

CAADP



NEPAD
TRANSFORMING AFRICA



NEPAD Agribusiness Strategy
and *Flagship Programme*

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1 General Background and Justification

A vibrant private sector is central to Africa's agricultural transformation. CAADP is Africa's plan to boost agricultural sector growth. It has gained momentum over the past years and now many countries are seeking to implement their investment plans. Despite criticism arising, the investment plans developed so far should be viewed as good basis to moving forward and not backward, because they were arrived at given the prevailing circumstances then. At the same time, there are several ambitious global, pan African, regional and national initiatives and programmes by African institutions, businesses and international partners to accelerate private sector activity in the African agriculture. In this context, the NEPAD Agency initiated a series of consultations to develop a continental NEPAD Agribusiness Strategy (NAS) to give a clear direction on how and in which way continental African institutions can boost private sector investment and agribusiness development and foster agricultural trade across the continent.

The NAS identifies the institutional and thematic set-up for agribusiness and trade promotion at the various levels and sets out the framework in which NEPAD is going to work to sustain a high level technical engagement with the private sector and other state and non state actors as champions for African development through a dedicated Agribusiness Leadership Programme targeting SMEs, smallholder famers and underprivileged groups; with the assumption being that smallholder farmers will transition from subsistence to commercial production to ensure that development outcomes are delivered at the grassroots.

1.1 Sustaining CAADP Momentum

The Comprehensive Africa Agriculture Development Programme (CAADP) was adopted in Maputo in 2003 by African Heads of States and Government as their commitment to further emphasize the need to develop agriculture for its broad benefits. As such, the main objective of CAADP, in line with NEPAD's goal for agriculture, 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 productivity to create wealth. In the Maputo declaration, African governments committed themselves to spending at least 10 per cent of their national budgets on agriculture by 2008 in order to grow the sector at 6 per cent per annum. As a program of the AU, CAADP emanates from and is fully owned and led by African governments.

In 'Sustaining CAADP Momentum' more analytical and strategic works have gone into the contribution of CAADP to Africa development in the past 10 years and also chartering course of action for the next decade. CAADP is focusing on returns to labour, land, water and technology. Diversification beyond cereals is needed not only to raise productivity but also to meet changing domestic and global demand. There is the need to give much more emphasis to farming as a business through 3 outcomes: **a) increased productivity; b) increased competitiveness; and c) regional integration.**

The three target outcomes (productivity, competitiveness and regional integration) together represent a substantial step-change for CAADP to embrace and operationalise. Three strategic thrust have been indentified to operationalize to direct the outcomes;

- **Institutions, policies and leadership:** In order to deliver results Africa needs to strengthen its institutions by rebuilding a culture of getting things done and solving problems as they arise. CAADP will need to adopt ways of supporting governments to decentralize and empower local communities.
- **Knowledge and learning Support:** CAADP should stimulate increased investment in knowledge infrastructure: an education system producing workforce in science and technology and vocational training; an R & D and technology transfer system; innovative firms and entrepreneurs; and networks and communities of practice to co-create knowledge and learning.
- **Financing for agriculture:** Africa's agricultural sector needs stronger financial markets: broader- reaching more customers; and deeper- offering more and innovative products. 'Catalytic financing' in the public sector can stimulate private sector investments; and in commercial banking can unlock longer-term 'patient' investment finance. Africa should align and compliment domestic finance with quality foreign finance.

2 NEPAD Agribusiness Strategy

The vision of the NEPAD Agribusiness Strategy is to have a "dynamic agribusiness sector that generates jobs and added value and contributes to growth and reduction of food dependency in Africa." The mission of NAS is to "enable the creation of a conducive environment for increased private sector investment in Africa's agriculture". The main objective of the NAS is to develop robust and inclusive agribusiness value chains across the continent through fostering an enabling policy and regulatory environment and increased mobilization of private sector investment. The Strategy aims to specifically focusing on the roles of NPCA in supporting RECs and countries in line with its mandate. That NAS has been crafted to be the foundation for agribusiness and trade promotion in Africa, building on many initiatives at continental, regional and national levels.

2.1 Establishing uniqueness

From the review of the key ongoing agribusiness initiatives reported to be already delivering value, one still notes, however, some limitations in the face of the needs expressed by countries in order to drive agricultural transformation. In as much as the NAEP builds upon the existing and reliable frameworks and concepts developed around the CAADP agenda - with the aim to advance the cause of agribusiness development as well as those with a much broader spectrum like the Rural Futures programmes, it seeks some degree of uniqueness that could be demonstrated from at least four major angles:

I. The NAFPP seeks to demonstrate credibility and show cognizance of the need to refrain from blindly embracing, both the development partners' jargon and modus operandi of the public sector - growingly denounced paternalistic attitude. In concrete terms, what is so unique about this programme ought to be its stance about how the public-private-partnership (PPP) relationship has to be engendered as opposed to past experience whereby the Government and civil servants would decide on everything before hand and only to get the private sector later at the receiving end with limited influence on the setting.

II. The NAFPP is pledging to demonstrate, through the set of activities it outlines, that it is possible to seek to address the need for capacitating stakeholders, not only to be business compliant, but also to allow them claim ownership of the vision they have on their own agribusiness as opposed to an external construct of what the latter ought to be or not. The standing point is therefore that the local/national logics as opposed to the global one promoted in the other initiatives, has been elevated as a priority.

III. The NAFPP does not shy away from embracing some issues traditionally and purposely avoided and among which one could include: politics and political economy discourses and approaches, market regulation, food sovereignty, issues of interest groups and power interplays, risk aversion, etc. are dealt with in a coherent manner.

IV. The NAFPP is also unique because it is making it a duty to bring a sound voice and take a decisive and courageous stance in promoting the so called "orphan crops" that are very often left aside by the majority of agribusiness initiatives, despite the well documented evidence that these staple crops are, ironically, among the best bets for ensuring food security and sovereignty, and for curbing rural poverty in today's context.

2.2 Streamlining the financing architecture

For a fact, it is clear there is no shortage of financing schemes out there. Rather, there seems to be a preoccupying inability of the various systems already in place to make these financing schemes accessible in a sustainable manner and to the most needing target populations. Through this NAFPP, the NPCA can help streamline the financing architecture, for instance (i) by packaging and disseminating relevant information on financing opportunities available for agribusiness development, and (ii) initiating national level mechanisms for brokering partnerships between financing institutions and agribusiness platforms for easier and softer access to funds. As such, one important question the programme should aim at addressing is how NPCA can help assess the ongoing systems with relevant insurance schemes to allow more access to financing for smallholders, who by essence lack strong and reliable collaterals.

2.3 Connecting regions together

The programme offers an avenue to build inter-regions corridors and examine RECs frameworks from a bigger picture perspective as opposed to the narrowly fragmented support to individual private sector actors that the majority of ongoing initiatives favor. Because it seeks to fill such a vacuum, the NAFPP is helping to create multiplying effect by sustaining the cross fertilization of initiatives on market structuring and access that other initiatives do not necessarily have as the core of their goal.

2.4 Improving communication on agriculture as a business

An effort to portray a positive branding of agriculture is most needed to attract targets like youth and others that could not show enough interest otherwise. Because of the sensitivity of the matter, there could a choice to be made between lobbying from political perspective or rather sticking to facts that speak to the interest of economic agents. Either way, it appears agriculture must be presented as a credible and viable business. Succeeding in doing so would probably depend on how the NAFPP crafts its messaging across the whole value chain.



2.5 Rationalizing ongoing agribusiness development efforts

By operationalizing the NAS, this programme has the potential to lead and help rationalize major ongoing agribusiness development initiatives, while at the same time it creates the conditions for improving coordination, mobilization, advocacy, and communication among various actors in Africa, as said earlier.

This programme is in essence a translation of the NAS into an operational framework, in a manner that helps establish strong linkages with and rally the several agri-business related activities around achieving CAADP goals and beyond.

3 Strategic actions

The strategic actions to achieve objectives of NAS were developed through a consultative and participatory process involving representatives of private sector organizations, farmer organizations, governments, civil society, development partners, regional economic communities, NPCA and AUC. In particular, broad consultations were held with key CAADP implementation partners:

3.1 Strategic Action 1: Advocate for supportive agribusiness and trade policies

Policy support for agribusiness in Africa's context is marked by different tensions between active stakeholders but could be streamlined to yield results for the continent. In this regards, NPCA will, therefore, undertake three actions:

- (i) Foster dialogue between the public and private sectors to build trust among the two entities, all aimed at creating an enabling environment for the private sector to invest more in Africa's agribusinesses.
- (ii) Promote agricultural value chain development, including technical and financial arrangements that encourage private sector investment in agriculture. NPCA, working with RECs, could facilitate expert support for high quality value chain development programming in regional and national CAADP compacts and NAIPS, and in reviews and business meetings.
- (iii) Develop a clear African position and policy stance on how to promote agribusiness on the continent, as well as how to interface with the rest of the world. Such common positions would guide AUC and RECs in global fora where Africa needs to speak with one voice.

3.2 Strategic Action 2: Monitor and advocate for coherent agricultural policies in favour of agribusiness

NPCA should be at the forefront to ensure that the initiatives of the institutions involved in development of agribusiness and agricultural trade are coherent and in line with the general principles set out in this strategy. This includes work on infrastructure, strategies and plans of international financial institutions and intervention tools of donors. Specific actions will be to:

- (i) Foster harmonization of policies and strategies on a agribusiness development among the various regional economic communities.
- (ii) Identify and address measures taken by RECs affecting agribusiness that may not be in line with the principles of this strategy.
- (iii) Work with AUC and RECs to engage Africa's political leadership in developing policy positions that will guide agribusiness development on the continent, and use the relevant fora to report back to political leaders for guidance and decision making.

- (iv) Monitor development partner policies and commitments in trade and investments. Results of monitoring should be presented and discussed in appropriate fora to ensure harmony.

3.3 Strategic Action 3: Conduct research and knowledge management in agribusiness

As a technical unit of AU, NPCA is expected to provide intellectual leadership in agribusiness development in Africa, drawing on existing knowledge and practices that are on-going in the continent, but tend to be scattered and localized. RECs and countries will require support in value chain development, and good practices within the continent and from elsewhere will be useful. Specific actions will be to:

- (i) Establish a forum, together with AUC and RECs, that identifies knowledge gaps in agribusiness development and topical issues that require research. Such a forum could include representatives of AUC, NPCA, RECs, agribusiness organization and regional farmer associations.
- (ii) Identify and establish links with knowledge institutions on the continent with expertise that can be drawn upon whenever need arises. This will build on the experiences gained from working with Pillar institutions.
- (iii) Provide technical support in value chain analysis at regional and national level, the latter in partnership with the RECs. Where technical capacity is weak, mobilize technical support for capacity building.
- (iv) Produce and disseminate a quarterly agribusiness newsletter, with articles sought from the AUC on policy matters and RECs and countries on best practices that can be widely shared. Successful agribusiness models on the continent should be share widely across all RECs and countries.

3.4 Strategic Action 4: Build and facilitate partnerships for agribusiness development

Developing Africa's agribusiness will require injection of both technical and financial resources, mobilized both internally, but also attracting foreign direct investments into agriculture, in line with the principles guiding this strategy. This strategy advocated for strong engagement between the public and private sector in policy formulation and agribusiness value chain development. Specific actions expected of NPCA are to:

- (i) Broker technical and financial partnerships for design and implementation of flagship programs and projects, ensuring that domestic agribusinesses are given special attention.
- (ii) Work with RECs to identify capacity development needs of nascent agribusinesses and mobilize experts to build the capacity of growing African agribusiness.
- (iii) Partner with RECs highlight investment opportunities and to mobilize foreign direct investment in strategic agricultural value chains that will bring about broad-based growth, especially ensuring that smallholder farmers are linked to functional value chains.

- (iv) Establish partnerships with regional farmer organizations and agribusiness foundations to ensure that needs of Africa's agribusinesses are always fronted at relevant fora, such as the CAADP partners platform meetings and other high level continental and global events.
- (v) Work with RECs and their member states to mobilize and create partnerships with private financial institutions in Africa to finance agribusinesses. This is the best way to ensure sustainable financing of agriculture.
- (vi) Broker and advocate for partnerships with international institutions and initiatives in agriculture and agribusiness development (e.g. Grow Africa).

3.5 Strategic Action 5: Guide program development and implementation at regional and national levels

While most countries have well articulated NAIPS, translating them into bankable programmes and projects is not automatic. Many countries need technical support to develop quality programs and projects that will attract financing, whether domestic or foreign. Even for regional programs, led by RECs or among several cooperating countries, technical support is quite often required to meet the standards of the financing institutions. Specific actions for NPCA will be to:

- (i) Provide technical support to RECs and member states to develop quality investment programs and project, in line with their agricultural investment plans.
- (ii) Collaborate with RECs to compile and disseminate best practices in program and project design and implementation among member states.
- (iii) Develop guidance on how to improve capacities for agribusiness development and trade, working with RECs and countries.
- (iv) Support the evolution of agribusiness chambers at national level as a way of mobilizing agribusiness and engaging them more effectively in implementing NAIPs.



4 Implementation plan

NPCA as technical body of the African Union has the mandate to coordinate and facilitate the implementation of NEPAD programmes covering mobilization of resources and partners, conducting and coordinating research and knowledge management. In implementing this strategy, therefore, NPCA is expected to, among other things:

- (i) Engage with political actors and development partners to create a more coherent development orientation;
- (ii) Enhance capacity of member states to drive continental development processes supporting the harmonization of policies at different levels;
- (iii) Assist countries and RECs in creating an enabling environment to stimulate and facilitate private sector engagement in sustainable growth and development;
- (iv) support member states and RECs in developing quality policies, investment programmes and projects;
- (v) develop flagship projects, networks and partnerships to advance specific agendas;
- (vi) Mobilize and coordinate other actors at continental, regional and national level who are supporting the up-scaling of agribusiness and entrepreneurship development. In doing this, NPCA will require the support of RECs and countries.
- (vii) Develop harmonisation and coordination mechanisms to ensure the most efficient use of synergies among the key institutions at different levels.

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