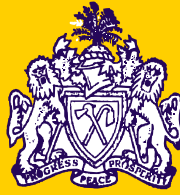


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NEPAD
Comprehensive Africa Agriculture
Development Program
(CAADP)

THE GAMBIA

Strategic Options and Sources for Agricultural Growth, Poverty Reduction, and Food Security

Implementing the Comprehensive Africa Agriculture Development Programme (CAADP) as the centrepiece of a poverty-reduction strategy implies that agriculture and its individual subsectors must play a primary role as leading sources of pro-poor growth at the national and rural levels.

The Gambia and other African countries are not just seeking to accelerate growth but also to maximize and broaden the impact of such growth on poverty reduction. Successful implementation of the CAADP agenda therefore should be guided by a good understanding of the impact of sectorwide growth and growth within individual agricultural subsectors on income and poverty

levels at the national and, in particular, at the rural level. In the present case, a better understanding of the potential implications of The Gambia's strategies under the Poverty Reduction Strategy Paper (PRSP) would allow the Gambian government to emphasize the options that are more likely to maximize the impact of growth on poverty reduction.

AGRICULTURAL SECTOR GROWTH AND ITS CONTRIBUTION TO ECONOMIC GROWTH

If the CAADP strategy were to be successfully implemented to achieve the 6% target growth and were to be complemented by strategies to induce a comparable rate of growth in the non-agricultural sector, the contribution from growth in agriculture to poverty reduction would be higher than that from growth in the non-agricultural sector. For every 1% decline in poverty – at national and rural levels – about 67% and 72%, respectively, would be attributable to growth in the agricultural sector (see Figure 1).

While accelerated growth in agriculture as a whole may be the most promising poverty-reduction strategy currently available to the Gambia, such a strategy needs to recognize that not all subsectors contribute to agricultural growth and poverty reduction in the same way. The size of the contribution of individual subsectors is determined by their initial shares in income and employment and their potential for incremental growth. In Figure 2, the axis on the left and the bars show the projected contributions to agricultural GDP growth resulting from an additional 1% annual rate of growth in individual subsectors. The line and the axis on the right show the corresponding contributions to the reduction in the rate of poverty. The cereals and livestock subsectors exhibit the highest levels of contribution to agricultural incomes. An additional 1% per

year sustained until 2015 in either subsector would generate an incremental income of around US\$6.9 million and US\$6.3 million, respectively. The corresponding decline in the overall rate of poverty would be 10.3% for both subsectors. Such an effort achieved for the whole agricultural sector would create an incremental income of US\$20.8 million. The corresponding decline in the overall rate of poverty would be 11.1%.

EFFICIENCY OF DIFFERENT GROWTH STRATEGIES IN ACHIEVING POVERTY REDUCTION OBJECTIVES

The long-term contributions (to 2015) of alternative growth strategies to poverty reduction are plotted in Figure 3. Each line depicts the decline in poverty that would be achieved if the Gambia were to focus on particular sources of growth. The top (current trends) line indicates the decline in the poverty rate under the continuation of current trends across all subsectors, which would result in a modest reduction from 56.2% in 2007 to 50.4% in 2015. The second line from the bottom shows poverty reduction with a strategy that creates 6% growth across agricultural sub-sectors. The poverty rate would fall to 44.6%, i.e. an additional 5.8 percentage points less than under current trends. The lines in between denote the outcomes of alternative isolated strategies that would

Figure 1 – Contribution of agricultural sector growth to poverty reduction at the national level and in rural areas (%)

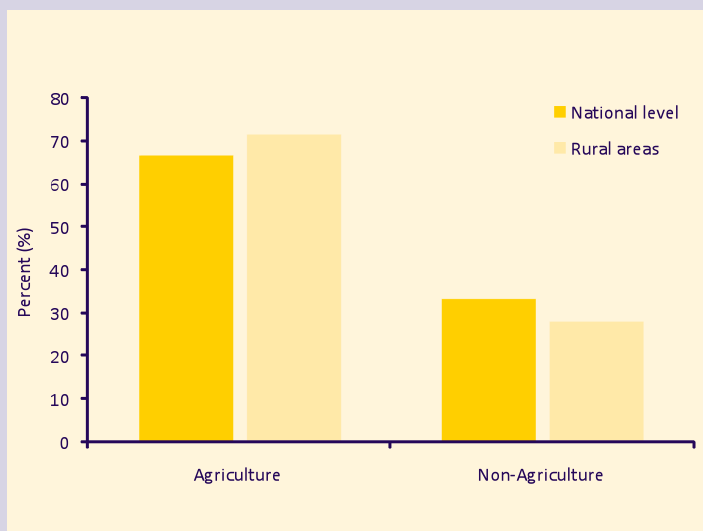
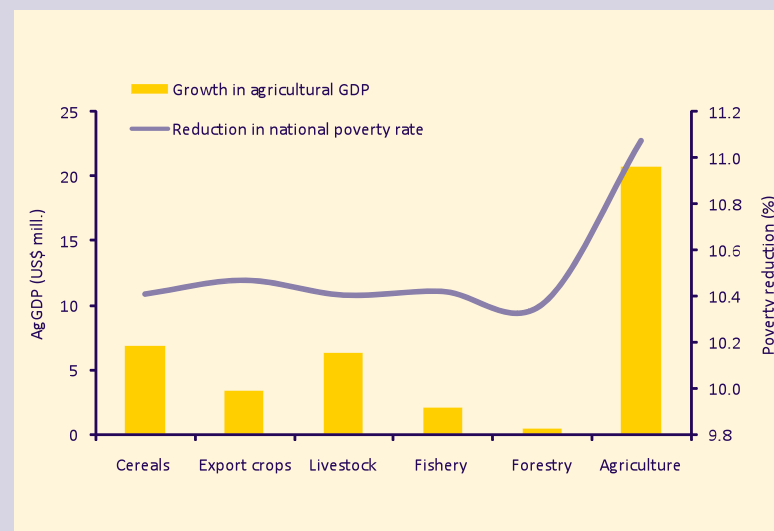


Figure 2 – Subsector contribution to agricultural GDP growth (US\$) and poverty reduction (%)



focus exclusively on single subsectors: cereals, export crops, and livestock. The projected outcomes indicate that a more comprehensive, sectorwide strategy in terms of reducing overall poverty levels would to some extent be more effective than crop-specific strategies.

The bottom line in Figure 3 illustrates the added contribution of further stimulating growth in the non-agricultural sector. This line indicates that a strategy that would create a growth of 6% in the agricultural sector and accelerated growth in the non-agricultural sector would reduce poverty by an additional 9.6 percentage points compared to current trends. It may be difficult to actually achieve the high rates of agricultural and nonagricultural sector growth that would be required to meet the MDGI objective in 2015, estimated at 14.4% and 21.9%, respectively (see Brochure 2: *Agricultural growth, poverty reduction, and food security: Past performance and prospective outcomes*). However, the above results suggest that the Gambia can make significant progress towards that goal by 2025 – by ensuring successful and sustained implementation of the CAADP agenda, coupled with an effective strategy to stimulate growth in the non-agricultural sector.

An analysis of the alternative growth sources and poverty-reduction outcomes yields the following lessons with respect to efforts to successfully design and implement strategies to meet the CAADP growth target and achieve the poverty MDG in The Gambia:

1. Agriculture will remain an important source of growth and poverty reduction in the Gambia during the next 10 years.

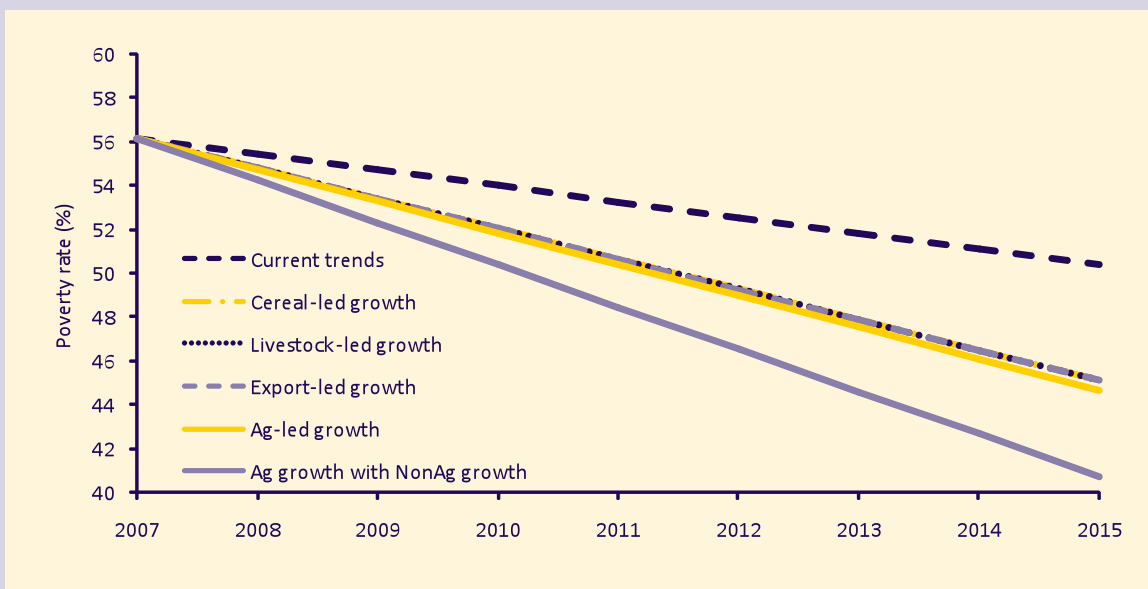
2. Continuation of current trends would reduce poverty by 5.8 percentage points by 2015 compared to its 2007 level of 56.2% and would not allow the Gambia to halve national poverty by 2015.
3. Isolated strategies targeting any of the major subsectors separately would only marginally lower the poverty rate compared to current trends.
4. If a strategy were to be implemented that would combine accelerated agricultural growth with accelerated growth in the non-agricultural sector, the poverty rate could be reduced to 40.7% by 2015, and the Gambia would reach MDGI by 2025.

POTENTIAL EQUITY EFFECTS RELATED TO GOVERNMENT GROWTH TARGETS

Impact of Sub-sectoral Growth on the Reduction and Distribution of Poverty Among Districts

Planned strategies under CAADP are projected to generate strong growth across the different subsectors. The distribution of growth and its impact on poverty is shown, however to vary significantly among districts. Agricultural growth under the CAADP scenario is not necessarily pro-poor at the district level. Poverty reduction is proportional across districts so that poverty

Figure 3 – Poverty outcome by 2015 of alternative growth strategies (%)



rates remain high in districts like Kuntaur, Kerewan and Janjanbureh (Figure 4).

Possible Equity Effects and How to Address them under Current CAADP Targets

Implementation of CAADP should take potential equity effects into consideration. The purpose here is not necessarily to achieve equal outcomes but rather to raise the overall level of income gain and poverty reduction by maximizing the gains among households in districts at the lower end of the spectrum. This can be done by emphasizing in the design and implementation of programs those subsectors that contribute more immediately and to a greater extent to income growth and poverty reduction among households in districts like Kuntaur, Kerewan and Janjanbureh that would otherwise lag further behind in terms of poverty reduction. The benefits from agricultural growth may vary among households in the different regions due to the following factors:

1. The importance of individual sectors as a source of income and employment for different household groups;
2. The scope for incremental growth in individual subsectors, given technological, market, and other conditions affecting demand and supply; and

3. The initial distribution of growth among individual agricultural subsectors, and the fact that growth in some subsectors affects growth in others through adjustments in demand, supply, and price conditions.

Figure 5 demonstrates the strong contribution of the non-agricultural sector to poverty reduction in most of the districts, which highlights the importance of complementing current CAADP subsector targets with strategies to stimulate growth in that sector. In Kuntaur, the poorest district, the largest source of poverty reduction would come from agriculture, particularly crop production.

The implementation of the CAADP agenda needs to reflect these dynamics in order to ensure that the income and poverty-reduction benefits of future agricultural growth are widely shared and its potential equity effects are neutralized. If the design and implementation of future programs under the CAADP agenda are carried out such that they take into consideration the subsectoral and geographic distribution of vulnerable households, it should be possible to balance out the income and poverty-reduction benefits of these programmes. To accelerate growth in Kuntaur, greater attention should be given to activities that benefit a majority of farmers, such as cereal production. This is especially important for poorer, smaller-scale farmers.

Figure 4 – Projected poverty rates across districts under CAADP, 2007–2015 (%)

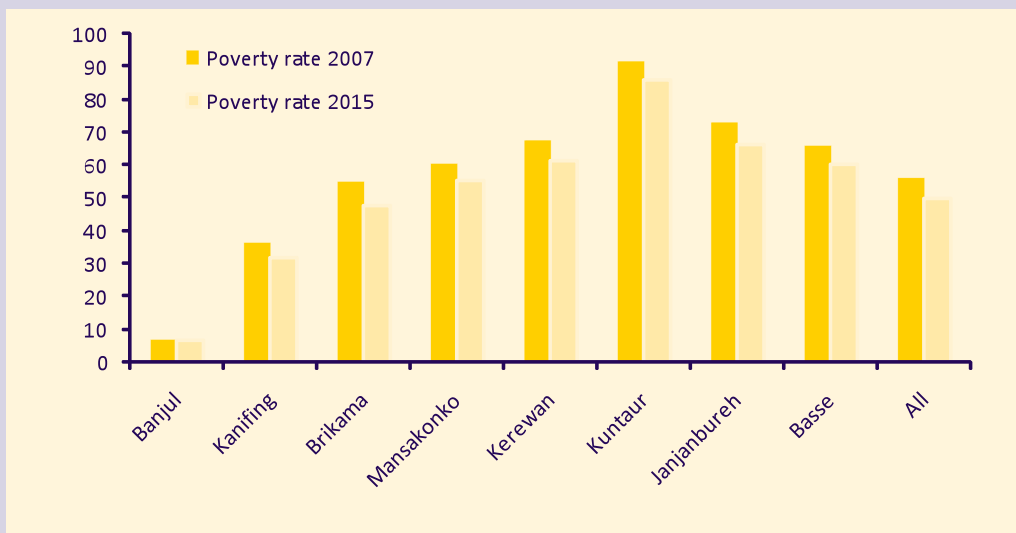
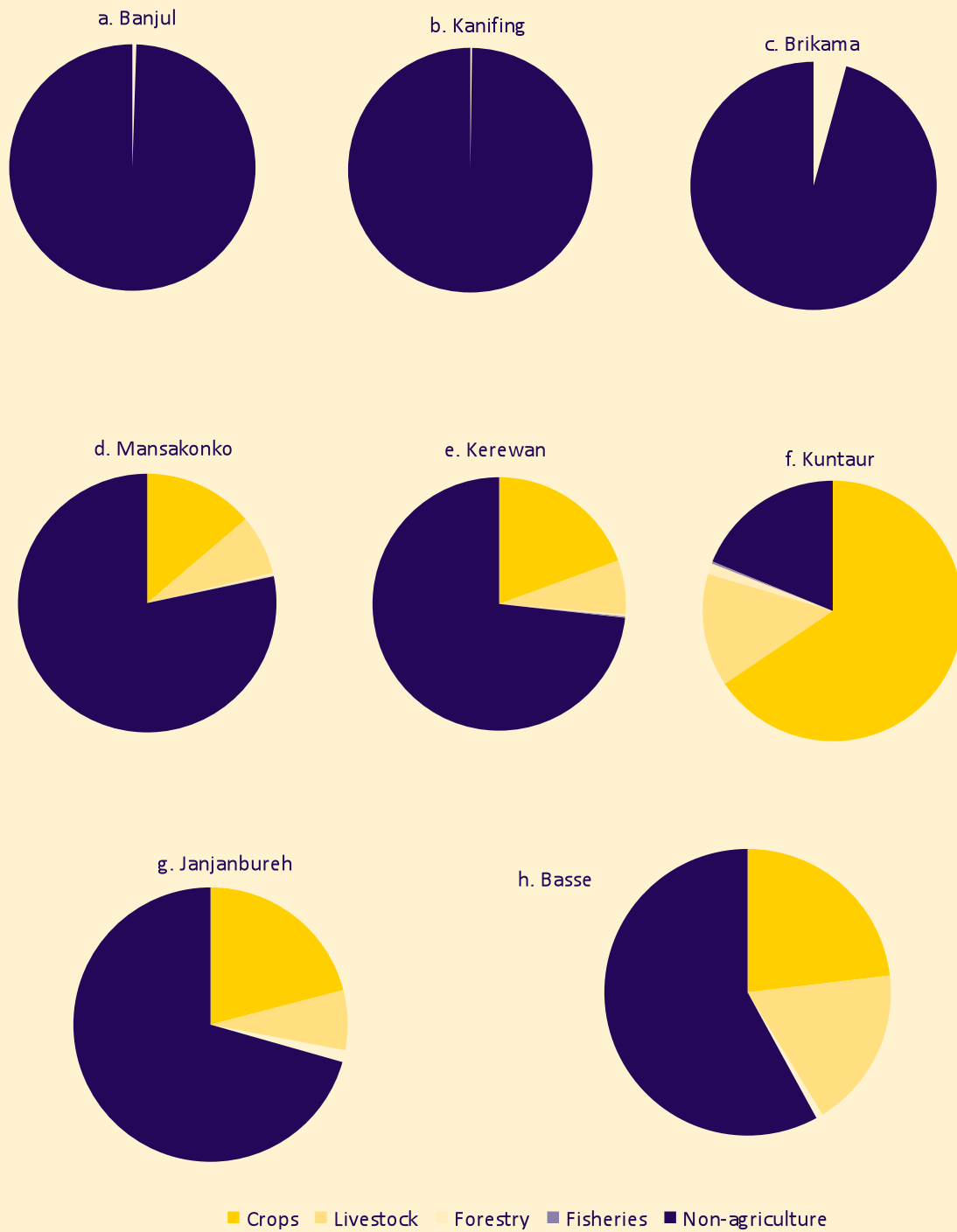


Figure 5 – Projected contributions of individual subsectors to income growth and poverty reduction across districts (%)



The following lessons can be drawn regarding the design and implementation of programs to stimulate growth and reduce poverty under the CAADP agenda:

1. Agriculture remains a key source of growth and a major contributor to poverty reduction nationally as well as across districts.
2. The realization of the CAADP agenda is projected to stimulate growth across agricultural subsectors and across districts.
3. Poverty rates will remain high further exacerbating divergence between districts.
4. The cereal subsector is the major source of future growth and poverty reduction among the poorest households in Kuntaur.
5. Consequently, the implementation of the CAADP agenda needs to emphasize this subsector in the districts with a high concentration of the poorest households so as to better balance out and broaden the impact of growth and poverty reduction.
6. The nonagricultural sector can potentially play a critical complementary role, including in the case of the poorest households.

Based on the modeling conducted by ReSAKSS-West Africa in collaboration with experts from the Gambia and financial and technical assistance from the Economic Community of West African States (ECOWAS), the African Union Commission (AUC), the International Food Policy Research Institute (IFPRI), United States Agency for International Development (USAID), Swedish International Development Cooperation Agency (SIDA), German Agency for Technical Cooperation (GTZ) and International Institute of Tropical Agriculture (IITA).

REPUBLIC OF THE GAMBIA

Ministry of Agriculture; Ministry of Finance and Economic Affairs; Ministry of Trade, Industry and Employment; Ministry of Forestry and Environment; and Ministry of Fisheries and Waters Resources.

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