



## 3rd PAFO Continental Briefing

# Advancing African agriculture through agribusiness development

28-29 November 2015, Durban, South Africa

Organised by the Pan African Farmer's Organisation (PAFO) and the ACP-EU Technical Centre for Agricultural and Rural Cooperation (CTA)

*Organised in the context of the GFIA*

This Briefing is linked to the Brussels Briefings organized by the CTA, EC/DGDEVCO, ACP Group and Concord every two months on key issues related to agriculture in ACP countries <http://brusselsbriefings.net>

### Background Note

#### 1. Context: Africa's agricultural transformation through innovative business models

The continent's leaders have renewed their commitment to transforming agriculture as a driver of job creation, improved incomes, and access to nutritious food. The Heads of State and Government of the African Union met at the 23rd Ordinary Session of the AU Assembly in Malabo, Equatorial Guinea, from 26-27 June 2014, on the Theme of the African Year of Agriculture and Food Security: "*Transforming Africa's Agriculture for Shared Prosperity and Improved Livelihoods through Harnessing Opportunities for Inclusive Growth and Sustainable Development, also marking the tenth Anniversary of the Adoption of the Comprehensive Africa Agriculture Development Programme (CAADP)*". The **Malabo Declaration**<sup>1</sup> highlights **Commitment to Enhancing Investment Finance**, both public and private, to agriculture, and creates and enhances necessary appropriate policy and institutional conditions and support systems for **facilitation of private investment in agriculture, agri-business and agro-industries**, by giving priority to local investors.

Africa has to transform its agriculture and agroindustry to feed itself. Therefore agribusiness is strategically placed to drive Africa's future economic development.

The need to **transform the African agri-business sector** is a development challenge as it involves small-scale and family farmers who are the largest private investors into African agriculture. The CAADP process initiated by NEPAD and the African Union creates a framework for coordinating strategies and instruments in the agricultural sector. The third CAADP pillar includes **domestic production and marketing** and **trade-related capacity development** as key elements.

The development and business communities involved in the African agriculture and agribusiness sectors

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<sup>1</sup> Actions include: the AU Commission and NEPAD Planning and Coordinating Agency (NPCA) to develop an implementation strategy and roadmap that facilitates translation of the 2025 vision and goals of Africa Accelerated Agricultural Growth and Transformation into concrete results and impacts, and report to the January 2015 Ordinary Session of the Executive Council for its consideration; the AU Commission and RECs to facilitate the acceleration of economic integration to boost intra-Africa trade in food and agriculture.

have recently experienced a tremendous resurgence of interest in the promotion of value chains as a way to add value, diversify rural economies, and contribute to increasing rural household incomes in most developing countries. The renewed focus on agriculture and agribusiness, as priority sectors for spurring economic growth in Africa, calls for developing value chains that integrate producers and markets to make the agricultural sector more responsive to consumer demand.

Increases in finance and investment are needed at all levels of the food chain, especially to increase the access to finance by smallholders.<sup>2</sup>

Promoting **innovative business models** in African countries opens up new business opportunities, helps raise efficiency and advances national economic development. However, only a few agribusiness companies pursue the goal of sustainable agriculture, with a view to improving local and regional food production and trade. More analysis needs to be carried out into the successes on the ground of those companies, and into ways of upscaling them through new transformative partnerships.

## 2. Data-driven farming

Data has become a key asset for the economy, as important as human and financial resources. Whether it is geographical information, statistics, weather data, research data, transport data, energy consumption data, or health data, the need to make sense of "Big data" is leading to innovations in technology, development of new tools and new skills.

More data was created in 2013 than in all the preceding years of human history combined, and every minute the world generates enough data to fill more than 360,000 standard DVDs.<sup>3</sup>

These data hold the potential—as yet largely untapped—to allow decision makers to track development progress, improve social protection, and understand where existing policies and programmes require adjustment.<sup>4</sup> Whereas in previous generations, a relatively small volume of analog data was produced and made available through a limited number of channels, today a massive amount of data is regularly being generated and flowing from various sources, through different channels, every minute in today's Digital Age.

The phenomenon of big data - where information comes from different sources ranging from connected devices to sensors and GPS - offers enormous potential to develop innovative products and services. Turning Big Data—call logs, mobile-banking transactions, online user-generated content such as blog posts and Tweets, online searches, satellite images, etc.—into actionable information is key. New insights gleaned from such data mining should complement official statistics, survey data, and information generated by Early Warning Systems. Generating value at the different stages of the data value chain will be at the centre of the future knowledge economy.

The public sector cannot fully exploit Big Data without leadership from the private sector which includes mobile phone carriers, credit card companies and social media networking sites and manages enormous data sets that hold rich insights. Companies analyze this data to support decision-making or provide market intelligence. More recently, public sector institutions have begun leveraging similar techniques to generate actionable insights for policymakers.

The "traditional data" (official statistics and survey data) will continue to generate relevant information, but the digital data revolution presents a tremendous opportunity to gain richer, deeper insights into human experience that can complement the development indicators that are already collected. The growing role of 'crowdsourcing'<sup>5</sup> and other "participatory sensing" efforts bringing together communities of practice and like-minded individuals through the use of mobile phones and other platforms including Internet, hand-held radio, and geospatial technologies present promising opportunities.

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<sup>2</sup> Calvin Miller and Linda Jones. Agriculture value chain finance. Tools and Lessons. FAO and Practical Action Publishing. 2010

<sup>3</sup> <http://capacity4dev.ec.europa.eu/article/big-data-big-potential#sthash.sFrWbRij.dpuf>

<sup>4</sup> UN Global Pulse. The report is available online at <http://unglobalpulse.org/>

<sup>5</sup> The word "crowdsourcing" refers to the use of non-official actors ("the crowd") as (free) sources of information, knowledge and services, in reference and opposition to the commercial practice of outsourcing. "

### 3. From technology to actionable information: key game changers

#### 3.1. Precision agriculture for all?

Devised for industrialised farms, precision agriculture now has the potential to increase the yields of smallholder farmers.

Precision agriculture is closely associated with technology and its application to large-scale farms in developed countries. GPS-equipped sensors on tractors, for example, enable farmers to measure and respond to soil variability across vast tracts of land, and dispense the right amounts of fertiliser and water exactly where it's needed.

For many years, this was widely seen as irrelevant to small-scale farmers in developing countries. How much variability can there be on a two hectare plot? And how could poor farmers afford the technology? But there's a growing body of research now to support the idea that small-scale farmers can benefit from precision agriculture. One of the reasons for this is greater awareness of how much variability can exist in even the tiniest plot of land.

The technology which has driven precision agriculture in the global north is becoming more widely accessible. For example, a new handheld device known as the GreenSeeker can be used to measure the health and nitrogen status of plants, enabling farmers to make more precise assessments of fertiliser requirements. With evidence that precision agriculture techniques can work, the challenge is creating appropriate enabling environments to encourage take-up.

As the volume, variety and velocity of data continues to increase, so too do the possibilities for how it can be applied to tackle global challenges such as agriculture. The era of big data is potentially transformational. But to achieve these benefits, we need a deeper understanding of several interdependent issues. Trust needs to be restored. We need to learn more about the dynamics of constantly changing data flows. New means and mechanisms for engaging individuals need to be developed.

#### 3.2. The ICT revolution continues

It is essential to improve access to reliable and timely information critical for taking advantage of market opportunities. Cheaper forms of ICTs, such as mobile phones and the networks needed to connect them, have facilitated access to critical information for farmers, small traders, business people in production systems management, market access services, and have led to financial inclusion.<sup>6</sup> ICTs are among the most effective drivers of inclusive agricultural value chains and agricultural growth and transformation in ACP countries.

Market access ICT services comprise of any service that provides beneficiaries, especially farmers, with access to information on the pricing of agricultural products (inputs and outputs), and on finding and connecting to suppliers, buyers or logistics providers, such as storage facilities and transport companies. Such services include simple pricing services, virtual trading floors (matching services or full commodity exchanges) and holistic trading services. Market access services also cover ICT solutions that help the typically larger upstream and downstream firms, such as processors or exporters, to improve the management of their operations and the quality of their produce – here called downstream administration.

### 4. The way forward

A **differentiated approach to partnerships** is key to boosting agricultural development in Africa. This approach should focus on the development of competitive local private sectors including through building local institutional and business capacity, promoting SMEs and cooperatives, supporting reforms to and enforcement of legislative and regulatory frameworks, facilitating access to business and financial services, and promoting agricultural, industrial and innovation policies. To achieve this, private public partnerships (PPPs) which implement sector-wide and strategic approaches and that include several partners are required; moreover lessons learned from best practices should be discussed and shared.

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<sup>6</sup> Calvin Miller, V.N. Saroja and Chris Linder. ICT uses for inclusive agricultural value chains. FAO. 2013

## 5. Objectives of the Briefing

The Briefing objectives are to: (i) highlight the key opportunities in agribusiness development favourable to the farmer's organisations; (ii) promote sustainable and inclusive PPPs in support of agribusiness development; and (iii) identify new opportunities in data and ICTs in support of agribusiness and agricultural development in the continent.

This Briefing will feed into the GFIA Conference to be held in Durban on 1-3 December 2015.

### Target group

The representatives of the regional African farmer's organizations (PROPAC, SACAU, EAFF, ROPPA, UMAGRI) and the national farmer's organisations, policy-makers, civil society groups, research networks, development practitioners, and international organisations.

### Available material

Input and comments before, during and after the meetings will be included in the Briefings blog: <http://brusselsbriefings.net>. A Reader and Highlights in printed and electronic format will be produced shortly after the meeting.





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## PROGRAMME

### Saturday 28 November

13h00-14h45 Registration

15h00-15h15 Welcome and introductory remarks: *Theo de Jager, President, PAFO; Michael Hailu, Director, CTA.*

#### **15h15-17h30 Session: Successes from farmer's-led business**

This session will present some of the cases of farmer's led business which have been documented by the FOs since the last PAFO Briefing held in Nairobi in July 2014. In some cases, linkages have been made with the financial institutions. The session will also identify new opportunities to move forward this agenda.

Chair: *Theo de Jager, President, PAFO*

Context and achievements: *Isolina Boto, Manager, CTA*

- East Africa (Oromia Coffee, Ethiopia; Nucafe Coffee, Igara Tea, Kapchorwa District farmers association, Uganda; and Limuru dairy co-operative Kenya) *EAFF*
- West Africa (Fédération des Professionnels Agricoles du Burkina (FEPA-B) on maize; La Fédération des unions des coopératives des producteurs du Niger (FUCOPRI) on rice) *ROPPIA*
- Central Africa (FNEC on livestock in Central Africa; ABBON on soya in Congo; Sloopmata in Cameroon for cassava) *PROPAC*

### Discussion

## Sunday 29 November

### 9h00-11h00 Session : New opportunities for Agribusiness development

This panel will discuss the drivers of agribusiness development in EU and regional markets favourable to farmers' organisations and new market opportunities. It will bring perspectives from policy makers, private sector and finance.

Chair: *Philip Kiriro, President, EAFF*

- Agricultural trade, regional integration and new opportunities for agribusiness  
*Mmatlou Kalaba, International Trade Economist, Pretoria University*
- Successes from the African private sector in the development of agribusiness  
*Daniel Gad, Managing Director, Omega Farms & Ethiopian Horticulture Co-operative*
- Regional trade and agribusiness development: the experience in the COMESA region  
*George Magai Director of Trade and Markets for ACTESA, COMESA*
- The perspective of input suppliers  
*Erick Rajaonary, CEO, Guanomad*

### Discussion

#### 11h00-11h15 Coffee break

### 11h15-13h00 Session: New opportunities for Agribusiness (cont)

This panel will discuss the drivers of agribusiness development in EU and regional markets favourable to farmers' organisations and new market opportunities. It will bring perspectives from policy makers, private sector and finance.

Chair: *Djibo Bagna, President, ROPPA*

- Opportunities in the EU Market for agrifood products and PPPs  
*Francis Fay, Head of Unit for ACP Policy, European Commission/DG Agriculture and Rural Development, ACP Countries and Development Issues*
- Financing agribusiness: new trends and opportunities  
*Elias Masilela, Executive Chairman, DNA Economics*
- Innovative funding for agribusiness SMEs  
*Francois Stepman, Platform for African - European Partnership in ARD*

#### 13h00-14h00 Lunch

### 14h00- 16h00 Session: Data-driven farming, Big data and Precision Agriculture

This session will look at new opportunities offered by Big data and ICTs successful applications to farmers in various areas supporting agribusiness. The session will also map specific gaps and needs which need to be addressed for farmer's organisations.

Chair: *Theo de Jager, President, PAFO*

- Open data for agriculture: new opportunities for farmers  
*Andre Laperriere, Director, Global Open Data for Agriculture and Nutrition (GODAN)*
- Precision agriculture: a reality for Smallholder farmers?  
*Chris Addison, Senior Coordinator, Knowledge management*
- Agriconnexions: A new ICT approach to supporting Farmers Organisation services  
*Getaw Tadesse, Researcher, IFPRI*
- Data for farmers: overview of current data and further needs  
*Summer Allen, Research Coordinator, Markets, Trends and Institutions, International Food Policy Research Institute (IFPRI)*

## Discussion

**16h00-16h15 Coffee break**

## **16h15- 17h30 Session: The way forward**

Action plan to promote Agribusiness and PPPs favourable to farmers organisations.

## Conclusions and Closure

