

# HIGHLIGHTS



## Global food systems, local impact: the role of agribusiness and development partnerships in advancing African agriculture

### Brussels Development Briefing No. 39

Brussels, 25th November 2014

On the 25th November 2014, CTA organised the 39th Brussels Development Briefing on The role of agribusiness and development partnerships in advancing African agriculture – part of a series of bi-monthly Development Briefings on ACP-EU rural development issues. More than 130 participants discussed the key role of agribusiness and development partnerships in advancing African agriculture.

The role of agribusiness and development partnerships in advancing African agriculture

The Briefing looked at the transformation of the African agribusiness sector as a key challenge to achieve food security and economic development. A differentiated approach to partnerships, based on the development of competitive local private sectors, is essential to boosting agricultural development in Africa. It discussed strategies and approaches for harnessing the potential of development partnerships with the private sector to catalyse market development and productivity in African countries.

#### Partners in the Briefing:

- CTA
- European Commission (DG DEVCO/DG AGRI)
- ACP Secretariat
- Concord
- AUC/CAADP
- BMZ/GIZ

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<https://www.brusselsbriefing.net>



Achille Bassilekin



Monique Pariat



Michael Hailu

As an introduction, *Achille Bassilekin, Assistant Secretary-General Sustainable Economic Development, ACP Secretariat*, underlined the importance of agribusiness and partnerships for development. He also stressed the role of agriculture for African economies and the role of partnerships which have become very relevant. Attention must be paid to the various components of the value chains. Regarding the role of the private sector and public partnerships, the potential of Africa is enormous.

*Monique Pariat, Deputy Director-General, DG Agriculture & Rural Development, European Commission*, highlighted that agriculture is central for EPAs. A successful implementation of the EPAs is among the top priorities of the new European Commission. We should have a look at the contribution of the private sector and strengthened partnerships with farmers' organizations. The EU-Africa joint strategy is a first step in this regard. We should also turn the Malabo declaration into reality.

Finally, *Michael Hailu, Director of CTA*, stressed the big economic growth

Africa has experienced for the past years. This implies a growth in both capital and confidence. However, transforming the agricultural sector is a big challenge in paving the way for sustainable growth. The Malabo declaration has identified a very clear target concerning the private sector. The policy environment is in place, what is needed it to turn this into concrete measures. In order to learn from the good practices, we have to provide forums for collaboration and see how lessons can be upscaled.

### Panel 1: Setting the scene: agribusiness and PPPs in Africa

The first panel shared experiences and lessons learned from public-private partnerships (PPPs) and multi-stakeholder alliances that aim at accelerating investments and transformative change in African agriculture based on national and regional agricultural and trade priorities. It was moderated by *H.E. Frédéric Assomption Korsaga, Ambassador of Burkina Faso*.

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H.E. Frédéric Assomption Korsaga



Hafiz Mirza



Wilhelm Elfiring



Heike Rüttgers



Theo de Jager

*Hafiz Mirza, Chief, Investment Issues Section, UNCTAD*, gave an overview of agribusiness in Africa, its main trends, opportunities and alternative investment models. He underlined that Africa has seen positive development since 2000. For instance, we can observe a big increase in investment and a huge increase of imports of agriculture machineries. These investments have positive aspects such as impact on employment or impact on market access. However, there are also negative aspects particularly in terms of land and water access.

Currently, in Africa, there is a new facts-based approach to development. Through past experiences, we know what does and does not work. The next step is to start from what we know, improve it and share what we have learned from the past.

*Wilhelm Elfiring, Consultant to the EU-working group private sector development in agriculture*, focused his speech on EU Development Cooperation models with the private sector. The EU WG PSDA (Working Group on Private Sector Development in Agriculture) addresses three objectives: improving transparency; analysing and grouping the different approaches; and recommending future orientations. This working group established seven criteria for cooperation with the private sector. So we can observe different types of models of EU Development

Cooperation with the private sector. This complexity is a threat but also a challenge.

It appears that programmes get more complex with the rising number of partners, and different contributions are needed, with a reduction in the complexity of objectives and clear impact orientation. We need to be aware of the criticisms received from NGOs and so we should increase stakeholders' involvement.

*Heike Rüttgers, Head of Division Portfolio Management & Policy ACP, Investment Facility, European Investment Bank*, focused on the different instruments we can bring and how to promote investment in agriculture. This includes, for instance, the ACP Investment facility. The new Impact Finance Envelope (IFE), with an amount of 500m to be deployed through the ACP Investment Facility is supposed to generate superior developmental impact than conventional operations by focusing on private sector projects which could not be pursued until now due to their high level of risk.

The European Investment Bank ranked agriculture and food security among its top priorities. This can be observed in various projects we have launched, such as the project to accompany the sugar industry in Mauritius, which increases local value addition.

Another example is the Novastar project, a social impact investment

fund in Africa. Novastar will support early stage businesses that provide goods and services transforming low-income consumer markets.

*Theo de Jager, President, Southern African Confederation of Agricultural Unions (SACAU)*, underlined the increased role for farmers' organizations in agribusiness and PPPs. He stressed that farmers in Africa are the most under-developed people around the world and that needs to change.

We need a continental pact between the different actors, which can only be done through public-private partnerships. Farmers' organizations have to enhance good production practices.

On the one hand, we can do a number of things, such as create vital information networks. On the other hand, we cannot create the infrastructure, investment and trade policies... We know that real profits are in the value chain. In this regard, we must ensure farmers' involvement and create scale through collective action.

**The debate** focused mostly on information sharing.

All the panellists agreed that this issue is very important and emphasized the importance of sharing information regularly through meetings and workshops in order to be transparent. Moreover, panellists also stressed the importance of coordinating

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Eric Tollens



Eugenia Serova



Henri A. Minnaar



Daniel Gad



Martin Märkl

investments and increasing support for smaller farmers.

### Panel 2: Scaling up successes through transformative partnerships

The second panel, chaired by *Eric Tollens, Emeritus Professor, KU Leuven*, presented specific examples of inclusive business models in specific sectors and value chains, where significant successes have happened and analysed the drivers of success.

*Eugenia Serova, Director, Rural Infrastructure and Agro-Industries Division, FAO*, discussed the inclusive partnerships to be scaled up in the post-2015 agenda. In the new strategic framework launched in 2014, there is a remarkable change concerning agribusiness. FAO also adopted a strategy with the private sector in 2013. In terms of agribusiness development and partnering, we need to develop an environment enabling business development. Impacts from PPPs are numerous, such as improved food security and increased rural income and employment opportunities.

We should develop an inclusive value chain, not only focused on smallholders. Having regard to trade, FAO supports countries in complying with trade requirements. What we need is to concentrate and focus on a few countries in order to be coherent.

*Henri A. Minnaar, Senior Programme Advisor: NEPAD Business Foundation, Agriculture & Food Security Programme*, focused on innovative platforms to advance agribusiness in the development of African agriculture. He described the various barriers which undermine agribusiness in Africa, such as land access, limited affordable finance or low level of investment in agriculture. These barriers should be removed via the platform that has been created. The Removing the Barriers in Agriculture (RtB) programme was designed by the NEPAD Business Foundation in order to improve agricultural Investments in Southern Africa. This programme promotes collaboration, cooperation, coordination and communication between the public and the private sector to jointly resolve these challenges. Southern African Agricultural Development Partnership Platform (SAADPP) is an initiative of RtB that identifies and coordinates partners to remove barriers to agriculture investment and trade. This platform is highly important as it is considered the voice of the private sector in addressing agricultural development, trade and investment policy constraints in Southern Africa.

Looking at the new generation, he pointed out that agriculture should be attractive for young people.

*Daniel Gad, Managing Director, Omega Farms & Ethiopian Horticulture Co-operative*, presented the successes of the African private sector in the development of agribusiness. He

stressed that farming is not a hobby but a business and then provided some examples of partnerships such as a coffee production cooperative in Ethiopia. He lamented that rules on private sector engagements are not clearly established. We would like that farmers become richer. We suggest an approach that includes more services and a transformation of the value chain. We need to think about the promotion of African agriculture and change the way we work. As a conclusion, he stressed that current PPP models for the most part are still focused on Aggregation models. The African Domestic private sector investor gains when the partnerships with Small Holder Farmers (SHF) is financially robust beyond aggregation and transforms the relationship. Finally, he pointed out that inflation in Africa is a major problem.

*Martin Märkl, Senior Sustainable Development Manager, BayerCropScience*, focused his speech on linking agribusiness and supporting sustainable development partnerships in Africa. He described food chain partnerships and stressed that we cannot impose one model of partnership. The economy should be the first concern. Dr Märkl then gave examples of some successful initiatives such as the Potato initiative in Africa (PIA), which aims to develop an innovative and up-scalable value chain approach in the potato sector.

Looking into the future, new different challenges appear, so as we have to learn every day in the field, what is



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Karl Schebesta



Jean-Pierre Halkin

needed is to look at the midterm. PPPs are seen as more complex than private-private partnerships, so we need to start by responding to demand on the ground and reduce the complexity of PPPs.

*Karl Schebesta, Chief, UNIDO Agri-business Development Unit*, discussed PPPs as a way to upscale successes in Africa. He described the partnerships established by UNIDO and focused particularly on the Accelerated Agribusiness and Agro-industries Development Initiative (3ADI). This initiative focuses on various areas: agri-business value chains; food security; policies; financing and trade. Mr Schebesta explained the frameworks and the means of this initiative. The expected results should be observed in four critical areas of support: enabling policies and public goods; value chain skills and technologies; post-production institutions and

services; reinforced financing and risk mitigation mechanisms.

The first flagged programme in Ethiopia could be seen as a good example which goes beyond the more standards ones.

**The debate** focused mostly on how to address the issue of finance. This issue continues to be a problem in Africa and so new solutions are needed. We also need to think about new value, new ways to bring together farmers. When the farmers have the ability to process, they can survive.

**The Briefing** was concluded by *Jean-Pierre Halkin, Head of Unit DEVCO/C1, EuropeAid, European Commission, and Michael Hailu, Director of CTA*.

Mr Halkin stressed that EU has been very active in the areas discussed during the Briefing, such as food security. The EU has developed two

approaches. On the one hand, a small holder oriented approach, as small holder farmers are seen as the most vulnerable. On the other hand, a private sector approach, mainly focused on bananas and sugar. Moreover, we can observe a change of landscape since last year. Food exporters become food importers; investment by the private sector is increasing; the political speech is changing: agriculture will remain the backbone for growth. The EU focused on two key sectors: energy and agriculture and food security. It is not a one-sided approach but a case by case approach.

In his concluding remarks, Mr Hailu stressed the importance of learning from the past experience. Some very important issues were discussed during this Briefing such as the role of partnerships, how to upscale them and the different models that are developed.

### Further information available online:

- Brussels Briefings: [www.brusselsbriefings.net](http://www.brusselsbriefings.net)
- Agricultural transformation in Africa: <http://tinyurl.com/o2s3h7j>
- Value Chains Finance: <http://tinyurl.com/m83vg9h>
- Report prepared by Isolina Boto, Head of CTA Brussels Office and Jonathan Pfund, Research Assistant.