



Sustainable Financing of Research and Innovation to Improve the performance of Africa Food System

“A Science Days side event” towards the 2021 UN Food System Summit

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POLICY SHIFTS REQUIRED TO SUBSTANTIALLY FINANCE RESEARCH AND INNOVATION IN AFRICA

1

Strengthen Strengthen both the private and public sector at the country, sub-regional and continental levels to invest into Agricultural Research and Innovation (ARI); by creating an avenue to bring together the broad stakeholders in the private and public sector to for dialogue on the importance of agricultural research and innovations along the the value chain.

2

Build a strong **institutional framework** at the continental level with sub-regional hubs and country representatives to enable a strong joint African commitments to provide funding for ARI as proposed in the CAADP.

3

Enhance **capacities** of potential funders and donors in ARI by organizing workshops, fora, colloquium/symposium, and exhibitions

4

Identify and **unlock** financial resources outside the conventional sources.

5

Develop agricultural investment plans and mobilize investors and investments within and outside Africa to respond to the context of sustainable financing to improve food systems in Africa.

6

Upscaling public-private sector **partnership** engagements to collectively mobilize and design sustainable financing models.



BACKGROUND AND CONTEXT

The growing demand for food in Africa and the need to fight hidden hunger cannot be overemphasized. Appropriate financing of agricultural research and innovation is one way to accomplish this feat. Available statistics showed a good correlation between national agricultural development and investment in research, innovation, and development efforts. The poor growth in African agriculture, attributed to lack of productivity, is a function of the limited technologies in the sector, among others issues.

The bottom-line requirement to raising the bar of technology generation is the provision of adequate and sustainable funding. Currently, funding for agricultural research in Africa is donor-driven, resulting in incoherent technology targeting, duplication of efforts, and unsustainable creation of organizations, networks, and groups. The government research systems mainly cater to the researchers' salaries with little or no funds allocated to actual research studies and infrastructures.

Developing a new and sustainable funding mechanism to support the ailing Africa research system is a major step to trigger the change needed in the sector. Such a funding

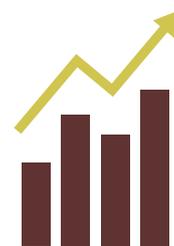
mechanism should rely on internally generated resources drawn from the public and the private sectors.

More than 50% of the population in Africa are farmers, yet over 20% of the people are either undernourished or experiencing hunger. This is partly due to the inability to scale up proven technologies and improve the continent's food system.

There is a need for Africa to strongly embrace research and innovation to improve the food system's performance. This can be achieved through sustainable financing of agricultural Research and Innovation (ARI).

Following a keynote paper presented at the continental webinar on *"Scale of investment gap in African agriculture research and innovation and potential sources of investments,"* The study identified sustainable funding mechanisms for ARI for Africa. It showed the need to improve the pace of technology generation from research and translate them to innovation to change the food system.

UNDERSTANDING THE CHALLENGES OF THE FINANCIAL GAPS IN AGRICULTURAL RESEARCH AND INNOVATION IN AFRICA



Constraints against sustainable financing for ARI in Africa include;

- The magnitude of resources required to drive a coherent research system in Africa is unavailable.
- The current sources of research funding are limited.
- Lack of functional institutional framework for agricultural funding in Africa.
- The existing sources of funding are unsustainable.
- Inadequate and incoherent policies.
- Poor engagement of the private sector for financing ARI.
- Weak partnership arrangements

Little attention is given to agricultural research in African countries due to poor appreciation of its contributions to the sector's growth. As such, policymakers are reluctant to invest in research endeavors that are intrinsically cost-intensive and could take time to yield the desired outcomes. Policymakers prefer a quick-fix approach like importing technologies and products, which is often not sustainable as such technologies are developed for a specific environment. Most Imported technologies may require adaptation to the new environment, and this has its own cost in terms of finance and time. Research funding is genuinely needed to generate targeted knowledge and technologies to address felt needs.

Again, an impeding factor to bridging the gap in research funding is the unavailability of a functional institutional framework to support the sector's continuous growth. Hence, the development of a long-term sectoral growth mechanism and funding instrument for such is required to move the continent forward. There is a need to explore the effective partnership between researchers, farmers, and other stakeholders along the value chain to minimize trade-offs in adapting and implementing technologies.

OPPORTUNITIES FOR TRANSFORMATION

Existing knowledge has shown that science is a crucial contributor to advancement in all life endeavors. The state of development in agriculture in the west and other developed nation is contingent on their level of investment into agricultural research and development. Africa is, however, lagging and missing the available opportunities to transform its food system. These opportunities can only be maximized through sustainable financing of research and technology. Estimates from the world bank showed that the value of annual agricultural output in Africa can potentially increase from the current \$ 280 billion to as much as \$ 1 trillion by 2030.

Ceres (2030) indicated that \$33 billion per year is needed for 10 years to end hunger and double the income and increase the productivity of small-scale producers in Africa. Out of this \$33 billion, only \$14 billion (42%) per year is needed for ten years from external sources (public and philanthropic resources), while \$19 billion (58%) could come from domestic sources. The study further indicated that Africa needs about \$9 billion per year to support the continent's on-farm activities that largely revolve around research and innovation such as; extension services, rural infrastructure, research and development, investment subsidy, etc.

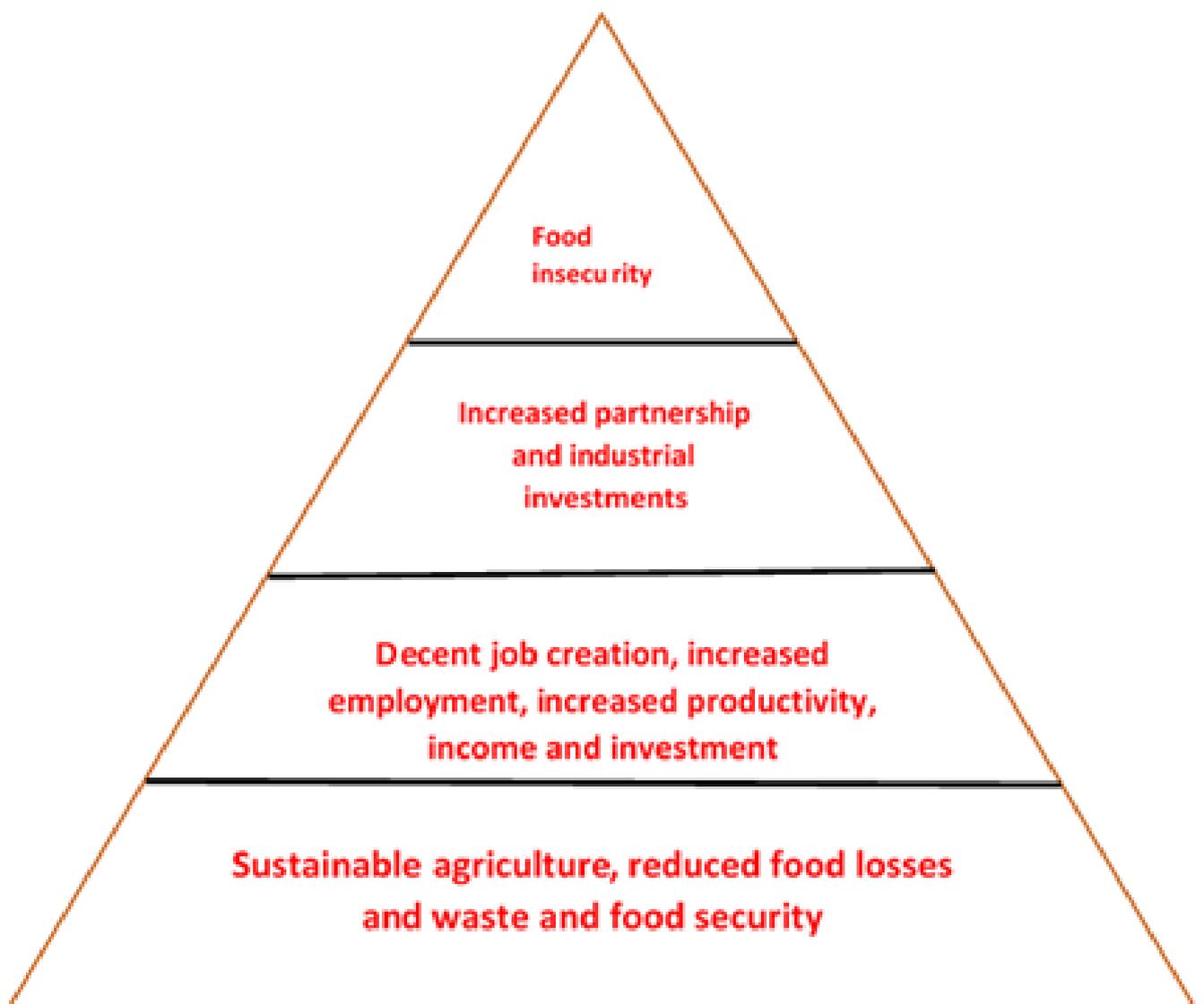
Therefore, the development of a sustainable funding mechanism is needed, and there are identified mechanisms that could be used to achieve the desired goal and objectives. The proposed sustainable funding mechanisms which could lead to improving the African performance in food system are not limited to the ones suggested below;

- One percentage of value-added tax collected by the government could be allocated to agricultural research in the countries.
- Up to 5% of the large corporation's corporate social responsibility fund could be allocated to support national research.
- 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 (philanthropies) 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; they could be made to give technology development tax of 1% of own profit.

Bridging the Financial Gap

The duplication of research and development efforts in Africa has created widespread inefficiencies and a lack of accountability on the continent. Many organizations are doing the same things at the same time with a limited financial resources. Hence, achieving the desired sustainable financing for agricultural research and innovation on the continent is arduous.

A strong accountability system needs to be established to run agricultural research and development in Africa. This system should have a strong governmental backing at the continental level to ensure proper research and development efforts coordination. The coordination instrument should have the power to specific mandates to the organization in a way to avoid duplication of efforts.



Source:2021 science day side event
Policy and advocacy to scaleup sustainable financing for ARI



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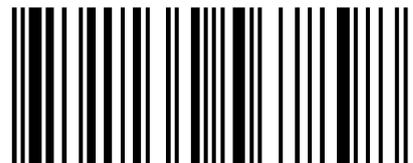
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