

FAO REGIONAL CONFERENCE FOR AFRICA

Thirty-First Session

Declaration of the Private Sector

This declaration arises from discussions held at the African Agribusiness Leadership Dialogue in Accra, Ghana in March 2020 organized by the FAO for representatives of private sector companies and organizations involved in agriculture and agribusiness. At the Dialogue we discussed opportunities for stimulating trade and investment in agriculture and rural transformation, and challenges we face in order to realize those aspirations based on reforms to trade, finance and innovation. We would first like to share with you a summary of these conversations.

On TRADE,

- AfCFTA provides growing opportunities in domestic markets and a framework for the growth of regional value chains that the private sector is primed to take advantage of. On a continental-level, the food market in Africa could be worth \$1 trillion by 2030.
- We believe rice and maize are two commodities with high prospects for intra-regional and cross-border market potential in Africa. Others value chains include livestock and poultry products, dairy, and fruits and vegetables—especially tomatoes. Value chains such as cocoa, coffee, cassava, barley, and wheat present opportunities for local sourcing for regional value addition.
- There are still, however, several cross-regional institutional challenges to regional trade integration, which must be addressed by governments and development partners for the private sector to take full advantage of expanded market opportunities.

Secondly, on FINANCING, despite the fact that only 3% of total bank lending in Africa goes to agriculture, even though the sector accounts for about 70% of all employment on the continent, and over 40% of the continent's combined GDP. There are opportunities for intra-regional trade interventions in the form of

- Special Purpose Vehicles to provide capital to agribusinesses, including blended finance options that combine finance with technical assistance;
- Governments and development partners interest to de-risking the Agricultural sector, leveraging technology, and reduce transaction costs by providing alternative means of assessing credit risk and securing loans
- Competitive import substitution policies adopted by government to allow for expanded domestic opportunities for value-addition in specific value chains

Finally, on INNOVATION,

- A documented 390 distinct innovations in “digital for agriculture” in Africa in 2019, suggest a rising level of capabilities on the continent for the development and adoption of digital technologies.
- Africa is a world leader in mobile money ecosystems, which offer tremendous opportunities for cost reduction and the expansion of digital financial services for rural farmers / producers;
- A rise in business models across the continent that deploy process and operational innovations by leveraging digital technologies and are helping to reduce risks and drive down the costs of doing business;

Facing these challenges and meeting the demands of new opportunities will require coordinated action from a diverse group of entities. **To that end we have identified some recommendations to four specific groups of stakeholders that are crucial to achieving our shared objectives.**

First, **we recommend to GOVERNMENTS OF MEMBER STATES** the following:

1. Support private sector commitments to developments in agri-food systems by systematically pursuing public-private collaboration to align policy priorities
2. Invest more public resources in market-enhancing institutions and infrastructure that will help enable both internal and external trade in agri-food products and related services
3. Address policy and regulatory barriers that impede intra-Africa trade in agricultural goods and services
4. Support efforts to de-risk finance and investment in agriculture on the continent, by focusing efforts on crowding-in private capital to encourage the development of a sustainable financial sector for agriculture.

Secondly, we recommend to DEVELOPMENT PARTNERS the following:

1. Support governments and RECs in creating the necessary infrastructure and market-support systems and institutions to facilitate intra-regional trade, especially by helping local businesses to tap into regional markets, and providing required resources to establish a common African standards organization.
2. Promote collaboration with governments and the private sector to expand financing and investment in the agricultural sector, especially by complementing and encouraging the efforts of governments to de-risk agricultural investments.

We in the **PRIVATE SECTOR** also have specific commitments and calls to action as follows:

1. Invest in the competitiveness and market-readiness of local producers and SMEs in agricultural supply chains and provide strong leadership to the overall organization and development of priority value chains.
2. Invest in the development of, and roll out pilots for, alternative financial products and services that adequately meet the needs of the agricultural sector in Africa.

Finally, we want to address a few concrete recommendations to our hosts for this conference, the **FOOD AND AGRICULTURE ORGANIZATION**, specifically:

1. Ensure that data collection efforts are practical, trade-relevant information for the private sector. FAO data should both be informed by, and useful to, private sector actors making real-time investment decisions in the agricultural sector.
2. Ensure that private sector input is taken into consideration in the development of public financing and investment plans for agriculture.
3. **Continue efforts to build capacity and create awareness for actors in agricultural value chains to catalyze sustainable transformation of food systems.**

To conclude, we want to commend the efforts of FAO in engaging the private sector to address some of the most important issues in agriculture and trade in Africa. We hope Dialogues of this sort become regular events, as we must maintain momentum to develop practical and action-oriented solutions that require collective efforts. We look forward to more fruitful deliberations in the future.

THANK YOU