

Africa Agribusiness and Leadership Dialogue 2022

March 3rd, 2022

Declaration of the Private Sector

The Food and Agricultural Organization of the United Nations (FAO) engages relevant actors and stakeholders to defeat hunger and maintain food security in Africa. On March 3rd 2022, in conjunction with Africa Foresight Group (AFG), the second African Agribusiness Leadership Dialogue (AALD 2022) took place virtually on the theme 'Agri-food Systems Transformation in Africa: Private Sector Priorities & Perspectives' with two (2) sub-themes: 'Private Sector Priorities for Trade & Sustainable Investment for COVID-19 Response & Recovery' and 'Leveraging Agri-business Firms (including small holder farmers & SMEs) to Drive the Inclusive Transformation of Agri-food Systems in Africa.'

AALD engages private sector actors in Africa's food value chain on policy initiatives that transform food systems and make them sustainable, inclusive, and resilient. AALD 2022 delegates included private investors, industry associations, and organizations in Africa (i.e., SSOs).

73 agribusiness private sector leaders were represented from agri-tech, SMEs, and local organizations; 40% of delegates were women and 49% were youth leaders.

Sub-theme 1: Private Sector Priorities for Trade & Sustainable Investment for COVID-19 Response & Recovery

COVID-19 exacerbated disruptions in agri-food systems and caused setbacks in efforts to improve trade, financing, and the supply chain. AALD 2022 participants discussed how DPs, the private sector, and governments can empower private sector actors in agrifood systems.

The main recommendations were as follows:

Governments

- a. Facilitate engagements between Development Finance Institutions (DFIs) and central banks regarding regulations that hinder access to financial services and investments for agribusinesses. Crowdfunding and risk sharing are encouraged.
- b. Prioritize economic and political stability with implementation measures and/or sanctions.
- c. Foster an enabling digital environment e.g., the Pan-African Payment and Settlement System (PAPSS) to create centralized, interoperable payment infrastructure.

Development Partners

- a. Advocate for the implementation of a regulatory framework that standardizes multiple payment systems.
- b. Support investor and financial service provider capacities to assess agrifood markets and appraise clients' risk exposure sensitivity.
- c. Explore central bank regulations for agribusinesses to increase access to financial services.
- d. Provide Technical Assistance (TA) for MSMEs e.g., managerial and financial instruments and information that will increase access to financial services.

- e. Provide portfolio first loss guarantees and other targeted risk buffering instruments for commercial banks and lenders to enable an integrated agriculture financing sector.

Sub-theme 2: Leveraging Agri-business Firms to Drive the Inclusive Transformation of Agri-food Systems in Africa

Increasing food industry growth in Africa presents largescale opportunities for integrated markets and agri-food transformation. Based on discussions around this sub-theme, participants proposed new ways of looking at agrifood systems.

The following conclusions and policy recommendations to governments and DPs were made:

Governments

- a. Increase efforts to drive an all-inclusive digital-first agenda within smallholder farming communities and MSMEs in Africa.
- b. Implement policies that support private sector entrepreneurs and shift focus towards innovative ecosystems (e.g., the Entrepreneurship Development Policy (EDP) in Rwanda).
- c. Regulate import markets more closely so countries are incentivized to import mainly what cannot be produced internally.

Developing Partners

- a. Provide digital marketplace that works offline to enable farmers to sell products, purchase inputs, and raise financing.
- b. Facilitate input financing for smallholder farmers through a larger accessible off-taker market, and increase access to mechanization.
- c. Disseminate knowledge among stakeholders on the effects of climate change and global value chain disruptions on food resilience.

Other policy recommendations at AALD 2022:

- a. Introduce equitable buyback schemes for farmers.
- b. Reimagine smallholder farming through cost-efficient commercialization of innovations.
- c. Create digital community where food producers share experiences and insights.
- d. Educate smallholder farmers and SMEs on the opportunities available to them through the AfCFTA.
- e. Rethink private sector engagement strategies and place stakeholders at the forefront of planning.
- f. Restructure food production to ensure respect for the environment.

Private Sector Call to Action

The AfCFTA presents a historic opportunity for intra-African trade and food systems to address the continent's challenges, reduce barriers, and coalesce a single market. The private sector will consider this key action call to expedite support from DPs and governments:

A mindset shift for private sector firms across the food value chain to embrace technology/digital innovations that will create efficient systems, increase diversification, facilitate payments, improve sustainability and efforts to address climate change while achieving higher profits.

Other commitments include:

- i. Lender investments and procedures that utilise sales records to track demand of small-holder farmers and tailored advisory services, products, and instruments for agri-SMEs.
- ii. Sourcing from local producers to build capacity and strengthen overall operations.

Conclusion

This FAO initiative highlighted concerns and solutions around food systems transformation in Africa's private sector. Ongoing private sector participation and DP support for dialogues to develop holistic, action-oriented solutions for Africa's food sector is highly advisable.

We look forward to seeing the solutions shared in this declaration successfully implemented.

THANK YOU