



AGRIBUSINESS FORUM, 14-17 JUNE 2009, CAPE TOWN, SOUTH AFRICA
CONFERENCE REPORT

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ACKNOWLEDGEMENTS

This publication is the report of the AgriBusiness Forum 2009, which was jointly organized by EMRC International and the Agricultural Business Chamber (ABC) of South Africa. Under the high patronage of the South African Department of Agriculture, the AgriBusiness Forum 2009 was held in Cape Town, South Africa on 14-17 June 2009. We would like to send a special thanks to the Honourable Minister of Agriculture, Tina Joemat-Pettersson, for her participation in the AgriBusiness Forum 2009 and the support of all the staff of the South African Department of Agriculture (DoA).

We sincerely thank the Food and Agriculture Organization of the United Nations (FAO) for their outstanding assistance and support and the Rabobank Foundation for their contribution to the Project Incubator Award.

Both EMRC and ABC are grateful to the sponsors - AGRA, FARA, FMO, ITC, IDC, MCC, Heineken, Monsanto, Yes Bank, YARA, ABSA, AFGRI, Omnia, Axius, PROGIS, ADCON – and supporters of the AgriBusiness Forum 2009 – NEPAD, the EU, NEPAD Business Foundation, Wageningen, ICRISAT & Africa Practice.

EMRC and ABC would like to show our appreciation to the authors of the report, Dirk Esterhuizen and Pierre Coetzer, for compiling the session inputs that were presented during the forum.

PREFACE

Objective of the AgriBusiness Forum 2009

The AgriBusiness Forum 2009 was a targeted business forum that united key players with a stake in African agriculture to discuss how the continent could unlock its potential and boost productivity and growth. By bringing people together, EMRC and ABC enabled trans-continental collaboration between entrepreneurs and agribusinesses from Africa, Europe, Asia, and the USA to take place. The forum also contributed to an ongoing discussion on how to empower the private sector and migrate businesses from subsistence farming to commercial farming.

EMRC's goal and mission

EMRC is a non-profit International Association composed of a network of entrepreneurs, financiers, consultants and officials based throughout the world. EMRC's mission is to lead the private sector in Africa in sustainable economic development and to drive regional change through partnerships.

Agricultural Business Chamber (ABC) goals and mission

The ABC negotiates for and facilitates a favourable agribusiness environment in order for its members to perform competitively and sustainably. The organization aims to influence the policy and legislative environment insofar as it affects agribusiness activities, and to improve the agribusiness environment through liaison and co-operation with influential groups within the broader business environment – locally and internationally.

Organization and participation

The 2009 AgriBusiness Forum was organized in partnership with ABC and under the high patronage of the South African Department of Agriculture. The following actors supported and collaborated with EMRC and ABC: AGRA, FARA, FMO, ITC, IDC, MCC, Heineken, Monsanto, Yes Bank, YARA, ABSA, AFGRI, Omnia, Axius, PROGIS, ADCON – and supporters of the AgriBusiness Forum 2009 – NEPAD, the EU, NEPAD Business Foundation, Wageningen, ICRISAT & Africa Practice.

The event drew more than 400 delegates from 42 countries around the world: 27 African countries (Angola, Botswana, Burundi, Cameroon, Chad, Congo, DR Congo, Ivory Coast, Ethiopia, Ghana, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, Senegal, South Africa, Swaziland, Tanzania, Uganda, Zambia & Zimbabwe), 10 European countries (Austria, Belgium, France, Germany, Italy, Netherlands, Norway, Spain, Switzerland, United Kingdom) and many more (India, Israel, United Arab Emirates & the United States of America).

DAY 1 – Sunday, 14 June 2009

- 09:30 Registration throughout the day
 16.30 Icebreaking Event – get to know each other:
 Wine tasting tour – discovering the Stellenbosch Area around Cape Town
 Welcome Dinner & Presentation of Participants

DAY 2 - Monday, 15 June 2009

- 08.00 Registration
 08.30 Opening Remarks
 Pierre Mathijssen, President EMRC, lawyer, former Director General at the European Commission
 Mlungisi Lulu Johnson, Chairman of Parliamentary Portfolio Committee for Agriculture, South Africa
 Namanga Ngongi, President – AGRA, Kenya
 Ajay Vashee, President International Federation of Agricultural Producers (IFAP), Zambia
 Corwyn Botha - Chairman of Agricultural Business Chamber, MD of Kaap Agri, South Africa
- 09.40 Overview of the Global Economic Situation and its Impact on Agriculture in Africa
 Introduction: Pierre Mathijssen, President EMRC, lawyer, former DG at the European Commission
 • Setting the scene: mega-trends (urbanization, globalization, etc) as drivers of investment opportunities along the Agri-Food chains in Africa
 • Identifying new business opportunities for the private sector
 • Financial crisis – the implications
 Kalyan Chakravarthy, Executive Vice President and Country head, Yes Bank, India
 Marilou Uy, Sector Director for Private Sector Africa - World Bank, USA
 Arthur Schröder, Corn Breeding Lead – Monsanto, South Africa
 Timothy Prewitt, Managing Director – USAID/ MARKETS, Nigeria
- 10.30 Coffee & Tea Break
 11.00 Unleashing Private Sector Investments into African Agribusiness
 • Reforming the business climate – successful stories
 • Investment promotion and facilitation
 • Entrepreneurship development, capacity building
 • Attracting large scale agricultural investments
 Raadiya Begg, Director Africa Initiative – INSEAD Business School, Abu Dhabi
 Jason Bauer, Director Private Sector Initiatives – Millennium Challenge Corporation (MCC), USA
 Babs Adenaike, Programme Manager –Pro€Invest, Belgium
 Bayero Fadil, Chief Executive Officer – Complexe Chimique Camerounais, Cameroon
- 12.00 EMRC-Rabobank Project Incubator: Innovative Projects from Africa
 Presentation of selected projects EMRC-Rabobank Project Incubator.
 The winners will be announced during the Gala Evening on Monday 15th June
 Pierre van Hedel, Managing Director – Rabobank Foundation, The Netherlands
 Idit Miller, VP & Managing Director – EMRC, Belgium
- 13.00 Networking Lunch

THEMATIC SESSIONS**14.15 Session I: Accessing New Markets – Encouraging Trade**

Moderator: Elaine Alexander, CEO - Table Grape Industry, South Africa

- Strategies and innovation for domestic and regional markets
- Strategies and innovation for global markets – the export opportunities

Treasur Maphanga, Chief, Office for Africa, ITC (Intl Trade Centre), Switzerland

Moji Mogari, Executive Director - AFGRI, South Africa

Raymond Auerbach, Director - Rainman Landcare Foundation, South Africa

15.15 Country Focus: Uganda's Investment and Trade Opportunities

Hon. Eriya Kategaya First Deputy Prime Minister & Minister for East Africa Affairs, Uganda

Hon. Henry Bagiire Aggrey, Minister of State for Agriculture, Animal Industry & Fisheries, Uganda

Hon. Ruth Nankabirwa, Minister of State for Microfinance, Uganda

16.30 Session II: Increasing and Maintaining Competitiveness

Moderator: Emmanuel Tambi, Director, Regional Policies & Markets – Forum for Agricultural Research in Africa (FARA), Ghana

- Increased efficiency along supply chains
- New technologies
- Management strategies and tools
- Agriculture innovation, development & research

Louise C. McDonald, Country Programme Manager– IFAD (Intl Fund for Agric. Dev.), Italy

Ilyas Abdul Rahman, Chief Operating Officer - Agri-Science Park@ICRISAT, India

Willem Slood, CEO – Yara South Africa, South Africa

Corwyn Botha - Chairman of Agricultural Business Chamber, MD of Kaap Agri, South Africa

20.00 Gala Evening Hosted by ABSA: Presentation of the EMRC Awards and EMRC-Rabobank Project Incubator Awards 2009, in presence of Government officials, Ambassadors, the media and the business community.**DAY 3 – Tuesday, 16 June 2009****08.30 Session III: Public-Private Partnerships - Success Cases**

Moderator: Sean de Cleene, VP Public Affairs – YARA International, Norway

Peralt Van Der Merwe, Business Dev. Manager - Heineken, South Africa

Ayesha S. Hakeem, Managing Director - African Connections, Ghana

Margaret Muhanga-Mugisa - Member of Parliament – Uganda

Sylvester Oikeh, Project Manager WEMA – African Agric. Tech. Found., Kenya

Ny Rado Rafalimanana, Chairman - AXIUS HOLDING S.A., Madagascar

10.00 Coffee & Tea Break

10.30 Session IV: Ensuring Raw Material Supplies

Moderator: Sean de Cleene, VP Public Affairs – YARA International, Norway

- Integrating small farmers in the value chain
- Local sourcing – advantages and inconveniences
- Benefits of cooperatives and/or producers associations
- Seeds and fertilisers
- Irrigation technologies

Gavin C Brimacombe, Director – Omnia Group (Pty) Ltd, South Africa

Marcos Nhunga, National Director of Agriculture – Ministry of Agriculture, Angola

Refael Dayan, General Manager – Green 2000, Israel

Bari Henry Mbairari, Head of Fin. Dep. – Management Committee of the Petrol Revenues, Chad

Timothy Prewitt, Managing Director – USAID/ MARKETS, Nigeria

11.30 Country Focus: South Africa showcasing Agricultural Development

Moderator: Billy Morokolo, Acting DDG: Trade and Economic Development, Ministry of Agriculture of South Africa

- Broad Based Black Economic Empowerment (BBBEE)
- CASP and Mafisa – Government based financing of developing agriculture
- Land and Agrarian Reform Programme (LARP)

Key note speaker: Tina Joemat-Pettersson, Minister of Agriculture, Forestry and Fisheries, Government of South Africa

Madime Mokoena, Deputy Director Commodity Marketing, Department of Agriculture, South Africa

Motseki Hlatshwayo, Animal and Aqua Production Systems, Department of Agriculture, South Africa

12.30 Networking Lunch**13.45 Session V: Meeting Investment Capital Needs****Part I: The role of Intl Financial Institutions and donor organisations**

Moderator: Arthur Levi, former Head – IFC (International Finance Corp.) Europe, France

Anup Jagwani, Head Agriculture Operations Africa – Intl Finance Corp., Member of the World Bank

Pierre van Hedel, Managing Director – Rabobank Foundation, The Netherlands

Brian Baldwin, Vice-Chair of the Global Donor Platform for Rural Development (GDPRD), Germany

David White, Director Africa – European Investment Bank (EIB), South Africa

15.15 Coffee & Tea Break**16.00 Part II: The role of Private Banks, Private Equity Funds and the Challenge Funds**

Moderator: Calvin Miller, Senior Officer for Rural Finance – FAO, Italy

Ernst Janovsky, Head Agribusiness, - ABSA Group, South Africa

Hugh Scott, Director – Africa Enterprise Challenge Fund (AECF), Kenya

Rian Coetzee, Head Food, Beverage & Agro Ind. Business Unit – IDC, South Africa

Ben Zwinkels, Senior Investment Officer, The Netherlands Dev. Finance Company (FMO), The Netherlands

THROUGHOUT THE AFTERNOON PEER ASSISTED B2B (WITH ITC – INTL TRADE CENTRE)**20.00 Networking Dinner Hosted by South African Government with the Department of Agriculture, Forestry and Fisheries**

Guest Speaker: Director General of the Department of Agriculture of South Africa, Ms Njabulo Nduli

DAY 4: Wednesday, 17 June 2009**09.00 Parallel Workshops:****Workshop I: Global Imaging and Mobile Telephony to Improve Productivity**

Moderator: Walter Mayer, CEO - Progis Software, Austria

Bernhard Pacher, Strategic Development Director - ADCON, Austria

Workshop II: Open Space on Corridors, Agro-parks and Metropolitan Agriculture

Moderator: Anup Jagwani, Head Agriculture Operations Africa – Intl Finance Corp., WB, USA

John Rocha, Senior Project Manager - NEPAD Business Foundation, South Africa

Sean de Cleene, VP Public Affairs – YARA International, Norway

Raju Poosapati, Vice -President Food & Agribusiness – Yes Bank, India

Peter Smeets, Project Director – Agro Parks, Alterra B.V, Wageningen UR, The Netherlands

10.30 Coffee & Tea Break**11.00 Parallel Workshops:****Workshop III: SMEs as Engines for Growth**

Moderator: Wolfgang Thomas, University of Stellenbosch Business School

Patrick Oketa, Chief Investment Officer – African Agricultural Capital, Uganda

Chris Isaac, Corporate Executive – InfraCo, UK

Charles Kwesiga, Executive Director – Uganda Industrial Research Institute (UIRI), Uganda

Workshop V: Interfacing Bioenergy and Agribusiness

Moderator: John Purchase, Chief Executive Officer – Agricultural Business Chamber, South Africa

Professor Theo Kleynhans, University of Stellenbosch

Andrew Makenete, Chairman of the South African Biofuels Association.

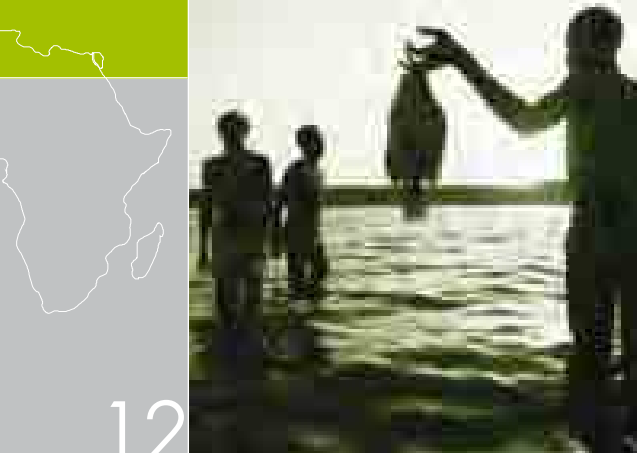
12.30 Closure of the Forum and Certificate Ceremony**13.30 Networking Lunch – Tour of Cape Town****THROUGHOUT THE DAY PEER ASSISTED B2B (WITH ITC – INTL TRADE CENTRE)**



AGRIBUSINESS FORUM, 14-17 JUNE 2009, CAPE TOWN, SOUTH AFRICA

CONFERENCE REPORT

**Empowering the private sector to
boost productivity & growth in Africa**



EXECUTIVE SUMMARY

African agriculture has underperformed over the past number of decades, despite having the resource potential to feed both itself and many other people across the globe.

The question arises: How does Africa fully unlock this potential?

The AgriBusiness Forum 2009, with the theme “empowering the private sector to boost productivity and growth in Africa”, set forth key imperatives to strengthen Africa’s agriculture sector. These imperatives included:

- **The creation of partnerships** throughout the entire value chain – from raw material providers to marketplace distributors. These partnerships, whether they be Private to Private or Public to Private, are seen as tools to strengthen the agricultural industry in Africa as a whole.
- Governments in Africa must be committed to enacting more **favorable agricultural policies** that can create enabling environments for agribusinesses to be more globally competitive.
- **Infrastructure development** is fundamental to the process of growth. Africa needs investments in infrastructure to get markets working.
- **Research and Development** is a necessity for agricultural development; not only to raise production and productivity to much higher levels, but also to improve value added processes and product quality. The need for R&D will certainly require all parties involved, both the private sector and the government, to take solid measures in educating their stakeholders about the value of R&D and how new approaches and techniques, including biotechnology, can make a valuable contribution to agricultural growth.
- **Market accessibility** will be a key component in the sustainable development of African agriculture, and African nations must collectively petition the European Union to open markets and remove trade barriers that will facilitate the movement of African agricultural goods.

- New risk-sharing models to facilitate **access to credit** are being developed and are already proving successful. These need to be expanded considerably as access to credit remains one of the major constraints facing the development of African agriculture. Commercial financiers, such as the banks, as well as Development Finance Institutions (DFI’s) and even the donor community, can play a major role by partnering and coordinating their efforts.

Underpinning much of the above, is the fact that, despite Africa’s huge reliance on agriculture for its GDP (~35%), only a handful (about 5) of countries invest 10% of their annual budgets in agricultural development, despite the Maputo Declaration, signed by African Heads of State, committing to this target. Investment by African Governments in agriculture will send a profound signal to the private sector, and private sector investment will be sure to follow.

AgriBusiness Forum 2009 not only debated the relevant issues constraining agriculture development in Africa, but also facilitated a range of very successful business-to-business meetings between participants through the support and expertise of the International Trade Centre (ITC) based in Geneva.



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INTRODUCTION

The AgriBusiness Forum 2009 with the theme “empowering the private sector to boost productivity and growth in Africa” took place in Cape Town, South Africa, from 14-17 June 2009. The AgriBusiness Forum is an annual event organized by EMRC International and hosted this year under the high patronage of the Department of Agriculture of South Africa, and in partnership with the Agricultural Business Chamber of South Africa, Rabobank and the FAO (Food & Agriculture Organization) of the United Nations.

It was the first time that the Forum was held in Africa and attracted a record number of participants (>400) from 42 countries. Throughout the Forum more than 50 presenters, which included key political and private sector industry leaders, shared their thoughts and experience on how the current underperforming agricultural sector in Africa could unlock its huge potential and raise its level of growth to significantly increase food security on the continent.

This year's event indeed turned the current food crisis into an opportunity to increase food production and to reverse the decades-long decline in investment in agriculture, thereby securing a sustainable future for African food supplies. Among the Forum's highlights was the South African Minister of Agriculture, Ms. Tina Joemat-Pettersson, who drew attention to the fact that the agricultural sector is currently the best positioned industry to really boost job creation in Africa. She emphasized that each African nation must take an active role in assuming its responsibility to nurture agricultural growth, and she committed Africa to feed its own people.

The Forum also set forth key imperatives to strengthen Africa's agriculture industry that included: The creation of partnerships, favorable agricultural policies, infrastructure development, research and development, market accessibility and access to credit.

This year's event was organized with the sponsorship of AGRA, FARA, FMO, ITC, IDC, MCC, Heineken, Monsanto, Yes Bank, YARA, ABSA, AFGRI, Omnia, Axius, PROGIS, ADCON – and supporters of the AgriBusiness Forum 2009 – NEPAD, the EU, NEPAD Business Foundation, Wageningen, ICRISAT & Africa Practice.

DAY 1 – SUNDAY 14, JUNE 2009

ICE-BREAKING EVENT

The Agribusiness Forum 2009 started the afternoon of 14th of June with a very successful ice-breaking event at the L'Avenir Wine Estate near Stellenbosch. Guests and Forum participants had the opportunity to taste, informally, top quality wines from 23 of South Africa's many wine cellars. After a short welcoming address by **John Purchase**, the CEO of the Agricultural Business Chamber, and **Ernst Janovsky**, General Manager of ABSA AgriBusiness, country team leaders and other participants had the opportunity to introduce themselves to the Forum.

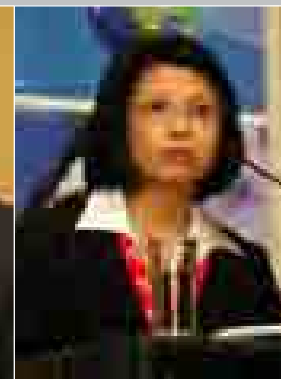
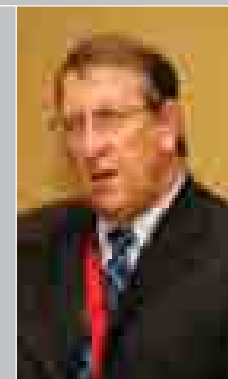
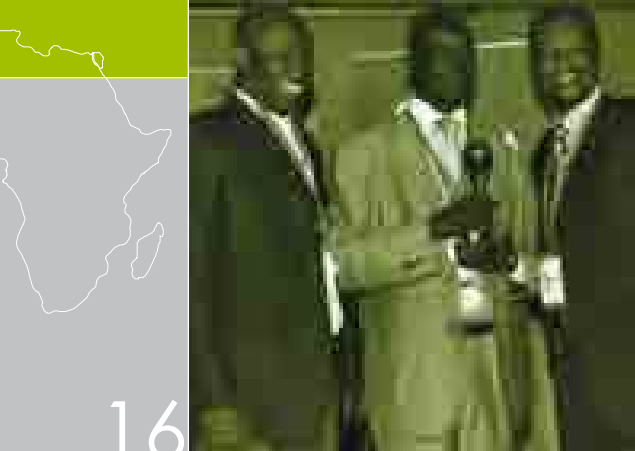
DAY 2 – MONDAY, 15 JUNE 2009

OPENING REMARKS

Day two started with **Idit Miller**, Vice President and Managing Director of EMRC, welcoming delegates to the 2009 AgriBusiness Forum and informing them that this is so far the largest forum to be held by the EMRC with over 400 delegates present from 42 countries. It was also the first time that the Agribusiness Forum took place in Africa. “As the first AgriBusiness Forum to be hosted on African soil, these numbers are reflective of the growing importance that African agriculture plays in the global marketplace” she said.

Pierre Mathijssen, President of EMRC, emphasised the importance of bringing people together at forums such as this one where partnerships can be formed that will empower the private sector to boost productivity and growth in Africa. He also introduced the panel for the first session, which set the scene for the next three days of the Forum.

The panel consisted of **Mlungisi Johnson**, Chairperson of the Portfolio Committee on Agriculture, Forestry and Fisheries of South Africa's Parliament, Namanga Ngoni, President of the Alliance for a Green Revolution in Africa (AGRA), Ajay Vashee, President of the International Federation of Agricultural Producers (IFAP) and Corwyn Botha, Chairman of the Agricultural Business Chamber.



Mlungisi Johnson told delegates that South Africa is proud and honoured to be the first Africa host of the Agribusiness Forum. Johnson thanked the Agricultural Business Chamber for their contribution in bringing the Forum to South Africa and iterated the importance of food security in Africa. He added that efficient and effective functioning value chains and partnerships can play an integral role to ensure food security in Africa.

The next presenter, **Namanga Ngongi**, indicated to the Forum that there had been little growth in cereal yields (ton/ha) over the past 40 years in sub-Saharan Africa, compared to China and south Asia where cereal yields more than doubled over the same period. As Africa has great potential, one of the key issues is to properly train smallholder farmers, much of which are women. Ngongi informed the Forum of interventions by AGRA along the value chain that could help solve many of Africa's agricultural problems. These interventions include programs for Africa's seed systems, soil health, market access, a policy support program and an innovative financing program.

Namanga Ngongi was followed by **Ajay Vashee** who held the view that governments must see farmers as entrepreneurs that are part of the private sector, and policy interventions must be producer-centred. Vashee also expressed that Africa needs investments in infrastructure for agricultural markets to function effectively and emphasised the importance of partnerships along the value chain and how research and development could aid in higher productivity.

The last speaker of the session, **Corwyn Botha**, said that agriculture in Africa has underperformed in the past despite having the resource potential. Botha believes that Africa must unlock its potential together through local and international market development, including development of value chains in the respective industries, investment in infrastructure and skills development. He underlined the need for a cohesive agricultural development strategy to achieve the complex and monumental, but critical goal of making agriculture profitable and viable in Africa, particularly for smallholder farmers.

OVERVIEW OF THE GLOBAL ECONOMIC SITUATION AND ITS IMPACT ON AGRICULTURE IN AFRICA

Pierre Mathijsen, President of EMRC, was the moderator of this session. This session looked at mega-trends (urbanisation, globalisation, etc.) as drivers of investment opportunities along Agro-food chains in Africa, the implication of the financial crisis and at new business opportunities for the private sector in Africa.

The first presenter was **Marilou Uy**, Director for Africa's Private and Financial Sector at the World Bank. Uy suggested that agriculture in Africa was underdeveloped and agriculture productivity had stagnated, apart from the fact that the continent has potential and burgeoning opportunities in the sector. The World Bank has seen this opportunity and has substantially increased its lending availability to the agriculture sector in Africa.

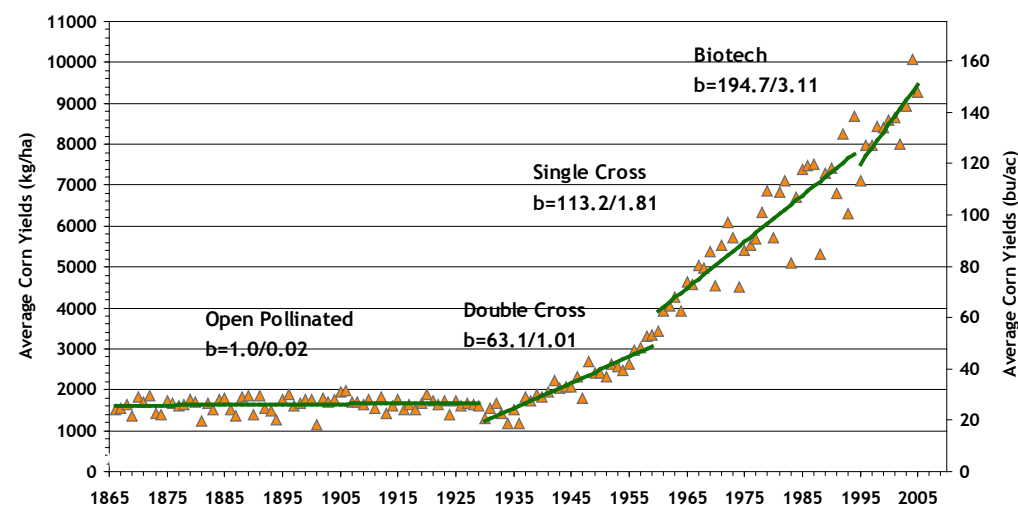
Following Uy's insights on credit facilities open to Africa, **Timothy Prewitt**, Managing Director of USAID/Markets in Nigeria, noted that the rate of return of Foreign Direct Investment is higher in Africa than anywhere else in the developing world. Prewitt said that the increase in food commodity prices is an opportunity upon which agribusinesses in Africa could capitalize. Prewitt also showed examples to the Forum where, through agribusiness partnerships, investment in agro-processing plants in Nigeria took place. These examples included the Olam Nigeria Limited mill upgrades, the Aba Malting Plant and the Nigerian Starch Mill.

The third speaker in this session was **Kalyan Chakravarthy**, Executive Vice President and Country Head of Yes Bank from India. Chakravarthy argued that population growth and urbanisation are two of the most important challenges the world will be facing in the future. But, he said, "Africa is well positioned to meet these challenges, with 53 countries each having a unique value proposition and together having a land mass greater than the USA, China and Europe combined." Chakravarthy also has strong views on how Africa can unleash its true potential and identified three key imperatives, namely: the optimization of natural resources, adaptation to deal with extreme climate conditions and improvement of the quality of production.



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Corn Yields Continue to Advance, Tremendous, Gains Made Over Last Ten Years

The last presenter in this session was **Arthur Schröder**, Corn Breeding Lead, Monsanto, Africa. Schröder rightfully pointed out that agriculture is at the centre of many of society's most important debates such as global food security, water availability, bio-fuels and global warming and explained that Monsanto is addressing these challenges through a commitment to sustainable yields that rests on 3 pillars, namely, to help farmers produce more by doubling yields, to help farmers conserve more by reducing the use of key resources, and to improve farmers lives through increased productivity. He concluded by saying that Monsanto is committed to the development of the agricultural sector in Africa and that the company believes in creative business models that treat smallholder farmers as commercial customers, while reducing their risk. "Success will require long-term commitment, partnership and a willingness to stretch beyond 'business as usual' thinking", Schröder said.

UNLEASHING PRIVATE SECTOR INVESTMENTS INTO AFRICAN AGRIBUSINESS

INSEAD's Africa Initiative

1. Increase in African curriculum content
More African cases in our programmes

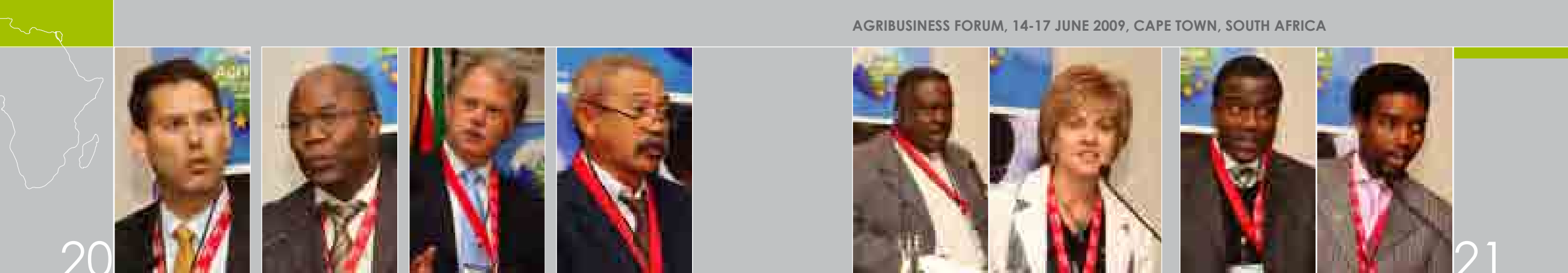
2. Capacity building and leadership development
MBA, EMBA, EDP Programmes

3. Build strategic partnerships
Private sector, public sector academia

Best practice sharing through cases
Forums and roundtables with African leadership
INSEAD Africa conference
Field trips in Africa
Access to faculty and talent

INSEAD's learning community

This session focused on inspiring case studies. The first presenter was **Raadiya Begg**, Director Africa Initiative – INSEAD Business School, Abu Dhabi. Raadiya Begg focused on the role INSEAD, as one of the world's leading and largest graduate business schools, plays to change lives and transform organizations in Africa through capacity building, leadership and entrepreneurship development programs. INSEAD also helps its students understand the value of research, forums and roundtables, and promotes students to include African case studies in their curriculum. "Changing the mind-set of MBAs as future leaders to address immediate issues of food security and poverty reduction through bringing relevant cases into class room, field exposure to business environment in Africa is one of the main goals of INSEAD Africa initiatives" Raadiya said. She mentioned two examples of successful stories that are used as best practices to learn from, namely Vodaphone's M-Pesa in Kenya and Coca Cola's Manual Distribution Centers in Ethiopia and Tanzania.



The next speaker was **Jason Bauer**, Director Private Sector Initiatives – Millennium Challenge Corporation (MCC), USA. In his presentation, Bauer focused on MCC as an innovative foreign assistance program designed to reduce poverty through sustainable economic growth. “MCC investments in agribusiness production open opportunities throughout the value chain” he said. He discussed two case studies. The first was on pineapples, bananas, and nut production in Ghana, where MCC investments led to increased production and quality of fruit while reducing the cost of transporting the product. This provided opportunity for companies who are looking to buy and/or process fruit. The second case study was on olives, dates, figs, walnuts, almonds and pistachios production in Morocco. MCC investments led to increased production and improved quality of fruits from trees (e.g. figs and dates), and also strengthened market accessibility and transparency.

The third speaker in this session was **Babs Adenaike**, Program Manager at ProInvest, Belgium. ProInvest is an EU-ACP (African, Caribbean and Pacific group of States) programme that provides technical and financial support to organizations. Adenaike’s presentation centred on how the ProInvest program aims to develop the private sector through the building and strengthening the capacities of intermediary organizations. In assisting intermediary organizations to create and improve their range of sustainable services to their members, ProInvest promotes public-private dialogue, business linkages and networking with different countries and regions. The program boasts a budget of €110 million over 7 years (2002 – 2008) and has been extended to March 2011.

EMRC-RABOBANK PROJECT INCUBATOR: INNOVATIVE PROJECTS FROM AFRICA

Pierre van Hedel, Managing Director of Rabobank Foundation, the Netherlands and **Idit Miller**, Vice President and MD of EMRC, were the moderators of this session. In this session, the top six projects selected for the EMRC-Rabobank Project Incubator Award made presentations. These six projects originated in six different countries:

- **Madagascar – Fatana OI**

The Fatana OI project is positioned as the Malagasy solution to overcome poverty, pollution, destruction of the environment and poor health due to the

use of domestic solid fuels in residential environments. According to **Harinaly Andrianjafy**, the presenter of the project, 95% of Madagascar’s population uses wood as cooking fuel, which leads to disastrous health and environmental consequences. The Fatana OI project aims to substitute solid fuels with fuel alcohol from sugarcane in order to save the natural forests and improve the health situation of the population.

- **Angola - ESAAPA-LDA**

ESAAPA-LDA is a cooperative for agricultural production and trade. ESAAPA-LDA’s project focuses on training and agro-processing, and stands to benefit 900 members, 5,000 families and will employ 1,500 workers. The cooperative guarantees that members can produce their products for self consumption or trade. This project was presented by **Domingos Antonio**.

- **South Africa - Mpumalanga Agri Skills Development and Training (Pty) Ltd**

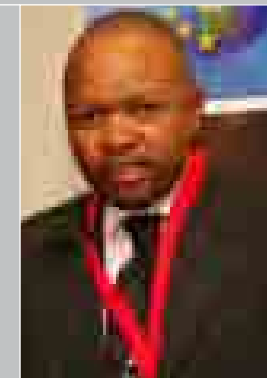
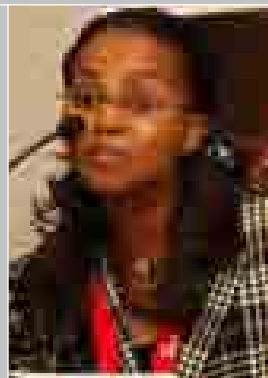
This project aims to enhance growth of SMME (Small, Medium and Micro Enterprises) farming ventures in the agricultural sector of Mpumalanga, with an emphasis on the development of business and technical skills. The project also provides a support structure for sustainability and offers quality training based on National Standards to emergent clients who cannot afford paying for training and development services. The project fills the training and development gap between formal educational institutions and the disadvantaged agriculture labour market and developing SMME’s. The project was presented by **Lynette Bezuidenhout**.

- **Ghana – Homefoods Processing & Cannery LTD**

Eric Abu from Homefoods Processing & Cannery presented a project to create a successful oil palm production industry in the Ashanti Region of Ghana. The project will contribute to the development of a sustainable small and medium scale indigenous agricultural base industry, raising the standard of living and empowering predominantly local women.

- **Tanzania - D D Ruhinda & CO. LTD**

This project aims to further develop the Mkumbara Sisal Estate by increasing the area under sisal from 800 hectares to 1,500 hectares. Furthermore, the project will set up a sisal spinning mill, a carpet factory and establish a sisal biogas/electricity plant. The project, presented by Deo Damian Ruhinda, pro-



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vides the benefit of increased employment opportunities for women and men in the region which will lead to higher household incomes.

- **Cote D' Ivoire - General Cooperative of Sepingo (COOGES)**

The project presented by **Mathias Adou Kouakou** aims to extend the current cashew nut shelling factory. COOGES is an agricultural cooperative that brings together around 700 cashew nut producers with a cultivable area of 2,245 ha. Because of the low price they receive for raw nuts, members of COOGES decided to add value to the raw nut by building a shelling plant. The new factory will employ around 3,793 people (1,623 women and 2,170 men). The bulk of the value added product will be destined for export to EU countries, Canada, United States and some African countries like Ghana and South Africa. Only 10% is intended for the local market which will introduce cashew kernels into the diet of the local population.

The winners of the EMRC-Rabobank Project Incubator award were announced at the Gala Evening on the 15th of June. Congratulations to the COOGES Project from Cote D' Ivoire for receiving the first prize, with the projects from South Africa and Madagascar sharing the second prize.

ACCESSING NEW MARKETS – ENCOURAGING TRADE

The afternoon session focused on markets, and the strategies and innovation necessary for agribusinesses in Africa to access new markets. The moderator of the session was **Elaine Alexander** – Chief Executive Officer of the Table Grape Industry, South Africa.

The first speaker of this session was **Treasure Maphanga**, Head of the Office of Africa from the International Trade Centre (ITC). The ITC is a joint Technical Agency of the United Nations and the World Trade Organization. In her presentation, Maphanga detailed the ITC's market-led approach for export promotion. This approach works backwards from the market and aligns supply potential with market requirements and demand. She also gave examples of success stories of market-led strategies implemented to open new markets for agricultural products, articulated around 3 main themes:

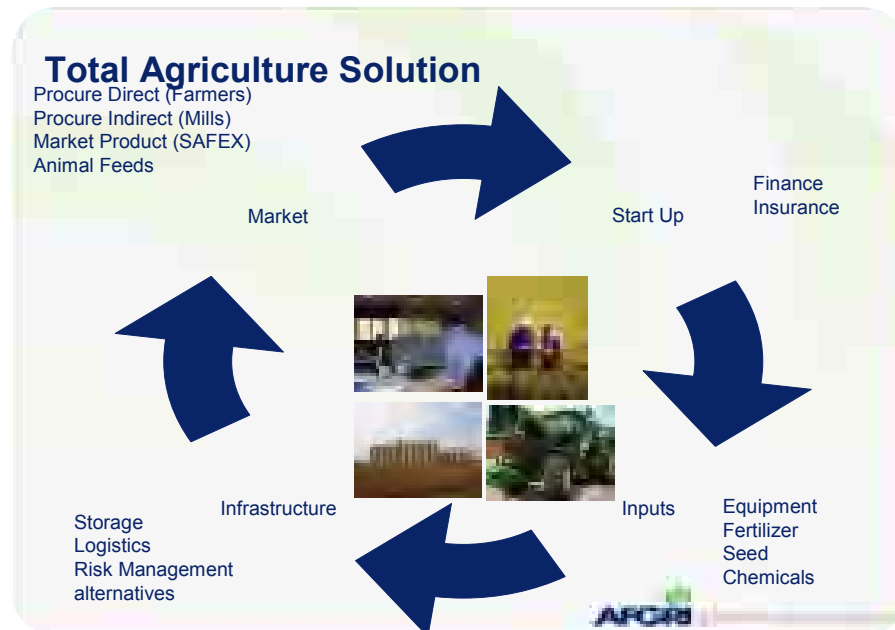
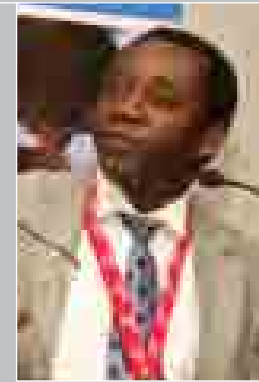
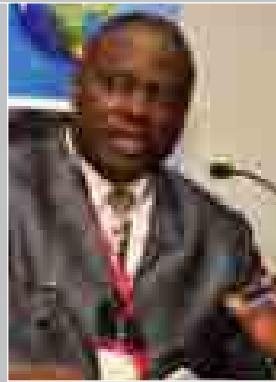
- Generating trade along the value chain through the involvement of poor communities: the case of essential oils from Rwanda and *Aloe ferox* from South Africa.
- The use of ICT's to link small producers to regional and global markets: Mobile phone solutions and Coffee Internet Auctions.
- South-South cooperation to increase the competitiveness of the cotton sector in Africa while selling to Asian Markets.

"The common denominator of these stories is their market-oriented approach. All of them work backwards from the market to enable enterprises to match supply to demand in destination markets. The focus on what the 'market needs', rather than what the country wants to export, allows mapping the necessary actions that the sector needs to undertake to achieve sustainable export success", she said.

The next speaker in this session was **Moji Mogari**, Executive Director of Afgri, South Africa. Mogari focused on Afgri's services as a "total agricultural solution", from start-up to the market, including inputs and infrastructure. The company's services include financial services (tailor-made financial solutions to farmers, processors and consumers of agricultural products), logistic services (grain handling, storage and trading), producer services (primary inputs and retail) and food services (animal feeds and edible oil). "Afgri sees opportunities in southern Africa through food production capacity enhancement, investment in food infrastructure, under utilized arable land and a need for sustainable food production."

Following Mogari's presentation of AFGRI, **Raymond Auerbach**, Director of Rainman Landcare Foundation, of South Africa talked about how the foundation teaches ecologically sound agricultural production methods, and also provides education in effective management and use of Africa's scarce water resources. His presentation entitled "Big business for small farmers: Africa's comparative advantage in the world organic market" illustrated to the Forum the potential Africa has for producing organic foods. According to Auerbach, organic agricultural land has tripled worldwide, since 1999 and the World Organic Market is currently worth more than US\$ 50 billion. The countries with the most organic producers are currently Uganda (206,803), followed by India, Ethiopia and Mexico.

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Elaine Alexander concluded the session by iterating the importance of markets and market development for Africa's agricultural products. Alexander believes that a supply chain approach and transparency along the supply chain is necessary for agribusinesses to be competitive. She also made an appeal to governments to soften their barriers to trade, especially for products out of Africa.

COUNTRY FOCUS: PROSPECTS FOR INVESTMENT IN THE AGRO-INDUSTRY OF UGANDA

It was indeed an honour and privilege for the Forum to hear from the **Honourable Minister Aggrey Bagire**, Minister of State (Agriculture) and the **Honourable Minister Ruth Namakburwa**, Minister of State (Microfinance) of the Republic of Uganda, who passionately described investment opportunities in the agricultural sector in Uganda.

Uganda has set forth clear strategies to increase agricultural productivity. The Government of Uganda has created a favorable investment environment, including tax incentives, a sound macro-economic environment, good governance that is based on peace and stability. The Honourable Minister Bagire pointed out the following investment opportunities in the agricultural sector of Uganda:

- Dairy and dairy products processing;
- Meat & meat products;
- Fisheries and aquaculture;
- Fruits and vegetables;
- Floriculture; and
- Agribusiness services.

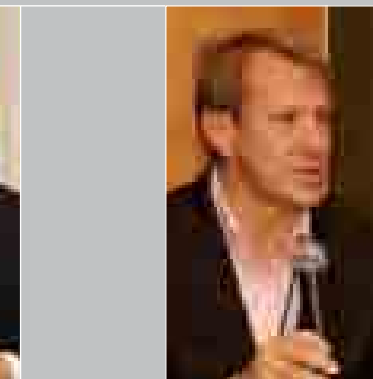
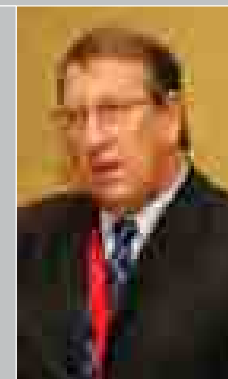
The Honourable Minister concluded his presentation by inviting participants "to take part in the challenge of investments in the Ugandan Agricultural Sector.

INCREASING AND MAINTAINING COMPETITIVENESS

The last session of the day focused on increasing competitiveness through new technologies, increased efficiency along the supply chains, management strategies and tools, and agriculture innovation, development and research. The moderator of the session was **Emmanuel Tambi**, Director of Regional Policies and Markets at the Forum for Agricultural Research in Africa (FARA). Speakers in this session included Louise MacDonald, Country Program Manager at the International Fund for Agricultural Development (IFAD), Ilyas Abdul Rahman, Chief Operating Officer at Agri-Science Park@ICRISAT, Willem Slood, CEO of YARA South Africa, and Corwyn Botha, Managing Director of Kaap Agri and Chairman of the Agricultural Business Chamber.

Louise MacDonald started the session by informing the Forum that one of the goals of IFAD is to enable poor rural people to overcome poverty. MacDonald suggested that the challenges in moving from subsistence to commercial farming lie on four factors, namely: produce, prices, information and markets.

IFAD responds to these challenges through partnerships and has introduced ICT in rural agricultural areas to improve communication and the flow of information available to rural farmers. This information provides valuable insight to the farming communi-



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ties who may then compare prices, profit from time sensitive deals and increase their overall incomes. Future initiatives which the IFAD is planning include using laptops in rural areas, offering business development services and strengthening market chains.

Following MacDonald's input, **Ilyas Abdul Rahman** presented the mission of Agri-Science Park @ ICRISAT. The park is intended to act as a "hub" for meaningful public-private partnerships which will enhance the development and commercialization of science-generated technologies, innovations and knowledge that directly benefit semi-arid and tropics (SAT) farmers.

Agri-Science Park @ ICRISAT consists of five components, namely:

- The Ag-Biotech Innovation Center(AIC) which drives private sector-led high end agricultural research through the creation of infrastructure and developing collaborative research with ICRISAT for the benefit of the poor farmers.
- The Agri-Business Incubator (ABI) which facilitates the creation of competitive agri-business enterprises through technology development and commercialization to benefit SAT farmers.
- The Research Consortia which consists of the Hybrid Parents Research Consortia (HPRC) that makes better hybrids available to poor farmers through public-private partnerships and the Bio-products Research Consortium (BRC) that provides low cost bio-products.
- NutriPlus Knowledge Center (NutriPlus), which is the center of excellence to the agro-food industry for knowledge sharing, new product development, technology exchange and commercialization, and which conducts research to create high value products and processes that can directly benefit the poorest farmers and entrepreneurs.
- SAT Eco Venture Creating, a platform for farmers and the public to learn about the dynamics of Semi Arid Tropic ecosystems and enhance their knowledge and understanding of public-private partnerships.

Once this overview of the Agri Park @ ICRISAT concluded, **Willem Sloot** focused on YARA's initiatives to increase the competitiveness of African agriculture. YARA is the world's leading chemical company that converts energy, natural minerals and nitrogen from the air into essential products for farmers and industrial customers. According to Sloot, YARA has a strong African presence and sells about 1.7 million tons of fertilizer to 30 countries in Africa annually. YARA has three initiatives to increase competitiveness of African agriculture, namely by promoting a Green Revolution in

African Agriculture from a fertilization and crop nutrition perspective, by developing value chain partnerships in selected countries, and by developing Agricultural Growth Corridors based on infrastructure investment in the Dar es Salaam (Tanzania) and Beira (Mozambique) sea ports.

The last presenter of this session was **Corwyn Botha**. Botha highlighted the level of competitiveness of agribusinesses in South Africa, and on the major constraints and enhancements to competitiveness. "Volatile food and energy prices, a major international financial crisis and a world economy in recession have contributed to adding many new challenges and new opportunities to agribusinesses around the world. In addition global trends in the agro-food sector are driven by consumer behaviour, alternative usages for food and new technologies" Corwyn said. Competing under these conditions can be harsh, but given a global regulatory environment that entrenches the notions of international competition (on both regional and global level), agribusinesses in Africa have simply no choice but to be competitive or they will not survive. Botha also stressed the importance of creating value to customers as a condition for competitive success.

DAY 3 – TUESDAY 16TH OF JUNE 2009

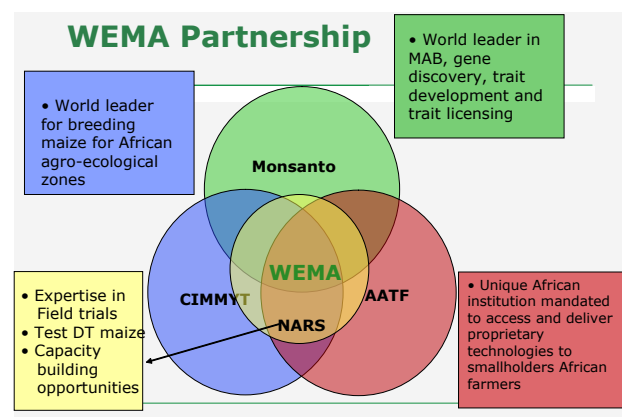
PUBLIC-PRIVATE PARTNERSHIPS – SUCCESS CASES

The moderator of the first session was **Sean de Cleene**, Vice President of Public Affairs at YARA International. The first presenter was **Peralt van der Merwe**, Director of Business and Legal Units at Heineken, South Africa. Van der Merwe illustrated the importance of public-private partnerships in setting up Heineken's plant in South Africa. He gave an overview of Heineken's initiatives in agriculture in African countries and suggested that the strengths of the private sector in a public-private partnership are the technical and managerial expertise, access to (private) financial resources, innovation, the long-term interest in the market and the ability to organize sustainable supply structures. Van der Merwe continued by saying that the public sector has helped to bring to the partnership the ability to provide a supportive regulatory environment, the ability to mobilize resources for improved infrastructure, an ability to maintain law and order and the ability to "upscale" successful pilot projects.



The second speaker was **Ayesha Hakeem**, Managing Director of African Connections, Ghana. African Connections is an international business and development consultancy firm with expertise in providing High Impact Training (HIT) for smallholder farmers, developing and strengthening Farmer-Based Organizations (FBOs), linking groups to financial institutions and to sustainable and reliable markets. Hakeem talked about the Ahafo Agribusiness Growth Initiative (AAGI) – a success story in Ghana. AAGI is an agricultural development program designed to help smallholder farmers increase productivity, boost incomes, and serve as a catalyst for local economic growth. Its achievements so far include the organizing and training of approximately 4,000 farmers on best agricultural practices to improve productivity, facilitation of smallholder farmers' access to microfinance through an input credit scheme and linking farmer groups to identified buyers, processors and exporters resulting in AAGI farm produce being available on the shelves in European markets. In line with its policy to encourage and contribute to sustainable development of the communities wherein it operates, Newmont Ghana Gold Ltd (NGGL) partnered with African Connections to design and implement the AAGI.

Margaret Muhanga-Mugisa, Member of the Uganda Parliament then presented to the Forum the Prosperity For All (PFA) program in Uganda. The Government of Uganda is implementing PFA through the National Agricultural Advisory Services program under the Ministry of Agriculture. The goals of the PFA program are to ensure that each household has a daily income and food security. The PFA program is based on four pillars, namely, production, value adding services, marketing, and microfinance. The end result of the program will ideally lead to poverty alleviation in rural areas in Uganda.



Sylvester Oikeh, Project Manager of WEMA (Water Efficient Maize for Africa) also gave his presentation to the Forum. WEMA is a public-private partnership designed to develop and deploy royalty-free African drought-tolerant maize varieties. Droughts have contributed to reducing crop yields and the amount of food available to smallholder farmers, thus threatening food security. To date, the WEMA project has been implemented in Kenya, Mozambique, South Africa, Tanzania and Uganda, and aims to improve food security and rural livelihoods among small-scale cereal producers in Africa. The project combines conventional breeding and advanced biotechnology to develop maize varieties adapted to Africa. Partners to the WEMA program include Monsanto, CIMMYT, NARS and AATF.

The last speaker in this session was **Ny Rado Rafalimanana**, Chairman of Axis Holding S.A., Madagascar. Axis Holding owns a subsidiary, Axis Agriculture, which specializes in food processing, agricultural trade, and mechanization. Axis Agriculture is an ideal model which exemplifies the importance of Public-Private Partnership and Private-Private Partnerships and how these partnerships will result in unlocking Africa's potential.

ENSURING RAW MATERIAL SUPPLIES

Sean de Cleene was again the moderator of this session which focused on integrating small farmers in the value chain, the advantages of local sourcing, the benefits of cooperatives, seeds, fertilizers and irrigation technologies. The first speaker in this session was **Gavin Brimacombe**, Director of Omnia Group (Pty) Ltd, South Africa. Brimacombe highlighted impediments experienced by Omnia, as a private sector operator, to ensure the availability of fertilizer in Africa. "Ensuring the availability of fertilizer in Africa is fundamental to the growth of the continent's agricultural output" he said. Corruption and government policies are two of the major constraints. He concluded by saying "we need governments' support to get fertilizer to countries in Africa".

The next speaker in this session was **Marcos Nhunga**, National Director of Agriculture, Angola. Nhunga believes that Angola is a country with strong agricultural potential, offering vast fertile areas, water resources and a labour force. However, agriculture in Angola is underdeveloped and consists mostly of subsistence farmers,

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although 2.5 million families in Angola depend on agriculture for a living. Nhunga presented programs carried out by the Ministry of Agriculture in Angola to strengthen the agricultural sector's production capacity and diversification. The Government of Angola has focused on training to increase the productivity of the agricultural sector.

The third speaker in this session was **Refael Dayan**, General Manager of Green 2000. Green 2000 is a solution for agricultural projects as it provides a range of services including planning, construction, on-going farm management and marketing. Green 2000 works on various types of projects which include irrigation infrastructure, protected cultivation, open-field projects, livestock projects, poultry farming and aquaculture projects. Dayan featured examples of its projects in Africa, including a jatropha project in Nigeria, a greenhouse and poultry farm in Angola and a rose farm in Ethiopia.



B.H. Mbairari, Accounting manager of the Management Committee of the Petrol Revenues, Chad, followed the presentation on Green 2000. Mbairari focused on one of Chad's programs where revenues from oil sales are used to invest in agricultural, rural infrastructure, including schools, and micro-finance for rural areas.

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Ending the session was **Timothy Prewitt**, Managing Director USAID/Markets in Nigeria, who offered a case study on rice in Nigeria to the Forum's delegates. Prewitt said that rice processors in general carry very high fixed costs, thus necessitating higher volume production of rice to offset the impact of fixed costs. "This case study illustrates the importance of markets to stimulate the increase of production. Farmers must have incentives to sell high quality paddy rice to the commercial market, and paddy volumes must be sufficient to allow commercial processors to avoid low quality paddy", he said. By helping farmers make sound economic decisions, USAID/Markets has been successful in building a competitive rice industry in Nigeria.

COUNTRY FOCUS: SOUTH AFRICA SHOWCASING AGRICULTURAL DEVELOPMENT

This session focused on programs offered by the Department of Agriculture of South Africa to enhance agricultural development. **Billy Morokolo**, Acting Deputy Director General, Trade and Economic Development of the Department of Agriculture of South Africa, was the moderator of this session. The **Honourable Minister Tina Joemat-Pettersson**, Minister of Agriculture, Forestry, and Fisheries of South Africa, opened the session. In her speech, the Honourable Minister said South Africa is emerging from a historically dualistic agricultural economy, induced by policy settings and historical resource endowments, and comprising a well-developed commercial sector and a subsistence orientated sector in the previous "homeland" areas. This historical dualism impacts dramatically on developments, policies and strategies of the South African agribusiness sector. The Minister emphasized the importance of joint ventures, especially between commercial farmers and emerging farmers, and access to capital to correct the dualism of the past and to ensure food security.

The Honourable Minister also drew attention to the fact that the agricultural sector is currently one of the best positioned industries to really boost job creation in Africa. She stressed the importance of food security and how each African nation must take an active role in assuming its responsibility to nurture agricultural growth. "African agriculture must feed its own people" Joemat-Pettersson said. Subsequent to the Honourable Minister, **Motseki Hlatshwayo**, **Bayathe Ndleleni**, **Janetha Mahlangu** and **Madime Mokoena**, all from the Department of Agriculture, presented the current programs for agricultural development in South Africa. These programs include

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the Comprehensive Agricultural Support Program (CASP), Mafisa (both programs are government-based financing of developing agriculture), Broad Based Black Economic Empowerment (BBBEE) and the Land and Agrarian Reform program (LRAP).

MEETING INVESTMENT CAPITAL NEEDS

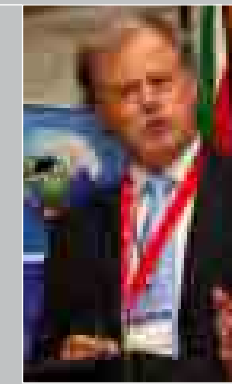
This session was divided into two parts, with part one focussing on the role of international financial institutions and donor organisations and part two highlighting the role of private banks, private equity funds and challenge funds in meeting investment capital needs in Africa.

The moderator of the first part of the session was **Arthur Levi**, former Head of the International Finance Corporation - Europe (IFC) and the speakers were Anup Jagwani, Head of Agricultural Operations for Africa of the IFC, Pierre van Hedel, Managing Director of Rabobank Foundation, Brian Baldwin, Vice-Chair of the Global Donor Platform for Rural Development and David White, Director of the Africa unit at the European Investment Bank (EIB).

David White started the session by suggesting that agriculture could play a huge role in developing the economies of countries. The EIB was established in 1958 by the Treaty of Rome and finances capital investment projects that further European Union policy objectives. Currently, the bank's financing in ACP countries is carried out under the provision of the investment facility set up by the ACP-EU Partnership Agreement, signed in Cotonou in June 2000. The investment facility is a revolving facility aimed at supporting technically, environmentally, financially and economically sound projects in the private sector or the commercially run public sector.

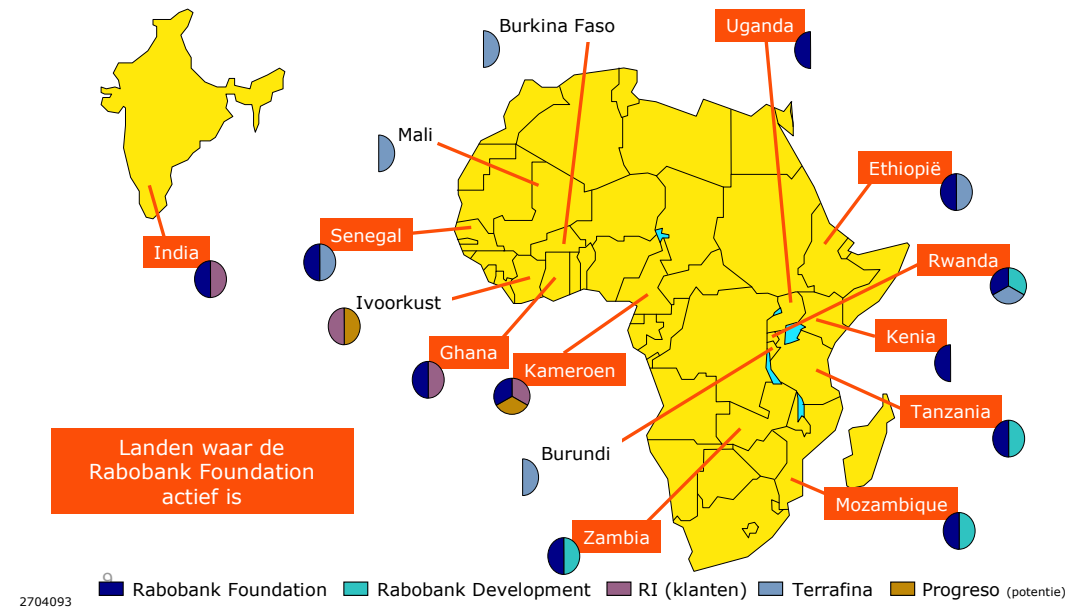
White was followed by **Pierre van Hedel** who discussed the Rabobank Foundation's business approach to clients in developing countries. This business approach is in line with banking methodology to ensure long term impacts through economically viable projects. The instruments Rabobank Foundation uses include loans, guarantees (funded/unfunded), grants for capacity building and technical assistance. Currently, they have four models to support agriculture in developing countries, namely, traditional cooperative development, linkages with partner banks, linkages with Rabobank's international clients and a model that takes a combination of the above.

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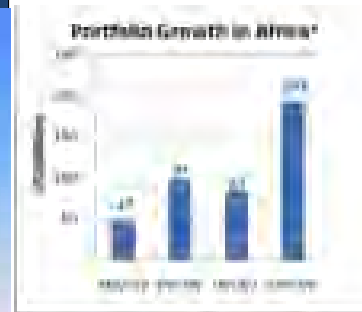
Pierre van Hedel also detailed numerous examples in different countries where the Rabobank Foundation currently plays a financing role.

Activities Rabobank Foundation India and Africa



IFC Agribusiness - Africa Portfolio

**\$193 million Committed portfolio
(December 31, 2008)**



The next speaker in this session was **Anup Jagwani** from the IFC. IFC has invested \$84 billion in Emerging Markets since 1956. Jagwani stressed that rising food prices may send 100 million people back into poverty, especially in Africa, and that the IFC has responded to this challenge by investing in African agribusinesses. "We build clients' supply and distribution systems, helping more food reach more people affordably" he said. The focus on Africa is part of a global IFC agribusiness portfolio that has tripled in recent years which IFC hopes will increase in the near future.

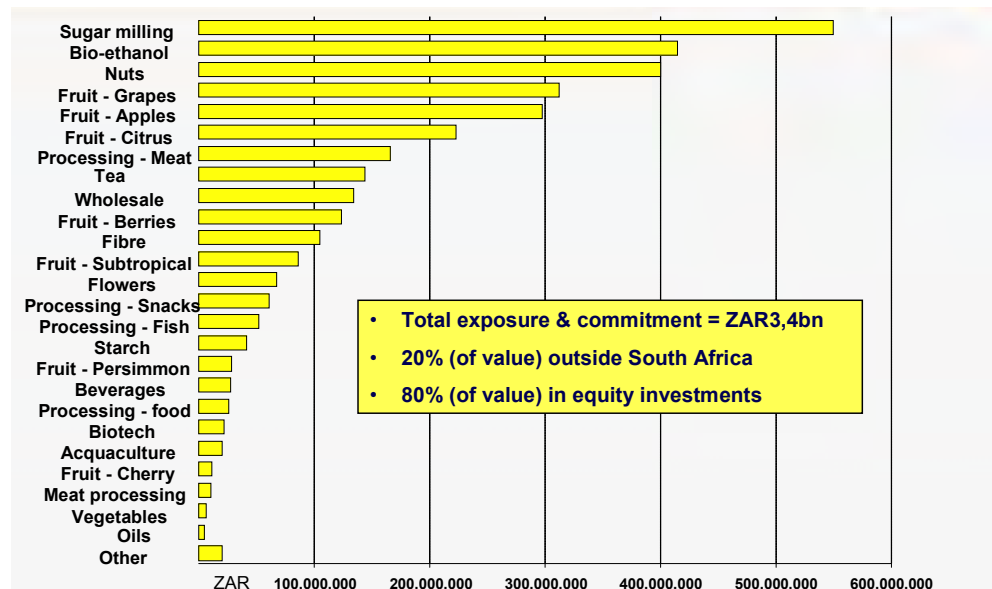
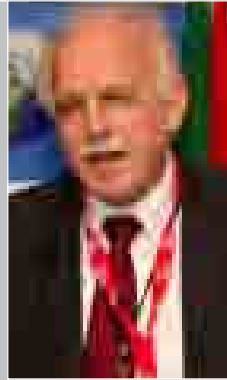
Brian Baldwin ended part one of this session by explaining to the Forum that the Global Donor Platform is a network of 30 donors, international finance institutions, and development agencies, formed in 2003. The donors share a common vision that agricultural and rural development plays an important role in poverty reduction. Baldwin further explained that members are committed to achieving increased and more effective aid to smallholders involved in agriculture and rural development. He also stressed that there are significant changes in the way donors now view aid to agriculture. New donor priorities include social protection, health and education, AIDS, anti-corruption and public administration. In conclusion Baldwin said: "Agriculture has a high economic pay-off, but tangible results are very important to donors."

The second part of this session was chaired by **Calvin Miller**, Senior Officer of Rural Finance at the Food and Agriculture Organisation of the United Nations (FAO) in Rome, Italy. **Ernst Janovsky**, Head of Agribusiness at ABSA Group in South Africa was the first speaker. Janovsky addressed macro-economic trends in agriculture and Africa as the new frontier in agricultural production. He believes that the essence of food security lies in an efficient free market as this will ensure the effective allocation of scarce resources. "Currently, farmers have to manage price and production volatility if they want to make a success out of their business", he said. He was very optimistic regarding the future of agriculture and said "the golden days for agriculture are back, now is the time to invest in agriculture." Janovsky also urged governments and the private sector to invest in Africa's infrastructure in order to jumpstart markets.

Once Janovsky conveyed his closing remarks, **Hugh Scott**, Director of the Africa Enterprise Challenge Fund (AECF) in Kenya shared valuable information about the AECF with the Forum. AECF is a fund of donor money available to the private sector on a competitive basis and strives to accelerate pro-poor growth in Africa by increasing employment, livelihood opportunities, income, and reducing poverty. The purpose of the AECF is to make agri-business, finance and information market systems work better for the poor in rural areas in Africa. "By impacting on market systems, we aim at positively impacting (jobs and incomes) large numbers of people living in rural areas", he said. The AECF works by supporting private sector companies to develop and test new and innovative business ideas in agribusiness and rural financial services in Africa. "The AECF manages a series of competitions for innovative projects in Africa - best bids win", he explained.

The next speaker was **Rian Coetzee**, Head of the Food, Beverage and Agro Industrial Business Unit at the Industrial Development Corporation (IDC), South Africa. Coetzee explored the role that development finance institutions, like the IDC, need to play in order to develop agricultural value chains on the African continent. The IDC was established in 1940 by the Government of South Africa but is 100 percent self-financing. The IDC provides risk capital to commercially viable businesses in a range of sectors throughout Africa. Currently, the IDC has an agribusiness portfolio of more than R3.4 billion of which 20 percent is invested outside South Africa. An example where the IDC played a key role to leverage private sector funding on the continent include Karsten Farms, Amajuba Berries in South Africa and Chiquita Bananas in Mozambique.

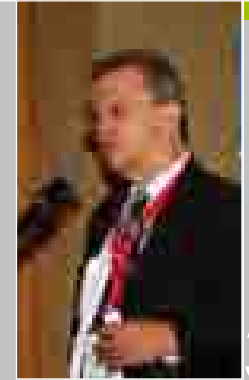
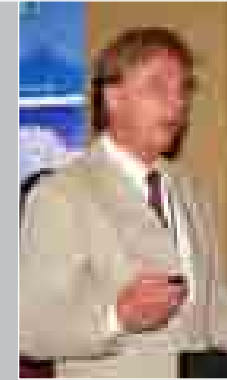
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IDC AgriBusiness portfolio

At the close of the session, **Ben Zwinkels**, Senior Investment Officer of the Netherlands Development Finance Company (FMO), explained that FMO invests risk capital in companies and financial institutions in developing countries. FMO's mission is to create flourishing enterprises which serve as engines for sustainable growth in their countries. Zwinkels informed the Forum that the FMO works through a network of partners in Africa which include commercial banks and private equity investment funds. "We see big potential through private sector development in Africa," he said.

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DAY 4 – WEDNESDAY, 17 JUNE 2009

PARALLEL WORKSHOPS

Day four consisted of four workshops.

Workshop One: Global imaging and mobile telephony to improve productivity

This workshop was led by **Walter Mayer**, CEO of Progis Software in Austria and focused on how communications technologies could be used to help agribusinesses overcome pitfalls in the production process.

The workshop included presentations by both Mayer and **Bernhard Pacher**, Strategic Development Director at ADCON Telemetry in Austria.

First to address the workshop was Pacher who challenged the audience with his topic on how to reduce inputs while increasing outputs.

Established in Austria in 1992, Adcon is the leading supplier of wireless telemetry solutions and develops and manufactures low-power wireless sensor networks for Agriculture, Water Management, Hydrographics and Meteorology. Their main focus has centred on agricultural data collection and processing, disease modeling and irrigation control.

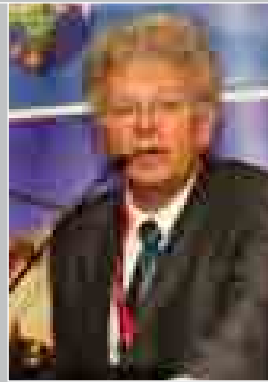
Adcon's solutions have led to very significant savings and increases in yield for farmers in countries as diverse as Mexico, Romania, Australia, Germany, Egypt and Austria. These solutions hold much promise for Africa.

One of the key solutions that Pacher suggested to the workshop was Precision Farming, a technique which could resolve many of the issues surrounding the use of agrochemicals and irrigation in Africa. It is based on two main products:

- Weather stations equipped with a rain gauge, wind speed meters, solar radiation sensors and temperature and humidity sensors
- Moisture stations for improved irrigation control

Together, these products constitute invaluable tools for farmers. The data collected help farmers increase their yields and reduce their costs.

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Every minute, the sensors take measurements and calculate averages every 15 minutes. The data is fed electronically (via for example a GSM or UHF network) to web servers that collect, compile and analyse the data, and transmit the information to the end users via mobile telephony, internet websites, email or fax.

As a result of the information they receive, farmers can determine in a much more precise manner when to spray or to irrigate, and in which quantities. The benefits, in terms of increased yields and cost savings can be immense. For example, it has led to yields increase of more than 20% in cotton production in Australia, together with savings of over \$ 200.000 / hectare.

In addition to Adcon's presentation, Walter Mayer shared with the workshop Progis' range of solutions that could benefit farming industries in Africa. Progis offers a wide range of applications with its core product, WinGIS. Included are tools for logistics, community management, utility management, GeoInfotainment, precision farming and virtual farming.

WinGIS uses satellite imaging and mapping to help farmers maximize yields by providing 3 types of information :

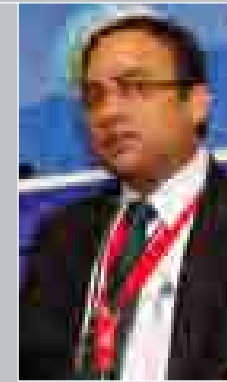
- Geographical information
- Time management
- Expert information systems

The information provided to farmers helps them to plan and maximize yields and revenue by knowing what crops are best to plant and when. The farmers themselves don't do this: they are assisted by advisors who can cater for 300-400 farmers in any given area.

Thanks to the PROGIS software equipment, the data on soil moisture, weather patterns, and micro-climatic conditions is automatically retrieved by sensors and then compiled into tables and graphs that provide crucial information to farmers.

Data collection of this type brings huge improvements for farmers in terms of business planning, financial management and the like. Concurrently, the same data provides crucial information for banks, insurance companies and other external service providers.

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Workshop Two: Open space on corridors, agro-parks and metropolitan agriculture

The moderator of this workshop was Anup Jagwani, Head of Agricultural Operations Africa at the International Finance Corporation. The presenters at the workshop were Peter Smeets, Project Director, Agro Parks at Wageningen UR, the Netherlands; Raju Poosapati, Vice President Food and Agribusiness at Yes Bank, India; Sean de Cleene, Vice President Public Affairs at YARA International and John Rocha, Senior Project Manager, NEPAD Business Foundation, South Africa.

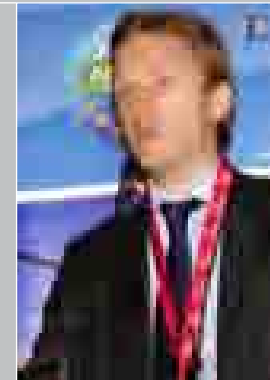
Peter Smeets and **Raju Poosapati** set the scene for this workshop with a presentation on Agro-parks in metropolitan areas. Smeets and Poosapati emphasized that although the world is urbanizing, consumers demand sustainable development. Additionally, there is a diversification of demand in metro-poles – “from food to fashion to pharmaceuticals”. They added that metropolitan agriculture differs from urban, traditional agriculture and subsistence farming in the sense that metropolitan agriculture focuses on market oriented, multiple value creation, through a full integration in total value chains and food systems by agricultural entrepreneurs. They also gave examples of current Agro-food parks.

Sean de Cleene and **John Rocha** presented the Beira Agricultural Growth Corridor in Mozambique. Rocha explained the concept of development corridors. The Beira Corridor will *inter alia* consist of a road network, two main railway lines, a bio-fuel project, a coal mine project, a port in Beira, a fertilizer terminal built by YARA, and field crops and horticultural projects. The corridor will unlock parts of Mozambique's huge agricultural potential.

After the presentations, one of the main concerns put forward for debate was how can agro-parks, metropolitan agriculture and corridors contribute to the sustainable development of Africa. This led to eleven issues to be discussed by the workshop group, namely:

- The establishment of a Beira Corridor Development Authority;
- The establishment of a modern wholesale fresh produce market;
- The prioritisation of the project components;
- Removal of trade barriers and the harmonisation of laws across the corridor countries;

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- The integration of existing production structures of smallholder farmers;
- African companies to be prioritized when it comes to technology/services rendering in the corridor development;
- African companies can benefit if they invest in and develop their technology into the corridor;
- The development of skills and agribusiness technology in the Beira Corridor;
- The engagement of markets;
- How to ensure local ownership of various initiatives;
- The financial facilities for investment development.

The workshop concluded that agro parks, metropolitan agriculture and corridors can contribute to the sustainable development of Africa. However, the workshop highlighted the importance of public-private partnerships, technology and skills development, finance, infrastructure expansion and market development to support such a growth path in Africa.

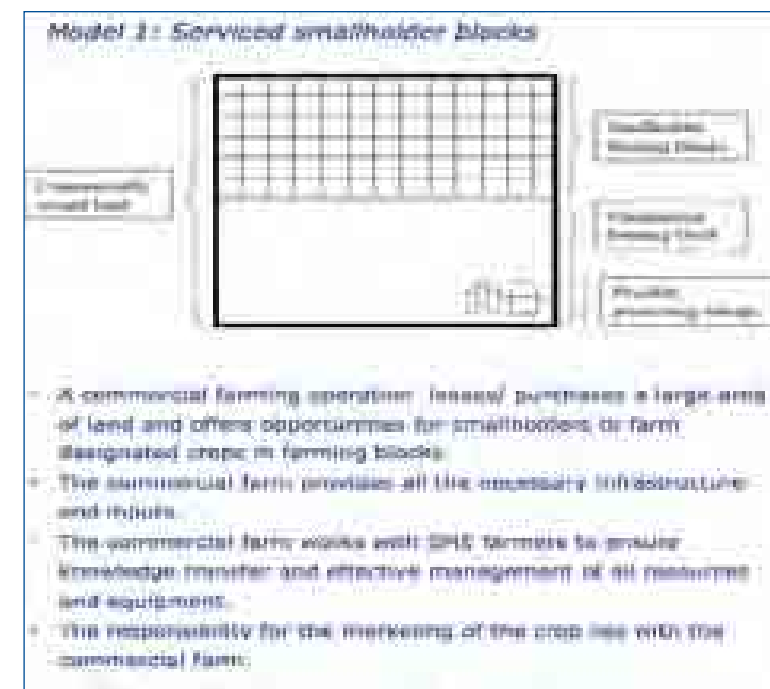
Workshop Three: SMEs as engines for growth

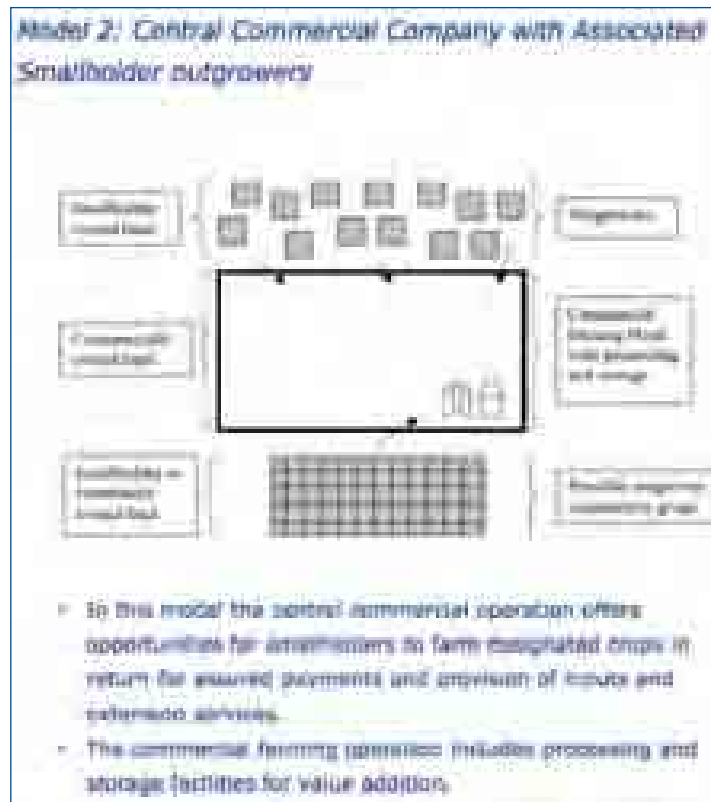
This workshop was moderated by **Wolfgang Thomas** of the University of Stellenbosch Business School and stressed how Small and Medium enterprises (SMEs) are increasingly critical engines of economic growth. As SMEs are major suppliers of employment and income generation, this workshop attempted to look at how SMEs, especially in the field of agriculture, could be helped to grow and prosper. **Charles Kwesiga**, Executive Director at the Uganda Industrial Research Institute challenged the workshop with why African countries try so hard to attract multinationals while SMEs are at the heart of growth. In both the developed and the developing world, the importance of SMEs is becoming recognized, and banks and financial institutions are looking at ways of supporting these entities this all over the world, from Indonesia to Romania and from the UK to Ghana.

Compared to multinationals and larger corporations, SMEs make major contributions to national economies by employing higher per capita investment and assist towards increasing investment. In economies in transition, such as Uganda, the SME brings additional benefits such as encouraging greater utilization of local raw materials, fostering entrepreneurship, providing opportunities for training (managers and semi-skilled workers), and encouraging a regional balance via an even spread of investments.

Kwesiga also urged the workshop to look at our regulatory environment and find ways of encouraging SMEs to formalize and make a full contribution to the economy.

Chris Isaac, Corporate Executive at InfraCo in the United Kingdom, took the discussion to another level. He shared with the workshop commercial approaches to promoting SMEs in agriculture and how the company's aim is to make infrastructure projects "bankable" in situations where the private sector would otherwise be unwilling or unable to invest because of high upfront costs and risks.





A few important projects in which InfraCo are involved include :

- The Nairobi wholesale fresh produce market, a PPP (Public-Private Partnership) with joint public and private funding, holds projected benefits for at least 140,000 SME farmers.
- The Beira agricultural corridor is an even bigger project aiming at gaining leverage from regional integration between Mozambique, Malawi and Zimbabwe by rehabilitating the rail and road infrastructure in the Beira hinterland, opening new local, regional and international markets for agricultural produce in a very high-potential area.

Isaac then went on to share with the group two main models which are used to promote SME growth in agriculture in Africa. The first model is organized around serviced smallholder blocks, the second is organized around a central commercial company with associated smallholder outgrowers.

Patrick Oketa, CIO at African Agricultural Capital in Kenya, finally addressed some the challenges facing SMEs. These challenges include:

- Access to finance
- Low R&D investment
- Lack of access to technology
- Lack of product innovation
- Lack of access to new markets
- Poor regulation
- Lack of appropriate managerial skills.

Oketa suggested that due to these challenges, risk capital investment is urgently needed to enhance the rapid development of SMEs. For financial institutions to develop appetite for and to better manage SME risk, the sector must address a range of credit analysis issues, such as providing sound and focused management, developing a clear succession plan, demonstrating financial management capabilities, and focusing cost structures.

Workshop Four: Interfacing bio-energy and agribusiness

The moderator of this workshop was **John Purchase**, CEO of the Agricultural Business Chamber, South Africa. The speakers were **Theo Kleynhans** from the University of Stellenbosch, South Africa, and **Andrew Makenete**, Chairman of the South African Bio-fuels Association. Kleynhans focussed on the bio-energy research being done by the University of Stellenbosch, while Makenete concentrated on how agricultural production and food security can be enhanced through bio-energy.

Kleynhans first presented the University of Stellenbosch's bio-fuels research program which began last year. This five year program worth two million rand per year aims to develop completely new technologies especially in the bio-ethanol field, as well as to adapt new and existing technologies to South African conditions. Technology development for commercial bio-fuels production is centered on five key areas:



- a) Process development to produce biodiesel from various virgin and waste vegetable oils;
- b) Second generation technologies for the fermentation of starch and ethanol from i.e. maize, sweet sorghum, wheat triticale, and sugar beet;
- c) Using plant biomass (the most abundant source of carbon in nature) as feedstock for bio-fuels production by biochemical and thermo-chemical conversion, i.e. from waste material in the wheat, sugar, and paper industries, as well as from giant bamboo;
- d) Integrating bio-fuels and high-value chemical production into a single bio-refinery, where a range of substrates and products can be combined based on the conditions in a particular local industry and region;
- e) Process modeling to produce bio-ethanol, biodiesel, bio-oil, and other clean alternatives (i.e. hydrogen and methanol) from biomass.

After Kleyhan completed his overview of the Stellenbosch research program, Makenete then opened his presentation at the workshop by reminding the public that southern Africa has the world's highest biomass potential that could be used as feed stock for bio-energy. Surprisingly, this potential has yet to be utilised. Makenete pointed to the facts that South Africa has lost many commercial farmers, agricultural jobs and agricultural land the past decade due to many different reasons. To change these trends, South Africa needs a new drive that will lead to sustainable and increased agricultural production. He emphasised bio-energy is the key to supply such a drive that will increase agricultural production, improve food security and create jobs.

"Biofuels is a stimulus for investments in agriculture – more than just about any other industrial projects since it integrates the whole supply chain", he said. Makenete also quoted Jacques Diouf from the FAO who said "Bioenergy provides us with a historic chance to fast-forward growth in the world's poorest countries, to bring about an agricultural renaissance and supply modern energy to a third of the world's population."

The discussion of the workshop dealt mainly with the "food vs. fuel" issue. The workshop concluded that the "food vs. fuel" issue requires a cautious balancing act as food and energy security are equally vital to countries' economic, social and political stability.

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