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UPDATE ON THE AFRICA AGRIBUSINESS AND AGRO-INDUSTRIES DEVELOPMENT INITIATIVE (3ADI)

The 3ADI is an African initiative supported and coordinated by African governments, regional bodies, UN and other agencies. It builds on the political commitment on the continent to enhance the role of the agricultural sector by spurring the development of competitive, sustainable and inclusive agro-industries as a pathway to increased economic growth and food security. It is recognized by CAADP as a key component of Pillar 2: Improving rural infrastructure and trade related capacities for market access.

The World Development Report 2008 called for an accelerated expansion of the share of agro-industries in agricultural GDP as a way of making agriculture an engine of economic growth and reduction of poverty. This is because agro-industries create forward and backward linkages, leading to significant multiplier effects, generating demand for agricultural produce and associated inputs and services, creating on- and off-farm employment, enhancing incomes and contributing to value addition and increased public sector revenues. Agricultural policy strategies for most African states call for agricultural commercialisation and enhance value addition to support the regional competitiveness in the global arena. The 2009 Economic Report on Africa (ERA, 2009)¹, explicitly recognized the potential of regional agricultural value chains supported by agro-processing as a basis for linking commodity value chain actors especially the smallholder producers to markets for food and other agricultural products.

The Africa Regional Common Market provides the best opportunity for building such value chains, as they provide a framework for harnessing the economies of scale in the production, marketing, value addition and distribution of food commodities. However, currently, post harvest processing and value addition covers only a small percentage (<30% on average) of the total volume of produced commodities. At the same time agro-industries represents the highest proportion of the nascent manufacturing industry in Africa.

The 3ADI was launched at a High Level Conference in Abuja in March 2010 and endorsed by African Leaders across the continent. It is consistent with the emerging consensus in Africa that investments in agriculture should go beyond improvements in on-farm productivity to also address post-harvest, value addition/agro-processing and agribusiness development. It also capitalizes on the growing

¹ Economic Report on Africa 2009: Developing Agriculture through Regionally Integrated Value Chains, United Nations Economic Commission for Africa, Addis Ababa, 2009.

potential of domestic and regional agri-food markets on the continent, fuelled by rapid urbanization, enlarging medium income group and overall income growth. Its goal is to create an agricultural sector which by 2020 is made up of productive and profitable value chains that link small and medium agricultural producers to higher value food, feed and fuel markets.

The main areas of support under the initiative are:

- Guidance on implementation of enabling policies and provision of public goods
- Building capacity in skills and technologies needed for the post-production elements of agricultural value chains
- Design of innovative institutions and services
- Development of reinforced financing and risk mitigation mechanisms

Currently, the 3ADI is being piloted at national level in eleven countries: Burkina Faso, Comoros, DR Congo, Ghana, Liberia, Madagascar, Nigeria, Rwanda, Sierra Leone, Sudan and Tanzania.

At the sub-regional level, FAO has provided support to the East African Community Secretariat (EAC) to develop a concept note for the East Africa Agribusiness and Agro-Industries Development Programme (E3ADP) which embraces the main thrusts of 3ADI and is specifically aimed at support to the preparation of an agri-business and agro-industry plan for the East Africa region. A Technical Cooperation project proposal has been formulated to further develop E3ADP and mobilize resources for its implementation. The expected outcome of this project is to create a sustained interest, support and financing for the implementation of E3ADP. The outputs of the TCP are: (i) An East African Agro-industries and Agro-enterprise Development Programme (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 to coordinate and implement the E3ADP and related development programmes in agro-industries and agro-enterprises.

Recommendations and follow-up for 2012-13

1. FAO will seek to improve coordination and coherence between the various initiatives related to agribusiness and agro-industries development such as the Africa Green Revolution Forum, Grow Africa Agriculture Investment Forum, the NPCA agribusiness initiative and other public-private partnership initiatives.
2. CAADP investment plans relating to agribusiness (e.g. E3ADP and other regional initiatives) to be supported in collaboration with regional organizations.
3. Joint initiatives with ECA, UNIDO, UNDP, AfDB, IFAD and other agencies developed in the context of the 3ADI and similar agribusiness/agro-industry programmes.
4. National governments strengthened in designing and implementing policy measures to improve agribusiness.
5. Collaboration in the development of regional value chains for strategic commodities such as maize and livestock, to address food security in the region.
6. Related best practices identified, documented and disseminated.