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African Agribusiness and Agro-industries Development Initiative

I. Introduction

1. A High-Level Conference on the Development of Agribusiness and Agro-Industries in Africa (HLCD-3A) was held in Abuja, Nigeria (8 -10 March 2010). Hosted by the Government of the Federal Republic of Nigeria, the Conference was organized by the African Union (AU) Commission and its New Partnership for Africa's Development (NEPAD) under the Comprehensive Africa Agriculture Development Programme (CAADP), in collaboration with FAO, the African Development Bank (AfDB), the United Nations Industrial Development Organization (UNIDO), the International Fund for Agricultural Development and the United Nations Economic Commission for Africa.

2. The event brought together Heads of State and Government, Ministers, Permanent Secretaries and other high-level officials to consider and endorse the African Agribusiness and Agro-industries Development Initiative (3ADI). This Initiative aims to increase private sector investment flows into agriculture in Africa by tapping resources from domestic, regional and international financial institutions. It consists of a programme framework and an associated financial mechanism that should enable African countries to develop highly productive and profitable agro-value chains, effectively link producers to markets, increase value addition, foster innovative institutions and services, reinforce financing and risk mitigation mechanisms and promote enabling policies and provision of public goods.

3. The expected results of the 3ADI fall into four key areas of support essential for agribusiness and agro-industries development. These are: enabling policies and provision of public goods; skills and technologies needed for the post-production segments of agriculture value chains; innovative institutions and services; and financing and risk mitigation mechanisms.

4. The Programme Approach of the 3ADI follows four key principles: a) CAADP, in particular its Pillar II, is the overarching institutional framework; b) it integrates into regional organizations, alliances and initiatives; c) priority is given to domestic and regional markets; and d) it promotes public support for engaging the private sector.

5. The funding arrangements for the 3ADI were discussed in a side event at the Abuja Conference, attended by financial experts and hosted by the Central Bank of Nigeria. A proposal was presented that has been refined through consultations under the leadership of the AfDB, involving the Conference organizing agencies and private financial institutions. It consists of a proposed funding structure that will work across Africa, but is likely to be regional in its implementation in order to

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simplify administration. It is expected to support and facilitate various sizes of enterprise development through equity, guarantee and risk sharing windows.

6. The 3ADI was endorsed by the Conference delegates through a proclamation expressed in the "Abuja Declaration on the Development of Agribusiness and Agro-industries in Africa", adopted by the African Union. While urging the African Regional Economic Communities to facilitate implementation of the 3ADI, the declaration expressly requests the HLCD-3A collaborating agencies, including FAO, to work with AU member states in implementing this initiative. This information note summarizes the actions taken by FAO and key UN partners in this respect.

II. Implementation Progress

7. Following a successful collaboration with UNIDO in the preparatory work leading to the design of the 3ADI and the planning and implementation of the HLCD-3A, FAO has been endeavouring to both raise awareness about this important initiative for Africa and to facilitate its mainstreaming into development programmes and plans at the country and regional level. FAO has also been engaged in the task force established by the 3ADI collaborating agencies to design and launch a financial mechanism to support the implementation of the Initiative. In addition, FAO is continuously liaising with UNIDO to collaborate on 3ADI implementation efforts being led by this sister UN agency.

8. Regarding awareness raising efforts, the 3ADI has been highlighted in a number of fora in Africa and elsewhere, including two meetings of the agricultural and development bankers of the African Regional Agricultural Credit Association in Nigeria and Kenya in 2010 and 2011, the EMRC¹ Agribusiness Fora held in Kampala in 2010 and Johannesburg in 2011, the workshop on the East African Agro-enterprise and Agro-industries Development Programme held in Dar es Salaam in 2011, FAO's 26th Regional Conference for Africa, held in Luanda in 2010 and the Least Developed Countries Ministerial Conference held by UNIDO in Vienna in 2011. UNIDO has conducted additional awareness raising efforts that are presented in the web site established to communicate about this Initiative (www.3adi.org).

9. With respect to the development of the 3ADI financial facility, experts from FAO, UNIDO and selected private sector banks formed a task force that is working with AfDB towards the creation of an equity and guarantee fund of funds to support 3ADI implementation. To date, the task force has developed the business plan for AgVance Africa - as this fund of funds has been named - plus a technical assistance facility and a fund raising strategy. Dialogue is continuing with AfDB and UNIDO on the development of a public facility for supporting governments to implement the 3ADI and enhance their readiness for attracting investment in agribusiness and agro-industries.

10. Concerning support in direct implementation, FAO has been assisting the East African Community (EAC) Secretariat in developing the East African Agro-industries and Agro-enterprise Development Programme (E3ADP) that fully adheres to the 3ADI programme framework. The assistance is being offered in response to a request from the EAC Secretariat, which was prompted by a resolution of the 12th Summit of the EAC Heads of State urging member countries to immediately invest and develop agro-industries for value-addition of food produce in the region. An FAO regional Technical Cooperation Project (TCP) has been formulated to develop E3ADP and mobilize resources for the programme's implementation. The expected outcome of the TCP is sustained interest, support and financing of the implementation of this regional initiative. Its outputs are: (i) E3ADP developed, documented and approved by the relevant EAC organs; (ii) model investment plans and projects developed with identified potential financing for their implementation; and (iii) improved capacity of EAC Secretariat and institutions, as well as regional implementation partners in coordination and implementation of E3ADP and related development programmes in agro-industries and agro-enterprises. The TCP is in the final stages of the approval process and should become operational in the second quarter of 2012.

¹ European Marketing Research Centre (EMRC)

11. At the national level, UNIDO initiated value chain development projects under the 3ADI programme framework in 12 African countries, namely Burkina Faso, Comoros, Democratic Republic of the Congo, Ghana, Liberia, Madagascar, Nigeria, Rwanda, Sierra Leone, Sudan, South Sudan and United Republic of Tanzania. FAO cooperates with UNIDO in a number of these projects and envisages a strengthened partnership in the expected expansion of target countries.

12. FAO remains convinced that mainstreaming the 3ADI into agricultural development plans and strategies in Africa will represent an important step to unleash the level of investments needed for development of modernized, profitable and inclusive agribusiness and agro-industries in the Continent. Towards this end, it is of paramount importance for member countries and their regional bodies to be continually engaged, ensuring that the 3ADI receives consideration in their national and regional strategies and development plans. FAO stands ready to continue supporting the implementation of this initiative.