

AfDB BUSINESS OPPORTUNITIES SEMINAR



FEED AFRICA



- Agriculture and Agro-Industry
- Agricultural Finance and Rural Development

June 20 - 21, 2017

African Development Bank
Headquarters' Building Auditorium
Abidjan, Côte d'Ivoire



AfDB BOS



AFRICAN DEVELOPMENT BANK GROUP

Goals, Targets and Status

Goals

1 Contribute to the end of extreme poverty



2 Eliminate hunger and malnutrition



3 Become a net exporter of agricultural commodities



4 Move to the top of key agricultural value chains



Status Today

49% of Africans or 420 million live under the poverty line of \$1.25 per day (2014);

Those living in poverty will rise to **550 million by 2025** if we do nothing

33% of African children live in chronic hunger;

58 million children in Africa are stunted (under 5 years)

Staggering food net **food import bill of USD 35.4 billion** per annum (2015);

Net Imports projected to increase to **USD 111.0 billion by 2025** if we do nothing

Low value addition to agricultural commodities and **predominantly primary production**;

Africa's share in global production of cocoa beans is **73 % vs. 16%** share in ground cocoa

Target by 2025

Contribute to alleviating poverty though job creation and providing sustainable livelihoods;

~130m lifted out of extreme poverty

Food security for all Africans that are 'undernourished';

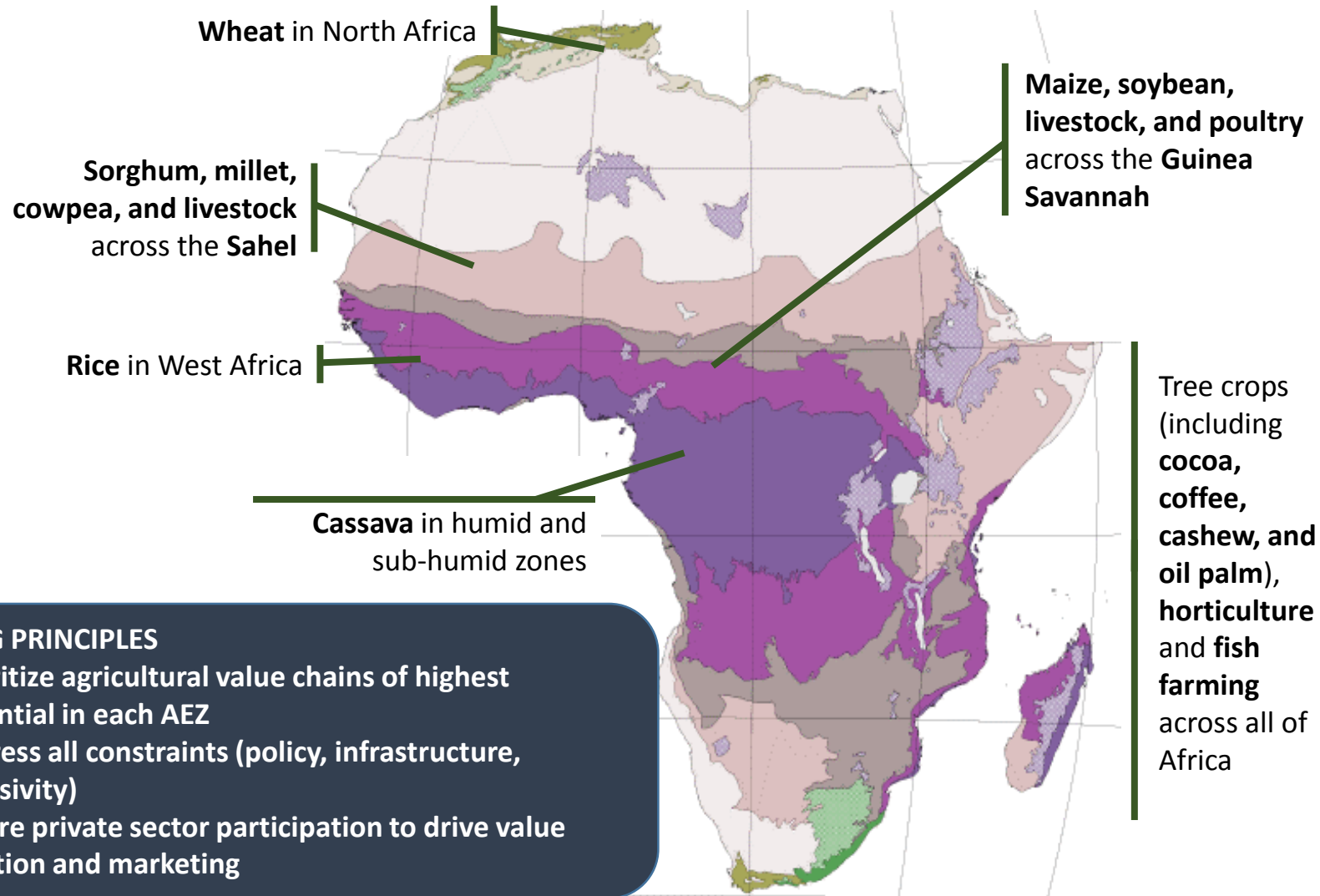
Zero hunger and malnutrition

Eliminate large scale imports of commodities that can be produced in Africa, and **selectively begin to export**

Africa's net trade balance – \$0 billion

Africa share of market value for processed commodities ~40% (Example for cocoa grinding)

A Focused Approach on Integrated Commodity Value Chains



Food self-sufficiency
(rice, wheat, maize, fish, soybean, palm oil)

Creating a food secure Sahel
(sorghum, millet, livestock)

Realizing the potential of the Guinea savannah
(maize, soybean, livestock)

Moving up the ladder of global agricultural value chains (cocoa, coffee, cotton, cashew, cassava)

7 ENABLERS



1) Increase *Productivity* (TAAT, Mechanization)

2) *Value Addition* (PHL, Agropoles, WRS/Storage, exchanges)

3) *Hard and Soft Infrastructure* (Agropoles, Farmers' e-Registration, E-wallet)

4) *Agricultural Finance* (Non-Sovereign Operations, RSFM, AFAWA, SME Finance, Sovereign Risk Support, agricultural insurance)

5) *Agribusiness Environment* (Enabling the Business of Agriculture, Land Policy Initiative,)

6) *Inclusivity, Sustainability, and Nutrition* (Climate Smart Agriculture, AFAWA, Nutrition, Blue Economy, ENABLE Youth)

7) *Coordination* (Leadership4Ag, Malabo Panel, Agricultural Commodity Platforms)



KEY ACTIVITIES TO SUPPORT STRATEGY - FLAGSHIPS

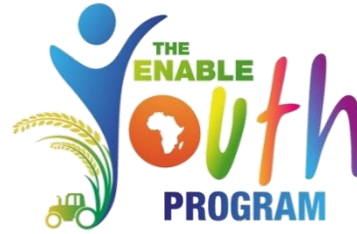
RISK SHARING FACILITY
MECHANISMS (RSFM)



AFFIRMATIVE FINANCE
ACTION FOR WOMEN IN
AFRICA



ENABLE Youth



NUTRITION



COORDINATION



TECHNOLOGIES FOR
AFRICAN AGRICULTURAL
TRANSFORMATION (TAAT)



MECHANIZATION



CLIMATE
SMART
AGRICULTURE



BLUE ECONOMY
&
LIVESTOCK



POST
HARVEST LOSS (PHL)



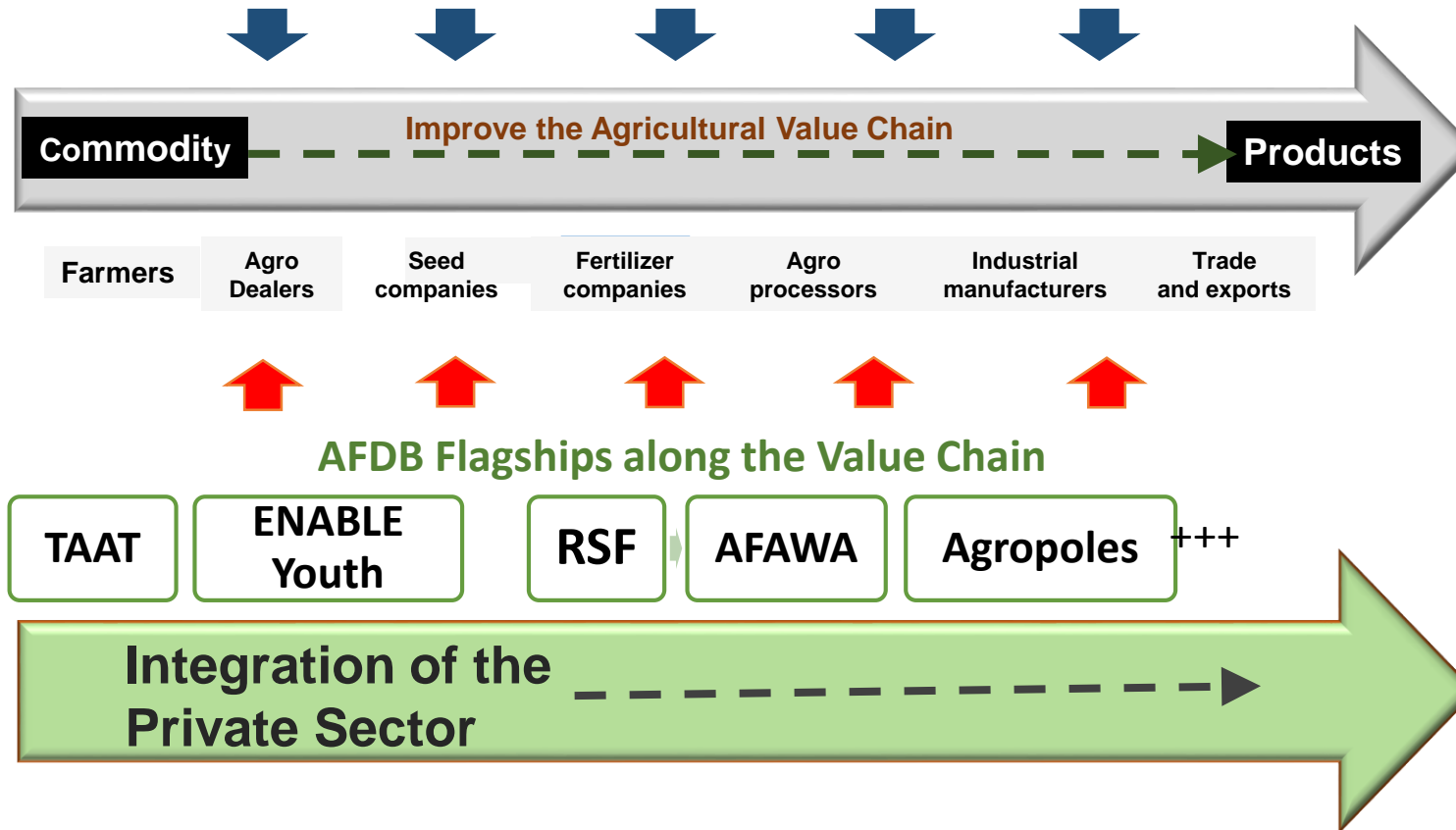
AGROPOLES



ENVISION – FOCUS – SCALE

Public Goods support:

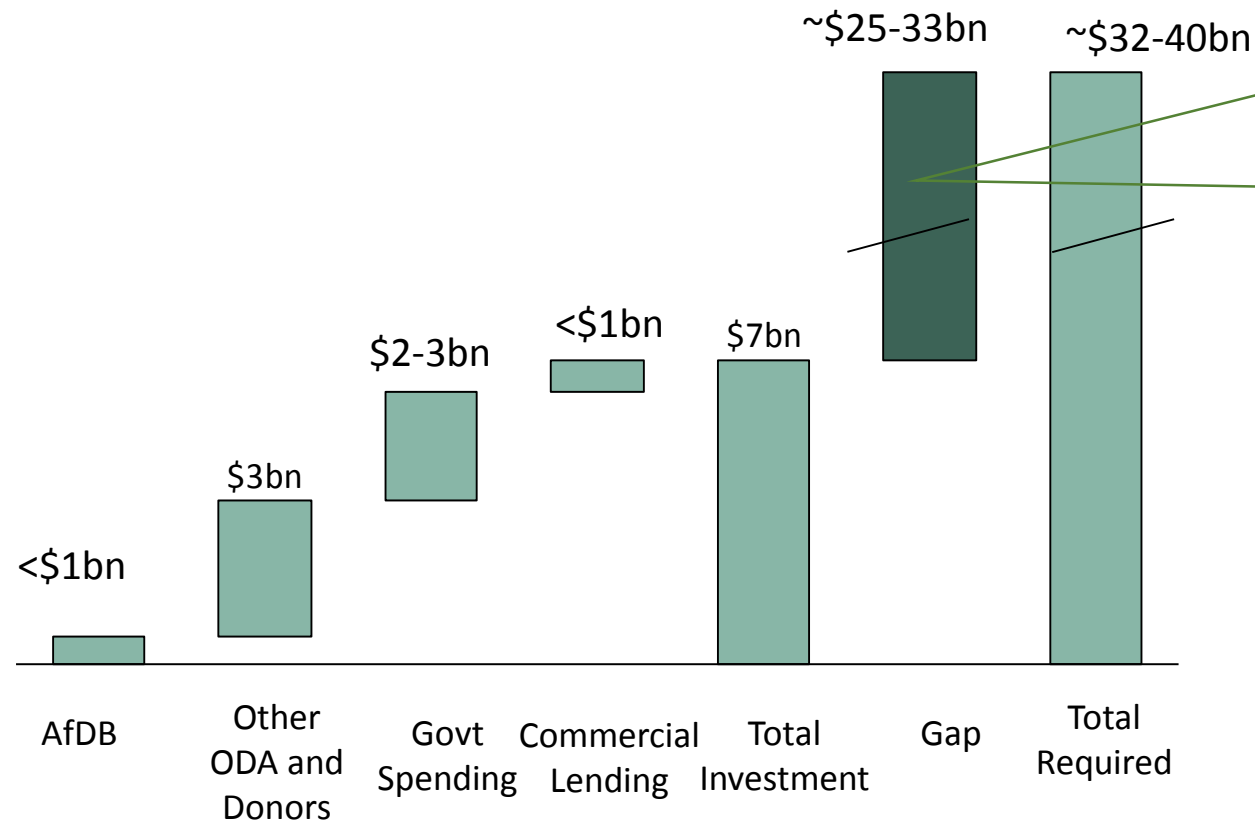
Extension, Roads, Irrigation, R&D, Storage, etc.



- Focus on Key Value Chains;
- Go to Scale;
- Bring in Ministries of Finance and the Private Sector;
- Create Platforms;
- Promote Standards;
- Develop Internal Markets.

COST AND FUNDING GAP OF STRATEGY

USD \$32-40bn annually
could unlock USD 85 billion of
revenue annually from 2025



Sources for filling the gap include:

- **AfDB:** USD 2.4bn/year
- **Governments:** CAADP 10% target
- **Commercial banks:** 4.8% of ~\$14bn
- **Sovereign wealth funds:** AUM of ~\$160bn
- **Pension funds:** AUM of \$380bn
- **Africa-weighted PE funds:** AUM of \$25-35bn

FEED AFRICA'S APPROACH TO CATALYZING PRIVATE SECTOR INVESTMENT



WILL CONTINUE TO PROVIDE TRADITIONAL PRIVATE SECTOR FINANCING INSTRUMENTS

Senior Debt

- Adapted maturities (up to 15 years)
- Up to 5 years grace period
- Foreign or local currency loans
- Up to 1/3 of total project cost
- Syndication—co-financing platform

Guarantees

- Partial risk guarantee
- Partial credit guarantee

Subordinated Debt

- Local and foreign currency
- Ranging from sub-debt to quasi equity products
- Terms (tenor and grace period) similar to senior debt

Equity

- Indirect, through Private Equity funds
- Direct, maximum of 25%

Technical Assistance

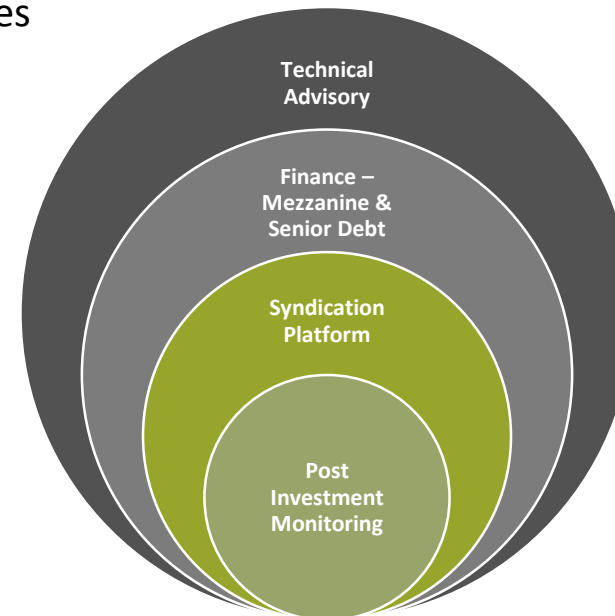
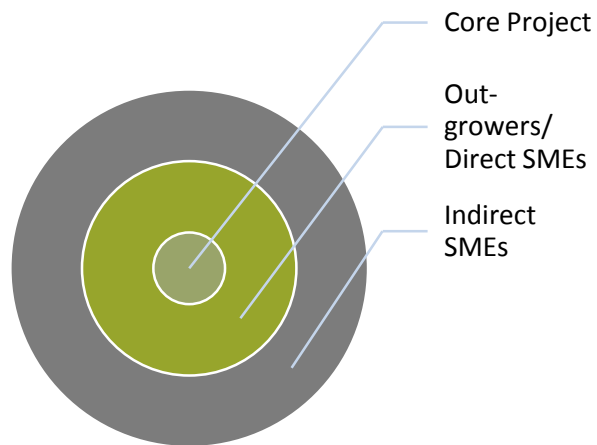
- Grants for feasibility studies
- Capacity building support
- SME Linkages programs
- Advisory Services

PRIVATE SECTOR OPERATIONS TO BRIDGE THE FINANCING GAP

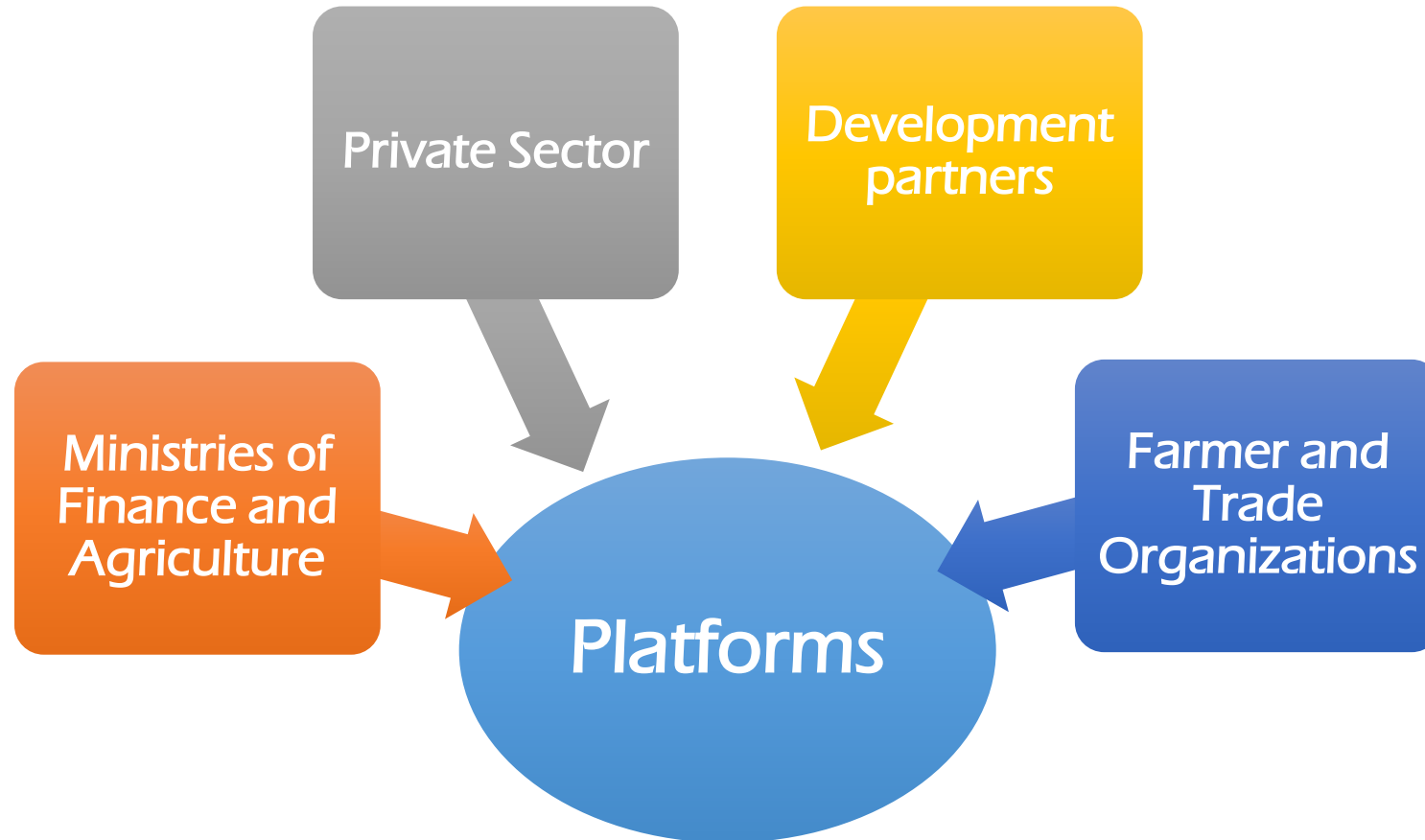
The Bank will invest in private sector projects that **promote linkages between commercial players and smallholder farmers**

Through a combination of **DIRECT and INDIRECT INVESTMENT and TECHNICAL ASSISTANCE**, the Agriculture Finance and Rural Infrastructure Department will focus on transactions which:

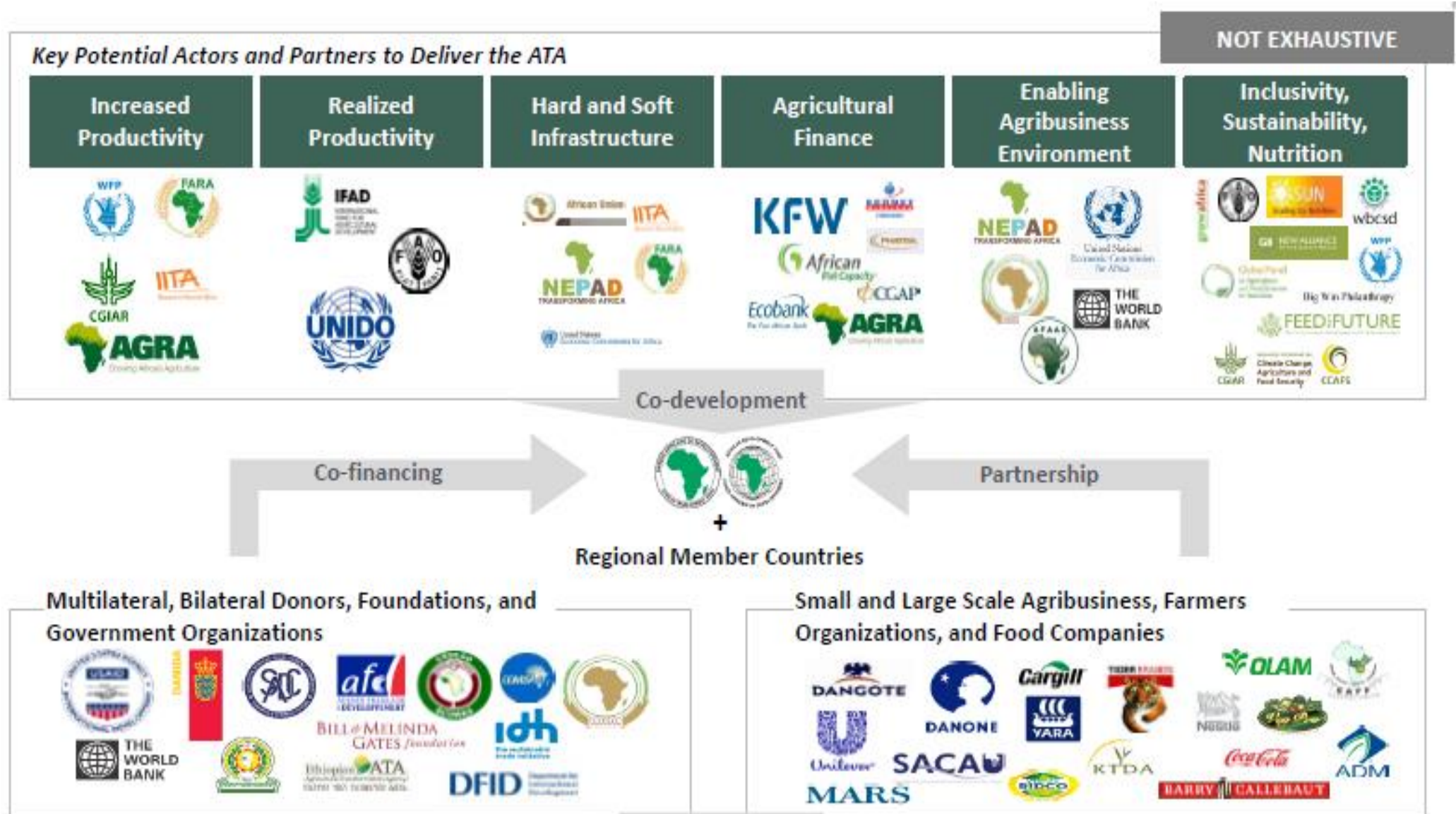
- Contribute to food security
- Improve value addition and agro-processing
- Promote transfer of skills and technologies
- Address the needs of local and/or regional markets
- Promote outgrower schemes and SME business linkages
- Comply with the highest environmental and social practices



BUILDING PLATFORMS



Partnerships for Agricultural Transformation



GROWTH IN OPERATIONS OVER THE MEDIUM-TERM



UGANDA: AGRICULTURAL VALUE CHAIN DEVELOPMENT PROGRAM

Description

- The objective is to contribute to poverty reduction and economic growth in Uganda through increased productivity and marketing of agricultural produce.
- The project will focus on three commodity value chains, namely: Rice, Maize and Dairy/Beef value chains; and will comprise of i) Production and Productivity Enhancement, ii) Infrastructure Development, iii) Market Development and Trade Facilitation; (iv) Innovative Financing Mechanism.

Financing

- Project cost is estimated at USD 113 million
- To be financed by ADF loan of USD 102 million
- The Government of Uganda will contribute USD 11 million.

Timeframe

- Preparation: Q1-Q2 2016
- Appraisal: Q1 2017
- Board presentation: Q2 2017
- Launch: Q3 2017

CAMEROON: LIVESTOCK AND FISH VALUE CHAIN PROJECT

Description

- PD-CVEP aims to stimulate and support private initiatives as well as contribute to a dynamic and inclusive development in the livestock, pork industries, by supporting women and youth involvement. The project will intervene in four regions of the country, with a focus segments which limit the good functioning of the livestock, pork and fish value chains, through: i) genetic improvement of cattle, pigs and fingerlings; ii) increased performance of cattle and pig fattening workshops and growth of table fish in fish farms, with a focus on food; iii) improved slaughter conditions for cattle and pigs, as well as processing, conservation and distribution of meat; iv) the upgrading of conditions for the transport, processing and commercialization of table fish; v) improved inclusive and adapted access to finance; vi) support technical and logistical capacities of public services in all the three industries, for them to properly carry out their supervisory duties.

Financing

- Project cost is estimated at 95 millions USD;
- AfDB will invest around 68 millions USD;
- The government and beneficiaries will contribute around 27 million USD.

Timeframe

- Project duration is planned for 5 years (2017 – 2022);
- Concept note approval was in september 2016;
- Evaluation will wait for the outcome of environmental and social impact studies, planned to start latest on mars 2017, as indicated by the ministry of livestock.



Thank you



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