

Continental Agribusiness Strategy Framework Document

Driving Africa's Inclusive Growth



CAADP



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ABBREVIATIONS

3ADI	African Agribusiness and Agro-industry Development Initiative
DREA	Department of Rural Economy and Agriculture
AFRACA	African Rural and Agricultural Credit Association
AGRF	African Green Revolution Forum
ANAFE	African Network for Agriculture, Agroforestry and Natural Resources Education
AU	African Union
AUC	African Union Commission
CAADP	Comprehensive Africa Agricultural Development Programme
CAP-F	Country Agribusiness Partnerships Framework
CAS	Continental Agribusiness Strategy
CFTA	Continental Free Trade Area
CMA/WCA	Conference of Ministers of Agriculture of West and Central Africa
COMESA	Common Market for Eastern and Southern Africa
COP	Conference of the Parties
CSO	Civil Society Organisation
DREA	Department of Rural Economy and Agriculture
EAC	East African Community
FAO	Food and Agricultural Organization of the United Nations
FARA	Forum for Agricultural Research in Africa
FIMA	Framework for Improvement of Rural Infrastructure and Trade-related Capacities for Market Access
GDP	gross domestic product
GHG	greenhouse gases
GHGE	greenhouse gas emissions
ICRISAT	International Crops Research Institute for the Semi-Arid Tropics
ICT	information and communication technology
IFAD	International Fund for Agricultural Development
IPCC	Intergovernmental Panel on Climate Change

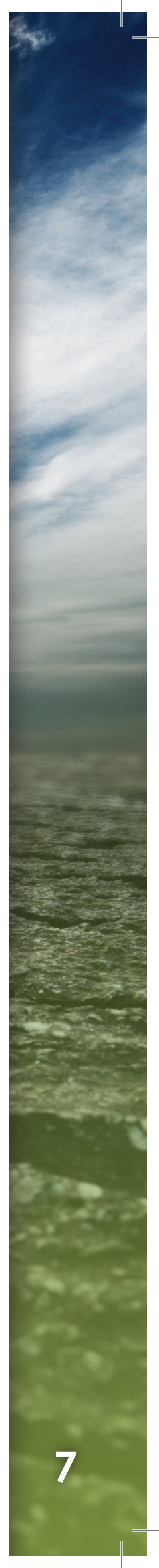
KPI	key performance indicator
LDC	least developed countries
MFN	most favoured nation
NAC	National Agribusiness Chamber
NAIP	National Agricultural Investment Plan
NEPAD	New Partnership for Africa's Development
NPCA	NEPAD Planning and Coordination Agency
NSA	non-state actor
NTB	non-tariff barrier
PAFO	Pan-African Farmers' Organisation
PanAAC	Pan-African Agribusiness and Agro-Industries Consortium
PPP	public-private partnership
R&D	Research and Development
RAC	Regional Agribusiness Chambers
RAIP	Regional Agricultural Investment Programme
REC	Regional Economic Community
RFO	Regional field office
SADC	Southern African Development Community
SME/Is	small and medium-sized enterprises/industries
MSMEs	micro-, small and medium-sized enterprises
SPS	sanitary and phyto-sanitary
STI	science technology and innovation
TFTA	Tripartite Free Trade Area
UNECA	United Nations Economic Commission for Africa
UNIDO	United Nations Industrial Development Organisation
VC	value chain
WEF	World Economic Forum
WTO	World Trade Organisation

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Special thanks go to Daniel Gad and Stephen Tembo for their technical input.





FOREWORD

The continental vision for agribusiness in Africa emanates from Agenda 2063, the African Union's economic development blueprint for the continent, which outlines Africa's development priorities for the 50 years following 2013. This agenda identifies agricultural development as a high priority, especially in the first 10 years' implementation period, envisaging Africa's agriculture becoming modern and productive, using science, technology, innovation and indigenous knowledge, making it profitable and attractive to the continent's youth and women. This vision is elaborated in the 2014 Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods, essentially constituting the agricultural component of the first 10 years' plan of Agenda 2063. The seven commitments in the Malabo Declaration provide key thematic issues, which shape continental initiatives for agriculture and agribusiness development.

Therefore the AU envisages a dynamic, inclusive agribusiness and agro-industry sector leading to sustainable growth and prosperity in Africa. The AU's mission in actualising this vision is to enable the creation of a conducive environment for increased inclusive agribusiness and agro-industry in response to market driven private sector investments and businesses in Africa. The Continental Agribusiness Strategy elaborates the key building blocks for agribusiness development in Africa in seven strategic pillars, which are linked to the seven commitment areas of the Malabo Declaration.

The development of agribusiness in Africa should employ the use of science, technology and innovation within a conducive policy environment to develop strategic value chains at national, regional and continental levels - boosting farm productivity and adapting to the impacts of climate change, whilst realising mitigation co-benefits; developing business models which are inclusive and which create value addition and wealth for the various value chain actors in Africa; developing and implementing financing models which recognise that traditional sources and models of financing have not been up to the task; fostering partnerships that acknowledge the pivotal role of the private sector as well as country-to-country, and within country collaboration; promoting trade within and outside Africa's borders; engaging women and the youth through appropriate technologies and services, vocational education and apprenticeships which unleash their potential. This is the path towards a transformed agriculture and robust agribusinesses on the continent.

Support for implementation of this Strategy will be bolstered through strategic partnerships with key technical institutions such as FAO, UNECA, UNIDO, GIZ and AGRA, through catalytic technical cooperation projects and programmes which demonstrate what works and what doesn't, and which provide the tools and instruments for scaling up success stories and innovations in agribusiness development for large scale results and impact.

It is our hope that this Strategy, that synchronises so well with the specific programmes and sub-programmes on agribusiness in the AU CAADP-Malabo Business Plan, will provide guidance to AU member states as they develop and implement national agribusiness strategies, so that together, we can transform the agribusiness landscape on the continent. The benefits to the people of Africa from such a transformation process are enormous. Let us march forward together with confidence in this endeavor!



HE Josefa Leonel Correia Sacko

Commissioner for Rural Economy and Agriculture, African Union Commission



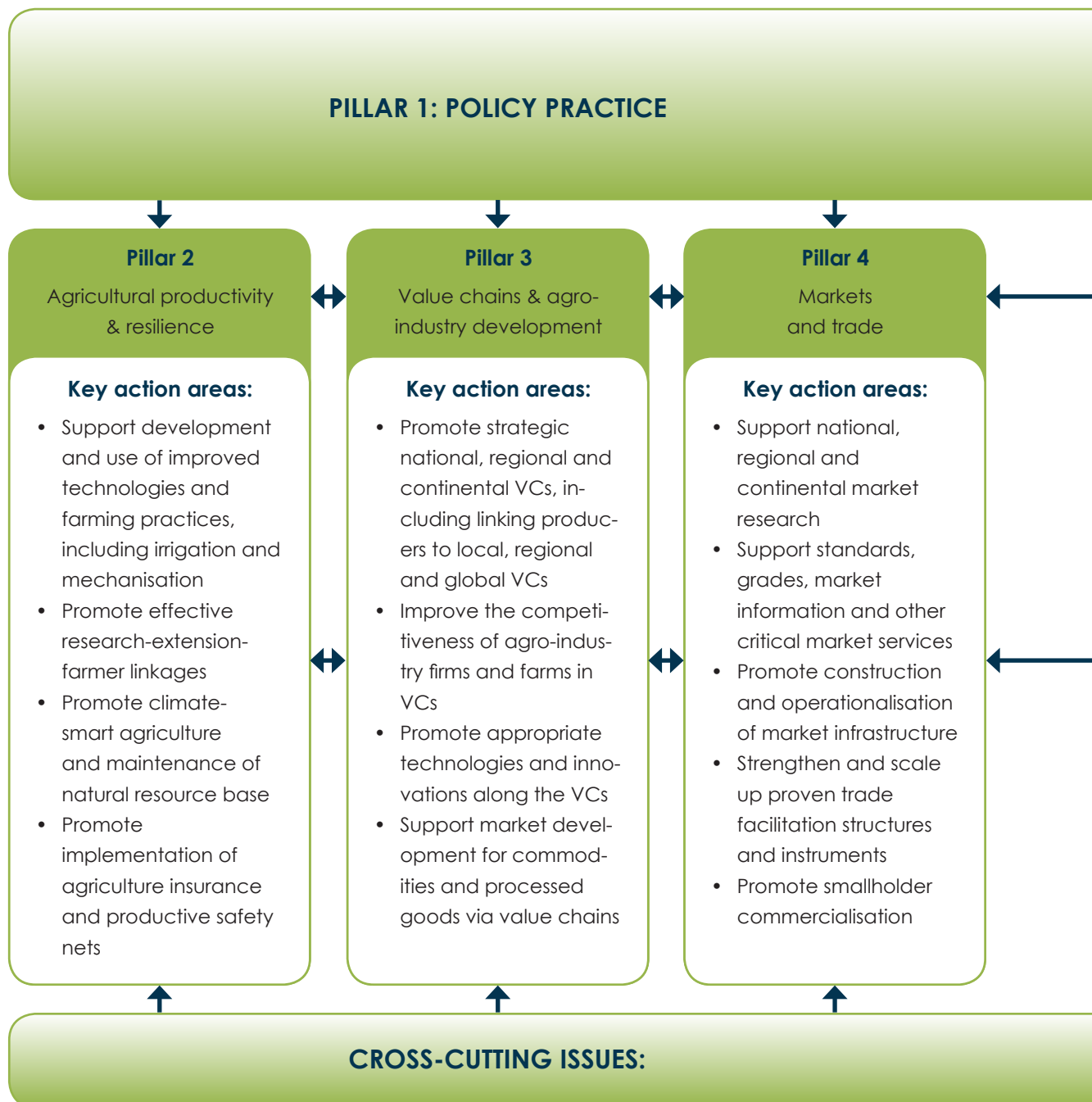
HE Dr Ibrahim Assane Mayaki

Chief Executive Officer, NEPAD Planning and Coordinating Agency (NPCA)

EXECUTIVE SUMMARY

The development of this Draft Continental Agribusiness Strategy (CAS) has been through a number of processes from the 2013 Maputo Declaration to date. The process has been sufficiently consultative, involving a number of key stakeholders at national, regional and continental level. The draft CAS was preceded by the development of a number of strategies and related documents summarised in **Appendix 3**. This document particularly builds on the New Partnership for Africa's Development (NEPAD) Agribusiness Strategy of 2012.

SUMMARY OF THE CONTINENTAL AGRIBUSINESS STRATEGY



The strategy identifies seven key pillars and three cross-cutting issues deemed crucial for the accelerated development of agribusiness on the continent. Each of the seven strategic pillars has on average three to five key focus areas. The focus areas are high-level activities that will need to be subdivided. The focus areas have been carefully selected to facilitate accelerated development of each pillar.

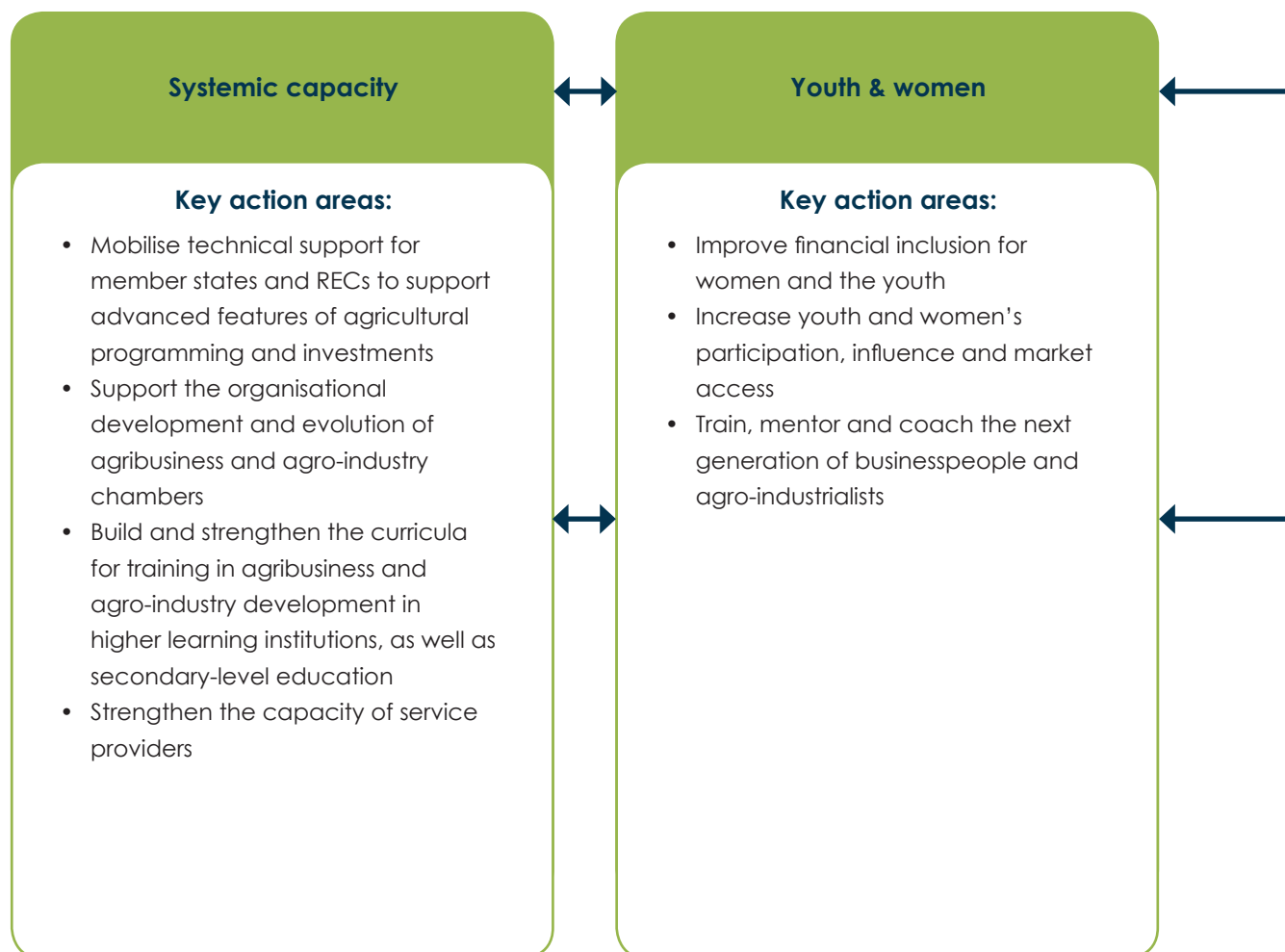
The following diagrams summarise the seven pillars and cross-cutting issues. The key focus areas of each pillar are also presented.

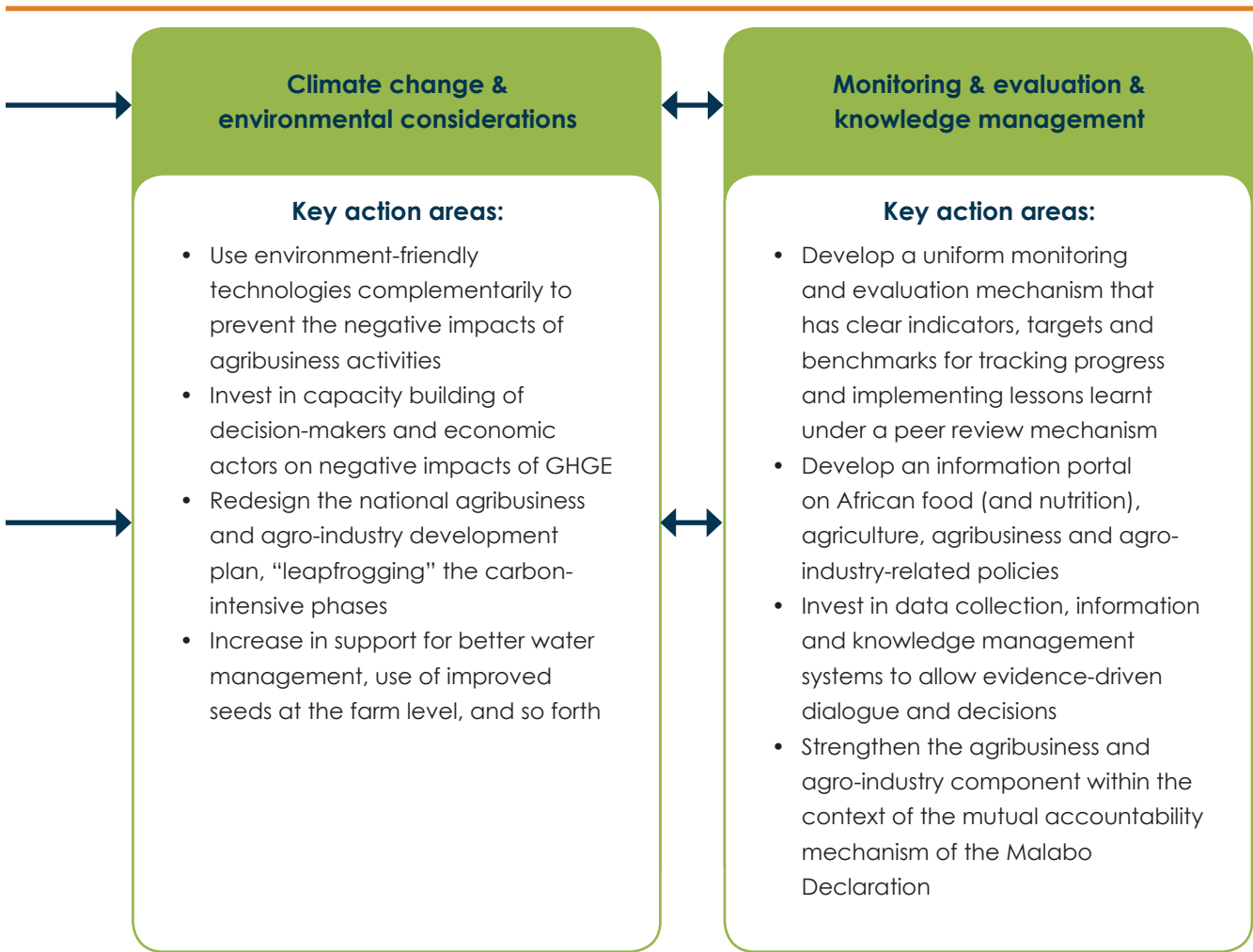
(1) Strengthening value chains (VCs) at national, regional and continental level; (2) Addressing tariff/customs challenges and non-tariff border barriers; (3) Supporting environment for agro-industry development at national, regional and continental level; (4) Supporting environment for innovative financing and partnerships; (5) Mechanisms for accelerating markets and trade development



Systemic capacity • Youth & women • Climatic & environmental considerations • M&E & knowledge management

CROSS-CUTTING ISSUES





1. INTRODUCTION

Africa continues to face a number of challenges that require urgent attention in order to reverse its deteriorating social and economic conditions. The population of Africa (2016) is estimated at 1.2 billion¹, rendering it the second most populated continent after Asia. Africa has a large youthful population – it is estimated that not less than 50% of the total population is below the age of 20. In most countries, the annual population growth rate is estimated at just over 2%. This youthful population faces a challenge in terms of being absorbed into the continent's economy, given its low industrialisation rate.

Poverty is widespread, with an estimated population of 40% living below the poverty line, surviving on incomes of less than US\$1.90 a day.² As many as 34 (or close to 70%) out of the world's 50 least developed countries (LDCs) are located in Africa. Unless Africa's population is nurtured and its capacity is built into an effective human resource to champion the continent's development agenda, the continent is headed for heightened social and economic challenges if Africa does not register sufficient economic growth in the short, medium and long terms.

1.1 Background

The contribution of Africa's agriculture to food and nutrition security, poverty reduction, employment, household incomes and economic growth is well documented. The recognition of this critical role that agriculture plays in the economic transformation of African economies led African Union (AU) heads of state and government, who met in the capital of Equatorial Guinea, to adopt the Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods. The goals and commitments in the Malabo Declaration represent the sustained vision that had been previously articulated in the Maputo Declaration and realised through the Comprehensive African Agricultural Development Programme (CAADP).

The objective of CAADP is to help African countries reach a path of higher economic growth through agriculture-led development, which eliminates hunger, reduces poverty and food insecurity, and enables expansion of agricultural exports. However, the development of Africa's agriculture is unlikely to be realised at the pace and depth envisioned in the Malabo goals if agribusiness is not supported adequately and developed rapidly on the continent.

1 <http://worldpopulationreview.com/continents/africa-population/>

2 <http://www.farmafrika.org/about/about-us>

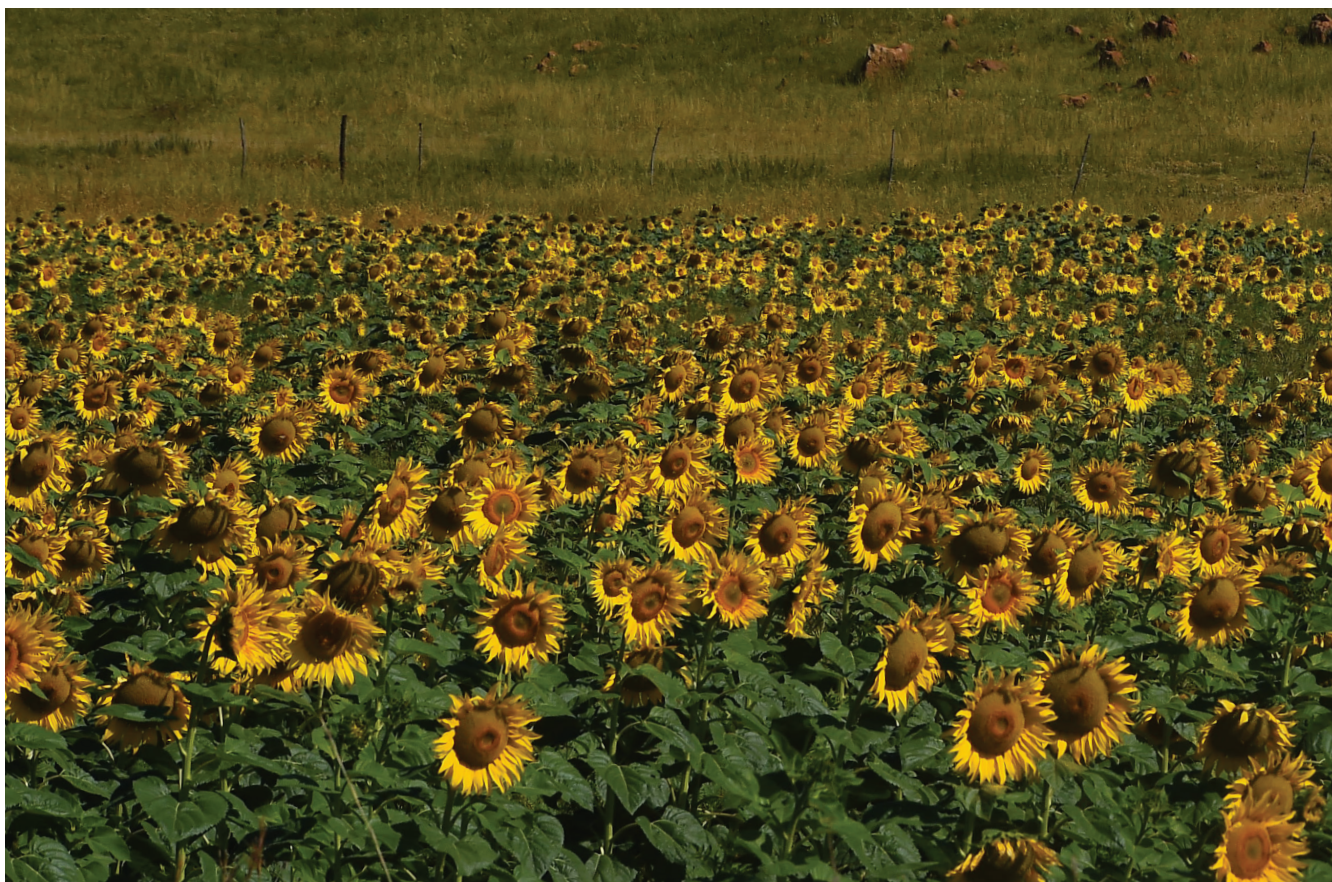
The present strategy succeeds an earlier strategy developed for the New Partnership for Africa's Development (NEPAD) in order to meet the overarching challenges discussed and respond to the need. It is a culmination of several efforts to unify continental action for agribusiness. Previously, in 2008, the African Union Commission (AUC), the NEPAD Planning and Coordination Agency (NPCA), regional economic commissions (RECs), the private sector, farmer organisations, civil society and development partners and other stakeholders collaborated at continental level to develop a Framework for Improvement of Rural Infrastructure and Trade Related Capacities for Market Access (FIMA). This framework has been used by member states and RECs while formulating and reviewing national agricultural investment plans (NAIPs)³. One of the major challenges in implementing FIMA through NAIPs was finding a way to involve the private sector more in CAADP implementation at national, regional and continental levels. It is at this stage – and because of the inadequacies of FIMA – that the NPCA developed the first draft of a strategy to guide its agribusiness support work.



3 CAADP Post-Compact Review Guidelines, p. 7, 2010, NPCA: "The Investment Plan is a plan that builds from the broader goals and targets stipulated in the Compact, translates the sector challenges and opportunities into sector objectives and strategies and later puts forth specific programmes that will achieve sector goals, objectives and targets. The sector programmes therefore are an integral part of the investment Plan. The programmes outline strategies for the development of key investment areas such as extension, research, irrigation etc. and presents concrete strategies that detail how each of these areas will contribute to the attainment of sector goals. Each programme can be broadened into sub-programmes (with clear programme targets) and later activities designed and costed. This programming and sub-programming, targeting and later costing is what defines an Investment Plan."¹

However, with the Maputo Declaration and at a series of private sector meetings between 2013 and 2014 (in Lusaka, Kigali, Maputo and in the margins of the 11th CAADP Partnership Platform), a need was identified to review the Agribusiness Strategy and accommodate the opinions and suggestions of the private sector, while including specific provisions aimed at implementing the Maputo goals.

While African governments have made commendable progress in developing NAIPs, implementing them requires bringing engaging the private sector in functional partnerships that will result in improved policies, planning and implementation towards the desired goals and objectives of CAADP. The task of transforming Africa's agriculture has both endogenous and exogenous challenges. Among the endogenous factors are constraints that have made it difficult for the continent to be self-reliant in terms of food supply. These factors include limited technologies, knowledge and infrastructure, and failure of RECs and national governments to formulate conducive policies to support regional trade (although efforts are underway today with the Tripartite and Continental Free Trade Areas (TFTA and CFTA)) and to link input and output markets across the continent. As a result, it is often cheaper for some African countries to import from outside the continent than from within the continent.



1.2 Approach and methodology

This document is the result of various processes. The key ones are as follows:

- i. A number of strategic meetings held across several countries on the continent, involving several key stakeholders
- ii. A literature review of several agribusiness strategies and related documents at continental and regional levels (see **Appendix 3**, "Key messages of major agribusiness strategies and related documents developed, leading to the current Strategy"⁴; **Appendix 4** presents all the key documents reviewed)
- iii. Reviews by various stakeholders at various levels
- iv. Analysis of key issues

This Draft Continental Agribusiness Strategy has gone through several stages from the 2003 Maputo Declaration by the African heads of state and government to date. The steps have been summarised into five major categories (see **Figure 1** for details).



⁴ These are the selected most critical documents that have been most relevant to the formulation of the Draft Continental Agribusiness Strategy 2016. Other documents have also been used. **Appendix 5** presents an exhaustive list of all documents reviewed.

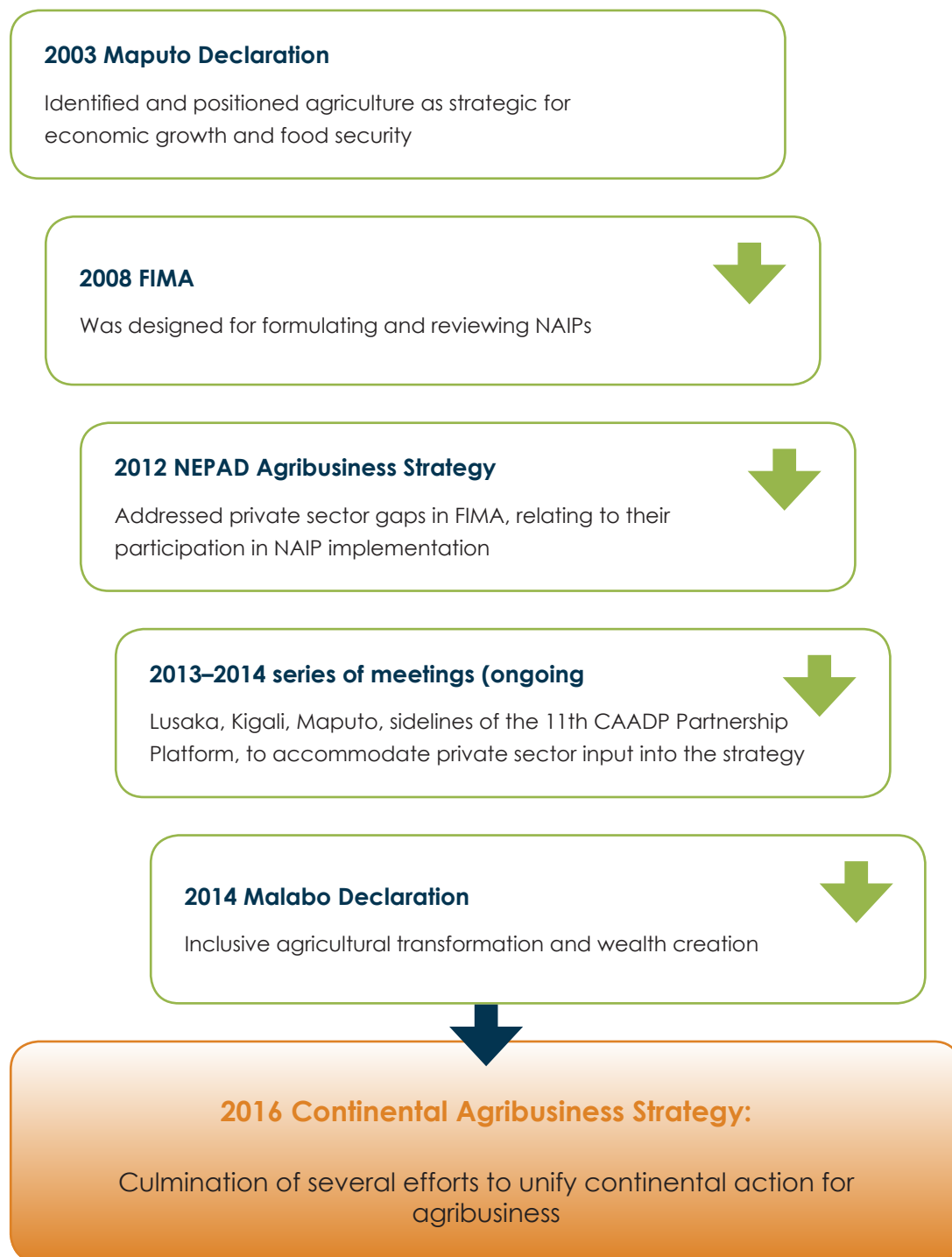


Figure 1: Steps towards the development of the Draft Continental Agribusiness Strategy

PART I

AGRIBUSINESS STRATEGY



2. SITUATIONAL ANALYSIS

2.1 The place of agriculture in Africa's development agenda

Agriculture remains a key sector in driving economic and social development in the majority of African countries, a situation that will remain in the foreseeable future. Close to 70% of the continent's population depends on agriculture-related livelihoods and in many African countries, agriculture contributes 25% to the gross domestic product (GDP). With most countries facing high poverty levels in excess of 40% of the population, agriculture development remains critical for poverty reduction through employment and wealth creation. With 70% of the world's arable land located in Africa, the continent needs to realise its comparative advantage and must invest in its competitive advantage in order to move forward in its pursuit of an agriculture-led economic development and transformation agenda.

2.2 Agribusiness contextual analysis

There is no clear-cut definition yet of agribusiness, with the fast-paced technological changes affecting what is traditionally considered "agribusinesses". According to the Food and Agricultural Organization (FAO) and United Nations Industrial Development Organization (UNIDO), agribusiness denotes the collective business activities that are performed from farm to fork. It covers the production and supply of agricultural inputs, the production and transformation of agricultural products and their distribution to final consumers. Broadly speaking, it is an industry engaged in production at farm level, manufacturing/processing and distribution, supplying equipment, storage, and the marketing of farm commodities⁵. It is a dynamic and highly lucrative industry from which several global firms make massive profits⁶, but for the most part these are not equitably shared with the millions of small-scale producers who constantly take high risks to produce and sell cheap. In 2015 alone, the so-called top 100 agribusiness firms operating across Africa accounted for USD\$45.6 billion turnover according to Jeune-Afrique⁷. A good case in point is also the fat profits made by the leading global food and agro-chemical companies from their agriculture-related operations in the 2007/2008 crisis years⁸. No wonder many governments constantly intervene in this sensitive sector to bring about transformative changes and balance.

5 Yumkella, K. K. et al. (Eds.), 2011. Agribusiness for Africa's Prosperity. Austria: UNIDO.

6 United Nations Economic Commission for Africa (UNECA), 2015. Economic Report on Africa (ERA): industrializing through trade, 2015

7 Jeune Afrique Hors-Série no. 40. Edition 2015. Nouveau classement des multinationales. Les 500 premières entreprises africaines.

8 Bargawi, H. et al. 2009. Agribusiness for development: who really gains? Development Viewpoint. No. 36. September 2009.



Beyond its small-scale producers who have stayed poor for centuries and notwithstanding their contribution to global agricultural production and commodity trade, Africa itself remains marginalised in global trade, as well as in global manufacturing. Despite representing 16% of the world's population (World Population Prospects, 2015)⁹, Africa's share in global trade is a dismal 3%, underscoring the long way to go. According to the Economic Report on Africa (ERA) (2105)¹⁰, an AU/UNECA report, the continent's share in global exports increased marginally from 4.99% in 1970 to 5.99% in 1980, but has dwindled in a downward trend since then to reach 3.3% in 2013. To reverse this alarming trend, African governments and industry captains must swiftly act in a concerted manner to reform the industry to enable the emerging African indigenous private sector to get the most out of it¹¹.

9 World Population Prospects. 2015. Available: http://esa.un.org/unpd/wpp/publications/files/key_findings_wpp_2015.pdf

10 UNECA. 2015. Economic Report on Africa (ERA): Industrialising through trade, 2015.

11 See ranking of the so-called top 500 African firms in Jeune Afrique Hors-Série no. 40. Edition 2015. Nouveau classement des multinationales. Les 500 premières entreprises africaines'. Also in The Africa Report. Top 500 African companies. No 57. February 2014.

Even though 70% of the value chain actors are smallholder farmers, they have minimal participation in the value chain, particularly in the profitable segments of it. They remain producers, and the level of their productivity and production still remains low because of a multiplicity of factors, as mentioned below. They remain inefficient producers, receive the smallest proportion of the value chain benefits and face an increasing level of militating factors to their more active participation in the value chains. The general lack of development of value chains into viable and efficient entities has in part resulted in the poor development of markets on the continent, characterised by the marginalisation of the key value chain players (smallholder farmers) and low intra-African trade in agriculture and food. For instance, in 2012 the official intra-African trade in agriculture and food was 13%, compared to 75% of agricultural and food products Africa imports from outside its borders.

There are six major constraints to the expansion of intra-Africa trade, and consequently these are obstacles to the development of agribusiness on the continent. The **first** is the existence of internal administrative obstacles to free trade in the form of tariffs and non-tariff barriers (NTBs), as well as the non-core NTBs: illegal roadblocks, fees and bribes that encourage informal cross-border trade, involving higher costs and risks for traders and consumers. **Second**, the agricultural supply and marketing system itself is fragmented, underequipped, underfinanced and poorly organised to cope with a dynamic urban food demand. **Third**, African agricultural products face strong competition from imported products that are often subsidised and/or benefiting from price advantages due to huge historical productivity gains.^{12, 13}

Fourth, there is a gap in terms of continental trade exchange. Therefore broadening Africa's economic and market space by fast-tracking the CFTA could be a great support to the promotion of intra-African trade and to agribusiness. While at the regional level, the main challenge is to ensure the effective implementation of regional trade agreements and the elimination of non-tariff barriers, the recent efforts aimed at establishing the TFTA by the East African Community (EAC), the Common Market for Eastern and Southern Africa (COMESA), and the Southern African Development Community (SADC) are an attempt to bridge this gap while addressing other challenges. Trade between countries that do not belong to the same regional economic community is conducted either on the basis of a bilateral trade agreement where these exist, or on a most-favoured-nation (MFN) basis. To some extent, this has a negative effect on the bilateral trade flows between countries across regions.

Fifth, with regard to supply-side constraints and weak production capacities, intra-African trade is in such a poor state due to a lack of diversification and competitiveness. The relatively small weight of intra-regional trade in Africa is due largely to the structure of production and the composition of exports. Many countries still specialise in a few primary commodities, while most of their imports consist of manufactured goods. Thus, the potential for intra-regional trade is limited because of this lack of diversification and competitiveness.

12 African Union Commission. 2012. CAADP Implementation Progress Table, June 2012.

13 African Union and NEPAD. 2010. NPCA Strategic Direction, 2010–2012.

Sixth, with regard to infrastructural bottlenecks, intra-African trade is weak partly because fundamental aspects of trade logistics, such as infrastructure (transport, energy, ICT, etc.), are compromised. Constraints such as poor infrastructure, or its complete absence, make trade physically difficult, if not impossible, regardless of the trade regime. It has been shown that the improvement of infrastructure significantly boost exports. The length of paved roads as a percentage of total roads in Africa is about five times less than that of high-income member countries of the Organisation for Economic Cooperation and Development (OECD) (and nearly two-thirds of the OECD countries in North Africa). The telephone coverage is much worse in North and sub-Saharan Africa, compared with that of OECD countries. The end result of these infrastructural bottlenecks is the fact that transport costs are 63% higher in African countries than the average in developed countries. They are estimated at 14% of the value of exports in the first group of countries, against 8.6% (UNECA, 2012)¹⁴.

2.3 Subsector analysis

2.3.1 Policy issues

The current policy environment – which is critical to supporting the development of a vibrant agribusiness industry and agro-industrialisation on the continent – is characterised by gaps and weaknesses. The smallholder farmers, who constitute the majority of producers, are not adequately integrated into the various commodity value chains because of an unsupportive policy mix. Consequently, smallholder productivity and production levels are far below potential due to either weaknesses or gaps in farmer support services, which include research, extension, and access to credit. Those who produce for sale, face challenges with market-related issues such as poor market information, feeder roads, transport and storage. The actors of the upstream levels of commodity value chains also have a multiplicity of challenges due to policy deficiencies, including insufficient innovative financing, low skills levels, and inadequate expertise in processing-related issues. Policy support for agribusiness in Africa's context is marked by tension between a number of issues:

- i. A balance between export promotion and support for production towards domestic demand
- ii. The desire to create free trade areas that exceed the limits of regional economic communities
- iii. The protection of economic interests in Africa and its natural resources, including land, and the call for foreign direct investments

¹⁴ UNECA: Boosting Intra –African Trade, 2012, http://www.uneca.org/sites/default/files/uploaded-documents/ATPC/issues_affecting_intra-african_trade_proposed_action_plan_for_biat_and_framework_for_the_fast_tracking_en.pdf

- iv. The issue of whether small-scale farmers are part of the agribusiness sector and whether they are adequately targeted via support measures for the agricultural sector.

To resolve this tension and the challenges requires a multipronged approach.

2.3.2 Value chains

The viable value chains have a huge potential in playing an inclusive role in Africa's transformational and inclusive development, they experience a multiplicity of challenges. This has resulted in the continued marginalisation of smallholder farmers from the mainstream of transformation development and wealth creation. Markets for the continent's commodities remain underdeveloped and limited, and value chains for processed goods remain untapped, resulting in constraints to the potential ways of strengthening the competitiveness of firms and farms within those value chains. Linking African producers to local, regional and global value chains is done poorly, thereby making it difficult for small producers to significantly increase their household incomes. Similarly, the mechanisms and approaches that should promote product quality and functional upgrading to improve the competitiveness of firms and farms in value chains are weak. Furthermore, the role of standards and quality management with regard to the products supplied by the value chain to markets, and the issue of coordination and governance in the value chain are given inadequate attention.

2.3.3 Productivity and coping mechanisms

The yield potential of most crops grown in Africa continue to remain uneconomically low, averaging about a third of the global ones. This is on account of a multiplicity of factors, including the following:

- A relatively low adoption of improved technologies (such as improved seed cultivars and cuttings, non-mechanisation in land preparation – the majority of smallholder farmers still depend on the hoe as a primary tool for land preparation)
- An inadequate proportion of smallholder farmers using labour-saving farming practices, such as the use of herbicides for weeding
- Low adoption of irrigation on account of prohibitive costs, resulting in land productivity being confined to the rainy season only

The relatively low utilisation rates of these agricultural inputs by the majority of smallholder farmers below uneconomic threshold have negatively impacted on the growth of agribusinesses and viable value chains. Smallholder farmers have been deprived of participating in the production of improved seed varieties through out-grower and contract farming arrangements. In general, low smallholder productivity has negatively impacted on the growth of agribusinesses on the continent. The positive role of the agricultural inputs that are required by agro-industry for achieving



higher productivity, competitiveness, growth, and consumer quality has not been exploited to the desired level.

2.3.4 Markets and related issues

The links between national, regional, continental and global markets affecting African agribusiness are poor and often non-existent. Because of these weak links between markets, especially the intra-African markets, agribusinesses have had inadequate motivation to improve quality, to innovate, and to adapt quickly to changing demand patterns and market opportunities for processed and higher-value agro-industrial products. The continent generally faces challenges in pursuing new marketing instruments and market research activities via value chains and clusters. At the national and continental levels, policies to reduce supply-side rigidities are not adequately given attention in terms of their formulation and implementation. At the international level, trade reforms towards removing trade distortions that unfavourably affect agro-industrial exports are not given the attention they deserve, notwithstanding their potential to increase competitiveness, growth and the viability of agribusiness.

2.3.5 Technology, innovation and knowledge management

The critical role of science, technology and innovation (STI) in promoting agro-industrial development has not been adequately addressed on the continent. Research programmes are some of the poorest funded, resulting in a dearth of new technologies. With the fast move of agricultural markets towards globalisation,

competition has heightened. The lack of adequate investment in technology and innovation has, therefore, made it difficult for Africa's agribusinesses to compete favourably. Although climatic changes have further threatened the continent's agricultural productivity and production levels due to shortened rainy seasons, recurring droughts and extreme temperatures (among others), these have not triggered the expected response by policy-makers and other actors to invest in appropriate technology that would enhance smallholder farmer resilience and mitigation measures.

It is clear that the less-than-optimal performance of agribusiness and entrepreneurship development on the continent has been due to factors such as inadequate strategic research and knowledge management. Inadequate research has limited agribusinesses' capacity to innovate and become competitive because of an inability to invest in new technology that would result in exports of high-value products. In addition, there has been an absence of agribusiness and entrepreneurship observatories at national, regional and continental levels to support data collection and storage on agribusiness and entrepreneurship development. There has also been a lack of electronic platforms to facilitate information sharing on trade, commodity production levels, prices, buyers and sellers and business opportunities. The limited coordination and synergies between research and development centres, universities and industries have contributed to inadequate commercialisation of research and limited dissemination of results.

2.3.6 Facilitating partnerships

There is a general lack of vibrant public-private partnerships at national and regional level in the form of forums, agribusiness chambers and trade associations. Because such bodies have been absent, there has been limited engagement between agribusinesses and public institutions, support service providers (e.g. input suppliers, financial institutions), development partners and smallholders. This has resulted in the inability to share the costs and risks of activities that are beneficial from both a public and private viewpoint. These activities include research and infrastructure development, which are critical to accelerated development and performance of agribusiness on the continent. The generally inadequate development of value chains - which would significantly contribute to poverty reduction and wealth creation through high involvement and participation of smallholders - has been ascribed to the absence of, or weak partnerships. This has further limited resources that could potentially have been available through viable value chain partners, such as agribusiness buyers, to farmers and through contractual linkages such as contract farming, warehouse receipt systems, forward contracting and lead firm financing.

2.3.7 Innovative financing

Financing is easily the most important ingredient in the development of viable agribusiness. However, due to the inherent (real and perceived) risks associated with agricultural business start-ups in particular, there is a dearth of consistent, appropriate private sector financing for agriculture. Agribusinesses have limited access to financial

capital, face high financing and indirect costs, and have weak physical and services infrastructure. In addition, there is rampant financial illiteracy and poor business skills among agribusiness actors, entrepreneurs and enterprises. The majority of rural areas do not have financial institutions of any kind. Public and private financing mechanisms for agribusiness development in Africa – including traditional domestic and foreign sources of investment, and innovative new financing mechanisms for promoting investments in agro-industry and agribusiness – are poorly developed or non-existent. Equally, the following financing instruments are either underdeveloped, weak or absent altogether: value chain financing, multi-institutional financing and private sector-led grant voucher systems. Linkages between formal and informal financial institutions and incentive-based risk sharing systems for agricultural lending, guarantee funds, venture capital funds and crop insurance, which are among the key innovative mechanisms that would be used to de-risk agribusiness, perform poorly or are non-existent.

2.3.8 Cross-cutting issues

2.3.8.1 Capacity building

The continent largely lacks capacity building and human capital development tailored towards accelerated agribusiness, entrepreneurship and trade development. As a consequence, growth in agribusiness has been slow. Agribusiness actors and entrepreneurs (including smallholder farmers) have little capacity to meet the increasingly complex demands of the domestic, regional and international markets. The continent has no agribusiness actors that have adequate capacity to meet the quality, financial and logistical requirements of domestic, regional and international markets. There have been inadequate efforts towards value chain capacity building for chain actors, the public sector players, and critical institutions that are involved in agribusiness development. Consequently, the continent's agribusiness growth has been stifled due to the incapacity of actors to deal with the required standards and levels of sanitary and phyto-sanitary (SPS) systems, production and quality, feasibility and cost-competitiveness. Where policies and strategies exist for agribusiness and entrepreneurship, the public sector lacks adequate capacity to fully integrate and strategically align these with the country's development frameworks.

2.3.8.2 Women and the youth

Whereas women and the youth are the majority of primary producers of food, they are not similarly involved in high-value agribusiness activities such as processing, marketing, the export trade and other value addition functions. This skewed participation limits the potential of African agribusiness, as it creates disincentives for higher productivity. Africa is a youthful continent with over 1 billion people today, 60% of whom are between the ages of 15 and 24. A large percentage of these young people live on less than US\$2 a day. For example, the prevalence of poverty among young people in Nigeria, Ethiopia, Uganda, Zambia and Burundi is over 80%. The highest rates of poverty are found among young people living in rural areas, where

70% of Africa's youth live. The estimated youth unemployment rate in Africa is one of the highest in the world at 40%. Moreover, by 2040, Africa will be home to one in five of the world's young, and will have the world's largest working-age population¹⁵.

2.3.8.3 Environmental considerations

Climate change is the greatest challenge of our time in development. The 21st session of the Conference of the Parties (COP 21) to the United Nations Framework Convention on Climate Change (UNFCCC) presented a unique opportunity to meet that challenge. The continent is particularly vulnerable to climate change, yet it produces only 4% of the world's greenhouse gases (GHGs). Countries that cause global warming have a moral responsibility to help Africa adapt to its effects. Africa can do much more than adapting to climate change; it should also minimise emissions, which can help drive the economic transformation needed. According to the Intergovernmental Panel on Climate Change (IPCC), agriculture is responsible for 10–12% of total global anthropogenic emissions and almost a quarter of the continuing increase of greenhouse gas emissions (GHGs). Not all forms of agriculture, however, have equivalent impacts on global warming.

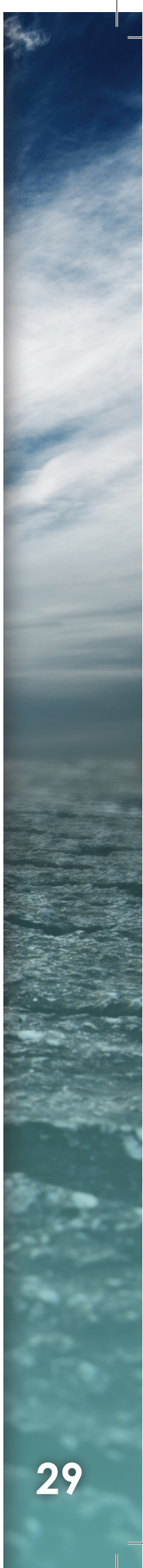


¹⁵ Koira, A.M. 2014. Agribusiness in sub-Saharan Africa: Pathways for developing innovative programs for youth and rural poor. The MasterCard Foundation.

Industrial agriculture contributes significantly to global warming, representing a large majority of total agriculture-related GHG emissions. However, ecologically based methods for agricultural production, predominantly used on small-scale farms, are far less energy-consumptive and release fewer GHGs than industrial agricultural production. Apart from generating fewer direct emissions, agro-ecological management techniques have the potential to sequester more GHGs than industrial agriculture. It is a fact that climate-resilient, low-carbon agribusiness development can boost growth, create jobs and lift people out of poverty. It can also bridge Africa's crippling energy deficit: 620 million Africans lack access to modern energy. Agro-industries represent a major source of rural employment and are significant contributors to the economies of many communities. In a few cases, agro-industries supply energy for crop processing, as well as rural clinics and schools to their employees within their estates and rural communities in the vicinity of estates. Rural communities within and in the vicinity of agro-industrial estates derive several direct and indirect benefits from such cleaner energy investments.

There are a number of reasons why such efforts should be scaled up. First, the agro-industries concerned secure more reliable and lower-cost electricity and heat supplies, thus lowering their production cost. Second, with the right incentives, agro-

industries could expand their estate-based mini-grids beyond the rural households within their estates to also connect surrounding rural communities. Third, agro-industries account for a significant proportion of current and projected future GHGs, and thus an increased use of clean energy options provides opportunities to address climate and energy access challenges simultaneously.



3. THE CONTINENTAL AGRIBUSINESS STRATEGY

3.1 The strategic focus

Vision

A dynamic, inclusive agribusiness and agro-industry sector leading to sustainable growth and prosperity in Africa.

Mission

To enable the creation of a conducive environment for increased inclusive agribusiness and agro-industry in response to market-driven private sector investment and business in Africa.

Main objective

To provide a framework that facilitates an accelerated development of a robust and inclusive agribusiness and agro-business sector that leads to sustained economic and social benefits for the continent.

Goal

To provide an over-arching framework that guides governments to accelerate agribusiness and agro-industry development by 2025.

Guiding principles

African agribusiness development shall be guided by the following seven principles, inspired by the Malabo Declaration and derived from experiences gained thus far in the implementation of CAADP and the African Agribusiness and Agro-industry Development Initiative (3ADI) at national, regional and continental levels:

- i. Recognise Africa's realities and defend her interests and positions. This is especially relevant when engaging with the rest of the world with regard to access to markets, technologies and natural resources such as land and water.*
- ii. Pursue private sector-led and market-oriented agricultural development, focusing on strategic agricultural value chains and agro-industrial clusters. In doing so, governments shall support public-private partnerships and address constraints that hinder private sector investment in agriculture.*

- iii. *Pursue and promote inclusive, equitable and broad-based agribusiness.* This strategy supports the development of indigenous agribusiness entities that are linked to small-scale farmers and agro-entrepreneurs, in particular. Interventions must be responsive to the needs of women and youth in agriculture.
- iv. *Encourage saving and expand domestic resource mobilisation to reduce reliance on external support in agricultural development.* Governments, in particular, are encouraged to mobilise domestic resources from taxes and from the private sector, especially private financial institutions.
- v. *Focus on environmentally responsible investments.* The African private sector and AU member states shall be encouraged to ensure that key agricultural resources, including soils and water for agricultural production, are sustainably used and managed to support adequate production for current and future generations. Governments shall put in place measures to internalise the costs of environmental services and mitigate the effects of changes in the climate that are likely to have adverse effects on agriculture in many parts of the continent.
- vi. *Support regional integration.* Agribusiness development should be pursued in the interest of strengthening regional trade and investment within and across RECs on the continent. Regional trade has the potential to unlock opportunities for small-scale farmers and to contribute to food security, and is consistent with the Malabo goal of tripling intra-African trade.
- vii. *Observe and respect institutional mandates (subsidiarity).* Continental and regional bodies should carry out roles in line with their stated mandates in order to minimise potential conflict that may arise from overstepping boundaries.

Objectives of the Continental Agribusiness Strategy

The main objective of the Continental Agribusiness Strategy (CAS) is to provide a framework for the promotion and the development of a robust and inclusive agribusiness sector, propelling agricultural value chains across the continent, creating jobs, creating wealth and retaining it along the chains. This strategy encourages an enabling policy and regulatory framework. It foresees an African agribusiness sector driven by private sector businesses and investments, as well as public-private partnerships. It is inclusive and encompasses the whole spectrum of value chains from farm to fork, and is competitive and market-driven. The strategic thrusts identified in this document will be the foundation for vibrant agribusiness and agricultural trade promotion in Africa, building on existing and new initiatives at continental, regional and national levels. This strategy will, therefore, improve coordination, mobilisation, advocacy and communication among various actors in the agribusiness landscape in Africa (producing, processing, storing, marketing, exporting, consuming).



3.2 Business model and strategic pillars

The onset of the 2008 food crisis has placed smallholder-based import substitution strategies for food commodities and staples at the centre of many agriculture and agribusiness development programmes, making public sector guidance on this topic even more essential. As such, the role of the AU and its institutions, including the RECs, is crucial. An inclusive agribusiness model for broad value chain development from farm to fork is recommended for Africa, and will encompass a number of strategic entry points, ranging from enhancing agricultural production inputs (fertilisers, seeds and equipment), and agricultural productivity, to upgrading national agro-industry infrastructure and investing in research and development. The model should accomplish the following:

- i. Ease the cost and risk of doing business with smallholders and at the same time give them a sense of belonging to the value chains.
- ii. Upgrade smallholders to be market-oriented producers.
- iii. Support smallholder competitive advantage for agribusiness-led development.
- iv. Organise smallholders in a way that they form an entity for improved bargaining power and value chain governance.
- v. Encourage wealth creation and retention.
- vi. Reinforce policy guidance for strengthening smallholder-buyers' business models within the value chains.

3.3 Strategic pillars and cross-cutting issues

Seven strategic pillars have been identified to drive this Continental Agribusiness Strategy. The pillars are linked both vertically and horizontally (hence there are strong vertical and horizontal synergies). See **Figure 2** for a diagrammatic presentation of the pillars. The four cross-cutting issues also influence the seven pillars, as demonstrated by **Figure 2**.

The Seven Pillars

Pillar 1: Policy practice

Pillar 2: Agricultural productivity and resilience

Pillar 3: Value chain development

Pillar 4: Markets and trade

Pillar 5: Strengthening technology and innovation

Pillar 6: Facilitating partnerships

Pillar 7: Promoting innovative financing

Cross-cutting issues

- a. Building systemic capacity
- b. Integrating women and youth
- c. Climate change and environmental considerations
- d. Monitoring and evaluation, and knowledge management (dealt with under "implementation modalities")

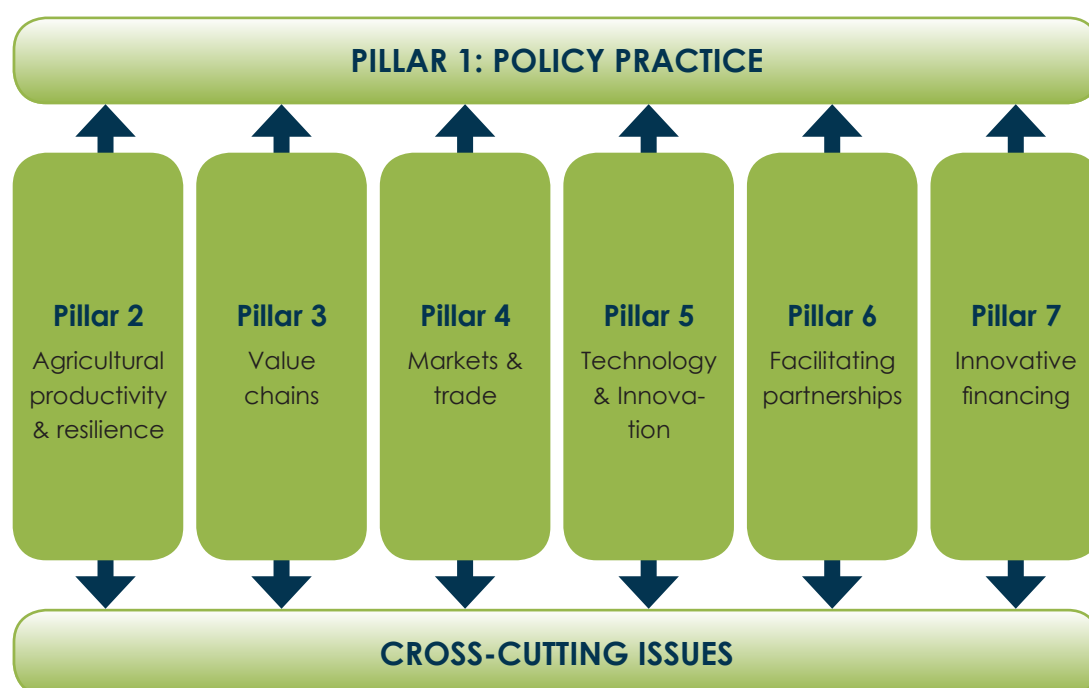


Figure 2: Diagrammatic presentation of pillars and cross-cutting issues

Link to Malabo

The development of the CAS has been fully aligned to the Malabo Declaration's principles. Consequently, the CAS has been designed to accelerate the implementation of the Malabo Declaration of 2014. **Table 1** below demonstrates the synergies between the Continental Agribusiness Strategy and the Malabo Declaration.

Table 1: Linkage of the seven strategic pillars to the key Malabo areas

Pillar		Key pillar focus areas	Link to Malabo Key Area
1	Policy practice	<ul style="list-style-type: none"> Strengthen value chains at all levels Address tariff/customs challenges and non-tariff border barriers Promote supportive environment for agro-industry development at all levels Promote supportive environment for innovative financing and partnerships Establish mechanisms for accelerating markets and trade development 	<ul style="list-style-type: none"> Principles and values of CAADP
2	Agricultural productivity and resilience	<ul style="list-style-type: none"> Support development and using improved technologies Promote effective research-extension-farmer linkages Promote climate-smart agriculture Promote implementation of agricultural insurance and production safety nets 	<ul style="list-style-type: none"> End hunger in Africa by 2025 Resilience of livelihoods and production systems against climate change
3	Value chain development	<ul style="list-style-type: none"> Promote strategic national, regional and continental VCs Improve the competitiveness of agro-industry firms and farms in VCs Promote appropriate technologies and innovations along the VCs Support market development for commodities and processed goods via value chains 	<ul style="list-style-type: none"> Inclusive agricultural growth and transformation
4	Markets and trade	<ul style="list-style-type: none"> Support national, regional and continental market research Support standards, grades, market information and other critical market services Promote construction and operationalisation of market infrastructure Strengthen and scaling up proven trade facilitation structures and instruments Promote smallholder commercialisation 	<ul style="list-style-type: none"> Boosting intra-African trade

Table 1 continued

Pillar		Key pillar focus areas	Link to Malabo Key Area	
5	Strengthening technology and innovation	<ul style="list-style-type: none"> • Support science, technology and innovation • Identify and provide incentives for research on agribusiness opportunities in climate change mitigation and adaptation • Establish links with knowledge institutions on the continent and beyond • Compile and disseminate information on best practices 	<ul style="list-style-type: none"> • Inclusive agricultural growth and transformation 	4
6	Facilitating partnerships	<ul style="list-style-type: none"> • Promote the brokering of technical and financial partnerships with the public and private sector, and cooperating partners • Publicise investment, financing sources, technical resources and opportunities at national and regional levels • Establish and strengthen partnerships with regional field offices (RFOs), commodity-specific producer organisations and agribusiness foundations 	<ul style="list-style-type: none"> • Inclusive PPPs for at least five commodity value chains linking smallholder farmers 	4
7	Innovative financing	<ul style="list-style-type: none"> • Promote innovative ways of de-risking agribusiness • Facilitate the development of a dedicated PPP team at AUC level and in RECs to align private sector interest and finances in certain areas of agriculture with donor support and government strategy • Promote innovative ways of mobilising domestic financing • Explore offshore capital mobilisation 	<ul style="list-style-type: none"> • Investment and finance in agriculture 	2
	Cross-cutting	<ul style="list-style-type: none"> • Systemic capacity • Women and youth • Climate change and environmental considerations • Monitoring and evaluation, and knowledge management 	<ul style="list-style-type: none"> • Mutual accountability • Inclusive agricultural growth • Create job opportunities for youth 	7 4

3.3.1 Pillar 1: Policy practice

This strategic pillar advocates for supportive, inclusive, coherent and harmonised policies for agribusiness, rural infrastructure development, finance and trade. These policies should support Africa's food security, wealth creation and retention, and nutrition goals. In order to benefit the majority of smallholder producers, it is critical that a well-designed and effectively implemented policy mix is in place, and targets various stages of the value chain. Additionally, this policy package should not only facilitate increased productivity and production of the smallholder farmers who tend to be confined to the first stage of the value chain, but should also promote their integration into the post-production stages of the value chain.

Key action areas

- Strengthen value chains at national, regional and continental level. Strengthen legal and regulatory frameworks, establish regulations, rules and rights that impact on agribusiness, resulting in improving the environment for doing business. Where regulations exist, ensure their implementation in ways that are less burdensome in terms of the cost to the investors in financial resources and time.
- Address tariff/customs challenges and non-tariff border barriers. Strengthen trade policies that create enough incentives for national, regional and international trade. Deal with tariff/customs challenges and non-tariff border problems (such as nomenclature of crops for certification, the traceability of agricultural products), introduce and harmonise national and regional investment codes, as well as a number of technical issues promoted by the World Trade Organisation (WTO), and agreements such as the SPS agreement. Eliminate challenges in registration of cross-border investments and in trade to enable speedy setup and operations. There are inconsistent registration and trade protocols, and therefore there is a need to follow existing examples that allow immediate setup and operations.
- Promote a supportive environment to agro-industry development at national, regional and continental level. Harmonise taxation policies on agricultural equipment and other inputs in all member state countries.
- Promote a supportive environment for innovative financing and partnerships. Encourage policy dialogue between the public and private sectors to build trust between the two entities and create an enabling environment for the private sector to invest more in Africa's agribusinesses.
- Establish mechanisms for accelerating markets and trade development. Foster harmonisation of policies and strategies on agribusiness development among the various RECs. This requires cataloguing the various policies and strategies across all the RECs and comparing them to develop common approaches and seek harmonisation and compatibility solutions, guided by the principles of this strategy.

3.3.2 Pillar 2: Agricultural productivity and resilience

There is a need to address one of the major contributing factors to low agribusiness and agro-industry development on the continent: low productivity and production, particularly by smallholder farmers, a point underscored by the Malabo Declaration. This entails addressing a combination of factors, including those related to smallholder farmers' access to agricultural inputs (including seed and draught power), to producing appropriate (low-cost) gender-sensitive technologies by research, as well as their effective dissemination to, and adoption by smallholder farmers. Other factors relate to improving the adoption by smallholder farmers of already developed and proven technologies, and improving the generation, dissemination and adoption of climate-resilient and mitigation technologies and farming practices.

Key action areas

- Support development and use improved technologies and farming practices, including irrigation and mechanisation. Support the production of farming inputs and their accessibility by various categories of farmers.
- Promote effective research-extension-farmer linkages.
- Promote climate-smart agriculture and maintenance of natural resource bases.
- Promote the implementation of agricultural insurance and production safety nets.

3.3.3 Pillar 3: Value chains

The development of viable and strategic value chains that have adequate participation by smallholder farmers is critical to the development of agribusiness on the continent, and ultimately economic transformation and wealth creation, as noted by the Malabo Declaration. This strategic pillar therefore targets focus areas that would facilitate the creation and strengthening of vital value chains in such a way that all the stages of the chain are given due attention.

Key action areas

- Promote strategic national, regional and continental value chains, including linking producers to local, regional and global value chains
- Improve the competitiveness of agro-industry firms and farms in value chains. Support the development of small and medium-sized enterprises/industries.
- Promote appropriate technologies and innovations along the value chains.
- Support market development for commodities and processed goods via value chains.

3.3.4 Pillar 4: Markets and trade

The development of markets and improvement in trade are at the heart of the establishment and facilitation of effective and viable agribusiness. Markets and trade are fundamental and prerequisite factors that must be in place to attract private sector participation in agriculture, and more specifically agribusiness. The AUC's Department of Rural Economy and Agriculture (DREA) and NPCA will undertake activities in strategic areas aimed at promoting markets and trade on the continent through regional bodies (such as RECs) and other similar entities.

Key action areas

- Support national, regional and continental market research.
- Support standards, grades, market information and other critical market services.
- Promote construction and operationalisation of market infrastructure.
- Strengthen and scale up proven trade facilitation structures and instruments.
- Promote smallholder commercialisation.

3.3.5 Pillar 5: Technology and innovation

The objective of this pillar is to promote the generation and provision of appropriate technological packages and information that are relevant, timely, evidence-based and easily accessible to support agribusiness development in Africa. Cutting-edge research and development, supported by strong knowledge management, is essential for the development of a robust and competitive private sector. It is crucial that Africa's agribusiness be carved to respond to the market demand of the new and emerging middle class. Africa is spending close to \$50 billion per year on imported processed food¹⁶. This market should be internalised. In other words, the research should be oriented towards "how Africa should take advantage of its market of 1 billion consumers and trade with itself". The AU, working with member states, governments and the African private sector, will mobilise the research for agribusiness development in Africa, drawing on existing knowledge and good practices that are ongoing in the continent, but tend to be scattered and localised.

Research not only generates knowledge for product development, but also provides information to guide policy and strategy formulation, programme design and implementation, as well as to monitor and implement agribusiness interventions.

¹⁶ Science Alert (January 2015): <http://www.sciencealert.com/yes-africa-will-feed-itself-within-the-next-15-years>

Key action areas

- Support science, technology and innovation. Identify and provide incentives for research on agribusiness opportunities in climate change mitigation and adaptation.
- Identify and provide incentives for research on agribusiness opportunities in climate change mitigation and adaptation.
- Establish links with knowledge institutions on the continent and beyond with expertise that can be drawn upon whenever the need arises. This will build on the experiences gained from working with pillar institutions.
- Compile and disseminate information on best practices.

3.3.6 Pillar 6: Facilitating partnerships

The objective of this pillar is to support the emergence of relevant partnerships for agribusiness development in Africa, including partnerships that support women and the youth. Developing Africa's agribusiness will require the injection of technical and financial resources, as well as political will. These resources can be mobilised internally or from inflows of foreign direct investments into agriculture. This necessarily involves creating functional partnerships between the public and private sectors, especially at national level, where CAADP implementation takes place. Most NAIPs refer to the important role that the private sector plays in agricultural development, with or without consistent support from the public sector. This strategy advocates for strong engagement between the public and private sector in policy formulation and value chain development.

Key action areas

- Promote the brokering of technical and financial partnerships with the public and private sector, and cooperating partners. Work with RECs and their member states to mobilise and create partnerships with private financial institutions in Africa to finance agribusinesses. This is the best way to ensure the sustainable financing of agriculture.
- Publicise investment, financing sources, technical resources and opportunities at national and regional levels. Facilitate the formation and strengthening of business and organisational linkages, as this is critical for value chains' development. Facilitate information provision and sharing to help develop productive partnerships between producers and firms in value chains.

- Establish and strengthen partnerships with RFOs, commodity-specific producer organisations and agribusiness foundations to ensure that the needs of Africa's agribusinesses are always prioritised at relevant forums, such as the CAADP partners' platform meetings and other high-level continental and global events.

3.3.7 Pillar 7: Innovative financing

The Malabo Declaration calls for the establishment of an agricultural investment bank to address the challenges related to inadequate financing of agribusiness. This strategy calls for the speedier implementation of this action and suggests several action areas designed to increase the inflow of funds into agribusiness.

Key action areas

- Promote innovative ways of de-risking agribusiness. Enhance the capacity of financial institutions to provide agricultural financing, such as leasing and long-term credit, as well as non-financial instruments, for instance, warehousing for small and medium-sized enterprises.
- Facilitate the development of a dedicated PPP team at AUC level and within RECs to align private sector interest and finances in certain areas of agriculture with donor support and government strategy.
- Promote innovative ways of mobilising domestic financing.
- Explore offshore capital mobilisation.

3.3.8 Cross-cutting issues

3.3.8.1 Systemic capacity

The human resources, private sector organisations and institutions that support agribusiness, the agro-industry and strategic value chain development should be identified, developed and strengthened. While most African member states, through the CAADP process, have well-articulated NAIPs, translating their provisions into bankable programmes and projects does not always take place automatically. Many countries need technical support to develop quality programmes and projects. Even for regional programmes, led by RECs or implemented by several cooperating countries, technical support is quite often required to design, finance and implement complex agricultural projects.

Key action areas

- Mobilise technical support for member states and RECs to support advanced features of agricultural programming and investments, including business development services, and portfolio planning and risk management. Strengthen existing institutional capacities for enhanced implementation at national and

regional levels. Human capacity development should focus on post-production segments of agricultural value chains, including expertise in agribusiness planning, development, management, marketing, contract negotiation, logistical operations, post-harvest handling, processing, packaging, branding and other value addition, in particular for farmers' organisations as well as agro-industrial development tenants.

- Support the organisational development and evolution of agribusiness and agro-industry chambers or any consultative organisation at national and regional level as a way of mobilising agribusiness and the agro-industry and engaging them more effectively in implementing country NAIPs.
- Build and strengthen the curricula for training in agribusiness and agro-industry development in higher learning institutions, as well as in secondary level education. This is critical for the development of bankable business plans. There is a need to develop agribusiness and agro-industry training that specifically targets the youth and women, rural communities, uneducated people and persons with disabilities.
- Strengthen the capacity of service providers (such as financial institutions, input suppliers, market dealers) to service agribusiness and agro-industry actors and entrepreneurs.

3.3.8.2 Women and youth

A capital-intensive agribusiness development path that invests in, or targets rural women and youth can provide them with employment opportunities, investing in both the future of African agribusiness and the agro-industry of the continent at large. This strategy recognises the critical role that women and the youth could play if they were more immersed in agribusiness across agricultural value chains.

Key action areas

- Improve financial inclusion for women and the youth. Promote gender-specific options to accessing available financial resources, and develop new and innovative options. The youth and women experience unique barriers that prevent them from accessing land, farm inputs, technology and finance, including unrealistic collateral requirements. Specific financial schemes for women and the youth in agribusiness would unlock the resources needed to support these groups. Financial institutions supported by RECs and member states could be pushed to organise special agribusiness loans for women and the youth, based on bankable projects.
- Increase the youth's and women's participation, influence and market access. Eliminate barriers to entry and participation in key value chains, through schemes such as smart subsidisation. The prioritisation of projects that facilitate the youth and women to move from production to other segments (higher levels) of the value chain would help increase the number of youth and women entrepreneurs

doing business across value chains (aggregation, transportation, supermarkets, etc.). In cases where youth and women are active in value chains, increased investment in youth- and women-dominated functions in value chains (e.g. retailing of agriculture produce at local markets, packaging, quality control systems, etc.) would be the optimal strategy. The private sector, in particular, should support innovative incubation models, cover risk for youth, uphold ethical trading principles by sourcing from women and youth, as well as advocate for specific platforms to showcase products from women and youth, and allow them to share among each other through exchange programmes.

- Train, mentor and coach the next generation of business and agro-industrialist people. In order to build capacity, several key strategies are suggested:
 - Train women and youth in cross-border trade markets and requirements (customs, certification, etc.). Almost 8% women are small cross-border traders, but are unaware of these instruments. A significantly larger number could benefit. There is a need for agribusiness training for the youth and women on transformative leadership, agribusiness planning, development, packaging, branding, export and registration, marketing and effective communication.
 - Document and disseminate case studies of successful youth and women in agribusiness to act as role models. Such narratives should describe the environment that allows women to succeed and the barriers that hinder them.
 - Partnerships and networking could allow the youth and women to build valuable contacts and alliances that are useful in business.
 - Agricultural training institutions should develop appropriate training programmes and curricula (e.g. short courses on entrepreneurship, business skills) targeting the youth. Existing curricula can be modernised.



- Harness opportunities for peer-to-peer mentorship programmes and information and communication technology (ICT) platforms for the youth, as well as business-to-business opportunities to allow the youth to connect with others.
- Document and replicate successful models (that works) that enhance the participation of women and youth.
- Develop programmes to support women in post-conflict situations to rebuild or start new businesses. The state of women deteriorates tremendously because of conflicts.
- Establish a regional platform for youth and women in agribusiness.
- Establish regional youth incubation centres for youth in agribusiness and encourage member states to establish youth-led incubators at country levels.
- Introduce annual agribusiness competitions and incentives among youth and women smallholder farmers.

3.3.8.3 Climate change and environmental considerations

The Continental Agribusiness Strategy should emphasise how African governments should respond now in order to safeguard the contribution of agribusiness and the agro-industry to Africa's continuous economic growth, taking into account climate and environmental sustainability and GHGE. The key actions below should be mainstreamed in national agribusiness and agro-industry strategies.

Key action areas

- Use environment-friendly technologies complementarily to forestall the negative impacts of agribusiness activities. Member states should develop their own reports on GHGE, which should be nationally associated with NAIPs in all relevant sectors. It should be promoted, advocated and implemented along with the low-carbon approach to development to be mainstreamed in the agribusiness and agro-industry development master plan.
- Invest in capacity building of decision-makers and economic actors about the negative impacts of GHGE. Reform agriculture, agribusiness and the agro-industry with new climate-friendly technologies and inputs, practices and innovations to avoid the main polluting activities related to greenhouse gases such as carbon dioxide (CO₂), methane (CH₄) and nitrogen dioxide (NO₂).
- Redesign the national agribusiness development plan, leapfrogging the carbon-intensive phases. This gives an opportunity to transform agriculture and climate change into a development opportunity. Advocate and implement reduced-carbon development approaches as the way forward.
- Increase support for better water management, using improved seeds at the farm level, etc.

4. IMPLEMENTATION MODALITIES

4.1 Policy and legal framework

The effective implementation of agribusiness on the continent requires the enactment, promotion and accelerated implementation of appropriate policy instruments and a legal framework that will enhance private sector participation in agriculture. With support from the AU, the NPCA and appropriate RECs, countries should ensure that a policy environment is established that is conducive for the development and implementation of viable value chains that optimise smallholder farmers participation at various stages of the chain. Private sector-led economic development and wealth creation through agricultural transformation should be prioritised.

4.2 Institutional arrangements

The implementation of this continental strategy is the responsibility of all actors in Africa's agribusiness. However, it is envisaged that AU organs, the AUC and NPCA, along with UNECA will be the primary drivers of its implementation at the continental level, with specific roles assigned to each one of them. Further, it is expected that RECs will play the leading role in overseeing implementation at a regional level while member states, acting through the NAIPs, will manage country-level implementation. Special attention should be paid to programming aspects of the action plan when it comes to its execution.

In order to drive the implementation of this strategy, the AUC/NPCA will establish a steering committee or group composed of the NPCA, the DREA (AUC), the AUC trade, UNECA, RECs, Pan-African agribusiness and farmer organisations, selected civil society bodies, and scientific and business experts. The aims of this committee include regularly convening stakeholders to review progress in the implementation of this strategy and plan future activities.

4.2.1 The roles of the AUC, NPCA and RECs

There is a need to identify the specific roles of all the major players at continental, regional and country level. At the continental level, political leadership and policy guidance will be provided by the AUC, while technical leadership and coordination will be provided by the NPCA. In terms of programming, the NPCA is expected to incorporate the strategic actions envisaged in this document into its work plans, as well as its implementation and monitoring mechanisms. At the regional level, RECs are expected to integrate their roles, as outlined in Annexure 1, into their work plans and engage with their member states to explore avenues for implementation through the NAIPs and Regional Agricultural Investment Programmes (RAIPs).

4.2.2 Establishment of African and national agribusiness chambers

This strategy proposes the establishment of national and regional agribusiness chambers, or similar institutions, to provide the platform for mobilising agribusiness at regional, national and subnational levels, promoting their interest and engaging with national and regional political leadership. The National Agribusiness Chambers (NACs) will be composed of national agribusiness associations, trade associations, private financial institutions, agro-processors and farmer organisations, among others. The NPCA will work with RECs and their member states to facilitate the creation of both national and regional agribusiness chambers. At continental level, a private sector-led African Agribusiness Chamber will be set up, with membership drawn from national chambers.

4.3 Monitoring and evaluation, and knowledge management

Monitoring and reporting on agribusiness, the agro-industry and related issues at national, regional and continental level have been weak or absent altogether. The basis for monitoring and reporting – namely the existence of harmonised agribusiness and agro-industry key performance indicators (KPIs), the periodic and timely collection of their respective data, as well as harmonised reporting formats and knowledge management – has either been absent or inadequate. This has often been exacerbated by insufficient or a complete absence of skills and expertise to collect, analyse and manage data, particularly at national level. In cases where there has been some monitoring and reporting on the performance of agribusiness and the agro-industry, the information has been characterised by serious gaps rendering such information difficult to use. In other cases, there have been little incentives and/or capacity to use the reported information to inform decision-making aimed at accelerating the growth and expansion of agribusiness and the agro-industry at country, regional and continental levels.

The AUC, NEPAD, RECs, member states and the private sector are expected to jointly monitor, evaluate, report and manage information on the progress related to Africa's agribusiness and agro-industry development. A monitoring body should be created and rules need to be set for its operationalisation. The AU should be at the forefront of ensuring that the implementation of agribusiness, agricultural trade and agro-industrialisation initiatives are coherent and in line with the general principles set out in this strategy and the Malabo goals. This role can be also delegated to partner organisations such as UNECA or one of the RECs. This includes work on infrastructure, strategies and plans of international financial institutions and interventions of development partners. The AU or a designated organisation will monitor and report progress as part of the biennial review process anticipated under the Malabo Declaration.

Monitoring the implementation of the Continental Agribusiness Strategy will be embedded within the monitoring and evaluation systems of the respective implementing institutions. However, the NPCA will lead the process of defining monitoring indicators, in consultation with the AUC, RECs, UNECA and member states, so that each implementer can incorporate them into their own monitoring and evaluation systems. It is expected that reporting will take the same pattern as the biennial reporting for Malabo commitments, and that the CAADP results framework will capture elements of the agribusiness strategy. Each implementer may also report progress at the annual CAADP Partners' Platform and other similar high-level continental and regional forums.

There will be baseline data collection on all the agreed and streamlined KPIs to allow assessment of performance during the follow-up biennial evaluations already mentioned. Data from such evaluations will be disseminated to key stakeholders at various levels – i.e. national, regional and continental – before the biennial and CAADP Partners' Platform meetings. Evaluations will be undertaken in such a way that key issues, findings and recommendations will be isolated and consolidated in an action plan with specific tasks and time frames for implementation by various stakeholders at national, regional and continental level.

Key focus areas

- Develop a uniform monitoring and evaluation mechanism that has clear indicators, targets and benchmarks for tracking progress and implementing lessons learnt under a peer review mechanism. Build the capacity of member states to be able to design and use monitoring tools, as well as analyse the collected data for effective use.
- Develop an information portal on African food (and nutrition), agriculture, agribusiness and agro-industry-related policies. This is geared towards improving knowledge management and dissemination. Monitor and evaluate development partner policies and NEPAD programmes and commitments in trade and investments. The results of monitoring should be presented and discussed in appropriate forums. Benchmarking of NEPAD programmes should lead to their assessment with regard to their contribution to the CAS implementation.
- Invest in data collection, information and knowledge management systems to allow evidence-driven dialogue and decisions, especially regarding the needed policy changes.
- Strengthen the agribusiness and agro-industry component within the context of the mutual accountability mechanism of the Malabo Declaration.

4.4 Risk management

If not properly identified and addressed, risks would seriously impede efforts towards the accelerated implementation of this strategy. There are several risks which have been identified that may be associated with this strategy. The key risks are as follows:

- Inadequate buy-in by key policy-makers and other key players at national, regional and continental level
- Inadequate funding
- Inadequate human capacity in terms of numbers at critical levels (national, regional and continental)
- High staff turnover of key players at various levels
- Major climatic changes, such as persistent drought in the region over prolonged periods
- Inadequately supported legal and policy environment due, in part, to weak political will and poor governance

Table 2 below summarises key risks, their rating and their status after proposed mitigation measures have been considered.

Table 2: Summary of risk analysis and mitigation

Risk	Risk rating	Risk mitigation measures	Risk after mitigation
H – High; S – Substantial; M – Moderate; L – Low			
Inadequate buy-in by key policy-makers	M	<ul style="list-style-type: none"> • Inadequate buy-in by key policy-makers would result in underperformance of agribusiness due to inadequate political will. • This strategy is anchored in home-grown frameworks (the Maputo and Malabo Declarations), initiated and promoted by African political leaders, with support from regional and continental bodies (RECs and the AU). 	L
Inadequate funding	M	<ul style="list-style-type: none"> • As a framework, the strategy is expected to focus on facilitating functions and efforts, which by their nature are relatively less expensive than, for instance, investment programmes. • The emphasis on the most critical issues for agribusiness development, and the conciseness, clarity and simplicity of this strategy – are all intended to make it as bankable as possible in order to trigger interest from potential financiers (whether they are local, regional, continental or global). 	L
Inadequate human capacity in terms of numbers at various levels (national, regional and continental)	S	<ul style="list-style-type: none"> • The agribusiness strategy largely targets existing institutions, as well staff with a focus on their capacity building, which takes various forms. This reduces the cost of hiring staff and consequently enhances sustainability. • However, the use of human resources to perform additional functions overstretches their capacity and may result in underperformance. 	M

Table 2 continued

Risk	Risk rating	Risk mitigation measures	Risk after mitigation
H – High; S – Substantial; M – Moderate; L – Low			
High staff turn-over of players at various levels	S	<ul style="list-style-type: none"> The institutions at regional and continental level tend to engage staff on a contract basis, tied to certain funding. Once that particular funding comes to an end, the staff concerned tend to lose their jobs. This is primarily due to inadequate capacity by member countries to adequately finance these institutions. The generally poor conditions of service most governments provide to public workers result in high staff turnover, as these staff members are constantly looking for greener pastures. The strategy emphasises continuous capacity building of various stakeholders at various levels, from national to continental. This helps to expand the skills base. 	M
Major climatic changes such as persistent drought in the region over prolonged periods	M	<ul style="list-style-type: none"> The effects of climate change on the continent have resulted in a reduced rainy season (hence the growing period for crops) and a reduction in total rainfall. These have had undisputable negative effects on smallholders' productivity and production levels over approximately the past two decades. A reduction in smallholder productivity negatively impacts the growth of agribusiness, as this reduces the level of performance of the various value chain stages. This strategy, among other key focus areas, proposes strong research, innovation and dissemination of "smart" technologies (crop varieties, animal breeds and farming practices) that are drought-tolerant and provide resilience to smallholder farmers. The promotion of irrigated agriculture technology maximises smallholder productivity and production per unit resource. 	L
Inadequately supported legal and policy environment due, in part, to weak political will and poor governance	M	<ul style="list-style-type: none"> Accelerated private sector participation in transformational agriculture and agribusiness development heavily depends on the existence of a conducive policy environment and good governance. A number of national governments on the continent may not aggressively address policy issues required for agribusiness growth due to inadequate political will and lack of good governance. The mutual accountability and peer review thrust of this strategy (embedded in the Malabo Declaration) is a safeguard against an unsupportive environment and weak political will. 	L
Overall risk assessment	M		L

PART II

IMPLEMENTATION PLAN



5. IMPLEMENTATION PLAN HIGHLIGHTS

5.1 Overview

The development of agribusiness on the continent is yet to reach the scale and capacity one would expect it to have. Historically, agribusiness actors have been concentrated in primary production and trading sectors focused on commodities with minimal amounts of first-level processing (cleaning, grading, bagging and milling), storage of commodities, and transportation of commodities to ports. Today's complex panoply of economic actors are moving towards integrated value chains without the intentional planning, infrastructure development and investments required to make this new reality a success. Much of the fragmentation of the nascent value chains can be attributed to the lack of information technology infrastructure (ICT-based systems) and physical infrastructure (transportation hubs and roads), which are the binding and integral building blocks of robust value chains.

5.2 Implementation status and key issues

Recent data indicates that pockets of agribusiness developments in Africa have started to enjoy great success, but are not able to break out to significant economic scale advantage. The issue and the opportunity is still one of bringing together those actors now at varying stages of development and economic success and putting



them together in logical organisations where they can share through common organisational connectivity and networking opportunities. This coming together of agribusiness actors on common platforms, both electronically and organisationally, also presents the opportunity to address many issues, such as gaps in the value chains where there may be opportunities for further investments and infrastructure developments, as well as data collection for further gap analysis. The collaborative efforts of these types of organisational structures brings the added benefit of giving the economic actors one voice with which to address policy gaps and constraints, as well as improvements for the further benefit of national economic developments¹⁷.

5.3 Implementation approach

The continental agribusiness body must be embedded in national-level agribusiness entities. Ordinarily, there should be an evolution from national-level agribusiness bodies to regional and then continental. However, this process requires facilitation. The establishment of membership-based **national agribusiness chambers (NACs)** will serve multiple purposes¹⁸. National agribusiness chambers will bring together economic actors focused on agriculture in general and agricultural value chains in particular, into one organisational milieu where common national policy issues can be addressed. In addition, discussions can be held on areas that need developmental assistance, such as infrastructure investment, or deployment that may be missing or lagging behind as an enabler of swifter economic development.

Agribusiness chambers will provide a platform for mobilising agribusiness at national and subnational levels to promote its interests and engage with political leadership at that level. The networking and connectivity opportunity is only part of the expected significant impact of these chambers. NACs will create opportunities for business development services for its members, capacity building of members, operations, market information and identification of gaps in data collection about the availability of products and services. The national agribusiness chambers are intended to be established like any other chamber organisation funded by annual membership fees and various fees for services as they mature and develop. However, given the historical data presented by the NEPAD study that most chambers are struggling operationally due to non-payment of annual fees, it will be necessary to provide short-term budgetary support to the new organisations. The AUC will work closely with national governments and development partners to mobilise funds to help jumpstart the process of establishing the national agribusiness chambers.

¹⁷ The history of national Chambers of Commerce and Sectoral Associations has already proved this point through the years in the work that has been done in various countries across the continent. See the NEPAD CAADP agribusiness study "Taking Stock of Agribusiness Chambers".

¹⁸ Membership of NAC will include the following key stakeholder groups: Producer organisations and associations, farmers' cooperatives, associations and unions, agro-processing companies, agro-dealers (inputs, machinery and equipment, services), commodity traders and associations, commodity exchanges, logistics companies, service providers, sectoral associations, and financial institutions.

The regional agribusiness chambers (RACs) at the REC level will be anchored in the consolidated clusters of the NACs. The RACs will further reinforce the already implemented work on regional cooperation undertaken under the auspices of CAADP. This regional integration at much wider levels also meets one of the Malabo Declaration principles of increasing regional trade as a further tool for regional economic integration. This cannot be stopped here, as the picture would not be complete without bringing together the regional apex bodies into a continent-wide assembly.

The formation of the **African Agribusiness Chamber Forum** would thus complete the picture. The continental apex body will bring together the regional bodies (regional agribusiness chambers) where they will have the opportunity to share best practices, and present common continental or regional policy constraints to, for example, increased trade and economic development. This forum will be convened by a Secretariat to be established within the AUC. The Secretariat will hold annual conferences where the RACs come together to report on the CAADP results framework's KPIs (increased continental trade and market development), present and share best practices, and identify new opportunities for joint ventures, increased trade and networking.

5.3.1 Connectivity

The creation of modern organisational structures requires the implementation of robust data gathering, web-based common solutions and information technology-based tools. The continental strategy requires a uniform set of ICT-based tools that will become enablers of learning organisations that function across borders at all levels. This plan calls for the development, implementation and rollout of the "AfricaMarketplace.com" web portal for the national, regional and continent-wide agribusiness chambers. In essence, this portal becomes the window of connectivity throughout the continent, based on the registration of all agribusiness chamber members becoming visible and available to all participants. Information sharing and availability is at the core of creating an enabling environment for all economic actors in value chains to be able to access, learn about, and act upon opportunities throughout the continent. The development of such tools is evidence of the efficacy of this solution: see Alibaba.com as the window into business opportunities for trade with China. The web portal can also be used as a tool for organisational development and creating the consistent implementation of data gathering and analysis.

5.3.2 Possible tools for implementing the strategy

There are a number of tools that may be used to facilitate the implementation of the Continental Agribusiness Strategy. An example of such a tool is the Country Agribusiness Partnership Framework (CAP-F), which is an AU tool to drive private sector investment as an integral part of the National Agriculture Investment Plans.

5.4 Timelines and rollout plan

	Activity	Responsibility	Time frame
1	Finalise and launch the Draft CAS	AUC-DREA/NPCA	June 2017
2	Popularisation of CAS at country level through the CAADP review process	AUC-DREA/NPCA/ RECs	By end of 2017
3	Popularisation of CAS at country, regional and continental level through various partnership platforms	AUC-DREA/NPCA/ RECs	By end of 2017
4	Use CAS for the development of country level investment plans	National governments facilitated by AUC-DREA/NPCA/RECs	2 nd quarter of 2017 onwards
5	Support implementation of programmes and projects addressing the strategic pillars in the CAS	AUC-DREA/NPCA/ RECs	2017 onwards

Key points to note:

The initial implementation, (in 2017), must focus on key member states who can be identified as early adopters (e.g. South Africa, Ethiopia, Kenya, Nigeria and Ghana). The proposed rollout is as follows:

- Identify champions in each country (participants that have already taken part and supported previous CAADP private sector partnership forums).
- Generate public support through education, and information sharing through the RECs. A communication package must be developed for the RECs to set the pace for the implementation plan, as the early adopters will not be in all regions at the start-up phase.
- Communication plans with ministries concerned, existing chambers, sectoral organisations and agribusiness associations in the selected early adopter member states.
- AfricaMarketplace.com web-based portal development must commence in 2017. It is recommended that the NPCA establish a technical team to outline the development requirements for the AfricaMarketplace.com portal.
- The African Agribusiness Chamber Secretariat must be established in the fourth quarter of 2016. In order to start the process quickly, the NPCA can establish a team that will focus on all start-up activities.



5.5 Budget estimates

These budget estimates are intended to provide a rough picture of a few selected components deemed critical.

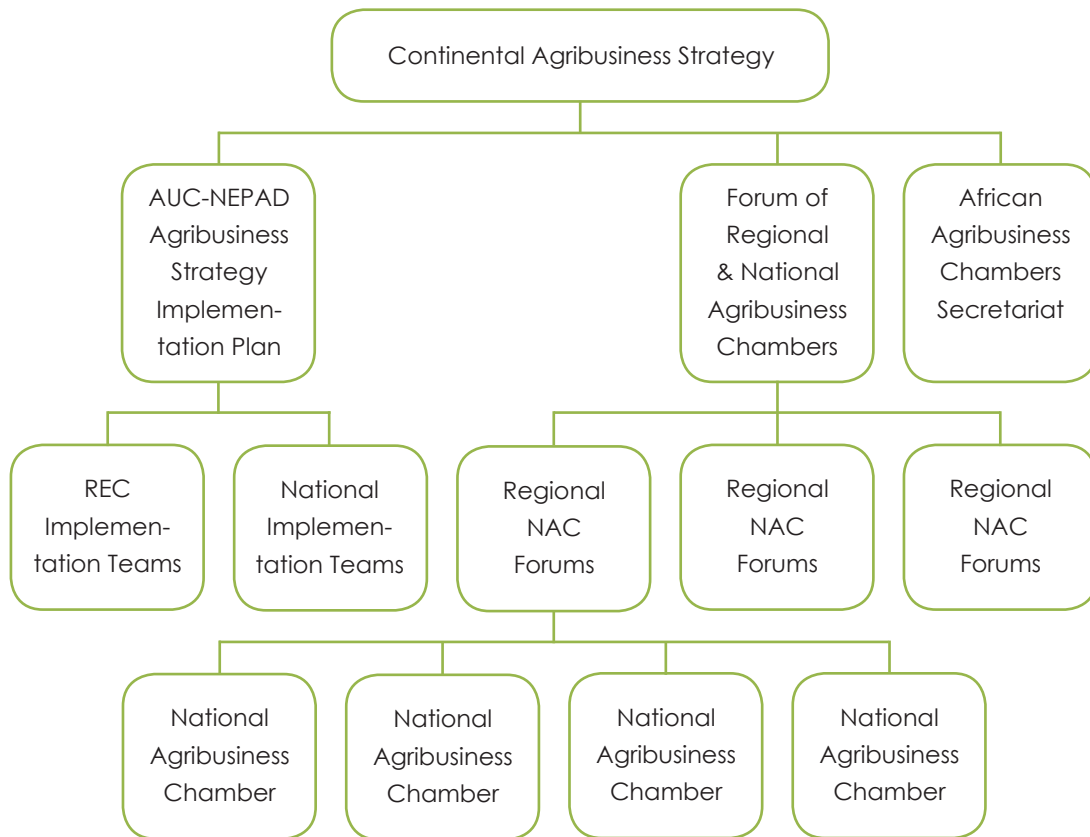
- Although the NACs are intended to be member-driven organisations with annual fees and fee-based services, it will be necessary to fund the startup operations of the national chambers for the first two years. The fund will be set at \$200 000 for two years' operations for each NAC.
- The African Agribusiness Chamber Secretariat budget will be established with a budget of \$2 000 000 for the first three years, and will be increased from then on to reflect the increasing number of NACs that it will need to support with the commensurate number of resources. The secretariat will be responsible for establishing a separate budget for the annual Agribusiness Chamber Forum that it will convene. A separate budget line item will be established for expenses required for the organisational development of the early adopter member states. At this time, it is estimated that the initial phase will have a budget of \$1 600 000 for salaries, organisational development and travel expenses.
- Development of the AfricaMarketplace.com portal will have an estimated budget of \$500 000 for development, rollout and training. This budget does not include hardware acquisition and network-related expenses for the NACs, which will be separately included in their start-up budgets.



Summary budget

	Description	Estimated amount (US\$)	% of total
1	Establishment of the first 4 NACs (for the first 2 years @ US\$200 000 each per year)	1 600 000	32
2	Continental Agribusiness Chamber (first 3 years) – salaries and other administrative costs	2 000 000	40
3	Travel (international) for the 4 NACs and continental chamber for first 2 years	200 000	4
4	Meetings/workshops (local and international) for the 4 NACs and continental chamber	400 000	8
5	Development of AfricaMarketplace.com portal (plus rollout and training)	500 000	10
6	Incidentals	300 000	6
Total		5 000 000	100

Figure 3: Continental Agribusiness Strategy and its supportive structures



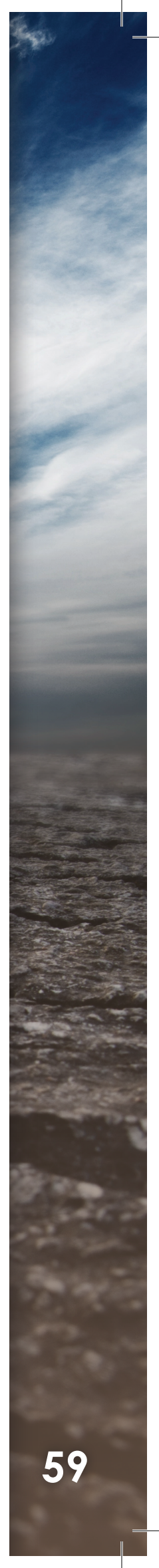
ANNEXURES



Annexure 1

Priority actions, timelines and implementation responsibilities

Priority actions
Advocate policy reform to create an enabling environment for agribusiness (policy should target objectives such as youth agribusiness and access to long-term capital and concessional funding)
Prioritise/strengthen women and youth in agribusiness programming in existing and next-generation NAIPs and RAIPs
High-level engagement of financial, banking and insurance institutions for development of substantive innovative financing packages focusing on women and youth
Strengthen data systems and knowledge management to ensure that the agribusiness component is captured in CAADP mutual accountability mechanisms/ biennial reporting
Establish simplified trade regimes targeted at women and youth at continental level
Build and strengthen the capacity of domestic private sector institutions to drive and facilitate the transformation of African Agribusiness
Map stakeholders and agribusiness actors, and identify success stories, innovative models to be upscaled and replicated
Build the capacity of value chain actors for research, technology, innovations, ICT applications, mechanisation for enhanced agribusiness operations and increase opportunities for women and youth
Build and strengthen information and knowledge management systems for learning and sharing, as well as enhanced policy advocacy
Build and strengthen practical education curricula and engagement of African universities and tertiary institutions in agribusiness development
Document, share and scale up innovative PPP models (including private-private models)
Scale up inclusive incubation models (e.g. FARA's UniBRAIN)
Develop and facilitate innovative financing instruments for domestic capital mobilisation
Monitoring, evaluation and reporting, and scorecard



	Timeline for implementation	Lead institution	Other collaborating and contributing institutions
	> 5 years	AU, UNECA	RECs, UN agencies, farmers' organisations, private sector, Civil Society Organizations (CSOs), youth groups
	3 to 5 years	RECs & MS	Technical institutions, UN agencies, farmers' networks, public and private agribusiness, academia
	1 to 2 years	AUC/NPCA	RECs, UN agencies, African Development Bank (AfDB)
	1 to 2 years	AUC/NPCA, UNECA	M/S, RECs, Non-State Organisations (NSOs), research institutions
	3 to 5 years	AUC/NPCA, UNECA	RECs, UN agencies, CSOs
	6 months	AUC/NPCA/RECs/MS, UNECA	Domestic private sector, other partners
	6–12 months	AUC, domestic private sector, government	NEPAD, RECs, other partners
	12 months – continuous	AUC, domestic private sector, UNECA, government	NEPAD, RECs, other partners
	12 months – continuous	AUC, domestic private sector, government	NEPAD, RECs, other partners
	12 months – continuous	AUC, domestic private sector, government, universities, tertiary institutions	RECs, other partners
	6 months +	AUC/NPCA/ Private sector	RECs, FARA, SROs, AGRF, PanAAC, knowledge Institutions and others
	6 months +	FARA/AAIN	SROs, PanAAC, ANAFE and others
	6 months – continuous	AfDB, AU, domestic private sector, government	Leading commercial banks (Equity, Ecobank, Stanbic, Rabobank, etc) and other commercial banks, AFRACA, central banks, IFAD and others
	Short term	ReSAKSS	Knowledge institutions

Annexure 2

Sample partnerships to grow African agribusiness

With regard to the development the implementation Mechanisms and Models for Deepening Partnerships in Support of the African Agribusiness Strategy, the following examples of excellent partnerships could be expanded to grow the African Agribusiness Sector:

1. The UniBRAIN model implemented by FARA, SROs, ANAFE, ICRISAT and PanAAC
2. Government guarantee initiatives that support financing on inputs, mechanisation, etc.
3. Solicited matching grant schemes where governments support up to 80% of project costs to overcome constraints (as in Ghana)
4. Dedicated PPP independent entities that facilitate partnership among government, donors and the private sector (as in Rwanda)
5. Dedicated agribusiness seed money initiatives provided by government and donors helps kick-start agribusiness development
6. Commercial farm/smallholder farmer model in which the smallholders gradually increase their equity in the partnering private firms (e.g. in Tanzania)
7. Private-private initiatives involving banks and insurance institutions to support smallholder farmers

Annexure 3

Key messages of major agribusiness strategies and related documents developed to date

1. **The AU Commodities Strategy (Draft Document, December 2015):** The document argues that Africa is growing rapidly and has significant commodity wealth. However, the two factors have not yielded their potential in terms of bringing about inclusive and sustainable growth. The document notes that this unfavourable situation is on account of two factors: the volatility of commodity prices, and the limited ability of African countries to establish linkages between basic commodities and higher-value-added activities. However, good policies (especially industrial policy) can help bring about the linkages for inclusive and sustainable growth.
2. **African Union SME/I and MSME Strategy – Driving Africa's Economic Growth and Structural Transformation:** The strategy aims to support the development of competitive, diversified and sustainable economies underpinned by dynamic entrepreneurial and industrial sectors. In order to unleash the potential of entrepreneurship and industrialisation to contribute to Africa's structural transformation, it is essential to raise the productivity and competitiveness of entrepreneurs and enterprises. The implementation of the SME/I and MSME Strategy requires the implementation of the eight actions/goals highlighted in point 2 above.
3. **African Union SME/I and MSME Master Plan – Driving Africa's Economic Growth and Structural Transformation (AU SME/I and MSME Master Plan, 2016–2020):** The document identifies initiatives that are to be undertaken in the next five years to unleash the potential of small and medium-sized enterprises/industries (SME/Is) and micro-, small and medium-sized enterprises (MSMEs), as the drivers of Africa's economic growth. The Master Plan is to achieve the following goals:
 - i. Improve the business environment.
 - ii. Increase business formation.
 - iii. Support the formalisation of growth-oriented informal enterprises and start-ups.
 - iv. Raise the productivity of SME/Is, MSMEs and entrepreneurs.
 - v. Increase the participation of SME/Is, MSMEs and entrepreneurs in regional and global value chains.
 - vi. Promote industrial cluster development.
 - vii. Promote innovative financing.
 - viii. Promote renewable energy access.

- 4. Draft Communiqué of the Meeting on Strengthening the Engagement of African Private Sector in Unlocking Investment to Agricultural Development through CAADP, held in Lusaka, Zambia (7-8 October 2013):** The meeting of Africa's private sector within the context of "sustaining the momentum of CAADP", convened by the AUC/NEPAD, committed to the following:

 - i. Promoting an African private sector-led drive to leverage public resources to promote agribusiness
 - ii. Establishing sector value chains and public-private collaborations
 - iii. Establishing the private sector in Africa as an ally to government and other stakeholders in agribusiness development
 - iv. Building the capacity of the domestic private sector
 - v. Supporting efforts to transform the agricultural sector by strengthening domestic capacity to plan, formulate policy, and monitor and evaluate
- 5. Agribusiness, market access, private sector development (ECOWAS, COMESA, and SADC 2012):** These series of studies were commissioned by the Conference of Ministers of West and Central Africa (CMA/WCA) in its capacity as leader of CAADP Pillar II at the time. These studies focussed on private sector and market access issues in ECOWAS, COMESA and SADC, with the view to increase private sector competitiveness and enhance its market access capacities and competencies.
- 6. 3ADI, a Programme Framework (FAO/UNIDO, 2010):** The goal of the 3ADI is to have an agricultural sector in Africa which, by 2020, is made up of highly productive and profitable value chains that effectively link small- and medium-scale agricultural producers to markets, supply high-valued food, fibre, feed and fuel products, contribute to increasing farmers' income, utilise natural resources in a sustainable manner, and generate increased and high-quality employment. The major objective of the 3ADI is to increase private sector investment flows into the agricultural sector in Africa by mobilising resources for agribusiness and agro-industrial development from domestic and international financial systems.
- 7. Action Plan for the Accelerated Industrial Development of Africa [EX.CL 379 (XII)], ANNEX II:** The document bemoans the low manufacturing value-added: GDP ratio in Africa. This situation is the result of the heavy dependence of the African economy on the production and export of primary products. The document argues that industrialisation is a critical engine of economic growth and development. It highlights the main elements of an Action Plan for the Accelerated Industrial Development of Africa. Six major priorities towards the achievement of the action plan are highlighted:

 - i. Appropriate policy
 - ii. Infrastructure development
 - iii. Human capacity development and sustainable innovation, science and technology
 - iv. Development of standards and compliance

- v. Development of legal, institutional and regulatory frameworks
- vi. Resource mobilisation for industrial development

8. NEPAD Agribusiness Strategy (NEPAD Planning and Coordination Agency, September 2012): The document states that a vibrant domestic private sector, complemented by foreign investors, is central to Africa's agricultural transformation, acknowledging that farmers are the primary private players in agribusiness. The document provides an indication of the direction continental agencies are taking with agribusiness promotion, identifies the elements to be carried forward, outlines the institutional and thematic setup for agribusiness and trade promotion at various levels, and provides the road map through which NEPAD is going to work to sustain high-level technical engagement with the private sector and other state and non-state actors as champions for African development.

- 9. Country Agribusiness Partnership Framework (CAP-F), [AUC]:** The document deals with "how to improve and relaunch as a CAADP tool for mobilising the private sector behind the Malabo implementation". The document focuses on six issues:
- i. Overview of country agribusiness partnership frameworks
 - ii. CAP-F as a tool for the Malabo implementation
 - iii. CAP-F reconceptualised
 - iv. Continental coordination and support
 - v. Summary of key changes
 - vi. Work plan and next steps



