

# The Great Food Fight

Africa has the potential to become one of the world's richest bread baskets – but not necessarily through large commercial farms. Pamela Whitby reports

**O**n a commercial farm near the town of Matuba in Mozambique's Gaza province a farmer has recently invested in a no-till precision planter. So this year instead of ploughing the land he will be penetrating the soil with holes in tight-knit rows using a shovel-like blade. This method of farming, now widely used in Latin America, leads to increased crop density, lower carbon emissions and reduced overheads such as labour, fuel and time.

With yields expected to increase by three times within two years he has reason to smile. So has Emergent Asset Management (EAM), a United Kingdom-based investment company, which recently invested in this undercapitalised farm and has made the move to no-till farming possible. This is not the company's first investment in southern Africa. Through its local arm EmVest, a joint venture with a South African agricultural firm, it is acquiring or leasing undercapitalised farms of over 2,000 hectares across the region as well as acquiring other agriculture related firms. The strategy is to buy farms in close proximity to each other, creating hubs of around 10,000 hectares necessary to achieve economies of scale. To date it has made investments in South Africa, Zambia, Mozambique, Tanzania, Swaziland and Zimbabwe.

"I've never before been involved in anything as win-win as this," says Susan Payne, EAM's chief executive, who previ-

## GROWING AFRICA

- **GDP growth:** 4.5% (ranging from 3.4% in southern Africa to 6.2% in East Africa) in 2010
- **Population growth:** 1bn in 2010 to 1.8bn in 2050
- **Land currently cultivated:** less than 15%
- **Land outside formal legal system:** 90%
- **Number of people hungry in sub-Saharan Africa:** 265m

Source: OECD, UN, FAO

ously headed up emerging markets divisions at Goldman Sachs and JPMorgan. "Governments win, farmers win, our clients win and smallholders win."

But with land reform and food security such a political hot potato in Africa, what exactly does 'win-win' mean? "We are not taking land away," says Payne. "We buy or lease operational farms that are undercapitalised, or we start projects on land that is fallow to produce food which in itself creates many local jobs."

The company establishes mobile medical units for local communities in the areas where it invests, has plans to build schools

and agricultural colleges and is working on a scheme to provide much-needed microfinance to smallholders. Nearby smallholders, increasingly seen as an integral part of the process of achieving food security in Africa, stand to benefit, for example, from price reductions in seed and fertilisers resulting from EmVest's commercial-scale operations.

Syngenta, a global agribusiness company employing over 25,000 people worldwide and with an expanding footprint in Africa, has certainly recognised the growth potential related to increasing productivity on land owned by smallholders. "Of the 2 million

hectares of maize farmed in Kenya, just 20 per cent is commercially grown," explains Nick Musyoka, a Kenyan who is leading Syngenta's Africa & Middle East smallholder business project.

**S**outh Africa's Pick n Pay Stores is another. Gareth Ackerman, Pick n Pay's chairman, says: "There is currently a big push to get small scale farmers to swing their motivation from being supply to demand-driven." In other words, the company wants smallholders to increase their productivity and quality to supply supermarkets as well as feed their

families. Pick n Pay currently sources eight per cent of its goods from small producers but hopes to increase this to 15 per cent.

Altruistic objectives perhaps, but there are plenty of reasons why a growing number of organisations – from global supermarket chains to agribusinesses and governments – see Africa as the last strategic frontier.

For one, Africa's landmass is bigger than the United States, China and Europe

"Africa is the world's last major reserve of arable land and land comes cheap"

combined. It is the world's last major reserve of arable land and land comes cheap – at a fraction of the cost of anywhere else. Demographic drivers too are stronger with Africa's population

expected to grow to 1.8 billion by 2050. Meanwhile economic growth should continue steadily for the next 40 years. And with many governments embracing reform through good governance the benefits are paying off: in 2008 three >

Workers split cocoa pods in the forests of Kumasi, Ghana



African countries – Senegal, Burkina Faso and Botswana – were ranked in the world's top ten best-regulated economies by the World Bank.

With Africa now supplying more oil to the US than the Middle East it is clearly an increasingly important trading partner for the West. But for Payne, the real growth potential is in Africa. Intra-African trade is currently single digit – much lower than in Europe at 74 per cent and Asia at 54 per cent. This has to be Africa's single biggest priority: "Forget about exports, it is really obvious that Africans must be fed first." According to the United Nations Food and Agriculture Organisation (FAO) 30 per cent of the population in sub-Saharan Africa is malnourished causing at least 3 million hunger related deaths every year and almost 10 million people in West Africa are currently facing a food crisis.

One problem is that global retailers are now sourcing food from southern Africa, explains Ackerman. "While this may improve quality and support growth in local production, it decreases the amount of food available for local supermarkets and pushes up prices."

Inadequate supply for local markets is not helped by land reform policies in southern Africa, he adds, where perfectly good productive land is being taken out of production because farmers lack capital.

But FAO Director Kostas Stamoulis points out that land reform is absolutely necessary because unless people have secure access it is difficult to get credit for long-term investments. "But the perception that land in Africa does not belong to anybody is false. Even if people do not have a piece of paper they may have, for example, usufruct rights. All this needs extremely careful consideration when land is sold to investors."

Payne agrees. Significant credit being extended by China, in particular, may be hard to refuse, but now more than ever African governments must establish their boundaries.

There are, after all, countless motivations for investing in Africa, argues Christie Peacock, chief executive of Farm Africa, a charity working to reduce rural poverty through agricultural initiatives. Some appear to have long-term ethical and sustainable objectives. Others are borne out of necessity.

Cadburys, for one, is finally investing in Ghanaian cocoa farmers because the population there is ageing and "they are worried about where the hell they are going to get their cocoa from in the future," Peacock says

"There are countless motivations for investing in Africa"



ALISTAIR BERG

An employee unpacks fresh vegetables in a supermarket in South Africa

(Ghana is the world's second biggest cocoa producer). Then there are notorious deals, like the sale of 1.3 million hectares of land by the Madagascar government to the South Korean firm Daewoo in 2009, described as "totally unethical land-grabbing from under the nose of smallholders". The Madagascar deal may have fallen through but business arrangements like this are "quietly happening all over the place," says Peacock.

Although the World Bank is currently working on a voluntary set of principles for responsible agricultural investment, this must become more high profile. "NGOs should play a much greater role in exposing companies and governments when they misbehave," Peacock argues.

Also while investing in Africa may no longer be exclusively for risk-takers, it is not the place to make a quick buck. Access

to finance, land reform policies, poor infrastructure, climate change, commodity price fluctuations and education remain real constraints. "We are talking mid- to long-term commitment," admits Jan Suter, Syngenta's head of Africa and Middle East.

For Stamoulis, what Africa needs now is a huge drive to research and develop crop varieties adapted for specifically African conditions. He cites Bangladesh's success as an example of how this could work: "Bangladesh was a wasteland in terms of food security but by adapting varieties of rice to suit its own very unique conditions it has become practically self-sufficient and will soon be able to export."

If statistics are right and global food production must rise 70 per cent by 2050 to feed the world's population, then quite clearly Africa must start producing.

Pamela Whitby is a freelance journalist and sub-editor of BBC Focus on Africa magazine