

2017 PARTNERSHIPS CONFERENCE
CONFERENCE DES PARTENARIATS 2017

Strategic Priority: Feed Africa

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AFRICAN DEVELOPMENT BANK GROUP
GROUPE DE LA BANQUE AFRICAINE
DE DÉVELOPPEMENT





Outline

- I. AfDB's "High 5s" Vision
- II. Feed Africa - Strategic Response
- III. Costs and Financing
- IV. Collaborations and Partnerships

AfDB's "High 5" Vision

The High 5
Le Top 5 for transforming Africa
pour transformer l'Afrique



-  1. Power and Light Up Africa
-  2. Feed Africa
-  3. Industrialize Africa
-  4. Integrate Africa
-  5. Improve Quality of Life of Africans

Feed Africa Goals and Targets

Goals



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

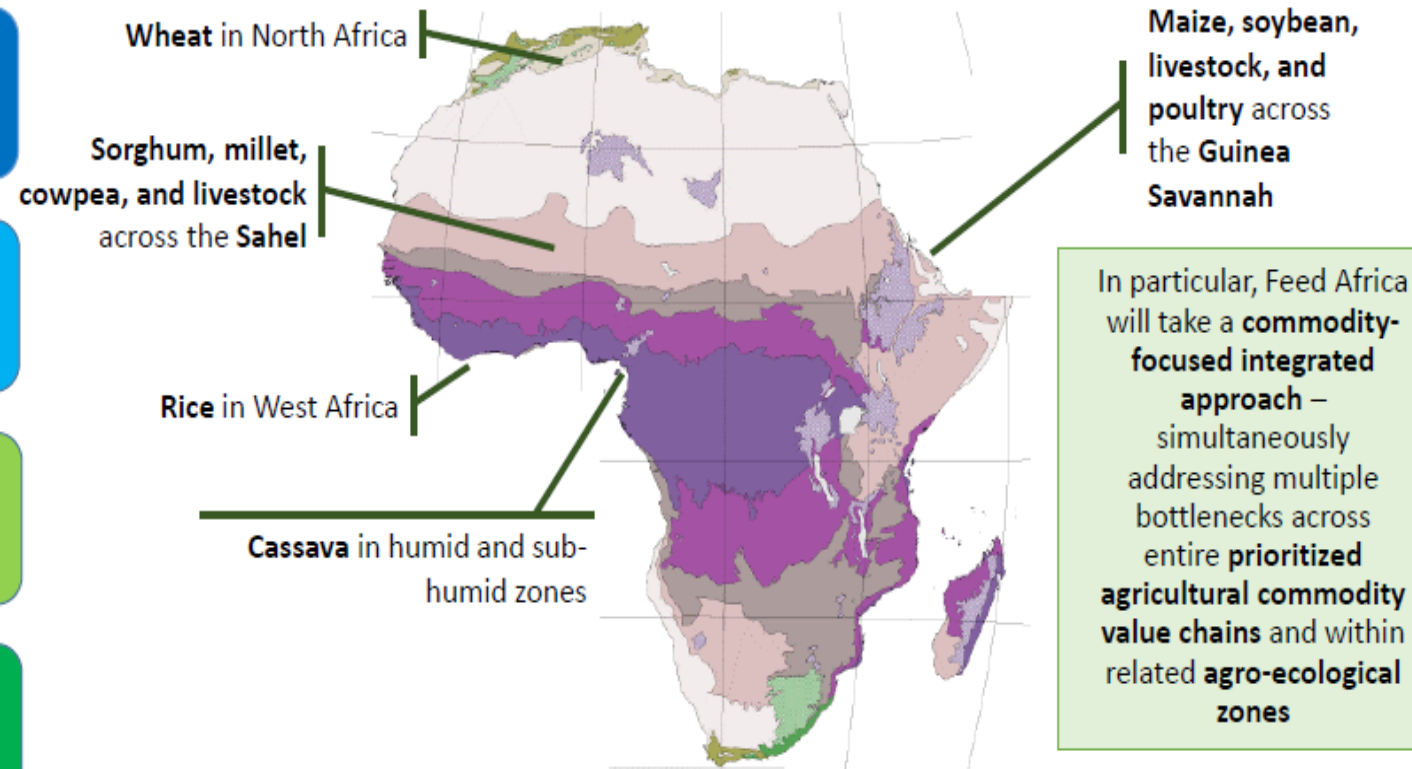
The Bank will work to transform key agricultural commodities and agro-ecological zones

Food self-sufficiency: rice, wheat, fish, palm oil, horticulture, cassava

Moving-up the global value chain in cocoa, coffee, cotton, cashew

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

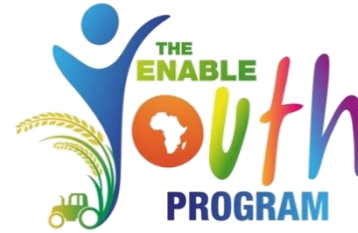
Realizing the potential of the Guinea savannah (maize, soybean, livestock)



Initial focus on 6 commodities: rice, cassava, cotton, cocoa, dairy and horticulture

Flagships to Support Feed Africa

RISK SHARING FACILITY MECHANISMS



NUTRITION



COORDINATION



TAAT



MECHANIZATION



CLIMATE SMART AGRICULTURE



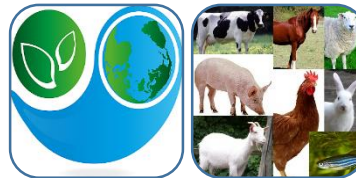
POST HARVEST LOSS



AGROPOLES



BLUE ECONOMY & LIVESTOCK



The AfDB - in collaboration with partners - will contribute to Orchestrate, Architect, Scale and Replicate Transformation through 7 Enablers

Feed Africa Enablers	AfDB Role		Partners
1 Increased Productivity	Orchestrate / Design	TAAT: increase investment into agriculture research and technology dissemination Inputs finance and agro-dealer network development: expand input finance and connect farmers to buyers Mechanization Program: establish facility for on-farm mechanization leasing	<u>World Bank/ CGIAR/ FARA/ IITA/ IFPRI/ AFAP/ FAO</u>
	Scale/ Replicate	Develop agro-dealer supply systems Support wide-scale deployment of innovative farmer extension models.	
2 Realized Value of Increased Production	Orchestrate / Design	Post-Harvest Loss Prevention Facility: invest in infrastructure and training to reduce on-farm and post-harvest loss Warehouse receipts systems (WRS): scale WRS as 1st step for commodity exchanges Agro-processing zones and corridors: increase and link production and processing capacity along key corridors	<u>World Bank/ Rockefeller Foundation/ GAIN/ FAO/ UNIDO/ IFAD/</u>
	Scale/ Replicate	Scale-up and replicate innovative models to organize and aggregate farmers Establish agricultural commodity exchanges	
3 Increased Investment in Hard & Soft Infrastructure	Orchestrate / Design	Infrastructure Coordination: accelerate and coordinate development of enabling hard infrastructure (energy, water, logistics) Market infrastructure: build market centers and associated service infrastructure Farmer e-registration: launch large scale farmer e-registration systems	<u>World Bank/ IFC/ IFAD/ BMGF</u>

Orchestrate, design, scale and replicate transformation through 7 enablers (cont'd)

Feed Africa Enablers

4

Expanded
Agricultural Finance

AfDB Role

Orchestra te/ Design	<p>Risk-sharing Facility: catalyze bank lending to the ag sector through risk-sharing facility</p> <p>Non-Bank SME Finance and Capacity-Building Fund: provide funding and capacity-building to SME funds as well as surrounding ecosystem (e.g. credit bureaus)</p> <p>Project Finance Facility: Increase long-term funding to agriculture SMEs</p> <p>Trade Finance Facility: scale up existing Soft Commodity Financing Facility</p> <p>Sovereign Risk Support: Scale up Africa Risk Capacity (ARC) initiative (sovereign insurance solution to agro-ecological shocks)</p> <p>Diaspora Bonds: create lending products to attract diaspora and institutional capital</p>
Scale/ Replicate	<p>Facilitate lower lending rates to agricultural players through Central Bank funds</p> <p>Deepen and broaden agricultural insurance markets</p>

World Bank/ KfW/ IFC/ Commercial Banks/ Central Banks

5

Improved
Agribusiness
Environment

Orchestra te/ Design	<p>Policy reform matrix: coordinate establishment of an Africa-wide policy matrix detailing the five groups of key policy changes required to enable transformation; key policy areas would be: (i) Land tenure, (ii) Input subsidies, (iii) incentives for local production and processing, (iv) financial sector deepening, (v) Regional integration and trade</p> <p>Global Program for Improving Agricultural Statistics and Rural Development: improve statistical systems across African countries by building capacity in ministries and offering technical assistance</p>
Scale/ Replicate	<p>Facilitate land tenure reform through the Africa Land Policy Center</p> <p>Provide technical advisory to governments to support agriculture development bank set-up / reform</p> <p>Strengthen capacity of private-sector actors' (e.g. Chambers of Commerce) to advocate for favorable policies</p> <p>Support development of Agribusiness Environment indices</p>

World Bank/ IFPRI/ CAADP/NEPAD/AUC / RF/ MMP/ Rockefeller Foundation/ Malabo Montpellier Panel

Orchestrate, design, scale and replicate transformation through 7 enablers (cont'd)

Feed Africa Enablers

6

Increased Inclusivity,
Sustainability,
Nutrition

AfDB Role

Orchestrate/
Design

AFAWA Facility: establish a facility to promote women-owned MSMEs

Scale/
Replicate

Increase representation of women in agricultural research, and enhance gender-responsive research, monitoring, and evaluation

Orchestrate/
Design

Youth Jobs for Africa Agricultural Flagship Programs: establish facilities to increase youth employment and enhance skills in agribusiness (e.g. ENABLE Youth)

Orchestrate/
Design

Climate Resilience Funding: provide funds to support climate adaptation and climate smart agriculture practices

Scale/
Replicate

Encourage scale-up and replication of nutrition programs (through the Nutrition Trust Fund and other mechanisms)

World Bank/ CCIAT-CCFAS/ ONF International/ Green Climate Fund/ IITA/ FARA/ Micronutrient Initiative/ BMGF/ FAO/ Dangote Foundation

7

Coordination

Orchestrate/
Design

Partnership among key actors from the public sector, private sector and development institutions

Scale/
Replicate

Support pan-African agriculture leadership initiatives (e.g. Leadership 4 Agriculture)

World Bank/AGRA/GROW Africa

III. Costs and Financing

Achieving Feed Africa Goals requires Substantial Investment but results in Massive Revenues

Investment required to transform Africa agriculture; USD billion, 2016-2025

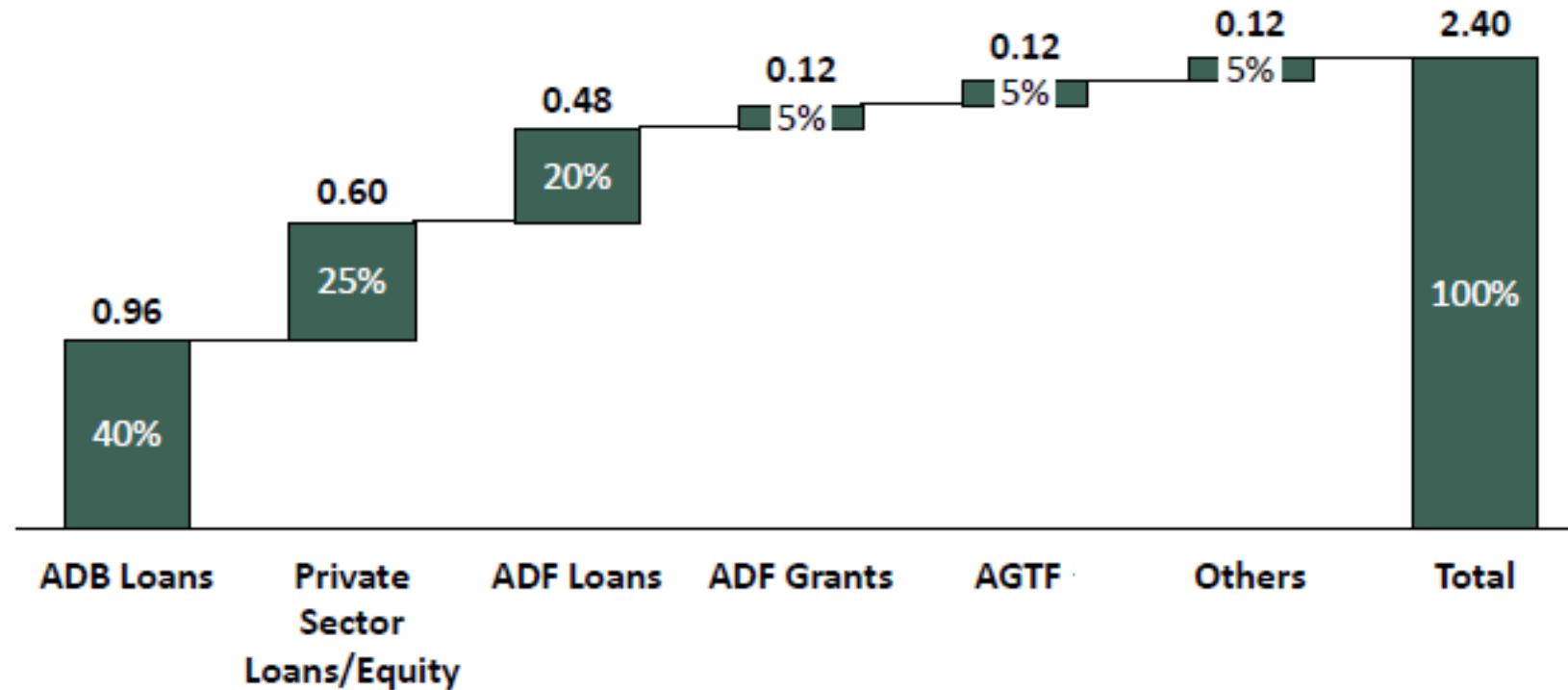
Indicative Estimate

Enablers											
Commodities / Agro-Ecological Zones	Value Chain Development			Hard & Soft Infrastructure ⁶	Ag. Finance ⁷	Enabling Environment ⁸	Inclusivity, Sustainability, Nutrition	ATA Partnership for Africa	Total	Annual revenue opportunity by 2025	
	Production ⁴	Value Addition ⁵	Total								
	Rice	~18-22	~3-4	~21-26	~65-80	~265-330	~20-30	~30-40	<5	~315-400	~5
	Cassava	~2-2	~2-3	~4-5							~1
	Wheat	~22-27	~16-20	~38-47							~13
	Cotton	~0.4-0.5	~1-1.2	~1-2							~0.3
	Horticulture	~5-6	~4-5	~9-11							~16
	Aquaculture	~1-1	~19-23	~20-24							~8
	Tree crops ¹	~14-17	~9-11	~23-28							~11
	Sahel Region ²	~6-7	~9-11	~15-18							~6
	G. Savannah ³	~42-52	~26-32	~68-84	~23						
	Total	~110-135	~90-110	~200-250	~65-80	~265-330	~20-30	~30-40	<5	~315-400	~85

USD 315-400 billion over the next decade, or an average of \$32-40bn annually could unlock USD 85 billion of revenue annually from 2025

AfDB will increase agricultural lending to \$2.4bn annually (public and private)

Target sources of annual AfDB agricultural lending (USDbn)



Discussing the pipeline of requests for the upcoming years (US\$8.0 Billion)

Others: GEF, TSF, SRF, GAFSP

Source: AHAI

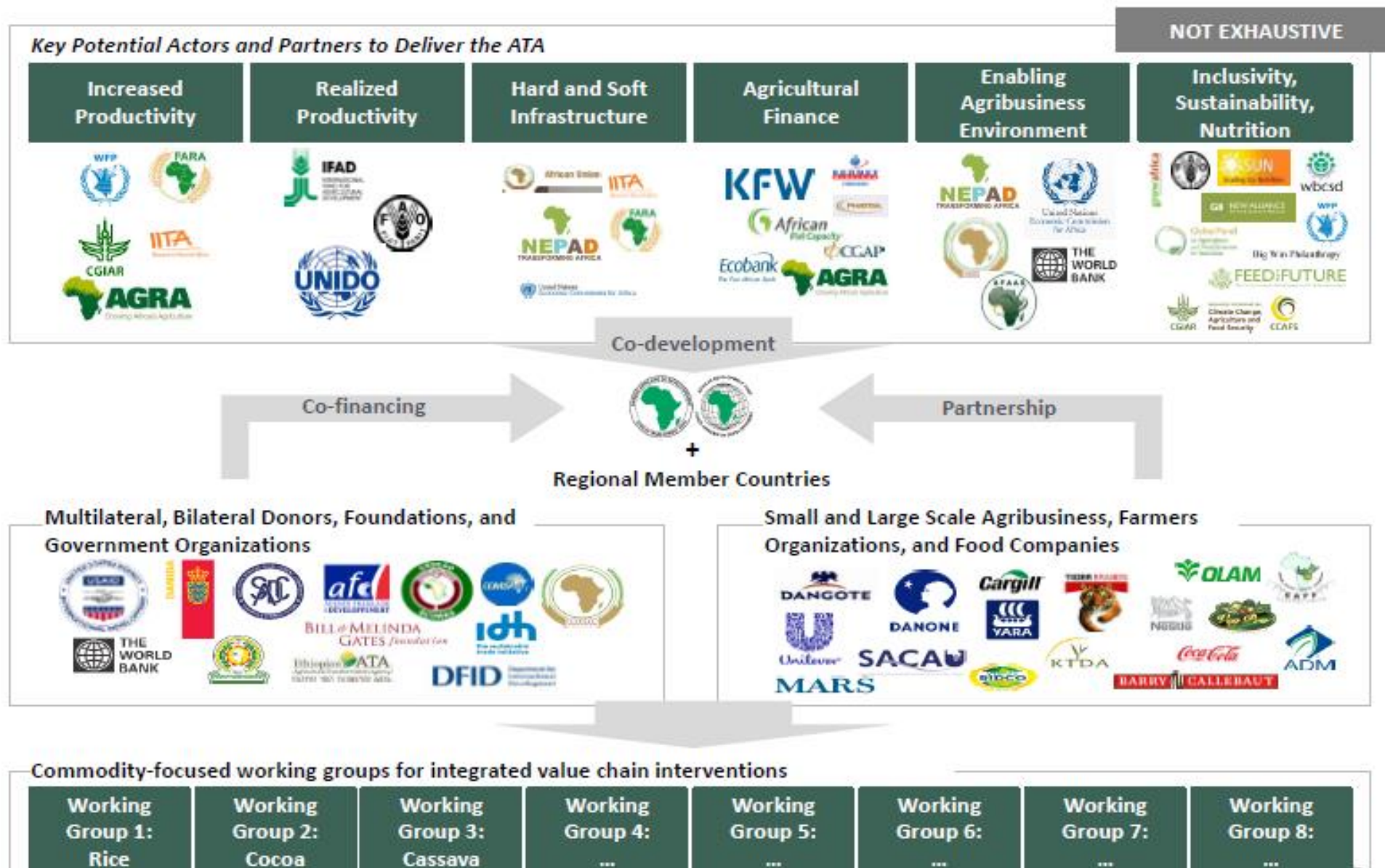
Projects with Opportunities for Co-Financing (USD million)

Division	Country	Year	Name	Financing Gap
AHAI.1	Ethiopia	2017	Development of Integrated Agro-Industrial Parks	174.00
AHAI.1	Ethiopia	2018	Agriculture Market Infrastructure Development Project	105.00
AHAI.1	Malawi	2017	Shire Valley Irrigation Project	250.00
AHAI.2	Multinational	2017	Technology for African Agricultural Transformation (TAAT)	200.00
AHAI.2	Nigeria	2017	ATASP Phase II	50.00
AHAI.2	Senegal	2017	Value Rice Chain Development	9.00
AHAI.2	Angola	2017	Agriculture Transformation Agenda Angola	50.00
AHAI.3	MultinationalO RWA	2017	Integrated Prog for Dvpt & Clim change Adaptation in Niger Basin (ABN II)	180.00
AHAI.3	Senegal	2018	Projet de Sauvegarde du Parc ational du Niokolo Koba	7.00
Total in USD				1,025.00



IV. Collaborations and Partnerships

Achieving agricultural transformation in Africa will require strong partnerships and collaboration





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THANK YOU / MERCI

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