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#L4Ag

From Policy to Action
OUTCOMES REPORT
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Overview

The African Development Bank (AfDB), through its Agriculture and Agro-Industry Department, organized the first-ever Leadership for Agriculture (L4Ag) Forum on 28 November 2017 at the AfDB headquarters in Abidjan, Cote d’Ivoire, to pave a way forward in spurring the continent’s agricultural transformation. The invitation-only L4Ag Forum was funded by the Rockefeller Foundation and facilitated by the Initiative for Global Development (IGD) in collaboration with Grow Africa.

More than 150 public and private sector leaders gathered for dialogue, advocacy and policy action on the theme, “Leadership for Agriculture: From Policy to Action.” African Ministers from Cote d’Ivoire, the Republic of the Congo, Mali, Sierra Leone, Togo, Central African Republic, Seychelles, Ghana, Uganda, Gambia, and Chad were in attendance at the forum.

The Leadership4Agriculture Forum Outcomes Report provides insights and solutions from some of Africa’s leading agriculture and agribusiness champions in the public and private sectors on how to facilitate strategic engagement and policy action to drive Africa’s economic transformation.

Guided by recent analysis and findings from the World Bank’s 2017 Enabling the Business of Agriculture (EBA) Report and the African Centre for Economic Transformation’s 2017 Africa Transformation Report, the full-day forum explored how agribusiness can be the engine of economic transformation in Africa. The reports helped to guide conversations among African governments representatives, private sector and civil society leaders on concrete actions to address constraints and drive agribusiness development in the Bank’s regional member countries (RMC).

Moderated by Alan Kasujja, presenter at BBC World Service, Ministers of Finance and Agriculture from various African countries joined with private sector leaders to put forth solutions to session topics including “Enabling the Business of Agriculture: Increasing Access to Agricultural Inputs to Enhance Productivity and Regulatory Reforms” and “Agriculture Powering Africa’s Economic Transformation: Fueling Agro-industry and Agribusiness.”

Following the panel sessions, participants engaged in action-oriented roundtable sessions that provided an opportunity for public and private sector leaders to re-imagine government and business engagement, move from policy indicators to action, and explore mutually beneficial public-private sector investment opportunities.

GrowAfrica, a network co-created by NEPAD and the World Economic Forum, presented to forum participants their Country Agribusiness Partnership Framework or CAP-F, which is a country engagement and partnership tool that aims to improve efficiency in the agribusiness value chains and to mobilize private sector action. The CAP-F seeks to enhance mutual accountability among partners in their commitments, decisions, and actions in delivering on policy actions.
The L4Ag Platform is a forum for dialogue, advocacy and policy formulation to tackle current and emerging challenges to the development of the sector on the continent.

**General L4Ag objectives are:**

- To promote **strategic networking** amongst African Ministers and a variety of stakeholders with a view to increase commitment to investing in agriculture.
- To provide a **space for members to learn from the best**, most innovative and replicable success cases in Africa and share ideas on how to mobilize support from ministries of finance.
- To encourage **stronger accountability measures** and a structured approach to agricultural productivity.

**Specific L4Ag objectives are:**

- **Shared learning and knowledge creation**: L4Ag allows African Ministers of Agriculture and Finance to learn from the best systems and innovations for supporting smallholder farmers.
- **Contribution towards economic growth**: L4Ag enables Ministries of Finance and Agriculture to work together in boosting agriculture productivity.
- **Partnership opportunities**: The L4Ag platform facilitates engagement and partnerships between African policy makers and investors.
Opening Keynote Address

Dr. Akinwumi A. Adesina

President | African Development Bank (AfDB)

Dr. Akinwumi A. Adesina, President of the African Development Bank and 2017 World Food Prize Laureate, delivered a spirited opening keynote address where he outlined the Bank’s strategy for agricultural transformation. The president took this opportunity to challenge the Ministers of Finance and Agriculture representing different African countries and private sector leaders to develop a collective vision for agriculture and agribusiness sectors across the continent.

In his keynote address, President Adesina pointed out that Africa sits on 65% of the uncultivated arable land left on the globe which demonstrates the potential to feed the world’s population and determine the future of global food security. “Therefore, more than ever before, we must help Africa to rapidly modernize its agriculture and unlock its full potential,” said Adesina.

President Adesina called on African agriculture leaders to become global food producers and move away from importing foods that the continent should be producing. African countries currently spend $35 billion annually on food imports and if current trends continue the continent will spend some $110 billion annually by 2030 on food imports. “There is absolutely no reason for Africa to be a food-importing region,” added Adesina. “Africa has huge potentials in agriculture, but nobody eats potential!”

Governments and the private sector must work together to rapidly modernize agriculture in Africa to reach its full potential, said Adesina, saying that Africa needs to develop new agrarian systems, that combine smallholder farmers with a new dynamic generation of medium and large commercial farmers.

Asserting that “we must change fast,” Adesina mentioned that Africa’s agriculture sector must embrace modern agriculture, which is expanding globally with digitally enabled agriculture, precision farming, hydroponics and robotics and artificial intelligence.

“The future farmer will most likely not be in overalls, but will be a ‘farming-enabler’ not a physically engaged farmer,” declared Adesina, outlining a vision of a sophisticated, modern agriculture sector. “He or she would most likely be sitting in their home, sipping tea or coffee, as drones help to determine soil and weather conditions, driverless tractors sow and harvest, and analytical information from drones help to determine and regulate efficiencies in the farming cycle.”

The AfDB President predicted that as agriculture becomes more technological, young people will move massively into farming. “They will make agriculture ‘cool.’ I fully expect the future millionaires and billionaires of Africa to come from agriculture,” exclaimed Adesina. The Bank’s ENABLE YOUTH program will invest $15 billion over the next ten years to encourage more young agricultural entrepreneurs.
Technology is key in revolutionizing the agriculture sector in Africa. To encourage more African farmers to adopt agricultural technologies and scale, the Bank and its partners—Bill and Melinda Gates Foundation, US Agency for International Development (USAID), the Alliance for Green Revolution in Africa (AGRA), the World Bank and the Rockefeller Foundation—developed the Technologies for African Agricultural Transformation (TAAT) flagship, a new regional technology delivery infrastructure for agriculture, which links countries across agro-ecological zones.

President Adesina explained that expanding access to financing for farmers and agribusinesses is also of critical importance to African agriculture and will allow for greater investments in equipment, machinery, irrigation and agro-processing facilities. He added that successful approaches must be employed to support national efforts to de-risk lending by commercial banks to agriculture.

Partner Remarks

Mamadou Biteye
Managing Director | Africa Regional Office | The Rockefeller Foundation

Mamadou Biteye, Managing Director of the Rockefeller Foundation Africa Regional Office, laid out a strategic vision for “strong and decisive” leadership and partnerships for the L4Ag Forum to make the needed investments and achieve a greater impact in ensuring Africa’s food security.

The Rockefeller Foundation conceived L4Ag during its 2013 centennial celebrations, where an unprecedented gathering of finance and agriculture leaders from over 20 African countries convened to identify concrete ways to work together and strengthen African agricultural markets and value chains to benefit economies.

Biteye said there is a clear business case for greater investment in Africa’s agricultural sector and challenged all stakeholders to pull together their respective strengths for the continent’s agricultural transformation.

“African governments need to be talking and integrating action,” asserted Biteye. He implored governments to draw in the private sector, “so they cease shying away from the sector due to the perception of agriculture being risky and make greater investment.”

Through the L4Ag network, Biteye said African Ministers and private sector leaders will have an opportunity to share best practices and innovations and forge partnerships from within the continent.

Acknowledging that promising models for action to bolster the agriculture sector already exist, Biteye envisioned that the L4Ag’s impact “will permeate the continent, and hopefully transcend generations.”
Dr. Mima S. Nedelcovych
President & CEO | Initiative for Global Development (IGD)

Mima S. Nedelcovych, president and CEO of the Initiative for Global Development underscored the essential role of the private sector in delivering fundamental change in the agriculture sector.

“Agriculture is a business. Agriculture is, in fact, agro-industry!” said Nedelcovych. “For far too long, agriculture has been approached largely as a development issue, and Africa’s born and bred private sector was not actively sought out to be part of the long-term strategy for their country’s agricultural transformation.”

IGD collaborated, in partnership with the AfDB, Rockefeller Foundation and GrowAfrica, in the planning, execution and outreach to the African private sector for the L4Ag Forum.

By bringing together private sector leaders with high-level African officials to drive action and growth in Africa’s agriculture sector, Nedelcovych said the forum aimed to push for a market-led approach to agriculture.

“This is just the beginning. The action should not stop after the forum concludes,” said Nedelcovych. He encouraged participants to take the wealth of knowledge and bold strategies gained at the forum back to their country and companies to build momentum for Africa’s agricultural transformation.
“Agriculture is the sector that will help us to turn around our economies before we talk about anything else.”

HON. MATIA KASAIJA, MINISTER OF FINANCE, PLANNING, AND ECONOMIC DEVELOPMENT, UGANDA
Enabling the Business of Agriculture: Increasing Access to Agricultural Inputs to Enhance Productivity and Regulatory Reforms

Overview

Sustainable agricultural development is one of the most powerful tools to end extreme poverty and boost shared prosperity. Agriculture is the economic and social mainstay of some 500 million smallholder farmers, and in developing countries, the sector is the largest source of incomes, jobs and food security. Sustainable, inclusive growth in the agriculture and food sectors creates jobs—on farms, in markets, cities, towns and villages, and throughout the farm-to-table food production and consumption chain.

The session guided by the “2017 Enabling the Business of Agriculture” report from the World Bank examined the regulatory environment in agriculture and agribusiness sector to promote smart regulation and ensure product safety and quality control.

Key Takeaways from Session

- Create an enabling environment for the private sector to lead agribusiness and create policy that makes businesses thrive. Traditionally, African governments have managed the various industries within agriculture, leading their agricultural sectors to experience little to no economic growth. The panel recommended that the government allows the private sector to take the lead on agriculture and create
more economic growth for their countries. Regulatory reforms are required to permit the private sector to seize lucrative business opportunities.

- **Increase farmer access to seeds, fertilizer, and other agricultural inputs through private sector engagement.** When government administrators are the primary distributors of agricultural inputs such as seeds and fertilizer, only a small percentage of these resources can get to farmers efficiently and in a timely manner. The private sector can provide widespread farmer access to agricultural inputs, creating growth for agribusiness. A successful model mentioned by the panel includes financing farmers’ access to seeds and fertilizer through lending and direct cash transfer practices.

- **Develop the agricultural value chain to fuel economic growth.** Currently, value addition should be developed further on the African continent. Export of raw agricultural products is not as beneficial as processed goods. The panel emphasized that each segment of the agricultural value chain must be developed in order to generate economic growth. Strengthening the value chain would create diverse activities, industrialize rural areas, and provide jobs for the farming and non-farming rural population.

- **Invest in mechanization of the agricultural sector.** The lack of mechanization across Africa’s agricultural sectors has diminished many countries’ ability to achieve maximum potential of their agricultural products. The development of agro-industry through mechanization would allow African economies to take full advantage of their potential. The panel also discussed investing in irrigation technology for arable land, improving farmers’ access to tractors and farming equipment, and value addition to agricultural products.

- **Bolster employment opportunities for youth through agribusiness.** Youth unemployment rates remain high in most African countries. Yet, few youth are pursuing careers and agribusiness opportunities due to an outdated perception about farming. Strengthening the agribusiness sector and providing a range of skill sets, educational qualifications, and training would create a wide array of job opportunities for young Africans.
Agriculture must be considered as a business. To run as a business, agriculture requires conducive macroeconomic and regulatory environments, good roads, access to energy, and markets that are supportive to business activities. The *Agriculture Powering Africa’s Economic Transformation* report from the African Centre for Economic Transformation offers bold recommendations on issues needed to trigger agricultural transformation by prioritizing agriculture, increasing private sector investment, and improving competitiveness.

Guided by the ACET report, this session discussed how countries turn into action their policy priorities in building a more vibrant and competitive agro-processing sector, greater market share in regional and international markets, and their need of better workforce and infrastructure development.

**Key Takeaways from Session**

- **Commercialize agriculture by improving public-private relations.** Agriculture must be treated like a business. While there is a push from the private sector to make agriculture synonymous with agribusiness, lack of cooperation from government officials has complicated efforts to seize lucrative business opportunities. Governments must provide the regulatory environment for agribusiness to stimulate value chain activities and make farming profitable.
- **Boost farmer productivity through industrialization.** Africa sits on 60% of the world’s uncultivated agricultural land. The low productivity in agriculture is primarily due to the lack of industrialization. Developing the agro-industry would maximize yield of crops, lower the cost of living and create competitive wages that are attractive to an increasingly young and educated labor force.

- **Lower the cost of production through innovation.** In order to boost agricultural productivity, the cost of production must markedly decline. One panelist shared how the cost of imported goods is cheaper than the cost of local production in her country. Better technologies and mechanization could make production cheaper and generate more profit for local farmers.

- **Create fiscal and monetary policies that improve lending practices for farmers and agripreneurs.** Gaining access to credit is notoriously difficult to attain in most African countries, especially for farmers and agripreneurs. The current land tenure system in some countries prevents farmers from having the collateral necessary to access capital and reduce production risks. Agripreneurs pursuing ambitious—yet profitable ventures -- also have limited lending options, often leading them to pay extremely high interest rates to commercial banks. Governments must reform fiscal and monetary policies to facilitate safe, innovative ways for banks to lend to farmers and agripreneurs.

- **Address the impact of political conflict on the agricultural sector.** Political conflicts limit the development and expansion of agribusiness opportunities. One panelist shared the physical and financial risks taken in planting sugarcane and establishing mills in war-torn areas. In addition to putting local farmers at risk, political conflicts raise business risks and deter private sector investment in high-risk regions. Governments must continue to resolve political conflicts in order to make agriculture and agribusiness more attractive to investors.
The Action Planning Roundtable sessions with African high-level government officials and business leaders generated a spirited discussion on moving policy indicators to real action and exploring opportunities for agribusiness investment. There was a general consensus that African countries must shift from just making good policies to implementing them on the ground.

Moving “policy to action” requires all actors—government, private sector, civil society, academia, investors, and all other stakeholders—to work together to leverage respective strengths, resources, and interests. Each public-private consultative roundtable discussed obstacles to achieving a specific indicator from the Comprehensive African Agricultural Development Program (CAADP) Results Framework. Stakeholders sought to align interests and develop actionable steps to meet the policy goal in their respective country.

ACTION PLANNING SESSION 1:

Innovative Financing

**CAADP Policy:** Increased agriculture production and productivity

African agribusiness entrepreneurs face significant challenges in accessing affordable and sufficient finance. The session on “Innovative Financing” discussed how to increase finance and investment in agriculture, particularly from the formal financial sector, and suggested policy reforms to allow for greater access to capital. Lowering perceptions of risk and decreasing current interest rates were some of the recommendations made by participants as actionable steps towards expanding access to capital for agribusinesses.

SMEs also face tremendous challenges in tapping into finance because they largely lack the collateral that banks require to lend. Reshaping how banks define collateral for SME financing would be beneficial to the growth of the agriculture sector, session participants noted. Participants said governments can support agribusinesses in building collateral by restricting imported food and increasing the value of “home-grown” crops, investing in agricultural research and development (R&D) and embracing market-driven agriculture. Ghana was cited as a country that has put in place an effective agricultural policy to support their country’s agriculture sector. The West African country has instituted a “stimulus package” that supports small farmers through tax incentives, government spending to de-risk the agriculture sector, and setting up storage facilities to support small businesses.

Creative financing solutions are needed to build a viable and sustainable agriculture sector in Africa. Session participants devised an action plan that included providing venture capital funds for farmers where traditional banks cannot deliver; facilitating land titles so borrowers can use it as collateral; developing mobile-based information distribution methods; and holding regular stakeholder meetings between borrowers and lenders to reduce information asymmetry. The group proposed that the private sector should drive the monitoring and evaluation process alongside neutral third parties such as think tanks and development banks to ensure that these aligned interests are acted upon and relevant policies are moved forward.
ACTION PLANNING SESSION 2:

**Commercializing Agriculture:**
Value Addition, Trade & Scaling Markets

**Policy:** Expanded local agro-industry and value chain development, and increased intra-African trade

Commercializing agriculture will transition the sector from subsistence farming to more profitable and viable agribusiness. Aligning interests between the private and public sectors is essential to accelerate commercializing of African agriculture. Some of the common interests mentioned by participants included: creating platforms and strategic partnerships at various levels of agricultural value chains; encouraging the public sector to test feasibility and bring farmers into agricultural cooperatives; establishing legal frameworks for Public Private Partnerships (PPPs) in value chains; and creation of a dedicated value chain financing institution. From these aligned interests, public and private sectors can advance local agro-industry and value chain development.

Lack of finance for agribusiness and weak agricultural cooperatives were identified as some of the biggest roadblocks to scaling up agribusiness development. Session participants recommended creating an inclusive platform where public, private and civil society leaders can connect to collectively identify strategies to execute market-led solutions within agricultural value chains. Participants also recommended creating a pre-competitive space within the value chain where investments can be made in a predictable manner, enforcing quality standards, titling smallholder land, investing in agro-processing, and developing better flows of investment opportunities between the government and private sector. To maintain steady progress on commercializing agriculture, the public and private sector leaders recommended setting up a project development facility.

To move from policy to action, public and private sector leaders agreed that the CAADP policy indicators must be broken down into realistic actions for countries to achieve their development goals. Conducting surveys biannually would hold all parties accountable and help achieve intended policy goals.

ACTION PLANNING SESSION 3:

**Agricultural Inputs**

**Policy:** Increased agriculture production and productivity

For agriculture to prosper, improved seeds, pesticides and fertilizers are critical in boosting agricultural production and productivity. By prioritizing the aligned interests between the public and private sectors, policy can become much more effective and actionable. Session participants cited improving the seed system, specifically tasking the government to facilitate access to better quality of seeds; reorganizing the policy and regulatory environment by providing incentives and coherent regulations to promote private sector role in the conception, research and delivery of better agricultural inputs in African countries. Creating a reliable information network is necessary to ensure farmers and SMEs have access to quality, high-yielding agricultural inputs. To support this, the public sector will also need financing for viable, well-prepared projects that can improve the continent’s agricultural production. Greater access to modern agricultural tools will bolster yields for priority commodities and improve the commercial growth of agribusinesses.
Participants recommended creating a platform that provides reliable, credible, and transparent data; a network that brings together all partners and stakeholders; and a dialogue on policies across African countries and sectors that would increase commercialization of agriculture and moving policy recommendations forward.

**ACTION PLANNING SESSION 4:**

**Infrastructure for Agriculture Development**

**Policy:** Increased public and private investments in infrastructure

Inadequate infrastructure continues to pose a significant hurdle for agribusinesses in Africa, often hindering agricultural production from reaching the market. Infrastructure development of roads, ports, and transportation networks is necessary to boost agricultural productivity and production on the continent. Session participants from the public and private sectors agreed that increasing investments in infrastructure, particularly transportation in rural areas, will eventually translate into promoting growth in African economies. Rail and water transportation were cited as crucial in moving agricultural products within countries and in expanding intra-African trade. However, participants said, these modes of transport must be adaptable to their environment and embrace newer and more efficient technologies. By aligning the interests of the public and private sectors, session participants recommended that the private sector take the lead in investing in new technologies and modes of transportation to efficiently move agricultural products to market, while the public sector must make substantial investment in the roads and rail transportation.

Large-scale investments in infrastructure are needed for commercializing farming, participants emphasized. Both private and public sector leaders identified inclusive and innovative infrastructure projects and inclusion of youth in these projects as priorities for moving this policy forward. Yet, in the current infrastructure investment environment, challenges remain such as the inability of the private sector to invest for the long term due to financing, lack of competition in current public sector procurement systems, and the high cost and poor quality of infrastructure in Africa.

Given the huge gap between infrastructure supply and demand, and the lack of financing for infrastructure projects, participants said more incentives are needed for the private sector to invest in key infrastructure projects as well as to engage in research and development (R&D). Public-Private Partnerships (PPPs) are important in delivering infrastructure financing that would support the agriculture sector. Several countries in Asia and Latin America have figured out how best to use PPPs to leverage private sector financing. However, participants acknowledged that there are times when PPPs are not the best option. Partnerships should be on equal levels, participants pointed out, where both parties bring their value and strength to the table. Private sector leaders noted that, at times, governments slow down infrastructure projects. Participants recommended that governments should prioritize projects and provide greater access to resources to deliver on infrastructure projects.

Aligning interests through the effective use of PPPs, incentivizing the private sector, and defining effective policies and sector roles will help move infrastructure policies to action and help bolster infrastructure investments that have a significant multiplier effect on the agriculture sector.
Plowing Ahead

The L4Ag Forum demonstrated the tremendous need and opportunity to deepen private-sector collaborations and boost investment in agriculture to harness its potential and contribute to accelerating the continent’s economic growth. Both the panel and action-planning sessions served as a platform for African Ministers and private sector leaders to put forth concrete actions to address constraints and drive agribusiness development in their countries. The Forum also encouraged all stakeholders to work together to make agriculture a priority investment sector to meet future food, feed and jobs demands in their countries.

After the forum concluded, stakeholders were urged to use the wealth of knowledge and bold strategies gained at the forum to carry on with concrete actions in their countries and companies, thus actively contributing to the agricultural transformation in Africa.

The L4Ag Forum aims to be an annual gathering to urge policy makers and private sector to jointly move the continent “from policy to action” in the agriculture and agribusiness sectors.

Beyond this annual gathering, the network emanating from the L4Ag Forum was conceived to build a strong community of leaders sharing a common interest in moving agriculture forward across Africa.