAD

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

Video Conference on

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”

Meeting title: Innovative Financing Mechanism for Agricultural Research and Development in Africa

Date: July 2nd 2020

Time: 10 am – 12am, GMT

Number of participants expected and interpretation service: 200/Yes (French and English)

1. Background

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. More recently, the Science Agenda for Agriculture in Africa (S3A) was adopted at the 2014 African Heads of State Summit, necessitating the development of a continent wide implementation plan.

Although a number of countries have increased their support to agricultural R&D, overall investment levels in most African countries remain below the levels required to sustain viable agricultural R&D programs that address current and future priorities. Africa's gross expenditure on research and development as a proportion of GDP stands at about 0.5 per cent compared to the world average of 2.2 per cent. Mobilizing domestic political and financial support for agricultural R&D has been difficult. One reason for this is the inherently long time lag between investing in research and attaining tangible benefits. Another reason is that evidence of high payoffs to agricultural R&D in Africa is limited. Alene (2010) finds a 10-year lag between agricultural R&D expenditure growth and agricultural productivity growth.

2. Rationale

Many studies on changes in agricultural productivity among African countries have also studied the determining factors. While a number of factors are identified by the different authors, many of the findings stress the critical importance of investment in R&D systems. However, spending on agricultural research as a share of each country's agricultural gross domestic product (AgGDP) is very low, with ratios ranging from less than 0.2 percent to 4.0 percent. The majority of countries have ratios of less than 0.5 percent. While investments in agricultural R&D were identified by several authors as key drivers of productivity growth, only few countries made significant investments in R&D. It is difficult to imagine how countries intend to promote considerable technical change when they are underinvesting in a key priority area, such as R&D systems for developing and supplying modern inputs to farmers.

Donor contributions accounted for an average of 35 percent of funding to principal agricultural research agencies in 2000. Five years earlier, close to half the agricultural research funding of the 20 countries was derived from donor contributions. High dependency on donor funds put the R&D in Africa at risk on one hand and dictated the research agenda on the continent on the other hand.

Meanwhile, funding from sources other than government or donors, such as internally generated revenues is relatively small representing 11 percent of total funding in 2000 with the exception of few countries like Benin and Côte d'Ivoire. There is a need to look at more alternative and sustainable ways of funding agriculture R&D on the continent. Farmers themselves, private sectors and others stakeholders should be the key actors in securing funding for R&D on the continent. Countries generally attain the 1 per cent target of GDP for research and innovation when business-financed research and development surpasses publicly-funded research and development.

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 is organising a webinar on the innovative financing mechanism for Agriculture and Development in Africa. The aim of this video conference will be 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. .

2. Objectives of the Video Conference

The proposed webinar aims to create a room for exchange and experience sharing among NARS, SROs, CGIARs, RECs and UN agencies on a national tangible funding mechanism to support R&D on the continent. A particular focus will be given to the innovative funding that goes along with the traditional channel. More specifically, the objectives of the conference include discussion on the followings:

- ✓ Analysis of trends, challenges, and opportunities for agricultural funding in Africa

- ✓ Mobilization of greater government support for agricultural R&D
- ✓ Promotion of regional cooperation
- ✓ Inform policy how to facilitate private-sector participation
- ✓ Establish and/or strengthen national agencies responsible for mobilizing the funding for agricultural research and development
- ✓ Encourage technology commercialization
- ✓ Innovation and technology hubs and poles (Centres of Excellence) as tools for raising research and development expenditure

3. Expected outcomes

- ✓ Clear public agricultural funding mechanisms for public and private research and development projects is discussed and documented
- ✓ Current Policy on engagement of private sector informed
- ✓ Technology commercialization through clear national policies discussed and encouraged
- ✓ Emergence and growth of techno poles as drivers of research and development expenditure supported
- ✓ Business-financed research mechanism explored
- ✓ Regional cooperation on agricultural research promoted
- ✓ Sharing experience and best practices among countries

4. Structure the of the dialogue

The course of the conference will be structured as follow: Key speakers to share their views and experiences on thematic areas identified above followed by discussions/exchanges with participants. It would be interactive in nature and would permit robust engagement for the participants to share experiences. The key speakers include heads of NARS, SROs, CGIARs, RECs and UN agencies etc.

5. Participants

The conference will gather representatives from the national agricultural research centers (NARS), international research institutions including CGIAR Centers and other relevant expertise. It will also benefit from the insights and experience of representatives of the African Union Commission (AUC); Regional Economic Communities (RECs), UN agencies as well as donors communities.