Issue 1 2017

Agri Leaders AFRICA

The people that make agri happen

Jacqueline Mkindi
The secret behind TAHA's success

Don't be afraid of technology

Policy and legal environment in Africa

Why farming will make a big comeback in 2017

East Africa – an attractive investment environment

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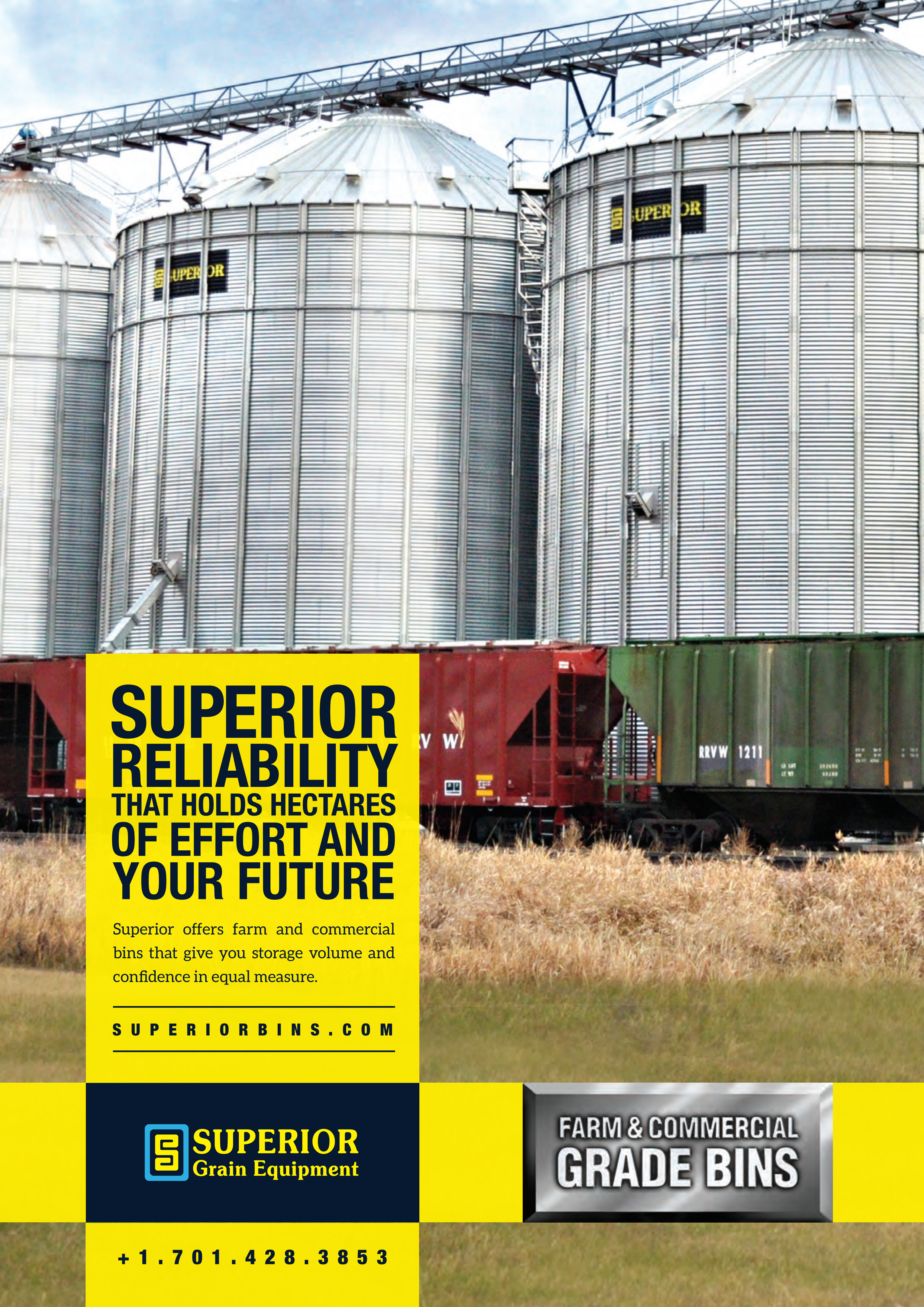
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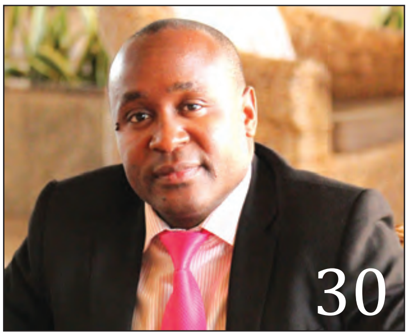
Contents

Issue 1 2017



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"Our economists must change the way they are doing things in agriculture because we need pragmatic economists to look at how we must preserve this important sector. The time has arrived – not for the leaders but for you to begin to look at your business differently and support farmers in a way which allows them to produce food for you. Whether they are big or small."
– Motsepe Matlala, President of National African Farmer's Union (NAFU).

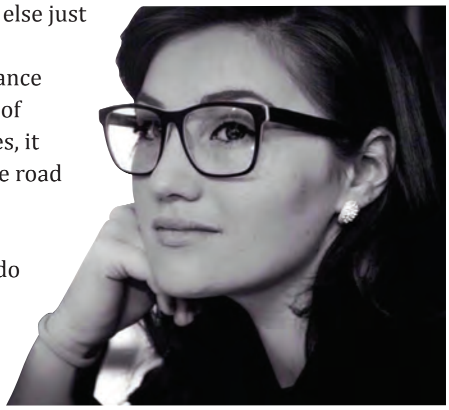
Welcome to 2017. A new year full of possibilities and opportunities… to jump on the agri-wagon.

Since our last issue I've been peppered with words of wisdom and warning, thanks to the African Agri Investment Indaba held in November 2016 by the African Agri Council. The indaba hosted over 50 speakers and leaders from the African agricultural industry – all overflowing with knowledge, wisdom and ideas.

All one had to do was walk the floor or pass by the conference curtains to hear phrases like: "Stop saying and start doing", "We cannot survive off promises and we cannot eat potential", "Support local", "Government and private sector" and – my favourite – "Why aren't we doing anything about it?"

The feel of the conference held something like impatience. Everybody was telling anybody to do something – anything – to save the sector. It made me think, are we really in that much trouble? Here in South Africa we seem to be doing fine minus a few droughts. This was until a speaker mentioned that "in Sub-Saharan Africa, South Africa is the only food secure country in Africa – the only one!"

This goes to show that you cannot live in your country's bubble and ignore everything else just because you are not being directly affected.



A challenge I found often mentioned is the lack of partnerships and agricultural assistance between the government and the private sector in Africa. Another was the profound use of importing primary goods that are currently being produced in your very own country. Yes, it may be cheaper but ask yourself why. Plus this doesn't exactly help your farmer down the road keep his business going to be successful.

We have the land, we have the resources but we need to do away the lack of faith and support. Every African country can be self-sufficient – just let our farmers do what they do best.

Kristy Jooste, **Editor**
kristy.jooste@agricouncil.org

AFRICAN AGRI
INVESTMENT DISCOVERY FORUM

DRIVING INVESTMENT IN AFRICAN REGIONS
THROUGH TRADE MISSIONS AND TECHNICAL TOURS

Since the official launch of the African Agri Council, our goal has been to connect agriculture stakeholders and businesses with the investment community to channel private and public investment into agriculture business opportunities on the African continent.

The African Agri Council is pleased to announce the African Agri Investment Discovery Forums taking place in **New York (17 April 2017), London (22 May 2017) and Hong Kong (21 June 2017).** The forums are organised as a four day investor discovery trade mission and technical tour which comprises a number of high level events, including a one day investor discovery and networking programme, matchmaking meetings with a pre-selected investment community and businesses with an appetite in African agriculture, site visits and attendance at key global agricultural investment conferences.



Who should attend?

The African Agri Investment Discovery Forums are targeted at African stakeholders - government, trade promotion agencies and businesses - who want to connect and build key relationships with international investors and corporations to drive investment to the region.

Attending investment community:
- Impact Investors
- Institutional Investors
- Debt funders/Banks
- Development Finance Institutions
- Family Offices
- High Net Worth Individuals

For more information, contact Ben Leyka at
ben.leyka@agricouncil.org

www.agricouncil.org/investment-discovery-forum

African Agri Council

Exeo Capital Agri-Vie Fund II attracts over $100m

EXEO Capital, the pan-African private equity investment firm, has announced the first close of the second Agri-Vie Fund. BisNis Africa reported the fund focused on the food and agribusiness sector in Sub-Saharan Africa after attracting commitments of over $100m – one third more than the initial target.

"This first close is building on the momentum of Agri-Vie Fund I which is now in its realisation stage. Since inception in 2008, Agri-Vie has developed a proven track record in identifying strong performing food and agribusiness portfolio companies in Sub-Saharan Africa," says Herman Marais, EXEO Capital Managing Partner.

Fund I is invested in 12 portfolio companies across East and Southern Africa, including South Africa, Mozambique, Tanzania, Kenya, Rwanda, Uganda and Ethiopia, and has been "successfully unlocking value for investors while making a real and positive impact in the communities and regions it invests in," Marais adds.

"The first close of Fund II is a 33% over-subscription on the initial target, supported by a core of Fund I investors as well as new investors. The Fund will remain open for additional investors for another 12 months with a target of $150m and a hard cap of $200m," he says.

Norfund – the Norwegian Investment Fund for Developing Countries – has been invested with Agri-Vie Fund I since 2010 and has worked closely with the management on establishing fund II. "Agri-Vie is an important partner for Norfund," says Kjell Roland, Norfund Chief Executive Officer.

"There is a considerable investment deficit in the food and agribusiness sector, and we are pleased to see that our investments in this sector also can help catalysing other private investors," says Roland.

Agri-Vie invests across the broad food and agricultural sector, capitalising on the thriving African markets for processed food as well as export opportunities. Its portfolio companies include dairy, proteins (beef, poultry, aquaculture products and plant protein), condiments, fresh convenience foods, non-alcoholic beverages as well as food ingredients. The Fund, whose institutional investors come from Africa, Europe and North America, also invests

Kjell Roland (Photo: Espen Røst).

in businesses specialising in agri-inputs such as seeds, plant nutrients, crop protection, and food logistics.

"The Agri-Vie Funds give investors an opportunity to participate in a diversified range of growth investment opportunities in the food and agricultural sector of the sub-continent," says Patrick Mamathuba, Stanlib Asset Management Head of Alternative Investments.

"These opportunities are supported and driven by distinct structural factors and trends, which include rapid urbanisation leading to increasing demand for processed food products, large-scale import replacement opportunities in several of the countries where the Fund operates, as well as the availability of new technologies to enable precision farming and efficient agro-processing at lower risk," explains Mamathuba.

EXEO Capital, which manages Agri-Vie Fund II, operates from offices in Cape Town, Nairobi and Mauritius and has representation in other major centres such as Johannesburg, Dar Es Salaam, Addis Ababa, Lusaka, Kampala, and Accra.

"This strong local presence enables the investment team to understand local conditions and ensures that the best companies are selected for investment," says Marais.

"By investing in middle to lower cap companies that have a successful track record and exceptional growth prospects, Agri-Vie plays an active shareholder role in its portfolio companies, supporting them to achieve growth and profitability targets," he explains.

"Our philosophy is to actively help to build the success of our investee businesses rather than being a passive investor.

"We also work actively with our partner companies to achieve their best development impact on local communities through employing and procuring locally as well as improving social infrastructure such as schools and clinics. The 12 portfolio companies of the Agri-Vie Fund I support more than 8 000 jobs in the communities where they operate. We also expect of our partner companies to join us in upholding internationally recognised standards of environmental and social governance."

"The establishment of Agri-Vie Fund II adds an important milestone to the momentum of institutional private equity investment in the food and agri sector of Sub-Sahara Africa. The first close of the Fund demonstrates increasing confidence among investors in the sector and region," concludes Marais. ■

BisNis Africa

Ensuring **environmental sustainability** in Africa

Through the enactment of specific policy measures as well as advancements in green technologies, countries throughout the African continent have taken significant steps toward ensuring continued environmental sustainability. Although this progress is certainly laudable, it is nonetheless imperative to consider the fact that many of the challenges we currently face – in Africa and indeed all over the world – require urgent, coordinated action.

The core issue, of course, is global climate change. Ecosystems all over the world have been affected by changes in the climate, threatening environmental resources and biodiversity, not to mention a whole host of other issues. In order to protect the environment from catastrophe, countries throughout the African continent should focus on several objectives:

- Address the loss of environmental resources
- Preserve Africa's biodiversity
- Support and enact policies rooted in sustainable development principles

These are admittedly broad objectives, but it is through the pursuit of these objectives that the African continent can ensure that the progress it has made thus far continues in a manner that yields the best possible results for the people of Africa and the environment in which they live.

Marlon Kobacker, Sustainable Future Group.

Reverse the loss of environmental resources while preserving Africa's biodiversity

The protection of environmental resources is of particular importance in many regions throughout the African continent. Access to these resources is critical to the health and wellbeing of those living in Africa, particularly those living in the more remote areas of the continent. To highlight the overwhelming import of access to environmental resources, the availability of clean drinking water results in a substantial reduction in child mortality, food insecurity, malnutrition, disease, and poverty.

Biodiversity has been deeply affected by global climate change, and countless studies have demonstrated the clear link between biodiversity loss and the degradation of water resources and food supplies, along with many other negative consequences. It is plainly evident that preserving African biodiversity and reversing the loss of environmental resources will have a direct and positive impact on the whole of the African population.

Support the widespread adoption of policies based on sustainable development principles

It is possible to achieve the aforementioned objectives while still encouraging economic growth throughout the continent, and not only through programs offering a financial incentive. Sustainable development principles can be applied in the adoption of policy measures in countries across the continent, which can then be implemented with the goal of driving both economic and social progress through sustainably managed environmental resources.

An innovative financing model has also proved to be instrumental in driving growth while adhering to the principles of environmental sustainability. Through the use of such a financing model, previously existing capital cost barriers to sustainable development are reduced or wholly eliminated.

It is crucial to reiterate that the challenges faced by the African continent are not easily solved. A continued focus on the protection of environmental resources, the preservation of biodiversity, and the enactment of policies rooted in sustainable development principles represent broad objectives that, in order to succeed, will require a substantial, unified effort from the whole of the African continent along with the support of the international community. ■

An innovative financing model has also proved to be instrumental in driving growth while adhering to the principles of environmental sustainability.

Transformation is not a sprint – **it's a marathon**

In many languages in East and Southern Africa, the word 'vuna' means harvest and abundance and is associated with the tackling of a joint challenge. This is what Golden Mahove, Deputy Team Leader of Vuna is communicating throughout the African continent. Vuna is working to help transform the agricultural sector in East and Southern Africa so that the majority of farmers become climate resilient. Mahove says that by applying climate smart agricultural practises, farmers should be enabled to produce despite climate vulnerability.

"The phrase 'climate smart agriculture' is portrayed as an isolated aspect in agriculture but in fact all agriculture should be climate smart agriculture," says Mahove.

With this in mind, Vuna is helping farmers in East and Southern Africa battle the impacts of climate change. It does this by piloting ways to link farmers and private companies in agricultural value chains, improving the existing evidence on Climate Smart Agriculture and assessing the policy or framework conditions which enable successful farming.

"We work with agricultural businesses, small holder farmers and government organisations in the sub region of Tanzania, Malawi, Mozambique, Zambia and Zimbabwe to promote climate resilience amongst small holder farmers. Projections have indicated that over the next 30 – 50 years, climate changes will make certain agricultural areas very difficult to produce in. We recognise this today with the ongoing droughts happening in the region. To combat these changes, Vuna is creating partnerships that enable small holder farmers to become resilient," Mahove says.

Vuna does this in 3 ways:

1. Evidence

Strengthening the evidence base around climate smart agriculture and supporting the use of this evidence. Vuna has commissioned research on key issues that affect farming in the region, for example in 2017 Vuna will publish a research report which considers climate risk and trends in the region and the implications of these for the realities of farming. Vuna has also identified another key area of challenge relating to the use of weather-based insurance models for farmers with mixed results. According to Mahove, there has not been enough existing analysis in this regard.

"Vuna has commissioned a piece of work that works with global experiences in weather- based insurance supporting small holder farmers. The model addresses challenges and pre-conditions for success. This information will be available for dissemination and sharing with funders, investors, governments and agribusinesses."

Golden Mahove, Deputy Team Leader/Agriculture Development Facility Lead at Vuna.

2. Enabling Environment

Working with national governments and regional climate change organisations to support understanding and promotion of the enabling environments necessary for climate smart agriculture.

Input subsidy schemes has also been one focus for Vuna to date.

"Most governments use their own budgets to give seed and fertilisers to their farmers, giving very little choice of crops to grow. We have done an analytical piece of work that has again used global experience to look at converting the government spend that is already there to a climate smart one. This will benefit the small holder farmers by giving them more of a choice. We are currently running such an innovation model in Zambia."

3. Farmer/Business Links

Piloting ways to link farmers and private companies in sustainable agricultural value chains. Vuna has invited applications from as many as 40 agribusinesses across the region, looking at various sectors – one of which is a focus on seed systems.

"The maize system in the sub region currently in place is highly advanced and successful. However, when it comes to the other crops such as legumes, beans, ground nuts and cowpeas – which are mainly grown by women – the sector lags behind. Not enough models have been developed which return enough money to the agribusinesses and investors while generating enough seed for the farmers that need it. Vuna is testing mechanisms for producing that kind of seed for the farmers across the region. This will be tested in Malawi, Zambia, Zimbabwe and Mozambique. We will also use this to generate lessons across these mentioned countries, but to better inform investment decision makers across the sub-Saharan region."

Mahove explains where Vuna has successfully assisted the agricultural sector through its services.

"For the policy makers, we are creating a viable-based solution to help those craft policy frameworks to promote productive agriculture sectors. For agribusinesses, we are providing evidence that assists them in making informative investment decisions as well as supporting them by coming up with new business models. When it comes to the small holder farmers, Vuna is creating links and sources of inputs, technologies and markets to better the playing field."

During the initial programme period Vuna aims to lay a foundation for systematic transformation in the agriculture sector in the region, to have bearing on the continent in the long-run. Vuna is a climate smart agriculture initiative funded by the Department for International Development (UK aid) and implemented by Adam Smith International. ■

Kristy Jooste

SA agriculture finds silver lining

The current rains in South Africa are a welcome relief to farmers; they are the proverbial silver lining in what has been a gloomy season.

"The past year has been testing for the industry; the drought has had an impact on the economy with South Africa's gross domestic product (GDP) decelerating in 2016. We anticipate that prices will moderate now in 2017 as the new season production outlook improves with the rains across the producing areas," says Paul Makube, Senior Agricultural Economist at FNB. Makube shares an outlook on how crops, grains and meats are most likely to perform in 2017:

White and yellow maize – While the spot prices remain relatively strong, reports that South African authorities approved the importation of the genetically modified maize (GM) from the US has added further pressure on the market due to expectations of an increased competition from imports early in 2017.The maize crop is however expected to rebound by almost 60% to just over 12 million tons during the 2016/17 production season.

Wheat – It's shown significant recovery with production already 6% higher year-on-year (y/y) at 1.88 million tons. This together with the abundant global supply outlook, with production and stocks of 749 and stocks of 235 million tons respectively, will maintain downward pressure on domestic prices as South Africa remains the net importer of wheat. The import forecast dropped by 0.5 million y/y from 2 million for 2015/16 to 1.5 million for 2016/17 according to the South African Grain & Oilseed Supply & Demand Estimates Committee (S&DEC) in its Nov 2016 update.

Sugar and horticulture – Production is expected to increase on the back of the improved conditions due to the recent rains. This will boost the availability of the exportable produce, particularly fruit. Although the local sugar cane production improved somewhat in the latest updates, poor quality and subsequent sugar recoveries have reportedly cut the export availability for 2016/17. Globally, the outlook is bullish with a surplus expected for 2016/17 due to increases in Thailand, India and the EU. The implications are the renewed downward price pressures on international sugar prices.

Red meat – Prices trended mostly sideways to stronger for red meat during the last quarter of 2016 as slaughtering increased due to the delayed onset of the summer rains.

Weaner market – This saw a rebound in prices with calves selling just over R21/kg as producers began holding on to their stock due to the improved production conditions, this as a result of the summer rains.

Beef – We expect beef prices to remain elevated owing to supply constraints due to herd rebuilding in 2017.

Pork and Poultry – Producer margins are expected to improve due to the declining feed prices especially in the second half of 2017. However, import competition will continue to limit price gains despite elevated red meat prices. Poultry in particular has seen significant pressure from imports which are forcing local producers to cut back on production and defer expansion plans. Nonetheless, poultry and pork meat remain the cheapest source of animal protein and the demand remains resilient.

While the improved domestic and international agricultural production outlook bode well for food inflation, the prospects of a weaker exchange rate might offset this benefit given that pricing for most grain commodities is based on import parity. Though the rand currently remains at its best level at around R13.60 vs R15.75/ US dollar last year this time, it faces increased volatility in the medium to longer term due to among others the renewed interest rate tightening by the US Federal Reserve Bank (US Fed) and weak domestic growth prospects.

"Overall, 2017 has started off well, with good rainfall in some parts of the country. The year ahead will still be trying, but the silver lining is that we are starting to see a little relief from the recent rains and the sector is slowly stabilising," concludes Makube. ■

Storing grain in a controlled environment should not be underestimated

Chief Industries UK Ltd based in Maldon, Essex, is a member of the Chief Industries Inc. group of companies consisting of eight core companies and a number of divisions. Chief has manufacturing facilities in the United Kingdom, USA and France with around 1,500 employees.

Chief Industries has over 60 years' experience in grain handling systems; incorporating state-of-the-art design and manufacturing; supplying flat floor silos with capacities ranging from 30 to 30,000 tons; hopper bins with capacities ranging from 2.5 to 1,400 tons; and grain dryers capable of drying from 9 to over 300 tons per hour. Projects range from small to large farm installations, millers, livestock producers, large government and commercial strategic storage plants. By designing complexes of a number of silos the grain storage and drying possibilities are infinite.

The benefits of storing grain in a controlled environment should not be underestimated. The practice of storing grain in bags or on-floor may seem an economical solution in the short term but in the long term it inevitably leads to large losses through rodent and insect infestation, water ingress etc. Losses of 20% of a crop are not unusual in these circumstances. The installation of storage silos, with the optional addition of cleaning and drying, may seem an expensive investment. However, if the cost is amortised over (30 years) then the savings made through proper control of the grain under optimal conditions and the substantially reduced losses taken into account demonstrating what a worthwhile investment it is.

In addition to the savings on quality and losses, having properly controlled grain safely stored allows for far greater control of the potential income yield from the product. Instead of selling 'straight from the field' when prices are often at their worst, sales can be timed for when prices are good. For Chief, the farmer who wants one small silo is just as important as the customer who wants a large port installation, and the same care is taken over design and installation.

Manufactured from high quality galvanized steel, Chief's storage installations last for many decades and are the most economical and safest way of storing and preserving the quality of grain. With a team of dedicated personnel and considerable experience in Africa, Chief UK can provide top quality solutions, whatever the requirements in grain storage and quality. ■

AU members urged to prioritise agriculture

Peace Tumusiime, AU commissioner for Rural Economy and Agriculture.

The African Union (AU) has called on the member states to prioritise agriculture in order to grow their economies. The AU commissioner for Rural Economy and Agriculture, Ms Peace Tumusiime, said experience from elsewhere indicated a positive correlation between development and modernisation of agriculture.

She made the remarks last week in Addis Ababa, Ethiopia ahead of the Heads of Sates Summit.

"Most of the countries that have developed first focused and modernised their agriculture," said Tumusiime. "If you develop agriculture first, it will become a springboard for growth of other sectors and the economy in general."

The AU commissioner urged African countries to continue implementing the Malabo and the Maputo declarations in which they pledged to invest more for the transformation of agriculture on the continent. Agriculture in Africa has been growing by around 4% annually over the past few years.

The rate was envisaged to rise to least 6% per annum, absorbing one third of the unemployed people on the continent, as indicated in the 2003 Maputo Protocol.

"Agriculture growth of 4% is not bad. Agricultural productivity is increasing in the continent. The fact that we see locally processed foods in our supermarkets, which was not the case before, shows that we are on right track," said Tumusiime.

The focus of this year's AU Summit is the youth with the theme, "Harnessing the demographic dividend through investments in youth." ■

Andualem Sisay, AllAfrica.

Millions of people face food shortages in the **Horn of Africa**

With as little as one-quarter of expected rainfall received, widespread drought conditions in the Horn of Africa have intensified since the failure of the October-December rains, FAO says.

Areas of greatest concern cover much of Somalia, north-east and coastal Kenya, south-east of Ethiopia as well as the Afar region still to recover from El Nino induced drought of 2015/16; as well as South Sudan which faces a serious food crisis due to protracted insecurity.

Currently, close to 12 million people across Somalia, Ethiopia and Kenya are in need of food assistance, as families face limited access to food and income, together with rising debt, low cereal and seed stocks, and low milk and meat production. A pre-famine alert has been issued for Somalia and an immediate and at scale humanitarian response is highly required.

Acute food shortages and malnutrition also remain a major concern in parts of Uganda's Karamoja region. FAO warns that if response is not immediate and sufficient, the risks are massive and the costs high.

"The magnitude of the situation calls for scaled up action and coordination at national and regional levels. This is, above all, a livelihoods and humanitarian emergency - and the time to act is now," says FAO Deputy Director-General, Climate and Natural Resources, Maria Helena Semedo. "We cannot wait for a disaster like the famine in 2011".

Semedo was speaking on behalf of the FAO Director-General at a High-Level Panel on Humanitarian Situation in the Horn of Africa chaired by the United Nations Secretary-General, António Guterres, on the sidelines of the 28th AU Summit (Addis-Ababa).

"The drought situation in the Region is extremely worrying, primarily in almost all of Somalia but also across Southern and South-eastern Ethiopia, and northern Kenya. As a consequence, with the next rains at least eight weeks away and the next main harvest not until July, millions are at risk of food insecurity across the region", Semedo says.

Maria Helena Semedo, Deputy Director-General, Natural Resources, FAO. Photo: IISD.

For his part Guterres says, "We must express total solidarity with the people of Ethiopia on the looming drought, as a matter of justice." The UN Secretary-General called for a stronger commitment to work together.

Drought impacts livelihoods

Repeated episodes of drought have led to consecutive failed harvests, disease outbreaks, deteriorating water and pasture conditions and animal deaths.

"Insecurity and economic shocks affect the most vulnerable people," warns Bukar Tijani, FAO Assistant Director-General and Regional Representative for Africa. "The situation is rapidly deteriorating and the number of people in need of livelihood and humanitarian emergency assistance is likely to increase as the dry and lean season continue with significant negative impact on livelihoods and household assets as well as on the food security and nutrition of affected rural communities."

In 2016, refugees and asylum seekers increased by over 0.5 million to 3 million compared to 2015.

Strengthening FAO's efforts to drought response

"FAO's partnership to build resilience to shocks and crises in the Horn of Africa is critical and will increase," assures Tijani.

Recently, FAO and IGAD agreed on some key steps to enhance collaboration in mitigating the severe drought currently affecting the countries in the Horn of Africa region and strengthening food security and resilience analysis.

The two organizations emphasized the importance of enhancing the role of the Food Security and Nutrition Working Group (FSNWG), The Integrated Phase Classification (IPC) and the Resilience Analysis Unit to enhance the effectiveness of the Early warning-Early action and resilience investments.

FAO calls for joint priorities to increase and include enhanced coordination, increased and systematic engagement of member States and effective response to member States' identified needs, as well as strengthened resource mobilization efforts. ■

Why farming will make a **big comeback** in 2017

Droughts alternate with good production seasons, and already, weather indications suggest 2017 could bring the much-needed relief to the sector.

This year has been one of the most challenging for South Africa's agricultural sector, characterised by drought. Activity has been reduced throughout the sector, with revenue shrinking at primary agriculture operations and other agribusinesses.

The impact on crop and livestock production has been devastating, and these industries are expected to continue to bear the brunt of this weather phenomenon for years to come. The sector has remained in recession as a result, contracting by 0.3% in the third quarter compared with the second.

But we need to remember that droughts alternate with good production seasons, and already, weather indications suggest 2017 could bring the much-needed relief to the sector.

Weather forecasters are suggesting conditions could normalise throughout the country, which would improve soil moisture levels.

There is also rising optimism among farmers: the 2016 data on intentions to plant suggest summer crops could increase 15% year on year to 3.7 million hectares (ha). The summer crops are maize, sunflower seed, soybeans, peanuts, sorghum and dry beans.

With maize production having fallen to 7.5 million tons in the 2015-16 production year, a number of organisations are already predicting a significant recovery in 2016-17 maize production. The Bureau for Food and Agricultural Policy puts it at 12.8 million tons; the International Grains Council estimates 12.9 million tons; and the US Department of Agriculture's forecast is 13 million tons.

The Agbiz/IDC agribusiness confidence index also shows rising optimism in the sector. In both the third and fourth quarters of this year, the index was above the 50 point threshold, suggesting agricultural role-players hold a relatively optimistic view of business conditions in the country.

This index is of particular importance because, among many things, it projects how South Africa's agricultural gross domestic product (GDP) could perform in the succeeding quarters. The recent readings suggest the sector could soon move out of the recession in which it has been mired since 2015.

Labour market

One of the agricultural sector's green shoots in 2016 was the vibrant labour market, which showed resilience despite the drought conditions. According to recent data from Statistics South Africa, the sector created 7% more jobs in the third quarter of this year than the previous one – that is 56,000 additional jobs, putting the sector's total labour force at 881,000 jobs.

The improvements were mainly in livestock, logging and related services, and game-farming. Other sectors, such as animal husbandry services, crop-farming and fisheries suffered job losses.

Wandile Sihlobo, Head: Economic and Agribusiness Intelligence, Agbiz (Agricultural Business Chamber).

The expected improvement in agricultural production would ideally propel the vibrancy seen in the labour market in the third quarter of this year, but the uncertainty around the minimum wage discussion remains a key concern and will most likely underpin the agricultural labour market for the larger part of 2017.

Food Inflation

As a result of lower domestic production, food inflation reached 11.8% year on year in November 2016 and is expected to peak at 12.3% in December 2016, as the effects of the drought continue to filter through.

Looking ahead, with the early harvest expected in about April 2017, consumers could start to see the real benefits of the expected crop recovery roughly in the third quarter of 2017. However, this relief will mainly be on plant food products.

Meat prices will remain high in 2017, or even rise, as farmers continue to restock their herds. Slaughtering rates more than doubled in 2016, as a result of the drought. According to data from the Red Meat Abattoir Association, in 2014 the average weekly slaughtering rate in South Africa was about 6,500 head of cattle, and this went up to an average of 15,000 head per week in 2016. The increase in the slaughtering rate created a supply glut that kept prices under pressure throughout 2015 and for most of 2016.

The expected decrease in plant food prices would, ideally, lower the overall food inflation. However, meat could overshadow some benefits of this expected decrease because of its higher weighting. Meat constitutes about a third of the general consumer price index headline food basket.

Overall, farmers in the eastern parts of South Africa have finished planting and crops such as soybean and maize (predominantly yellow maize) are at the early growing stage. The western regions of the country, predominantly white maize and sunflower seed, remain fairly dry. However, rainfall expected over the coming weeks could replenish soil moisture.

Similarly, grazing fields in the eastern and southern parts of the country are slowly showing signs of improvement and that will benefit the livestock and dairy industries. Over the coming months, the weather will be the key determinant of whether this rising optimism is maintained in the South African agricultural sector.

Suffice to say, the year 2017 promises a period of recovery for SA's agricultural sector, but a full recovery could take two to three seasons, depending on the commodity. ■

Dangote sets to launch 25,000ha of **Rice Outgrower Scheme** in Nigeria

Dangote Rice, a subsidiary of Dangote Group, is set to launch in Sokoto, Nigeria. Its multi-million Naira, 25,000 hectares rice outgrower scheme has a prospect of hundreds of thousands of employment opportunities for the rural community's inhabitants.

President of the Group, Aliko Dangote disclosed that the company will flag off with a pilot project of 500ha by Gonroyo dam, in the Goronyo community. Gonroyo dam is the second largest in the country, after Kainji.

The flag off ceremony which will be performed by the governor of the state, Alhaji Aminu Tambuwa, will witness seedlings being distributed to the primary local farmers who will in turn plant the seed after which Dangote Rice will purchase from them for milling and final processing.

Sokoto state is the second after Jigawa – out of the 14 states spread across the state – where Dangote Rice plans to operate an outgrower scheme to empower local farmers while creating job opportunities for community dwellers and reduce migration to the cities. Dangote Rice projects that when operational in the 14 states, it will generate a significant number of jobs and increase take-home income for smallholder farmers, all while diversifying Nigeria's economy and reducing the nation's food import bill.

Statistics from the Federal Ministry of Agriculture and Rural Development (FMARD) estimates that rice demand in Nigeria reached 6.3 million MT in 2015, with only 2.3 million MT of that demand satisfied by local production. This local production shortfall leaves a gap of 4.0 million MT that is currently being filled through formal importation of rice or illegal imports over land borders.

By year-end 2017, Dangote Rice plans to produce 225,000 MT of parboiled, milled white rice. This will allow it to satisfy 4% of the total market demand within 1 year. The model can then be successfully scaled to produce 1,000,000 MT of milled rice in order to satisfy 16% of the domestic market demand for rice over the next 5 years.

Due to the current economic crisis, domestic prices for agro-commodities have risen dramatically over the last 12 months, making local agriculture an attractive investment. Dangote Rice Limited seeks to take advantage of this economic trend and the favourable policies laid out in the FMARD's Agricultural Transformation Agenda.

Aliko Dangote. [Photo: Reuters]

Dangote Rice has a mandate to locally produce high-quality milled, parboiled rice for the Nigeria market. This goal will be achieved by sourcing the raw material (paddy) required from the Dangote Rice Outgrower Scheme.

Through the Dangote Rice Outgrower Scheme, DRL will partner with outgrowers (smallholder and contract rice farmers) to cultivate and grow rice paddy. Specifically, DRL will provide inputs, technical assistance, extension services and land preparation services and equipment directly to farmers. At harvest, DRL will recoup the costs of inputs and services in-kind and will act as a guaranteed offtaker for paddy that meets certain pre-agreed quality standards. Smallholder farmers will provide land and labour. The centralized outgrower model enables a high level of control over product quality and quantity. The purchasing price given to farmers will reflect each season's market price and will be set after an extensive market price survey and consultation with all stakeholders.

In the short-term, Dangote Rice will be responsible for importing all of the inputs needed for cultivation and making them available to the outgrowers. By end of 2017, the company will have 25,000ha under rice cultivation across 3 sites in Northern Nigeria having identified rice-growing communities in Jigawa State (5,000ha), Sokoto State (10,000ha) and Zamfara State (10,000ha).

The 25,000ha will be farmed by nearly 50,000 outgrowers in the selected site areas. These outgrowers are already organized into cooperative associations. We will engage with these organizations to register and sign contracts with each farmer.

In addition to the outgrowers, an additional 260 jobs will be created by year-end 2017. These individuals will serve as agronomists, credit officers and staff of the mill.

Upon harvest, Dangote Rice will offtake rice paddy and transport the paddy to be processed. One centralized mill will mill the stored paddy rice from all 3 sites.

Dangote Rice plans to produce one million MT of rice from 150,000ha in the next 5 years over. They intend to accomplish this by scaling the business model described above to more sites and rice growing communities. These communities have been identified and relationship building and sensitization has already begun. In addition to scaling the above model, DRL will establish and manage a high-quality seed development farm at Numan in Adamawa to reduce the costs of seeds.

Dangote Rice will establish raw material reception, drying, hulling, parboiling units and silos in strategic areas throughout the country near our additional outgrower communities. Each site will store dried, hulled, parboiled bran rice. DRL will then transport this bran rice to a mill, where finished rice will be produced. ■

APO

Why the US has a lot to gain from **investing in Africa's agri-food systems**

The US's incoming administration has an historic opportunity to extend America's global leadership by promoting the economic transformations underway in Africa. An effective US strategy would be based on the fact that Africa's development still greatly depends on the performance of its agri-food systems.

The Conversation reports that in the policy paper "Enhancing US efforts to develop sustainable agri-food systems in Africa" Thomas Jayne, University Foundation Professor at Michigan State University, had the following to say:

Farming remains the primary source of employment for 65% of Africa's population. Poverty rates are in decline. But they remain unacceptably high. Putting more money in the hands of 500 million Africans who rely on farming for their livelihoods will have a decisive influence on the pace of economic growth.

Virtually no country in the world has transformed its economy from an agrarian economy to a modern one without sustained agricultural productivity growth. Why should US citizens care? Quite simply, because investing in Africa's economic growth is in America's national interest.

US exports of agricultural products to sub-Saharan Africa totalled $2.6bn in 2013. This will grow rapidly if Africa continues to develop. By 2050, sub-Saharan Africa will have 2.1 billion people – 22% of the world's population compared to 12% today. Rapidly rising populations and incomes will increase the demand for a safe, affordable and sustainable global food supply.

US farmers and agribusiness can help themselves by helping Africa meet its rapidly growing food needs. This can be done through investments in agri-food systems as well as supporting a sustainable, efficient global food system. It is increasingly recognised that most African agricultural exports do not compete with US farm and agribusiness interests. In most instances they are highly complementary.

Rising farm incomes in Africa promote growth multipliers. These expand private investment and employment opportunities in African agri-food systems and in the rest of the economy. Rising incomes in Africa also promote US export interests. A vibrant agricultural sector will hasten Africa's transition to a more prosperous, diversified and stable region.

Thomas Jayne, University Foundation Professor at Michigan State University [Photo: Amanda Ross].

These are the benefits that would emerge from strong partnerships between African governments, the private sector and millions of African farmers and entrepreneurs. Enlightened US development assistance programmes are required.

An effective US government approach will need to recognise the dramatic changes in the African landscape over the past few decades with respect to partnerships. Development models premised on 1980s conditions no longer fit 2017 realities. US development organisations can be especially effective if they understand that today there is much greater local expertise and awareness.

Many more Africans have professional job expertise related to agri-food systems than they did 25 years ago. This is true in both the public and private sectors. Many are educated internationally and possess valuable technical skills. They can operate effectively given superior knowledge of local culture and connections with centres of local power. That means they're capable of influencing government investments.

An effective US strategy toward African agricultural development will engage more African professionals than in the past.

But conditions have not changed much in at least one important respect. Public agricultural institutions, such as R&D and extension services, play a crucial role in supporting farm productivity growth. But many in Africa can't fulfil their mandates. Most African agricultural research systems are woefully underfunded. Asian farmers benefit from the fact that their governments annually spend over eight times more on agriculture on average than African governments. Not surprisingly, the pace of productivity growth in Asia has eclipsed Africa's.

US and African governments share core interests in promoting private investment in African food systems. This would be done in partnership with local firms. It would support fair agricultural trade and a sustainable global food system.

Achieving mutual US-Africa interests for economic transformation in Africa will require greater support for African institutions that support the development of agri-food systems. This means supporting institutions that create the next generation of African educators, farm extension workers, research scientists, entrepreneurs and policy makers. These people will define the pace of private investment and agricultural transformation in African countries.

The US has one of the world's most dynamic and productive agricultural systems. This is greatly indebted to the US land-grant university system, the US Cooperative Extension Service, and a host of other public institutions. These bring vital practical information to agricultural producers, small business owners, consumers, families and young people. This rich history and know-how means the US can provide much needed leadership and expertise to support institutional capacity building in Africa.

The time has arrived for the US to find effective ways to support capacity building. This should include African universities, agricultural training colleges, vocational schools, crop research organisations, extension systems and policy analysis institutes. International private companies, universities and NGOs have important but increasingly redefined roles that put African institutions in the lead.

Once enacted, the proposals made here will take time to generate their full impact. This is why there is no time to waste in getting started. ■

The Conversation

The secret behind TAHA's success

Jacqueline Mkindi, CEO of Tanzanian Hortcultural Association (TAHA).

Jacqueline Mkindi, CEO of Tanzanian Horticultural Association (TAHA) is a driven and committed development manager, specialising in agriculture business and trade. Mkindi's role at TAHA is to provide leadership in implementing strategic plans which include development of action plans, budget, monitoring and evaluation of plans. This also entails coordinating the team for mobilising resources and partnerships which are important in achieving TAHA's goals.

Mkindi's personality traits inspire many young women and she has engaged as an inspirational speaker on many platforms.

Since its inception, TAHA has been experiencing a rapid growth in terms of expansion. This includes reaching more horticulture farmers and engaging potential partners in the horticulture sector. Today TAHA is regarded as a successful private organisation in Tanzania; and a consultant for the Government of Tanzania on horticulture related issues. Mkindi has contributed significantly to the growth and success currently being seen in horticulture.

"I believe that for any organisation to excel as a front-runner, it must build a strong foundation. This means setting clear direction, structures and rules." Minkindi says this is the leading factor for TAHA's success. Through her leadership, Mkindi balances constraining forces with liberating forces and encourages personal growth, development and creativity. Through promoting efficient management systems, she has managed to build a committed and efficient team which produces extraordinary results.

"Proactive people are seen to always be moving forward, picturing the future and making their dreams and goals happen. They are actively engaged, not inactively observing." In her position, Mkindi strives to ensure timely and effective responses to matters concerning TAHA. She has successfully promoted this culture within her team and continues to build a successful TAHA.

"For TAHA to continue to thrive, this culture must be embraced since it serves our members who expect and appreciate timely feedback and action. For example, issues dealing with advocacy engagement requires immediate interventions."

Mkindi has been able to mobilise and attract support from many different partners. For the past five years, TAHA's budget increased by 65% due to an increase in partnerships and TAHA's commercial services.

"We have managed to attract support from donors, government and private sectors. It reached a point where the government supported TAHA's infrastructural interventions to complement our effort in the development of the sector. This is not normal for African governments to directly and significantly support the private sector but now government has become a key partner in our advocacy activities."

Through the government and TAHA joining forces to identify and address policy gaps, over 35 different policy bottlenecks have been addressed over the past seven years. The joint effort between the government and TAHA has also led to an improved taxation regime for horticulture; and improved systems and procedures including input registration.

Mkindi recently came up with a unique structure of membership. The structure comprises of three levels of membership and each category has unique needs. This categorisation allows TAHA to address the needs comprehensively and effectively. The interlinkages between membership levels are as follows:

- **Comprehensive:** Source of market for associate and input dealers;
- **Allied:** Source of technology such as equipment and inputs (they distribute technology to both comprehensive and associates);
- **Associates:** Source of market to input dealers, supply products to out-growers schemes.

Having a clear focus and using her creativity as a leader, Mkindi has made TAHA reach its full potential. "I am delighted to see TAHA running its own companies and successfully mobilising resources to support our interventions." ■

The industry mouth piece for horticulture

"Horticulture in Africa is green gold. There is absolutely no way we can transform our economies without properly integrating our initiatives with the growth of the horticulture sector and agriculture as a whole. A need to create an African market would be paramount to this transformation."

This is according to Jacqueline Mkindi, CEO of Tanzanian Horticultural Association (TAHA.)

TAHA is an apex private sector member-based organisation and has participated effectively in transforming the Tanzanian horticulture sector since its establishment in year 2004. TAHA is currently the fastest growing farmer organization in the region, receiving enormous support from various partners at different levels. TAHA is currently focusing on building an enabling environment for business operations for horticulture in Tanzania. TAHA is also focusing on capacity building by equipping farmers with good agricultural practices, making sure that products produced are up to standard and assisting them with logistical services, market linkages and the promotion of the industry within Tanzania and abroad.

"Our services are all inclusive and we are here to serve the industry and whoever is interested in being a part of it. Our services are geared towards improving farmers' productivity, nutrition, and income. We also play a front and central role in creating a conducive business environment for enhanced horticulture trading between parties."

"We have been able to reach over 30,000 farmers and facilitate growth of the horticultural sector. Over the past five years, there has been an 11% growth rate per annum and we have facilitated over 30 different policies and legal issues which has enabled business reforms."

Mkindi pointed out that a current area of concern for the market is post-harvest losses due to over-production in some areas and seasons. This, coupled with price fluctuations, has been a setback to farmers.

"Where a kilo of tomatoes may normally cost approximately 1 dollar during off season, in season the prices fall dramatically to as low as 5 cents which is quite a challenge. There is also a challenge of limited market infrastructures to facilitate horticultural trade such as limited post-harvest storage."

TAHA has taken different initiatives and carried out market surveys in order to link farmers to secured and lucrative markets both locally and internationally. Tanzania offers some of the highest quality horticultural products such as avocados and snow peas and to meet international standards, farmers are needing technical know-how to produce quality products that are unquestionable on the international market.

As a business-oriented organisation, TAHA acts as an industry mouth piece and a voicing platform for safeguarding and promoting the interests of all the value chain actors in the horticultural industry namely producers, exporters, processors, and service providers of flowers, fruits, vegetables, spices, herbs and horticultural seeds.

"The government of Tanzania and the development partners such as USAID, BEST-Dialogue, the Royal Netherlands Embassy and Finnish Government are now at the centre of industry development agenda," Mkindi says. "This is something that can be easily and directly translated as one of the big achievements of the work TAHA is doing in creating and maintaining strategic and solid partnerships for industry development." ■

Ubuntu is at the heart of agriculture

Dr. Wanjiru Kamau-Rutenberg is the Director of African Women in Agricultural Research and Development (AWARD). Dr. Kamau-Rutenberg gives AgriLeaders an in-depth look into her agricultural story.

Q Biography

A I was born in Kenya and moved to the United States where I lived with relatives to pursue an educational opportunity. I attended Whitman College in Washington and received my Master's and PhD from the University of Minnesota all in Political Science. Prior to joining AWARD, I was an assistant professor of Politics at the University of San Francisco. During that time I also founded Akili Dada, a leadership incubator that invests in high-achieving young women from under-resourced families, who are passionate about driving change in their communities. Five years ago my husband and I made the decision to leave our jobs in the U.S. and pursue the African dream. We moved our family back to Kenya to be of service to the continent. It's been one of the best decisions we ever made.

Q Tell us about your history within serving the agriculture industry.

A AWARD is my first job within the agriculture sector. However, I've been a farmer for quite some time, getting dirt under my fingernails as an urban farmer both during my time in the U.S. as well as in Kenya. You might not think of Silicon Valley as a farm-friendly place but I was part of a vibrant community of urban farmers and grew some of my best Sukuma Wiki there.

Q How did you get involved with AWARD and come to be its Director?

A What drew me to AWARD is the tremendous opportunity to bring together a set of distinct conversations that I feel need to get connected to each other. Conversations about gender and the ways we as a continent are not functioning at our most efficient when we leave women behind. There are also exciting conversations on how we can transform the agricultural sector on the continent to drive sustainable and inclusive economic growth and prosperity. And of course this is closely linked to the role that research and science can, and should play in spurring on innovation in the agriculture sector. Connecting these three conversations through AWARD's activities is what is exciting to me. My background in political science reminds me of the importance of connecting dots, seeing the interconnections between things and crossing disciplinary boundaries. It's exciting for me to bring that background to my role at AWARD.

Q What are your goals as Director?

A Gender matters – And when I say gender, I don't mean just women. I mean young men, young women, older men, older women, and the relationships between us. The first step to thinking about gender: forget the battle between men and women. We need to think about how we move forward together. For me, Ubuntu is at the heart of how we ensure African agriculture leads to economic growth. My goal as director is to lead this organisation to a place where we, as a continent, are having vibrant conversations and debate about the best ways to integrate gender responsiveness into every facet of the agriculture sector. Right now we are actually debating whether gender matters. In five years I'd like us to have moved past the preliminaries and to be debating how we best integrate gender. I need us to get to the point where all the players are learning from each other about how to leverage the enhanced efficiency gender responsiveness brings to agriculture and how that helps to unlock our potential. In the short term, AWARD is trying to map where the conversations are, who is saying what and identify where the opportunities for change are. Engaging with the readers of this magazine is part of reaching out to the broader agricultural sector and we are inviting its many stakeholders to engage us in conversations on how gender matters.

Engaging with the readers of this magazine is part of reaching out to the broader agricultural sector and inviting its many stakeholders to engage us in conversations on how gender matters.

In terms of specific actions, AWARD recently launched a program called GAIA – Gender in Agribusiness Investments for Africa. GAIA is working to support the agribusiness sector by identifying and supporting entrepreneurs whose businesses have the potential to help bridge the yawning gender gap in African agriculture. We are also helping investors in the sector understand how a gender lens can multiply their bottom line. We are also doing a lot with African research institutions, supporting them in addressing their gender gaps, both in terms of issues of staffing (gender at work) as well research design and processes (gender in research). And of course there are the AWARD Fellowships for which we are best known. Our two-year career development fellowships are aimed at supercharging the careers of the continent's leading African women scientists.

Q What keeps you up at night?

A I'm concerned that Africa must jump on a once-in-a-generation opportunity to really get things right in agriculture. There is so much potential for agriculture on this continent and I worry that we might talk ourselves hoarse and not achieve much impact in the process. On a daily basis there is the obvious work of running an organisation of this size that spans the continent. The management tasks include budgets, resource mobilisation, getting the right people on my team and making sure my team has everything they need to do their best work.

Q Challenges you face in your job?

A AWARD is a sizable organisation with a wide reach. We have partners not just on the continent but around the world. Making sure that I'm giving everyone the attention that they deserve and balancing my time is a challenge. On a personal level, I'm a mother to two sons – 8 and 2 years old. I'm trying to do my job in a way that also allows me to be a wife and mother. There is a lot of juggling to make sure I apportion my time, energy and attention in ways that keep all fronts moving forward. I try to keep reminding myself that balance is an on-going process and not a one-off event.

CREDIT: African Peace Journal.

Q What do you enjoy the most about your position?

A I'm very fortunate to work with an amazing team of professionals on the AWARD staff. I've also met amazing leaders from across the sector, some of whom have become close collaborators and even mentors. I am so thankful for the opportunity that my role at AWARD allows me to shape Pan-African and global conversations about the place of gender relations in securing Africa's prosperous future.

Q Where do you see yourself in 5 years' time?

A On a personal level I hope my boys and husband will be happy, healthy, connected to a strong sense of purpose and proud of their mom and wife. Professionally, it would be wonderful to think that our work convincing people that gender matters in agriculture will be done. However, I suspect it won't be. AWARD is currently in the second month of a five-year strategy, so in five years AWARD will probably be at the beginning of our next five-year strategy. I hope that the landscape will look different, that we will be able to point to a very real difference that we have made on the continent.

Q Advice for the agricultural sector?

A African agriculture has always had Ubuntu at its heart. For agriculture-driven economic growth and prosperity, we cannot forget the spirit of Ubuntu. We are not going to prosper if men and women don't prosper together.

Q Any interesting facts about yourself which our readers would be interested to know?

A There's been lots of excitement at home as our goat just had a kid and we are experimenting with goat milk. I just made my first goat milk yogurt and I might try to make goat cheese soon. I'm very proud of my previous work with Akili Dada – the opportunity to have founded and grown an indigenous organization to international recognition including being honoured by Obama White House and the United Nations. I'm really proud of the team and culture that we've built at AWARD and I know we are headed to similar heights. ■

Kristy Jooste

Don't be afraid of technology

Launched in 2008, Esoko was a pioneer in the provision of vital information to farmers, including market prices, weather forecasts, and agronomic tips via SMS and voice. In 2016, the company transformed towards mobile commerce and digital financial services for smallholders, providing agricultural inputs and finance through a virtual marketplace while driving business for input dealers and financial service providers. Hillary Miller-Wise, CEO of Esoko, gave her insights into the digital world of agriculture and her story around it.

Q Biography.

A I live in East Africa with my husband and two sons. I've been in social enterprise my whole career in both the for-profit and non-profit space. I held leadership positions at Grameen Foundation, TechnoServe and FINCA Tanzania. I was also a private sector consultant with DAI for six years, doing product development with financial institutions who were focused on serving the bottom of the pyramid. I have an MBA from INSEAD, where I received the Social Entrepreneurship Scholarship and a Master's degree in International Economics from Johns Hopkins University. Driven by my passion about the use of technology to improve the lives of the poor, I am currently spearheading Esoko's biggest strategic pivot to date – integrating digital financial services and mobile commerce as part of our service offerings. With Fasiba – our virtual marketplace – the aim is to improve farmer access to information, quality inputs and financial services to help increase productivity on their farms and reduce food insecurity and poverty.

Q Tell us about your work history within serving the agriculture industry in Africa?

A My family and I moved to Africa nine years ago when I took over the Tanzanian operations of TechnoServe, which is essentially a consulting firm for agribusinesses in developing markets. TechnoServe advises agribusinesses and farmers on everything from increasing productivity at the farm level to expanding the capacity and productivity of buyers in order to create market for the farmers. I had been working in agric prior to that, but mostly in Latin America – working largely in coffee and cocoa sectors and helping farmers sell into specialty markets. I decided to move from working in finance to technical assistance and consultancy in the agri sector when I realised a lot of the financial products I started to work on were more and more focused in the agric sector, in identifying different products that were appropriate for smallholder farmers. So there I made the transition to working more directly with agribusinesses and farmers.

Q How did you get involved with ESOKO and come to be the CEO?

A I had known about Esoko for a long time as a pioneer in the agritech space. I had also met the founder Mark Davies a number of times at different events. And so I was familiar with the company and familiar with at least the founder. So at the time Mark decided to step down as CEO, he contacted me as he was reaching out within his network, and that then led me to join the company.

Q What are your goals as CEO?

A: I have four goals really. The first is to get the company to profitability. There are business units within the company that are profitable, but the overall business is not. And so that's goal number one. Goal number two is to effect this transition from an Information Services (IS) only, to solving for some of the other challenges that agribusinesses and farmers face with Fasiba, specifically access to inputs and finance. And to go from being a pipeline business to being a true platform business. Third is to successfully spin off our data collection services, Insyt, as a stand-alone business. Over the years we have built a strong capacity for data collection in terms of technology and field deployment, and it is a fast growing business unit we have. The fourth is more internal, and is around building the culture and then the processes and procedures internally that are going to position us for growth and innovation in the future. So, laying that foundation to get us to the next stage in the company.

Q What keeps you up at night?

A Cash flow is a major challenge, as it is for most businesses of our size. Secondly, we are sometimes blind to risks that are ported in a bias way, thus affecting the way that we are looking at the problem and solutions. There is always some sort of bias that's introduced and so I worry about what those biases may prevent us from seeing. Therefore, we may actually not be preparing for certain risks that otherwise would be obvious. Third is ensuring we maintain growth, not just for our investors but growth for the team. Not just so that they still have a job, but so that there is opportunity for professional growth for everyone and that they find Esoko a great place to work. I think that can be challenging in a firm where there aren't enough resources to build capabilities and provide training programs. And so how do you hold on to talent, when you can't throw a lot of money at it and where your ability to pause and focus on individual needs is limited by the resources that you have. So retaining talent I would say is another thing that keeps me up at night.

Q Challenges you face in your job?

A Some of the challenges relate to running a company that operates in multiple countries in Africa and across very different markets. This creates the need to both understand those markets and their differences, but also to create one culture that cuts across very different operating environments.

I think a second challenge is that in a start up like we still are, you as CEO have to be doing so many different things at one time and there isn't a deep bench to then rely on or to delegate to. There is a further challenge of prioritizing among all those different things. You also have to recognize that you are never going to make all the people happy all the time. And you have to be okay with that and just accept that some people are just not going to like your decisions. As long as you feel they were made with the best information at the time, you have to stand by them. But again, we can never have full information when making decisions. However, the info dearth is so vast that you end up making judgement calls at a certain point on scant information, and for someone like me who is very data driven that is challenging.

Q What do you enjoy the most about your position?

A I love the innovation that we are pursuing. I love that we can come up with ideas of how to solve really meaty problems; and because we are pretty lean we are able to respond quickly. It's a fairly small team and most people are really driven by the desire to innovate. So when we come up with an idea, people really jump on it faster than maybe I would have expected, and it is super exciting to work in an environment like that. I think also generally being in tech, at the nexus of agric and digital financial services in Africa right now is very exciting. There is broadly so much innovation going on and that's both daunting and exciting. I think it will make us step up our game, which is great. But it also means that we have a lot of thought partners in the sector that are creative and smart that we can tap into and help us be better.

Q Where do you see yourself in 5 years' time?

A We will also have two companies, Esoko (m-commerce) and Insyt (data collection), that are profitable and continuing to grow, that came out of the original company. Fasiba, our m-commerce platform, will be operational in at least 3 countries: Ghana, Kenya and Tanzania. We will have proven the model and been able to scale by that point. And I would have enough resources to hire more support so that I can breathe a little bit better. I also see my family and I still living in Kenya.

Q Advice for the agricultural sector?

A My advice is not to be afraid of technology and to actively educate yourself about the different ways in which technology can help; either by increasing productivity, improving efficiency, lowering cost etc. There is the potential for a revolution in agriculture in Africa; this will be driven by technology and by data. For example, Insyt, our data collection service, is a fast growing business unit we have and this is because of the high demand for high quality reliable data. So, different actors in the agricultural sector need to figure out how to embrace technology and data, and make the best use of it.

Q Any interesting facts about yourself?

A I was named after Sir Edmund Hillary, who was the first to reach the peak of Mount Everest and who was a friend of my grandfather. The irony is, I am afraid of heights so I'm not going to be a mountaineer anytime soon. But I definitely espouse his philosophy in life in terms of surmounting what appears to be insurmountable. I think you need that kind of attitude when you are doing the sort of work that we do, because the problems we are solving for are really challenging and we have to believe that the impossible is possible. So the problems we are solving for are my Mount Everest. ■

Kristy Jooste

Making it rain

The clouds which cover our planet are formed greatly due to galactic cosmic rays, which produce ionisation of the cosmic dust. These ions become the centre of water vapour condensation, leading to nucleation and then the formation of drops and clouds. These galactic cosmic rays, which have higher energy at higher layers above our atmosphere, lose most of their energy on the way to Earth. This happens at the altitude of the tropopause, the upper border of the troposphere, 10km to 15km above earth level. These are the heights where clouds are formed.

Ionisation and cosmic radiation are constantly creating particular conditions in our atmosphere which affect how water vapour behaves and affects our climate. This is according to Avraham Rami Gutt, CEO at TIMI Industrial Holdings, who explains BrainRain – an ionisation technology that increases rain production.

"We imitate the process of ionisation which is done in nature by the cosmic rays, but we do it from the level of the Earth by sending electromagnetic rays into the atmosphere which are loading water vapours with positive electric potential."

"If you load a particle with positive electric potential, the positive ions will move upwards to higher atmospheric height and when moving to the upper layers, they gain more and more water molecules and become nuclei to form rain clouds."

This is done by creating an energising antenna (an umbrella-like construction) around a steel mast of nearly 30m from which – like rays – very thin wires lead to the outer hexagonal circumference with shorter peripheral masts around the central mast.

"By having high voltage running through these wires, an electromagnetic discharge is evoked. The smaller the diameter of this wire, the more effective is the discharge. When operating in a high humidity atmosphere - near lakes, rivers, open seas or ocean – this discharge will create a constant flow of positive loaded nucleation centres, which will move upwards due to the existing electric potential difference between the Earth and the troposphere. These loaded particle clusters will be carried by natural winds in the direction to which winds usually go, according to season."

"Contrary to the pure condensation – which needs saturated water vapour, namely 100% humidity, to have condensation – this 'ion hydration' takes place in any level of relative humidity. Even at 30% humidity you will still have the formation of these ion clusters with attached water molecules. The higher the humidity, the more effective the process," says Gutt.

If the air above was in a constant stable position, the electrification would happen instantly. However, since this is not the case in nature, a network of energising antennas are required in order to create a constant flow of the loaded droplets with the direction of the wind.

"The positioning of those energising antennas are calculated and determined in a dedicated algorithm developed by BrainRain, which takes into consideration the existing wind direction in the various layers of the atmosphere; and the temperatures in those layers. The ultimate purpose is to let the natural wind move the maximal amount of newly created clouds to the pre-defined destination area, namely the area where rainfall is required," says Gutt.

When there is a more or less constant flow of those loaded droplets over a targeted area, the same type of energising antenna is used to change the electromagnetic flux within the newly created cloud. Thus increasing the size of the droplet clusters, causing them to move upwards where temperature is lower, creating the condition for precipitation.

"The system is not an exact 'rain production' method," says Gutt. "The performance depends on several parameters of nature, which are changing constantly. But we have a based 'pattern of behaviour' which we use as the basis for the use of the technology."

Therefore the results of operating a 'regional rainfall area' can be measured only by comparing annual rainfall statistics before and after operation of the system.

Gutt says the main purpose of the rainfall increase is to fill and refill existing open and subsoil water reservoirs, rather than to irrigate fields.

"The users of such a system are would be, for example, regional and national water authorities, agricultural groups and national forest authorities." ■

Digital technology aiming to empower small-farm owners in East Africa

Mastercard has launched a new digital marketplace for East African farmers to sell their crops and receive payment via their mobile telephones.

"2Kuze" (pronounced "tuh-KOO-zay") works with existing mobile money systems like mPesa to facilitate transactions between farmers, agents and banks, the financial-services corporation said.

VOA News reported the World Bank's Consultative Group to Assist the Poor (CGAP) estimates there are roughly 500 million farming households across the world that fall under the category of "smallholder" – made up of no more than a few hectares of land, and run primarily by family members.

In East Africa, smallholder farmers trying to get the best price for their crops are often dependent on middlemen – agents, buyers and sellers who leave them with inconsistent and unpredictable returns. That problem is exacerbated by the farmers' lack of access to financial tools, such as bank checking or savings accounts.

"What's historically been used has been these middlemen arriving at the farm gate, or setting up marketplaces in local communities, where they're doing deals there and coming back later, and paying those farmers in cash after they've been able to sell the goods… And that can be a gap of as much as two weeks," said John Sheldon, a senior vice president at the company in charge of innovation.

2Kuze capitalizes on the widespread use of mobile phones across Africa to conduct peer-to-peer monetary transactions, Mastercard says, and the program is intended to increase farmers' earnings by giving them access to a wider network of buyers and faster transactions.

"With technology comes great scale, and so if we can help [buyers] work with 10 times the number of farmers they've historically been able to work with … they have the opportunity to make more money, even if the margins on any given transaction is lower."

For 2Kuze, Mastercard is partnering with non-profit Cafedirect Producers Foundation, which says it works with 300,000 smallholder farms around the world to promote fair-trade practices. Farmers in Kenya, Tanzania and Uganda participated in the development of 2Kuze, and the pilot program is launching with 2,000 smallholder farmers in Kenya's Nandi Hills region, famous for its tea farms.

It's not yet clear how Mastercard will profit from its efforts. Sheldon said the company is still experimenting and "testing multiple potential revenue models, whether it's percentage of sale or licensing access to very, very large-scale buyers."

One indirect benefit for smallholder farmers is the creation of a financial log or history, which could prove helpful when they seek credit or loans to expand their farms.

"Each bank has their own credit model that they're utilizing, and [with] our ability to provide them with the visibility into these transactions, they can … do some of those key credit assessments," Sheldon said. East African farmers' financial performance is not measured by a scoring system like the FICO analyses used in the United States and many other countries.

Mastercard is not the first company to offer financial services to smallholder farmers in developing countries. Matthew Saal, head of digital financial services at the International Finance Corporation, said Mastercard's system has "been both developed and deployed in East Africa, providing tailor-made solutions to meet the great local need for expanded financial access in rural areas."

IFC is a member of the World Bank group that finances and provides advice for private-sector ventures in developing countries.

"IFC is working with partners like Mastercard, and others around the world, toward the shared goal of achieving Universal Financial Access by 2020, and believes that digital platforms have a critical role to play in reaching the 2 billion adults globally that aren't part of the formal financial system," Saal said. ■

VOA News

Digital becoming a part of life for Agri sector

Digital is infiltrating every aspect of human life and will continue to do so over the coming years at an ever increasing pace. Jolene Dawson, Global Agriculture Lead for Accenture Development Partnerships (ADP) at Accenture Strategy, believes that the agriculture sector will benefit from these innovations.

"Consider a future where drones take video and photo imagery of a field outside of Keroko, Kenya that has three to four crops on it and uses artificial intelligence to analyse the readiness of the crops for harvest. The drone then uses its algorithms and artificial intelligence to check these data against produce markets, identifies a buyer/s, and enters into an agreement at a viable price. The artificial intelligence knows the price is viable because it has compared the selling price against all input costs and margin parameters. Having done this, the drone notifies the farmer of this transaction for approval, while simultaneously analysing the potential for aggregation with other smallholder farmers in the local area. While all of this is happening, the farmer is at another site receiving training on a new farming innovation for his/her ducks and chickens that will help keep his/her crops pest-free."

Jolene Dawson, Global Agriculture Lead for Accenture Development Partnerships (ADP) at Accenture Strategy.

In agriculture, the application of drones, artificial intelligence, robotics and the internet of things offers opportunities to harness the power of digital to the benefit of farmers, consumers and the environment.

"There are endless possibilities and positive impacts from digitally delivered micro-insurance for crops, precision agriculture, biotechnology for pest and drought resistance, digital produce market-places and financing mechanisms," Dawson says.

Accenture Development Partnerships (ADP), part of Accenture Strategy, works with international development organisations to address the world's social, economic and environmental issues. ADP's focus on issues related to digital disruption, redefining competitiveness, operating and business models; and the workforce of the future helps their clients find future value and growth in a digital world. The experience and capabilities of ADP in agriculture enable them to work with grains, proteins (plant and animal), cotton, dairy and horticulture. The African Team focuses their work in South Africa, Kenya and Nigeria but has the ability to work more broadly across the continent. ADP ensures that technologies and digital innovations are made available to the smallholder farmers to help them gain access to information, finance and knowledge to develop their skills.

"We focus on a systems approach to agriculture can be the catalyst and hub for many other development interventions including health, livelihoods, energy and water. To build strong systems, the ability to bring together complex and multi-stakeholder partnerships is key – designing and implementing these partnerships is at the core of what ADP does. Alongside these partnerships, we bring the best of Accenture to the agriculture sector through projects that span commodities, countries and the entire farm-to-family value chain."

"Our mission is to have a catalytic impact on global social, economic and environmental development challenges. Through the global experience and capabilities of Accenture, we help our clients develop sustainable, innovative and market-based solutions to maximise value while driving measurable impact," Dawson adds.

ADP sees three key realities emerging in the next few years:

1. **Digital will become more embedded in all markets and industries.** "Agriculture is no different and will benefit from these innovations by leveraging the analytics and

information capital to improve quality, efficiency and effectiveness of farming practices, across the value chain."

2. **Women will become more involved as the new face of agriculture.** Policy and perception are changing and slowly enabling women, leading to more equality in the market. "We have seen drastically different behaviours in our work in financial inclusion in our report 'Within Reach' where women tend to be more reliable in loan repayment and tend to invest money in a more impactful way than men. This is especially the case on education and insurance. The formal inclusion and enablement of women in agriculture will be a key driver in building, scaling and improving their the impact of the industry," Dawson says.
3. **Systems-thinking and a broader, more interconnected view of what is possible** and what needs to happen to enable the changes required to sustain the human population. Partnerships across government, public and private sectors will incubate innovation and growth. "Multi-country, multi-party initiatives are kicking off and gaining traction in finding ways to work together, rather than the pure competition of yesteryear. These initiatives bring together multiple partners – often traditional competitors – to solve agriculture issues and lobby for change in policy, regulation and trade."

"In Africa, we typically see small subsistence farmers working in isolation, using outdated farming practices, battling to balance input costs with yield and quality requirements. These same farmers tend to be disconnected from the markets that will purchase crops and livestock, so are vulnerable to exclusion from or to be taken advantage of by the industry. Without addressing these challenges and inefficiencies, these farmers will not be able to improve their livelihoods. The continent has the last tracts of available and fertile land that is either underutilised or unutilised. Increasing productivity per unit is critical to both feeding the growing population and conserving our natural heritage. By working directly with these farmers and development agencies, we can use digital solutions to provide skills, access to finance, market information and opportunities for aggregation and collaboration. Using digital solutions, we are changing the old systems faster and at more scale than before, reinvigorating and strengthening communities through agriculture."

Dawson says that historically, Africa has lost a great deal of value in resources by simply mining and selling raw material, later buying back value-added products. Dawson sees many parallels between historical mining practices and agriculture and, in this context and sees the opportunity to harness digital to address the issue at pace and scale. ADP works with communities and organisations that help to change the status quo, farm better and build primary and secondary agro-processing hubs that enable Africa and Africans to retain more value from the commodities grown and cultivated - returning it more directly to the communities.

"We also help development agencies and governments understand how digital solutions support the value chains, increase the transparency and traceability of produce/ products throughout the farm-to-family value chain and how best to realise the benefits. Digital solutions offer efficient mechanisms to ensure their investment is used in the most impactful way, both socially and environmentally."

The rise of digital is also having a huge impact on how programmes are being delivered and measured for success. At Davos, ADP launched its Digital Disruption: Development Unleashed paper where it describes that "digital disruption in development will not be the big bang that reinvented industries like music after Apple, retail after Amazon and transportation after Uber. Development organisations that do not embrace digital to transform mindsets, operations, service and risk tolerance are vulnerable to compressive disruption, and run the risk of failing in their missions."

ADP knows that digital is an enabler and should not be seen as a silver bullet but a tool that increases the pace and scale in which change can be implemented – development organisations and corporations still need to have great programmes, the right people and a focus on communities to realise the benefits that digital has to offer fully.

ADP has seen many positive indications in the market through its work.

Development agencies, governments and partners are working at a grass-roots level to help smallholder farmers and co-operatives gain access to improved technical skills and equipment; strengthen market access and formalise off-take or aggregation agreements for the produce; and to build capacity through skills development, using digital as the enabler. "By using technology to our advantage in ways that serve our communities first, particularly the women in Africa, we allow African agriculture to be successful."

The ability to reach people via mobile networks and provide services using mobile as an access point is extremely important in setting Africa up for success on the global stage. This means that introducing digital solutions in Africa is going to be less of a challenge.

"We already see digital influencing the agriculture industry. We have seen investment in application development for weather information, technical skills, micro-insurance, market access and information, access to angel investment, impact investment and other funding to name a few. These are proliferating at a pace that could position Africa as the 'front-runner' to solve the global food crisis."

Dawson joined Accenture in 2010 and moved to the ADP team in 2016, to increase the impact she could have in developing markets directly with farmers and development agencies. Dawson trained as a microbiologist and zoologist, to understand how the soil, its microbes, the plants, animals and climate are all intricately linked to the success of communities; and their ability to thrive or simply survive. Thereafter she completed her post-graduate qualification in Business Management ahead of entering the world of Strategy Consulting where she has consistently dedicated herself to Sustainability Strategy.

"Personally, I believe that agriculture can only become a viable economic growth driver in Africa if employment in agriculture allows farmers to leverage technology to earn a decent living by working with nature to increase yields in terms of quality, quantity and consistency. Ultimately, I would like to build African's agricultural capital to competitively augment the formal commercial supply chains with good quality, reliable produce and livestock."

ADP has existed for almost 15 years and has completed over 1200 projects, working with over 250 of the world's international NGO's, donors, foundations, partners and government agencies. ADP works to drive partnerships and strategy, digital solutions, organisation and programme strengthening and technology. ■

Kristy Jooste

Agricultural policy needs to acknowledge the leadership role women play

Most of Africa's smallholding agricultural output is from women. It is counterproductive to continue seeing agriculture as a man's pursuit.

Policy and investment decisions should be informed by the realities on the ground. This perspective resonates with the findings of the recent Africa Agri Investment Indaba organised by the African Agri Council – a network of global executives, decision makers and key stakeholders in the agricultural industry.

The Indaba took place on the back of growing optimism about agriculture's potential contribution to economic growth, job creation, poverty reduction in Africa, as well as growing investment interest in the midst of all these initiatives.

The discussions covered a wide range of topics, from policy to technical challenges on farms and agribusinesses, all in an attempt to establish practical solutions that can make African countries an attractive investment environment for investors.

Similar to many agricultural engagements, the Africa Agri Investment Indaba had a few female participants, particularly amongst the panellists. This is regrettable as women's role in African agriculture is significant - in both the labour market and farming. Data from the Food and Agriculture Organization of the UN (FAO) shows that women make up almost 50% of the agricultural labour force in sub-Saharan Africa.

Moreover, the World Farmers Organisation posits that within the 80% of Africa's agricultural production by smallholder farmers, a large part of it is by women. Given this structure of African farmers and the agricultural labour market, it is counterintuitive to continue seeing male domination in agricultural policy engagements.

Policy decisions have long term effects and need to be calibrated in a careful and well-informed manner.

Besides the gender equality argument, we are missing out on the potentially rich diversity of views and the vital learning that would otherwise emanate from the very people that work the land in most African countries.

That said, some African countries have recognised women's role in agriculture and they have responded by adopting new land laws that reinforce women's land ownership rights. This is a positive development in unlocking investments in the sector and strengthening women's participation and should be replicated throughout the continent.

Overall, discussions and planning about investments and other policy debates in African agriculture should mirror the actual structure of the sector. In that way, policy makers will be able to calibrate well-informed development programmes for the sector. In a similar vein, for investors to maximise the opportunities in the sector, they should directly engage the people who are working the land – their potential clients.

Wandile Sihlobo, Head: Economic and Agribusiness Intelligence, Agbiz (Agricultural business Chamber).

Embracing diversity in agricultural policy making is critical, and the need to recognise and promote it should be embedded throughout the sector's the value chain. That needs to start at the top, with policy makers engaging women directly in their policy discussions and plans about the sector's future.

Policy decisions have long term effects and need to be calibrated in a careful and well-informed manner. In order to achieve that, discussions and planning forums should be a representation of all parties in the sector. The fact that women are actively farming and many are showing interest in the agricultural sector sets a clear message of the need to actively engage and support them as these are key ingredients to enablement. It is only through such engagement and support that African agriculture can attain long-term inclusive growth. ■

By helping women, we are securing the future

According to Tanzania Horticultural Association TAHA, there are various constraints in the agricultural sector that prevent women from venturing into this industry and creating their own source of food and income. It is this challenge that allows women to remain left behind.

"Most women in Africa do not own land, hence they do not have control. This makes it difficult for them to benefit from agriculture activities," a TAHA representative says in an interview with Africa AgriLeaders.

Another major problem faced by women in the agriculture business is the lack of capital. "The majority of women are not aware of where to get affordable loans and know the ins and outs of borrowing from an institution. Without this support and assistance they find it difficult to thrive in agri-business."

There is also less market opportunities creating a lack of market research and information. TAHA says all stakeholders should join efforts in addressing these challenges to help women overcome them. TAHA assists the youth and female communities to become entrepreneurs and advanced farmers. This is not only for improving income but for promoting consumption of horticultural products in the efforts made by the government and international communities to reduce malnutrition.

TAHA says women will always remain the backbone of the family. Women will also continue to decide what type of meals the family should eat each day and in doing so, they indirectly influence their family whether they eat what is considered nutritious food or not.

Nutrition

"Nutrition is the most important component in the human body. It is our source for energy and the medium for which our nutrients can function. Good nutrition means getting the right amount of nutrients from healthy foods in the right combinations. Most nutritious food are composed of Carbohydrates, Vitamins, Proteins, Fats as well as Fiber. Making smart choices about the foods you eat can help you achieve optimum health over your lifetime and avoid obesity and illnesses."

According to Tanzania National Nutrition Survey 2014, Vitamin A deficiency has been associated with disease and mortality among children under five years of age. The survey also shows a significant association between Vitamin A deficiency and diarrhea and measles. The prevalence of Vitamin A deficiency among children under five is estimated to be 33%.

In support of USAID and Feed the Future Program (U.S. Government's global hunger and food security initiative) TAHA has been able to engage with women who have shown an interest in promoting nutrition in their communities and in the country at large. In doing so, there was a call to join forces and fight malnutrition where TAHA is promoting production and consumption of different varieties of vegetables including orange-fleshed sweet potato.

Zena Chagula is among the women who champion the consumption of vitamin A. TAHA taught Chagula about good agricultural practices and encouraged her to process orange fleshed potatoes so that she could increase her income and promote consumption of Vitamin A among children, including pregnant and lactating women in Tanzania.

Chagula says, "My business has made me quite popular in Arusha because I promote the consumption of Vitamin A which is necessary in Tanzania. I exhibit and sell orange fleshed potato products in hospitals and trade fairsn where I am really concerned about the health of children and pregnant or lactating mothers."

Most women in Arusha who attend clinics get the opportunity to learn from Chagula with regards to the advantage of Vitamin A, with some of the women becoming Chagula's frequent customers. Through Zena's lessons these women decided to start including foods with Vitamin A in every meal had at their households. ■

Policy and legal environment in Africa

At the African Agri investment Indaba – held on the 28th November in Cape Town, South Africa by the African Agri Council – a panel discussion took place on the policiy and legal environment in Africa. Topics that were discussed included: Enhancing vs. destroying value in the agricultural industry – the vital importance of effectively managing political, regulatory and reputation risks; driving competitiveness and ensuring growth and stability; and reshaping the industry in order to ensure a clear future and sustainability of Africa's agro processing sector. AgriLeaders gives the exclusive play-by-play from the panel discussion including in-depth questions and answers.

Moderator:
- Thabi Nkosi, Sector Specialist: Agriculture and Agri-processing, Public Investment Corporation (PIC), South Africa

Panelists:
- Dr John Purchase, CEO, Agricultural Business Chamber (AgBiz), South Africa.
- Dr Nigel Chanakira, Chairman, Zimbabwe Investment Authority, Zimbabwe.
- Omri van Zyl, CEO, Agri SA, South Africa.
- Motsepe Matlala, President, National African Farmer's Union (NAFU), South Africa.
- Prof. Ferdinand Meyer, Bureau for Food and Agricultural Policy (BFAP), South Africa.
- Nigel Gwynne-Evans, Chief Director: African Industrial Development, Department of Trade and Industry, South Africa.

Thabi Nkosi

In this panel discussion we will be looking at what it takes to create a conducive policy and legal environment for investment to occur. We looked at the potential for agriculture in Africa and also at the importance of investing in African agriculture. Prof. Ferdinand Meyer, what have we seen in terms of investment in agriculture across Africa?

Prof. Ferdinand Meyer

We know that the African continent currently has the fastest growth in foreign direct investment (FDI) and this has increased tenfold over the last 10 years. If you look at the share increase, we are looking at about $200bn. The 2 key factors that are really igniting the FDI over the last 10 years are:

1. The commodity super cycle. There has been a rapid increase, and very high commodity prices which has created an environment to create profit. Profit obviously attracts FDI and that is what the commodity super cycle has done.
2. Growth in the population. Everybody is talking about the staggering numbers in the growth and demand for food. The majority of the processed food in Africa is being imported, so the growth and demand has been captured by a rise in imports but not in local production.

Even though there are regions with a serious deficit, especially in a drought, if we look on average the continent is actually producing enough maize to be self-sufficient - this on the back of a 6 million hectare expansion in land. So that has been a significant investment.

The reality is that if we were to double the yields of maize on these existing hectares, prices would plummet. Why? Because we don't have the infrastructure and processing abilities yet to move the commodity and get things going. That is why, on the other end of foreign direct investment, we have the retailers. There we have seen significant investments and we foresee the next big spike in investment will be on the processing side. We have this big demand-pull and we've got the natural resources. The challenge is to bring in this additional production and processing to make it economically viable. This is where it's critical to create an environment that you want to invest in.

Thabi Nkosi

You raise an interesting point around investments across the value chain to allow this to be a lot more economically viable. A lot of the investment necessary to make the entire value chain economically viable will have to come from agribusinesses, or players outside of the primary agricultural sector. John, what type of considerations do agribusinesses make when deploying capital into their African agricultural sector?

Dr. John Purchase

The first thing that investors would like to see anywhere in the African continent is what value they are going to add or create with the product or the service that they are providing in various value chains. Those are quite different and dynamic and to add or create that value, they must create profits for shareholders. If you don't have that then it is not going to work. There must be a market for that value add in terms of either the product or the service that you provide into that value space. So when investors look at these markets, they will analyse the policy and legislation space which looks at so many aspects including trade agreements etc. They will also look at the issue of property rights and how well that is established in those countries and what the legal system looks like. In other words if contracts are not honoured, do you have recourse in the courts? This is one of the biggest problems that we have as an agribusiness space in Africa. Environmental issues such as water, productivity and land will also be analysed. They will then try and quantify the risks for that country, or where they see that opportunity, and whether the reward that they should get out in the business plan is worth it in terms of the risk.

There are many other issues to look at such as cost of doing business and predictability – I want to emphasize that because what we've seen lately is the unpredictability in many cases. Suddenly we have a government that proposes an import ban forcing a company to go back on contracts which in turn causes them to suffer huge losses. Another example is when you suddenly have a devaluation of the currency in that country, but it's not a floating currency like the South African Rand. You can have a 20% devaluation of currency brought about by the president of parliament and that suddenly has a huge effect on the businesses in those countries. This has happened in Angola and various other countries recently. Predictability is one of the biggest problems we currently face in Africa. Even if the policy environment isn't 100% conducive to business, if you know what you're working with then business can make plans. However it cannot manage unpredictable situations and this is one of the biggest problems we have from a practical point.

Thabi Nkosi

A lot of what business considers would be market related, but it also has to do with what the state can control – things like certainty in terms of policy making. Nigel, looking at the issues of predictability and policy certainty to enable investment, what do you think the role of the state should be? What can government do better to create this predictability and where do you think government have failed?

Nigel Gwynne-Evans

Part of the challenge John spoke about is that we need predictability, but we also need governments that are responsive to the firms and to attracting investment. Government needs to build the capability to be able to respond and to create the conditions that can attract investment – and predictability is part of it. They also need to be able to sort out many of the issues at a very granular level. We are all quite aware at the moment that it is not so much the issues around the level of tariffs. Certainly there is a problem with putting tariffs up that have not been through a full process. But other technical barriers to trade are major challenges to investors moving into Africa. Part of what government needs to be able to do is listen to investors, listen to their producers and actively and proactively tackle the challenges that they are facing.

In South Africa at the moment, one of the issues that we are looking at is regional integration. We need to give access to bigger markets, allowing for economies of scale to take place. That will be critical for investment to take off but a part of what we must now sort out is the barriers to trade at border posts. There will be an increasing focus on opening those up. We are looking at studies particularly in the soya and poultry value chain, where instead of importing soya from Brazil or India, we could procure them from Zambia or Zimbabwe where they can produce soya very competitively. But we need to sort out the barriers that are reducing the ability to get investors in and the ability to get product across borders. These are all areas that we are working at to try and improve the investment environment. From a South African DTI perspective we certainly are looking at the integration

IMAGE CREDIT – Desmond Boylan

agenda and looking at their investment side, trying to encourage South African investment into the continent. We are working with our counterparts in other government departments to try and build capacity and to improve the investment climate.

Thabi Nkosi

You said that we need to get quite granular in our policy making in terms, but in agriculture it doesn't get more granular than in the primary level. The start of the value chain is the farmer and unless you fix the incentives and the environment at this level, the value chain just cannot function.

Investment for commercial farmers lately has been quite challenging. Commercial farmers have been struggling with the effects of drought and the effects of policy uncertainty with respect to land. Omri, what have your experiences been? Are these the true sentiments of commercial farmers? What would you like to see happen?

Omri van Zyl

Having travelled and worked through this continent quiet significantly, I feel we have to be honest with each other. If we don't grow the commercial farming sector in Africa we will remain an impoverished continent. The reality is that in Sub-Saharan Africa, South Africa is the only food security country in Africa – the only one! There are a variety of reasons for that – if you look at the growth in the commercial farming industry you will see that in the last 20 years we have done remarkably well given our constraints.

The first point of departure for developing the continent is access to finance. If you do not have access to finance then you cannot collateralize an investment. So farmers big and small will not be able to get the leveraging effect of capital and without that we cannot grow our continent's primary agriculture sector. Another thing that goes hand in glove with that is property rights. If you don't own something you cannot collateralize it, you cannot go to the bank and lend money against it and actually use that as a production loan to grow your business. There is a lot of talk about Africa's potential and that it has 60% of the world's arable land, but you cannot eat potential. What is desperately needed is some new solutions being put on the table, new growth plans and some completely altering policies that enable commercial farmers to invest in the African continent. To a large extent, a lot of farmers and big companies have divested in the African continent. If we have the right farmers and the right financing mechanisms, we still need the infrastructure to transport goods. We did a study in Nigeria and it is cheaper to land tomatoes from Mooketsi in Limpopo than it is to get tomatoes 90km from Lagos to Lagos itself. So who will buy the tomatoes in Lagos if it costs you double the price than it does to produce in Limpopo? No one will buy that.

That brings you back to the infrastructure and the post-harvest handling abilities that are critical. We have post-harvest losses of more than 30% in South Africa just because there are no facilities to store and handle that produce. If you have all of that in place the market will take care of itself. We have a growing population in Africa, urbanization, more capital formation and very positive aspects with regard to the markets. But if you don't get the primary production side

right we cannot succeed. Food inflation will be rampant and while some people will make money, generally the African population will stay poor. Commercial agriculture is the platform to grow the continent's economy. The sooner we start exposing and leveraging this opportunity, the better for all of us.

Thabi Nkosi

You mentioned that commercial agriculture will be the driver of prosperity within the African agricultural context, but we cannot escape reality that the majority of farmers on this continent are small scale farmers. They may not have the volumes, but in terms of the numbers these are your stakeholders as an investor and I think it's very difficult to separate yourself as an investor from the development aspects of that country – which largely deals with small scale farmers. Motsepe, is there a challenge in terms of sometimes feeling left behind as a small scale farmer when it comes to investment in the sector?

Motsepe Matlala

There is no difference between commercial and small scale farmers. Farming is the same all over the world and it is a business. You will recall that the smallholder movement in the world has made a fairly serious contribution to food security in many countries all over the world. What we are discussing today and what you are asking is the beginning of what any country in the world should do. If you do not look after food security and farmers you are inviting unnecessary problems. No nation can go about their work without eating anything. Coming back to the smallholder farmers, I would like to think that it is the same as commercial farming, even though they may not be equal in terms of size. The challenges that we are talking about should be looked at not as challenges, but as issues that you need to confront primarily to ensure that the economic viability about businesses is taken forward. Africa is a young continent but if you look at other continents, you will see that the challenges we face are the same.

Our economists must change from the way they are doing things because we need pragmatic economists to look at how we must preserve this important sector. I'm aware that of the politics of the world, but more particularly Africa, have not being kind to the sector.I'm also aware that the business community, and therefore my colleagues – the farmers in Africa – have not been given the most important thing that they need from government and the private sector because government cannot govern without the private sector. I am not an authority on African issues, but I have travelled to about 48 countries in Africa, a privilege because I used to be a part of the Southern African Confederations of agricultural unions. The time has arrived – not for the leaders but for you – to begin to look at your business differently and support farmers in a different way so that they can produce food for you. Whether they are big or small. But to wrap up, in our country we are talking about black and white, and this must stop. The killing of farmers is also an issue I want to emphasize – that is another reason people are leaving farming to go into other businesses.

Thabi Nkosi

You have touched on issues of policy and issues of food security. Very few countries have veered as close to the edge

as Zimbabwe. As far as environments are concerned, I think Zimbabwe is particularly challenging. It is known as being that but somehow investment occurs. Nigel, what are the types of challenges that you face when investing in a country like Zimbabwe? How do your investors overcome these challenges using Zimbabwe as a model for other African countries that also find themselves and precarious type of political situations?

Dr. Nigel Chanakira

Zimbabwe attracts a lot of attention – sometimes for the wrong reasons. But I dare say, within the agriculture space there are some interesting developments which – upon listening to the general media – people may lose sight of.

The whole land reform exercise in itself is a political football and not necessarily in a manner that I, as an investment banker, would have loved to play it. Because you've got a play by the rules of international capital. With that said, the land reform exercise has taken place and there is now a situation where commercial farmers are producing a variety of crops in the main export earner – tobacco. That has now been redistributed with anything between 69,000 to 90,000 small scale farmers engaged in that particular game. Of course yields took a hit to begin with, but these have increased with total output of – give or take – 220 million kg of tobacco commercially. This year is set to produce about 772 million dollars and that's going to be redistributed amongst the 69,000 farmers. So clearly what you have is a different model all together and it's showing to be a clear possibility.

From a government perspective. This is where I believe we had a free market play – allowing commercial players to come through and give inputs to small commercial farmers. The capability is there and not just confined to tobacco. We have also got small farmers producing cotton at a global competitive scale. That whole sector had been destroyed due to global forces in terms of the international cotton price. So this gives us a sense of hope, in terms of how we can model and how we can invest in agriculture in a country like Zimbabwe.

Our white commercial farmers are aging and their children are leaving the country and not returning.

As is defined within our own constitution – land is owned by the state and will be for at least another 99 years. What we need is to commercialize those leases. The possibility is there to implement out grower schemes very successfully.

Our white commercial farmers are aging and their children are leaving the country and not returning – but we know the environment was not necessarily conducive for them to come back. So we've seen an emerging crop of young black commercial farmers who are now participating in that space. That's not to say within itself that we don't need the large commercial farms – those are still in existence, are still productive and leading the way in terms of yields and mechanization.

Upon realising that our small farmers could not afford fertilisers, chemicals and equipment, we have gone into conservation farming and low tillage farming with the foundation called 'Foundations for Farming.' That's been very successful in terms of giving yields – in the case of maize – of up to 10 tons per hectare in a very low cost model.

So we believe that within Zimbabwe the architecture of our politics has created a very interesting and sustainable model for agriculture for Africa; and we deserve a visit and we deserve partnership within that scope.

Thabi Nkosi

A lot of the investment discussion here is around primary agriculture and the final product, but there is a bit in the middle which is getting that primary product to the final buyer in a way that meets quality and at the right cost. That's where a lot of the multipliers sit and that's where the jobs get created but it's also where I believe there's quite a lot of return on investment opportunities. In South Africa the public commitment that our company has made is to become a net exporter of agricultural products into the Southern African grid. We talk about 2600 extra jobs that get created in the supply chain between the primary product and the end product.

Also the opportunities in terms of storage handling, cleaning and quality is quite vast. The return on investment there is quite appealing, but it doesn't always feature in terms of topics. I think an element that really deserves a lot more energy and focus is the supply chain between primary and the final destination.

There are lots of examples of that: in Uganda we have 5,500 farmers planting about 5,000 tons of barley for us, however they cannot get it to the final customer because in the hills of Uganda the quality goes down very significantly very quickly. Building small mobile drying and inspection centres, cleaning centres and setting up small entrepreneurial businesses in the hills of Uganda has enabled that 5,500 farmers to deliver. This has also created a business opportunity for supply chain businesses. So we should not just have our discussions focus on primary and the final product when it comes to agriculture but the in-between. ■

Kristy Jooste

Commercial banks financing agriculture

"Finance is a one of the critical production resources. Actually as the need to produce food and the drive to commercialise agriculture increases, the importance of finance to agriculture also increases. Critical as it is, it is not readily available or easily extendable by financiers. This is mostly true for agricultural operations, from primary agricultural production to both primary and secondary agro processing."

Milly Monkhei, Senior lecturer and Head of Department of Agricultural Economics, Education and Extension (AEE) at the Botswana University of Agriculture and Natural Resources – BUA.

"Commercial banks are not forthcoming when it comes to financing agriculture for years now. It is just recently that commercial banks have started to actively participate in financing agriculture e.g Stanbic Bank. However, the fact that agriculture is a risky venture remains true and the undisputable fact that food is sovereign and its production and distribution remains critical to humanity is undebatably true as well. This state of facts point to the undisputable fact that financial resources are critical to the success of every farming operation. Much as farmers critically need finance for their operations (either through equity financing or financial assistance (on credit terms or grant), these farming operators/farmers are different in many aspects (different borrowers, different needs)."

To name a few aspects they differ in:
1. The nature of operation (primary agricultural production, agro processing – primary and secondary level);
2. The size of operation (Small, Medium, Large scale);
3. Experience in their farming operations/agro processing (Experienced, Emerging);
4. Purpose/ objective of farming/ agro processing (Subsistence, Commercial – size);
5. Degree of technical expertise (Trained, Untrained);
6. Value of investment in farming operation (Highly invested, Moderately, not much investment);
7. Relationship with financiers – commercial banks, financing institutions, donors, NGOs etc) (close partnerships, no working relationship).

On the other hand, it is important to note that sustainable farming can be realised through innovative commercial banks financing structures. Of utmost importance to know on the side of the financing party, especially commercial banks is;
1. The understanding of the agricultural subsector (Industry experience- Do you know what farming right up to agro processing entails- how you finance farming? Or even the subsector of agriculture in general?)
2. Adequacy or ability to (sustainably) finance farming- (Do you have adequate financial resources to finance farming) and favourable/ practically affordable loan repayment terms;
3. Attitude (associated with level of commitment and risk involved in farming) – What is the attitude of the financier in financing farming?
4. Risk – inevitably, farming is a risky venture (financier are you aware? What is your risk response- appetite for risk, risk averse, or risk neutral?)
5. It is a fact that unfavourable economic environment creates an uncertainty to the financier to want to disburse finance to the farmer (the convergence of risky routes), how do you as a financier cautiously tread the terrain in this context?

In light of the two considerations above, of the farmer and the financier, here the commercial bank the critical and strategic partners in pursuit of food security, it becomes our duty to explore;
1. To find out whether there exist financing structures that ensure opportunities for farmers to carry out their mandate and for financiers to render financial aid/assistance to farmers.
2. Are all the pitfalls (risks) explicitly exposed to enable the decision maker (be it the farmer or the financier) to make an informed decision?
3. To what extent are the strategic partners true to the partnership? What is strategic about their partnership anyway? Is the reason for financing agriculture equally understood and supported by both partners? In whose view is the partnership strategic? (The farmer, the commercial bank or both?) What is strategically in there for you as a partner? (The farmer and the commercial bank).
4. Is there trust? Honesty and truthfulness? In the dealing of the two partners?
5. Is there commitment? Even in the mist of the inevitable risk agriculture is exposed to?
6. What keeps you in such partnership? Do you both feel the need for food security and the sovereignty of food to mankind?

"Only when we have realised public-private financing structures exist and are cognisant of the attributes of the farmer and the financier as discussed; and can identify and name committed commercial banks, can we be sure that humanity can be fed and the food security cry by nations, for the citizens they are entrusted with, will surely be reduced." ■


Felix Lombe, CEO of African Institute of Corporate Citizenship

"A problem shared is half-solved."

Just like many sectors, the agriculture sector is multi-faced such that various challenges will continue to rock the sector. However, for sustainable solutions as well as sector vibrancy there is a need for the public and private sector to work closely at all levels.

Felix Lombe, CEO of African Institute of Corporate Citizenship says that unlike other sectors, private sector engagement in the agriculture sector has been very minimal at all levels and this has equally affected the operations within the sector.

"In wake of this, we would like to urge all players in the sector including the private sector to work together in order to grow agriculture in the direction that all players desire. Lasting solution to the challenges facing the sector can also be addressed only when all stakeholders take part in finding solution."

African Institute of Corporate Citizenship (AICC) is a non-governmental organisation whose main mandate is to promote the role of business in development. AICC specialises in acting as a catalyst and facilitator of change; a broker and initiator of multi-sector partnerships and platforms; and a knowledge management hub for issues relating to the role of responsible business in African societies. AICC is committed to promoting responsible growth and competitiveness in Africa by changing the way companies do business in liaison with the public sector. This is done to benefit people and the economy while building sustainable communities.

AICC started in the 2001 with its first office in South Africa but later in 2005, the organisation expanded and opened a branch in Malawi. Since then, AICC has been involved in research; advocacy; training and capacity building; facilitation of multi-stakeholder process for policy change; social learning and collective action in various fields including agribusiness value chain and social development.

Lombe says AICC's goal is to ensure that the public sector works closely with the private sector.

"Many developing nations in Africa continue to face various socio-economic challenges despite the ever increasing support and interventions being fostered by various players in the country. These dynamic challenges facing African countries today call for not only renewed and concerted efforts but also collaborative efforts by all relevant stakeholders. Major challenges experienced by the ever-growing population amidst decreasing resources require governments, private sector and civil society to act together and exercise shared responsibility to achieve collective prosperity that help build sustainable communities. Thus to say, the countries can only register high success in development if there is strong correlation between the public and private sectors."

AICC has facilitated the formulation of various platform in the agricultural sector as one way of fostering Public Private Partnerships (PPP's). Through these platforms – namely rice, legumes, cotton and diary – the agricultural community has benefitted substantially as it provides a space were various stakeholders from both the public and private sector meet and discuss various issues affecting particular subsectors and provide concentrated solutions that all players are part of. Furthermore, through these platforms, players have managed to establish links with other players within their sector.

"Using the PPP's approach, AICC has managed to significantly contribute in these areas," says Lombe. "For many years, government and the private sector in Malawi have been operating in a vacuum where all players acted separately from each other. This affected the delivery of services as there was duplication of efforts as well as contestation of efforts."

Several developments have taken place since AICC started undertaking various projects in these areas of focus. Among these developments are the many technologies AICC has successfully pioneered with both the public and private sector. The developed technologies have not only focused on increasing production of particular commodities but also offer other services that various players fail to easily access in Malawi.

"AICC recently launched an oilseeds online extension platform that aims to ensure harmonised and adequate information going to farmers on all stages of production and marketing processes. The platform also shows where and who owns what aspects of oils seed crop production, storage and marketing. The platform features Google Maps and boast to be first of its kind in the sector in Malawi."

Lombe says one challenge he has often come across is the struggle to change one's mind set.

"Many organisations in Malawi working in the agriculture sector offer inputs to farmers and this has made many targeted beneficiaries to expect the same from each organisation. However, AICC operations aims at promoting sustainable solutions and to this effect, handouts are highly discouraged. At times, this makes it difficult to work with other communities that highly anticipate handouts from organisations."

Based on the current trend and response in various sectors, AICC is very optimistic that in five years' time, private sector engagement in various social intervention programmes will be directly involved as it is the case with public and non-governmental entities.

"AICC's constant advice and argument as an institution is that unless NGOs in Africa collaborate with not only government but also private sector, the sustainability and depth of impact of NGO's interventions will remain a lip service. Realising that there are several aspects to development, there is a need to foster responsible corporate citizenship among various players within the development circle. The role of business in development cannot be appreciated if every player in the corporate world fully take up their responsibilities."

Lombe says that ever since AICC started fostering partnerships in the agriculture sector, a lot has changed. Not only has the private sector engaged in interventions there have been close collaborations. From a market access aspect, farmers who have been trained in skills of identifying markets have benefited.

"Skills have impacted entrepreneurial mind set and has helped farmers to fully benefit from their sales as they get maximum profits. Due to previous lack of negotiation skills, most farmers failed to negotiate good prices for their crops such that many traders – especially vendors – used to buy crops at low prices than what the farmers desired. But due to limited markets, farmers were forced to sell at such low prices. Lombe says this has changed as farmers are now capable of identifying a wider market that offers them various prices."

AICC has a number of partners in various countries including Botswana, Mozambique, Lesotho, Namibia, Zambia and Zimbabwe. It is through such partnerships that AICC has managed to reach various countries in Malawi. However its area of collaboration with various partners in these countries have been on the notion of corporate citizenship – specifically sharing notes on how to engage the private sector in social intervention for sustainable development. In terms of agriculture, AICC currently focuses on agricultural technology innovations, agriculture entrepreurship and market access. ■

Investing in food production

At the African Agri investment Indaba – held on the 28th November in Cape Town, South Africa by the African Agri Council – a panel discussion took place on investing in food production and boosting domestic demand. Panelists spoke about addressing and influencing investors' confidence and global competitiveness as a continent and as a region; the role of the agro-processing sector in a diverse economy; and expanding agro-processing production value chain. AgriLeaders gives the exclusive play-by-play from the panel discussion including in-depth questions and answers often thought of when investing in agriculture.

Moderator:
- Dylan Piatti, Senior Chief of Staff and Consumer and Industrial Products Industry, Deloitte, South Africa and moderator of this panel, begins the discussion.

Panelists:
- Ronald Ramabulana, CEO, National Agricultural Marketing Council, South Africa.
- Dr. Earl Starr, Board Chairman, Western Cape Fine Food Initiative NPC, South Africa.
- Marci Pather, Founder and Executive Director, All Joy Foods Ltd., South Africa.
- Solly Molepo, Deputy Director: Agri--Processing Industrial Development division, Department of Trade and Industry (DTI), South Africa.
- Louw Van Reenen, CEO, Beefmaster, South Africa.

Dylan Piatti

FAO has reported the following global trends to be impacting agricultural and food production:

- Food demands are increasing and patterns of food consumption are changing - moving towards more livestock products, vegetable oils and sugar;
- Growing competition;
- Diminishing quality and quantity of natural resources; and loss of ecosystem services;
- Energy, security, and scarcity;
- Food price increasing and price volatility;
- Changing agrarian structures;
- Agro industrialisation and globalisation of food production;
- Changing patterns in agricultural trade and the evolution of trade policies
- climate change;
- Science and technology as a main source of agricultural productivity;
- Production increases are progressively becoming a private good and the processors are dominated by the private sector;
- An evolving development environment with a centrality of governance and commitment to country led development processes;
- Increased vulnerability due to natural and man-made disasters and crisis.

Louw Van Reenen

Our business is as a beef and lamb producer in South Africa and we export quite a bit into Africa, the Middle East and the East. The government made it possible for us to become a global player and we produce a cheaper product than we used to produce 20 years ago in world terms. In our business we tend to believe that growth is using technology to the absolute fullest and that beats price, so we can't expect to get more and more for our product simply because the consumer has less cash to spend on it. Locally we've seen that we produce a cheaper product and because of that we tend to compete better with imports and then we can export more. To give you an estimate, in 1998 we used to export from our business more or less 1% of our revenue turn over and we are now on 21%. In world terms we have become more efficient in producing cheaper beef and cheaper lamb for the consumer. We use growth enhancing technologies and by-products from the milling industry for human consumption to benefit feeding the product to the consumer at a cheaper price. We concentrate on using less water, less resources and producing less emissions. That's what makes our business worthwhile as well as generating better return for our investors.

Marci Pather

I founded All Joy about 29 years ago so I've been in engaged in the food industry for quite some time. When we started the business we were engage in being in a downstream player. We took the raw materials and we mixed it into different brands. More recently we've grown the group to create more muscle in terms of our capability on the front end of the business. We are now involved in a canning and bottling operations. We realise that we can't continue to be a downstream producer without addressing some of the serious issues and strangle holds that prevent other players from coming in to be downstream players.

One of the vital ingredients that we needed to address was tomato processing. In 2015, we made huge investments in Modjadjiskloof, Tzaneen. This particular geographic area in South Africa grows 70% of the tomatoes in South Africa. Most of those tomatoes find its way to Johannesburg fresh produce market or to direct fresh produce sales, only 20% comes to factory. Consequently the average production of fresh tomatoes has remained for the past 7 years at a low level of about 500,000 tons per year. To put that into context and to talk about the competitiveness of where we are in the world, the global market for tomato processing is 36 million tons. So we are very far away from where that could be. We are making 500,000 tons and we are only putting it through the Fresh Produce Market, so that all that happens is the price of fresh tomatoes has grown fourfold in the last five to six years.

In that same time, the entire South African industry of downstream players have become net importers of tomato paste. We are importing as a country more than 20,000 tons of tomato paste. Translate that into what you could convert into jobs to address unemployment as a typical example, or competitiveness for downstream players, because you would address both the agro-processing sector and the farming sector.

The tomato crop has a unique benefit in South Africa because we've got a long season, so you can harvest three times a year. It's not a difficult crop to grow. It translates to roughly 160,0000 tons of fresh tomatoes per year. Bring that back down further to 80 tons per hectare and you could be adding 2,000 extra jobs.

The stranglehold and the challenges that we face as a business in South Africa purely on the domestic market is the fact that we can't get enough tomatoes. This has been our challenge. We want to encourage the fact that agro-processing can be the start of unpacking the supply chain.

Dylan Piatti

Marci, you mentioned there is undersupply locally in terms of the fresh tomato produce. You mention to me that you have been engaging with some colleagues in Italy, around supplying South African tomatoes for the premium products, in terms of tomato paste. Would you prefer to supply internationally to outside of the borders or would you prefer to supply locally?

Marci Pather

We want to concentrate on delivering 100% of our local order book but we are not doing that. We must first do that to make sure that we become self-sufficient and provide an essential converted raw material that we're currently importing to all downstream players so we can grow the industry.

I'd love to supply the Italians to show them how capable we are of producing tomatoes as well.

Dylan Piatti

So it is a significant opportunity for scale, and to achieve scale you need investment. Where do you get your capital?

Marci Pather

We are quite a mature business, so when you want to get involved in a conversion project that you know there is a definite need for, you got it take that first leap of faith in terms of making that investment from your own resources. Then you can start to upscale that by saying that we can start to look to funders for capital for the agro processing sector, but we have to balance that with how many tomatoes we can realistically get.

What is very important is agro processing and dealing with small scale farmers, because that's a burning issue in the country. All the small scale farmers can bring us a product – even if it's not up to the standard we require - we can take it, can it and sell that product into the market as a single strand product, providing a different variety of tomato.

Earl Starr

Western Cape Fine Food Initiative an SPV – special purpose vehicle - specifically focused and endorsed by the Western Cape Department of Economic Development and tourism. This particular model found success in 13 different sectors of the economy – from oil and gas, to furniture, to crafts and design. The Western Cape Fine Food itself fits into the food and beverage and agri processing – that's where we found our specific niche and where our organisation found its feet. We have been in operation since 2008 and going through various ebbs and flows of funding for the organisation itself but most of the funding we have managed to attract has come from government. One of the opportunities that we did try and harness was to provide that linkage you are talking about.

Firstly, making small- to medium-sized enterprises aware of the funding initiatives available. If you look at the past 5-7 year landscape was around DTI, specifically focusing on those incentives to grow smaller, medium enterprises. That has been the main focus – to make them aware of funding opportunities and then providing the linkage through various consultants available as part of our membership organisation. Members use the opportunity we have created and there are various workshops that we run, engaging with the various members that come to these workshops and conferences.

We do have other international investors. One of the focuses we had is around the end of the supply chain. Is there a market for the particular products? If you have the market then it drives the opportunity for those small-to medium-enterprises to actually go and look for the funding. If you have the order in your hand you are more able to attract the funding. That's key. One of the big aspects around corporate level is competitiveness. It is your ability to put your best foot forward and your ability to compete in markets with orders or even at funding level. That competitiveness has to drive the organisation. If something moves, measure it; if it doesn't move, kick it so it does move, then you measure it. Your ability to measure your organisation in various aspects - including quality, speed and reliability – and you have a finger on the pulse of a particular organisation that shows you whether or not you have enough competitiveness within you and the ability to benchmark yourself.

Dylan Piatti

Earl, you spoke about your organisation getting funding predominantly from government incentives and then you talk about competitiveness. Take away this government funding, which is the larger portion of your funding. Now without government funding how can companies compete on their own? Are they financially viable without government funding?

Earl Starr

Each organisation has its own challenges but personally I would say it would be difficult because of the nature of how government funding is. Specifically it is targeted at understanding the gaps and the opportunities within the SMEs. When they develop these initiatives and put them forward for companies to take part in, it is understanding

these exact gaps that they have in the organisation.
It would be a challenge for organisations to survive on their own because what you are bringing in is the stability factor. As much as you have stability in a political sense, there are also lot of challenges and costs associated with doing business.
If you talk energy costs, water costs and the cost of waste removal – if these costs become prohibitive, you need to look at other opportunities. Within government incentives schemes, they try and drive towards this.

Dylan Piatti

Now to Solly. I know you have been involved with IPAP, whose incentives have been benefiting Earl and his members. What are your thoughts on protecting local markets? Should government impose tough import controls to balance global competition or let the free market guide investment decisions?

Solly Molepo

As the South African government, we are a member state of the World Trade Organisation and other organisations that guide trade globally. We therefore have to abide by the principles and the rules of these organisations and we have to let the free market system operate without protecting that much. We have to protect the sensitive products but we also have an offensive side where we use our comparative and competitive advantages. We need to work together with our counterparts in SADC as well as the rest of Africa. This is why South Africa is actually moving with other African countries to ensure that we have free trade areas and we work together in terms of posting investment in Africa, making sure that we have intra-African trade. If you look at the step, you will find that intra-African trade is substantially lower than our trade with other continents. We are now working towards a continental free trade area and we have already concluded the three-way free trade area. The system will allow markets and creative fair playing field for our businesses to grow. We have to implement the policies and legislation to support and bridge the gap between small businesses and commercial enterprises.
This will create the structure which will determine how these businesses operate together to insure that the South African economy is growing and that South Africa can create employment opportunities.

Dylan Piatti

Ronald is part of the National Agricultural Marketing Council which includes getting South African agriculture to the rest of the world. If we want to compete globally and boost domestic demand and domestic production – can we do that independently with a commercial mindset or do we need to have the protection and local development policies?

Ronald Ramabulana

I don't think the answer is either or – I think you need both. What we have seen is that if you look at certain agricultural value chains – the horticulture value chain, red meat value chain and the beverage Industries – we have seen that it is possible to put an additional land under production where you have commercial interests as well as smallholder interests participating. A lot of those investments are targeting export markets so when developing your export opportunities, it is probably the most important thing we should focusing on in terms of developing agriculture and agricultural processing. The reality is that the world is never fair and there are certain industries that you might consider infants and there are certain industries that you might find have a level of support all over the world. You therefore need to provide some sort of policy support for those industries to help them grow. I would say that you need both, but if you ask me what option I would prefer, it would probably be to grow or export markets and bring in new entrants into those markets that are growing.

Dylan Piatti

Marci, in terms of the local market structure where are you predominantly playing? You said you are still not producing to your capacity – how competitive is food processing locally and how does the environment impact your business?

Marci Pather

In a South African context – and the same can be said for most African markets – most of the consumers are still buying fresh agricultural products rather than processed. So as a downstream player, our key customers are the retailers who could buy from anywhere in the world.
With EU trade agreements that are in place (these are zero tariff based) the market is extremely competitive so we've got to be competitive too. But, at the same extent, we've also got to deal with the fact that if we rely on China to supply us with converted raw materials on an ongoing basis because it is less expensive, we will never develop certain sectors of the agricultural process by getting involved in agro processing itself. Government intervention is important. That is why the World trade Organisation is there to give guidelines to apply the tariffs in certain aspects so in the infancy of your investments from a case study, you have the ability to attract farmers, grow that particular crop and expand it.
The tomatoes industry for example has 7 farmers in South Africa who control up to 80% of all the 500,000 tons that are produced. Why is that? That's completely lopsided.
So for us to really advance, we need to start developing small scale farmer and to do this, we have to rely on government. We can give a farmer with 20 hectares of land an offtake agreement which gives him a mechanism to raise the funding that he needs to supply us that product.
To be competitive, we have to have a balanced approach and participate in forming part of the supply chain. That conversion model does not exist in a lot of sectors in the agriculture industry. Another example is imports of apple concentrate from China into South Africa. We don't grow enough apples to start processing so we've become a net importer. So downstream players in South Africa - who should be leading Africa – find it a lot easier to import low-cost, converted raw material into their production of mixing and filling for consumer products.

Dylan Piatti

Louw, in terms of beef production, do you believe we should be seeing more subsidy from government or do we need more innovation in regards to how we approach production processes in the beef production sector?

CREDIT: Russia Insider

Louw Van Reenen
I don't believe that we will, or could, see more subsidies because we don't see any subsidies at all although we are competing in a world where there are indirect subsidies in the way of tax relief and that could be a possibility. We are really struggling in our industry with fraud in the tax system and that could be alleviated to some extent. I don't think subsidies, in world terms, is necessarily a good thing. We believe that in a competitive field, to be able to produce quality products at the cheapest cost is more sustainable than then having a subsidy. We see a lot of imports coming into South Africa on the protein side with most of these chicken related and that could be as a result of subsidy in European countries. Therefore we are seeing cheaper meats landing on our shores because of that – I don't think it's necessarily a good thing in our terms. In African terms I don't know that we have that same problem as of yet. What we find in our field is that Africa as a destination for agriculture is getting more interesting. There are more and more questions coming our way in terms of dealing with investment in Africa in regards to agriculture.

Dylan Piatti
Ronald, how important is agro processing developments in the proximity of the markets and logistics centres (airports, ports, etc.)? Does it impact how we compete with regional neighbours and globally?

Ronald Ramabulana
Alan Winde, the MEC for agriculture recently spoke about developing the halal food industry in the Western Cape, especially with regards to red meat and the number of abattoirs in the area. You can see that the fact that it is close to the airport, there are a number of abattoirs nearby and there is some level of livestock production in the area – gives them a competitive edge. Critical to that is that the Western Cape as a province needs to develop a strategy on how they will target specific international markets and how they will develop local demand to enable them to grow that industry. When you have government and the private sector and a sizable number of smallholder farmers that can participate, paired with local demand, it helps an area to be competitive and if you can complete locally you can then look at certain export markets. So take the Western Cape example and there is no reason you cannot use it in other African regions.

Dylan Piatti
So you're talking about a clustering approach that needs a Public Private Partnership (PPP). It is also about creating these investment hubs that benefits both downstream and upstream through the clustering process. We are seeing an emergence of this but it's not quite there. Who needs to lead the setup of this?

Ronald Ramabulana
In most cases, if you were to adopt the cluster approach you would need to increase primary production in order to get the raw material for processing. You would also find that if the area is virgin, you would need infrastructural investment in water, electricity and roads – this requires government investments. Therefore it is up to government to take the lead but unfortunately we have not seen this in a lot of these projects.

Dylan Piatti
Solly, from a government perspective will you be looking at this clustering concept or just developed sectors depending on where they are? I guess it's a choice between a proactive, forward-looking approach or a reactive approach dealing with what we looking at now.

Solly Molepo
The ideal situation is to have a cluster approach. Even at a government level we are assisting companies to cluster to encourage the whole value chain to support each other through the various lead departments. The DTI drives a manufacturing side so to form these cluster we would need the support of the Department of Agriculture, Forestry and Fisheries (DAFF) to insure that the raw materials are available but we will also need water, electricity, and we need to offer security in terms of supply. The DTI also assists this clustering by supporting the export councils. This helps boost the industry's edge, helping them to become globally competitive and continue to export to other countries, create employment and bring in foreign currency. Clustering is ideal because we can make an impact by allowing small scale companies to participate with commercial companies thus enabling skills and knowledge transfer and taking advantage of the economics of scale. ■

Kristy Jooste

Cities eating into world's farm lands

By 2030, the world could lose millions of fertile agricultural lands to expanding cities with Asia and Africa accounting for 80% of the total farm losses, a study finds.

Analysing satellite data on croplands and their productivity using year 2000 as the reference point and comparing it with urban area projections for 2030, international researchers found that 30 million hectares of crop lands will be lost to growing cities – an area equivalent to the Philippines. Of this, Asia and Africa will lose 24 million hectares of prime agricultural land.

With cities becoming hubs of economic activity, large-scale changes are expected. However, this is the first study to quantify the effect of urbanisation on crop lands at global, continental, and country levels. The study was carried out by researchers from Austria, Germany, Sweden, New Zealand, and United States.

The croplands that are going to disappear by 2030 have productivity that is almost twice the global average and accounted for about 3–4% of global crop production in 2000.

China, India, Nigeria, Pakistan, and the US top countries set to lose cropland to urbanisation. The productivity of rice, wheat, maize, and soybean are most likely to be affected, though there are significant variations at regional levels.

Among the continents, Asia will experience the maximum cropland loss with China alone accounting for a quarter of the global crop land loss. India, another rapidly developing economy, is not expected to lose as much, though the scenario might change when urbanisation picks up. Pakistan, Vietnam, and Indonesia are also major potential losers. While these changes threaten the livelihoods of small-scale farmers and retailers, more serious consequences could be seen on forests.

"One the one hand, there is agricultural land consumed by urbanisation, and on the other, new land for agriculture will possibly replace forests or other valuable ecosystems at relevant scales," says Felix Creutzig, head of the Land Use, Infrastructure and Transport Group at the Mercator Research Institute on Global Commons and Climate Change in Berlin, Germany, who participated in the study.

The resulting loss of forests can influence the local climate too. In India, there is enough evidence to believe that forests cleared for agriculture have weakened the summer monsoon rainfall.

Interestingly, such cropland losses are not expected to have strong implications for global food security.

Navin Ramankutty, professor at the University of British Columbia, Canada, believes it is a bit tricky to predict how the urban food systems will be affected.

"I think this is going to be context dependent. Whether we have food security issues in cities depends on how dependent the city is on locally produced versus imported foods, and also the biogeography that the city is located in," Ramankutty says.

He emphasises that loss in global crop production can be easily overcome by "small shifts in diets or reductions of food waste and losses." ■

Straight out the garden – equipping urban farmers

The World Health Organisation defines health as "A state of complete physical, mental and social well-being – and not merely the absence of disease or infirmity."

Dr. Mpho Phalatse, Member of the Mayoral Committee for Health and Social Development, City of Johannesburg, South Africa encourages people – especially the youth – to be part of agriculture and to become involved with urban farming.

"Our aim is to maximise productivity in both crop and animal production by attracting youth into agriculture and introducing technology applications such as virtual farming."

Dr. Phalatse says farmers across Johannesburg have shown tremendous interest in urban agriculture and her next focus area will be the roll out of rooftop gardens in the inner city due to the scarcity of land and agro processing. In addition, training will be provided to upskill all farmers.

"We have the challenge of a high demand for access to arable land in Johannesburg. Other challenges include poor irrigation, infrastructure and lack of farming skills. There is also a need for the establishment of pack houses in other regions enabling farmers to sort, grade, pack and store their produce."

Dr. Mpho Phalatse, Member of the Mayoral Committee for Health and Social Development, City of Johannesburg.

The Department is collaborating with stakeholders such as GDARD (Gauteng Agricultural Department and Rural Development) to assist with the necessary infrastructure; SEDA (Small Enterprise Development Agency) assisting with Cooperative compliance, registration and funding; United Way with financial management training and book keeping; and Sakata providing training on hydroponics and crop production.

"Our vision is to have most of our farmers graduating from emerging farmers to commercial farmers, having established sound and sustainable urban farming skills," says Dr. Phalatse. "We are also creating linkages with the Provincial Department of Agriculture to include our farmers in government-owned farms."

The Department of Social Development provides development and welfare services and the promotion of a healthy lifestyle through the Food Resilience Programme. "Our mission is to advance social development by centrally co-ordinating strategy while developing enabling mechanisms to address poverty, inequality and social exclusion across the City of Johannesburg. Using the deprivation map, we have identified food-insecure households in deprived areas and we are assisting by providing skills and tools to produce their own food."

The Department encourages co-operatives who are interested in farming and being in the economic mainstream to partner with the city and its private sector partners. This will enable them to receive training, funding and management support in establishing and growing their farming businesses.

The Food Resilience Unit is designed to assist all food-insecure residents of Johannesburg and aspiring smallholder, medium and large scale famers. It does so in the following ways:

- Providing those who wish to grow their own food for themselves with the means to develop their own small food gardens – in backyards, on rooftops or in open spaces near where they live;
- Providing small, medium and large farmers as co-operatives and any group who wishes to grow food for sale to the public with the means to access land, training on how to farm, assistance with pest control and access to implements and seeds;
- Provide an enabling environment for smallholder farmers to flourish through services such as business advisory services, learning academy and access to markets;
- To improve food security and livelihoods of the urban poor in deprived wards to reduce high levels of poverty;
- To increase agricultural productivity, income and nutrition of poor urban households; and improving nutrition for vulnerable groups;
- To ensure that the majority of vulnerable citizens are food secure to build on long term efforts to eradicate poverty;
- Promote urban agriculture to increase food production and reduce food insecurity, creating income generating projects;
- Contribute significantly toward regional GDP to stimulate local economic growth.

"In addition, we run successful market days in the city regions where farmers sell fresh produce to members of the public, staff members and retail outlets. In some regions, farmers sell to walk-in customers who have the opportunity to buy fresh vegetables directly from their gardens." ■

Kristy Jooste

East Africa – an attractive investment environment

A hot topic of late is finding ways and means to attract investment into African countries. In this case – East Africa. A shared discussion took place at the African Agri investment Indaba – held on the 28th November in Cape Town, South Africa by the African Agri Council – between John Mutunga, CEO of Kenya National Farmers Federation (KENAFF); and Jacqueline Mkindi, CEO of Tanzania Horticultural Association to showcase their country and why one should invest.

Kenya's doors are open

"Kenya is a country with hard working people, accessible money and investment security. So why not invest?"

This is according to Dr John Mutunga, Chairman and Executive Director of the Agricultural Council of Kenya.

"The Kenyan government has reduced red tape; there is no bureaucracy with business registration; there are international protecting agencies based in the country; and the buying power is high. We welcome investment into our beautiful country," Dr Mutunga says.

The Agricultural Council of Kenya is a new organisation formed last year out of the realisation that the private sector did not have an agricultural apex body. This brought various stakeholders in agreement to create one agricultural body for the country.

"The Agricultural Council of Kenya is a new – but strong – body because it has brought together other agricultural institutions of Kenya including the universities, research institutions public-private institutions and policy divisions. All key sub-sectors that engaged in the agricultural value chain become members of the council at a segment level – suppliers, producers, commodity processors and marketing chains (eg: supermarkets) can bring in their current members from their own federations into one body."

Agricultural Council of Kenya functions:

- Politically consult to ensure better business practices;
- Intervene to moderate the agricultural sector environment, including the socio-political environment, the international environment and the physical environment;
- Inform the agricultural sector development alignment in-line with domestic and international conventions; and global orientations;
- Integrate the agricultural data systems;
- Inspect the functions and processes of the sector or effectiveness and efficiency in terms of doing business.

"Looking at the opportunities in the country, you cannot talk about Kenya without discussing agriculture. Agriculture is key to the economy – 65% of the total exports for the country come from agriculture and over 70% of the Kenyan labour force is provided by the agricultural sector. It is a means of livelihood for a great majority of the people so if something goes wrong, a huge part of the Kenyan population is affected."

Kenya's position in global indices:

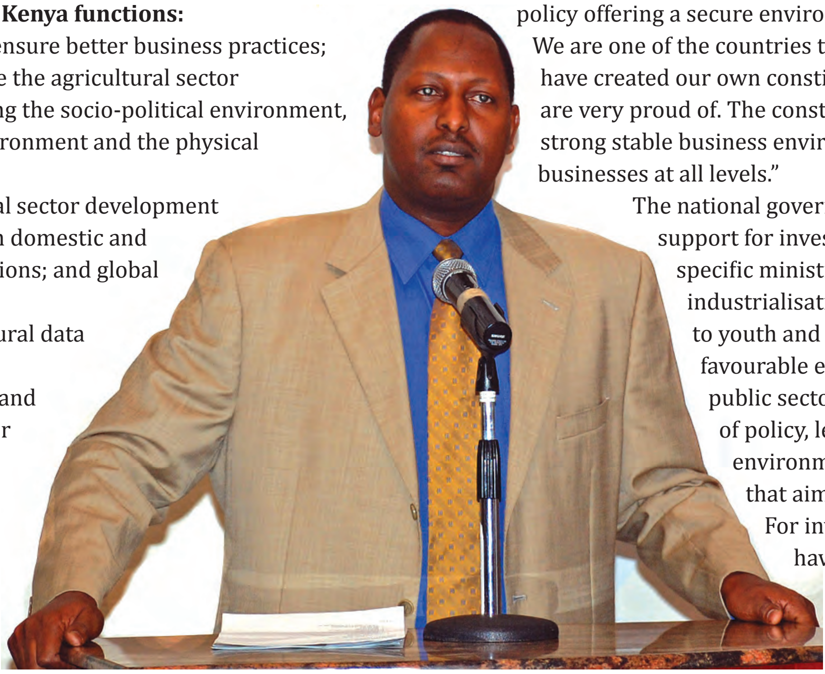
- Doing business: "We have been moving forward and right now we are operating 92nd out of 190 favourably compared to other countries.
- Gross national income: "Kenya is operating at around 1340, having basically moved into the mid-range countries. We are therefore no longer considered a developing country."

"We have been improving, which you can see if you look at our indices statistics from 2010, 2012 and 2013 leading up to 2016.

Why should you invest in Kenya?

"The first thing to look at is our political climate. We introduced a new constitution in 2010 and we are in the fifth year of implementation. Our two levels of government have made it easy for investors to invest. In terms of political stability, the country is stable and we have a sound political policy offering a secure environment to do business. We are one of the countries that, since independence, have created our own constitution of which we are very proud of. The constitution has created a strong stable business environment and leverages businesses at all levels."

The national government provides support for investment – We have a specific ministry that focuses on industrialisation, a ministry dedicated to youth and gender; and we have a favourable environment for robust public sector participation. In terms of policy, legal, and regulatory environments, we have tax treaties that aim to promote Investments. For investment promotion we have an act in our legislation that established our promotion agency – the Kenyan Investment Authority – that



Dr John Mutunga, Chairman and Executive Director of the Agricultural Council of Kenya.

promotes investment in the country. As far as FDI goes, we are non-discriminatory in screening for foreign direct Investments (FDI) and we have a competition law which regulates and monitors dominant positions, competition and customer awareness issues."

The country has capital gains taxes (CGT) exemption for property transferal between two entities. This is considered to be in the interests of the public and is managed by the finance ministry.

"Kenya has also instated the Investment Protection Act - this guarantees capital repatriation on unlimited dividends to investors who are free to repatriate their profits, including decapitalised or retained profits."

Dr. Mutunga says the economic climate of the country is stable. "We have a stable inflation rate of between 5% and 7% over a long time. The depreciation has been minimal but if you look at the international exchange rates, it is strengthening. We see the Dollar has strengthened internationally so the Shilling is still very stable in the region."

"In terms of the ease of doing business in our liberalised economy, Kenya is rated 136 out of 189. We have increased FDI by 6.2 billion dollars over the last year. I think that makes us second in Africa, after South Africa. So Kenya is doing extremely well and is becoming a favoured business hub due to a highly supportive environment and a very competitive private sector that is not necessarily supported by government."

Kenya has created a national e-registry that eases the business licensing process and clears the backlog of registering a new business, thus completing all processes in one month allowing business to proceed.

"All agricultural products into the country are duty-free and VAT exempted. What is not VAT exempted is marketing material, but we are working on that and trying to get that exempted too. The investment allowances under income tax are about 100%," Dr. Mutunga adds.

The government encourages manufacturers to export by exempting participating enterprises from VAT itself and allowing it to export to other countries.

"The adoption of our SME Development model talks of 40% local content. This is a private sector innovation in engagement with government and has been passed as a policy. So if you invest in Kenya, 40% of what you put in the business must be local content so that we can grow the local economy."

Banking interest rates have been capped at 14% across the country. "This has made a big difference because it used to be a 28% to 30% rate which was unmanageable. The government deliberately did that so you can access money quite easily. It is also important to note that the Central Bank of Kenya has set its interest rates at about 8.5%. So the money is there and it is cheap money."

As far demographics go, Kenya has a population of about 46 million people, 50% of which are young and very well educated. The country has done very well with its infrastructure development and has excellent connectivity in the major towns.

"The cost of electricity has been going down and we have opened up for private investment in power generation to link it to the national grid, creating a lot of cost reductions in that particular area."

With the development of the Northern corridor (transport corridor linking the land locked countries of Uganda, Rwanda and Burundi with Kenya's maritime port of Mombasa) we are opening up the entire Northern frontier through a road linking the Kenyan Coast with Ethiopia and South Sudan. There is also development of our commuter railway stations around Nairobi making it easier to navigate and we are replacing the old railway system to Uganda. We are looking to begin construction of a new terminal at the International Airport which is being upgraded; and to open up another port which links up with Ethiopia."

"We are leading in terms of M-pesa, a money transfer system and we have increased mobile telephone usage with relatively inexpensive lines," Dr. Mutunga adds.

"We have a very supportive environment for doing business and it is very liberal. There is currently a lot of investment going on with many people engaging with us. If you are ready for serious competition and investment, try Kenya."

Welcome to Tanzania

Tanzania Horticultural Association (TAHA) is a private sector organisation which supports and facilitates the horticultural industry in Tanzania. TAHA tackles all the key components of the value chain and its model of operation is to operate in two divisions - development and commercial.

"As an industry body our core mandate is to ensure that there is an enabling environment for investors across Tanzania," says Jacqueline Mkindi, CEO of Tanzania Horticultural Association.

Tanzania was recently listed as one of the top 10 growing economies in the world. TAHA attributes this to a number of factors, one being the population. "The Tanzanian population is currently close to 50 million people and is quite a young population with 44% under the age of 15."

Another factor is agriculture. "Agriculture is the main driver for the Tanzanian economy and it employs over 80% of our people, 65% of which are rurally based and are small holder farmers."

Why invest in Tanzania?

Mkindi showcases 5 key reason to invest in Tanzania:

- "Tanzania is a very peaceful and politically stable country. Since its independence Tanzania has never experienced any civil war or any major internal strife. This is a key factor when it comes to investment. The political stability provides protection to investors in the country. The current administration is also doing very well in addressing an enabling environment and dealing with issues in the country.
- Strategic location. Tanzania as a country is geographically beneficial. It faces the Indian Ocean making it a natural trading gateway for six landlocked countries: the DRC, Rwanda, Burundi, Uganda, Malawi and Zambia. These six countries depend on Tanzania for the passage of goods, making it very important when you want to invest and are looking for access to markets. Tanzania has three deep water ports that serve neighbouring countries both in East and Central Africa.
- Investment guarantee. The country is the signature of a number of multilateral and bilateral agreements including the MIGA (Multilateral Investment Guarantee Agency) and the African Trade Insurance Agency. If you are a breeder and you invest in Tanzania, you are protected not only by the Tanzania Plant Breeders Rights Act, but Tanzania is also a member of the Union for Plant Overhead Protection (UPOP) which is an international organisation.

Jacqueline Mkindi, CEO of Tanzania Horticultural Association.

- Tanzania has plenty of untapped natural resources. We offer a wide range of investment opportunities there are a number of investment options.
- Arable land. Tanzania has about 44 million hectares of land, out of which only 10% is currently utilised. We have an abundance of minerals – for instance tanzanite which can only be found in Tanzania. Natural tourist attractions all await potential investors.
- High growth potential. Tanzania is an emerging economy and as mentioned before it is one of the fastest growing economies. It has the potential for providing readily available markets. It is a huge country – the largest in East Africa – with more than 900,000km^2 and the middle class is rapidly growing with highly competitive labour.
- It is a member of regional blocs and trade agreements while being a member of SADC and the East African Cooperation. This allows us to provide opportunities for intra and inter trade amongst East African countries and communities. Tanzania is also under a preferential trade enhancement scheme offered by the AGOA legislation and currently we have more than 6,500 products that have access to the US markets, duty-free and quota free. Tanzania also enjoys trade freedoms with the European Union."

Investment opportunities

Mkindi lists some of the key areas that can attract investment in the country:

- "Agriculture drives the economy in Tanzania. We have a national policy that prioritises agriculture and through this policy we are transforming agriculture by focusing on specific production and commercial zones. Water is not an issue in Tanzania as we have plenty of irrigation water. The country has a potential of about 29 million hectares of irrigated land of which only 280,000 hectares is currently under irrigation. Our water comes from three different lakes including Lake Victoria, Lake Tanganyika and Lake Nyasa which provides water to the boundaries between Tanzania and other countries. We also have a wide network of rivers, many of which overflow throughout the year. The climate is perfect for horticulture in Tanzania and in general the agricultural zone in this country is vast. You can grow anything in Tanzania from temperate to tropical fruit and vegetables.
- The energy sector: The country is also endowed with diverse energy sources including biomass, offshore gas deposits – one of the largest in Sub-Saharan Africa – hydro, coal and other sources of energy. For a population of 50 million people, only 21% of the population can access electricity with7.5% of that in the rural areas. So there is still wide opportunity for investors to come in and invest in our energy sector to supply electricity, particularly to the rural areas and of a grid solutions.
- Telecoms and ICT: This is another opportunity area with a booming agriculture sector and considering what ICT can do for agriculture, there is a huge opportunity there.
- Logistics and warehousing.
- Tourism.

Facilitation

Mkindi says that when you land in Tanzania, you are welcome to buy public and private instruments and platforms that can facilitate your investment in the country.
These include:

- Government: Tanzania Investment Centre and Export Processing Zone – that comes with incentives and tax breaks that will facilitate a soft landing.
- Private sector: Tanzania has very strong private sector bodies. For any transformation, you need the private sector to drive the transformation agenda but government must be there to enable the transformation. "Citing an example is horticulture – 10 years ago horticulture was a very small and marginalised sub sector but today, horticulture is at the centre of the agricultural transformation agenda in the country simply because of coordinating role my organisation is providing to facilitate investment, guide investors and address the critical challenges facing investment in the industry. There are private sector bodies that are game changes in the industry.
- Public Private Partnerships: Tanzanian national business Council is a public private platform shared by the president of Tanzania. It provides a platform for the public and private sector leaders to meet and discuss issues around business enabling.
- SAGCOT sector – an instrument to facilitate and guide investment particularly in the Southern Agricultural Growth Corridor of Tanzania (SAGCOT.) "When you come to Tanzania, SAGCOT is there to facilitate your investment.

In addition to its key objectives, TAHA runs a company called TAHA Fresh, a logistics company that provides logistics support and services to exporters and other factors in the industry. TAHA also runs a marketing company that provides an off taking solution to farmers across Tanzania. ■

Kristy Jooste

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