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AGRIBUSINESS FORUM 2009

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Agriculture in the Economy

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Report Highlights:

The European Research Marketing Center (EMRC) held the AgriBusiness Forum 2009 in Cape Town, South Africa. It was the first time that the Forum took place in Africa and attracted more than 400 participants from 43 countries. These numbers reflect the growing importance of African agriculture globally. The Forum also set forth key imperatives to strengthen Africa's agriculture industry that included: the creation of partnerships, favorable agricultural policies, infrastructure development, research and development, and market access.

Executive Summary:

Africa's agricultural sector underperformed in the past despite having the potential to achieve significant gains and contribute to economic development. How does Africa unlock its potential? The AgriBusiness Forum 2009 with the theme "empowering the private sector to boost productivity and growth in Africa", set forth key imperatives to strengthen Africa's agriculture sector. These imperatives included:

- **The creation of partnerships** throughout the entire value chain – from raw material providers to marketplace distributors. These partnerships, whether they be Private to Private or Public to Private, will strengthen the agricultural industry in Africa as a whole.

- Governments in Africa must be committed in creating more **favorable agricultural policies** that create enabling environments for agribusinesses to be more competitive.
- **Infrastructure development** is key to the process of growth. Africa needs investments in infrastructure to get markets working.
- **Research and Development** is greatly needed in agricultural development not only to raise production to higher levels but also to improve value added processes and product quality. The need for R&D will certainly require all parties involved, both the private sector and the government, to take solid measures in educating their stakeholders about the value of R&D and how new approaches and techniques, including biotechnology, can make a valuable contribution to agricultural growth.
- **Market access** will be a key component in the sustainable development of African agricultural and African nations must collectively petition the European Commission to open markets and remove trade barriers that will facilitate the movement of African agricultural goods.

General Information:

Author Defined:

Introduction

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

It was the first time that the Forum was held in Africa and attracted a record number of participants from 43 countries. Throughout the Forum more than 50 presenters, which included key political and private sector industry leaders, shared their thoughts and experience on how the current underperforming agricultural sector in Africa could unlock its huge potential and raise its level of growth to increase food security on the continent.

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

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

This year's event was organized with the sponsorship of Heineken, Monsanto, FARA, AGRA, FMO, IDC, ABSA, AFGRI, The Millennium Challenge Corporation, OMNIA, Progis, International Trade Centre, Axius, Adcon and YARA and with the support of the European Commission, NEPAD, NEPAD Business Foundation, Wageningen UR, ICRISAT and NABC.

Conference Summary

Following is a detailed report of conference proceedings. Further information and the forum's program are available at www.emrc.be.

Day 1 – Sunday 14th June 2009

Icebreaking event

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

Day 2 – Monday 15th of June 2009

Opening remarks

Day two started with Idit Miller, vice-president and Managing Director of EMRC, welcoming delegates to the 2009 Agribusiness Forum and informing them that this is so far the largest forum to be held by the EMRC with over 400 delegates present from 43 countries. It was also the first time that the Agribusiness Forum took place in Africa. "As the first AgriBusiness Form to be hosted on African soil, these numbers are reflective of the growing importance that African agriculture plays in the global marketplace" she said.

Pierre Mathijsen, president of EMRC, emphasized the importance of bringing people together at forums like this one where partnerships can be formed that will empower the private sector to boost productivity and growth in Africa. He also introduced the panel for the first session, which through there opening remarks set the scene for next three days forum.

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

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

The next presenter, Namanga Ngongi, indicated to the Forum that there was little growth in cereal yields

(ton/ha) the past 40 years in sub-Saharan Africa compared to China and south Asia, where cereal yields more than doubled. He said that Africa has the potential, but smallholder farmers (mostly women) need to be trained. He informed the Forum of interventions by AGRA along the value chain that can help solve many of Africa's agricultural problems. These interventions include a program for Africa's seed systems, a soil health program, a market access program, a policy support program and an innovative financing program.

Namanga Ngongi was followed by Ajay Vashee who said that governments must see farmers as entrepreneurs which are part of the private sector, and policy interventions must be producer-centered. He also said that Africa needs investments in infrastructure and agricultural markets that function effectively. He emphasized the importance of partnerships along the value chain and the importance of research and development.

The last speaker of the session, Corwyn Botha, said that agriculture in Africa has underperformed in the past despite having the potential. He said Africa must unlock this potential together through market development, investment in infrastructure, skills development and a clear agricultural strategy for the continent.

Overview of the Global Economic Situation and its Impact on Agriculture in Africa

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

The first presenter was Marilou Uy, Director, Private and Financial Sector, Africa, the World Bank. She said agriculture in Africa was underdeveloped and agriculture productivity has stagnated. However, there is potential and opportunities in Africa's agriculture sector. The World Bank has seen this opportunity and has increased its lending availability to the agriculture sector in Africa.

The next speaker in this session was Timothy Prewitt, Managing Director of USAID/Markets in Nigeria. According to Prewitt, the rate on return on Foreign Direct Investment is higher in Africa than anywhere else in the developing world. He said that the increase in food commodity prices is an opportunity for agribusinesses in Africa that they need to use. He also showed examples to the Forum where, through agribusiness partnerships, investment in agro-processing plants in Nigeria took place.

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

The last presenter in this session was Arthur Schröder, Corn Breeding Lead, Monsanto, Africa. He said that agriculture is at the centre of many of society's most important debates like global food security, water availability, bio-fuels and global warming. According to him Monsanto is addressing these challenges through their commitment to sustainable yields that rest on 3 pillars, namely, to help farmers producing more by doubling yields, to help farmers to conserve more by reducing the use of key resources, and to improve farmers lives through increased productivity. He concluded by saying that Monsanto is committed to the development of the agricultural sector in Africa and that they believe in creative business models that treat smallholder farmers as commercial customers while reducing their risk. "Success will require long-term

commitment, partnership and a willingness to stretch beyond ‘business as usual’ thinking”, he said.

Unleashing Private Sector Investments into African Agribusiness

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

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

The third speaker in this session was Baba Adenaike, Program Manager at Pro€Invest, Belgium. Pro€Invest is an EU-ACP (African, Caribbean and Pacific group of States) programme that provides technical and financial support to organisations. Baba Adenaike’s presentation focused around the Pro€Invest program that aims to develop the private sector through the building and strengthening of the capacities of intermediary organizations. This program is an EU-ACP programme of €110 million over 7 years (2002 – 2008) – extended to March 2011.

EMRC-Rabobank Project Incubator: Innovative Projects from Africa

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

- **Madagascar – Fatana OI**

The Fatana OI project is market as the Malagasy solution to beat poverty, pollution, destruction of the environment and poor health related to the use of domestic solid fuels. According to Harinaly Andrianjafy, the presenter of the project, 95% of Madagascar’s population use wood as cooking fuel. The Fatan OI project aim to substitute solid fuels with fuel alcohol from sugar cane.

- **Angola - ESAAPA-LDA**

ESAAPA-LDA is a cooperative for agricultural production and trade. The project of ESAAPA-LDA will focus on training and agro-processing and will benefit 900 members, 5,000 families and will employ 1,500

workers. The cooperative guarantees that members can produce their products for self consumption or trade. This project was presented by Muito Obrigado.

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

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

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

The aim of the project is the creation of a successful oil palm industry in the Ashanti Region of Ghana. The project will contribute to the development of a sustainable small and medium scale indigenous agricultural base industry, raising the standard of living and empowering predominately local women.

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

The aim of the project is to further develop the Mkumbara Sisal Estate by increasing the area under sisal from 800 hectares to 1,500 hectares. Furthermore, the project will set up a sisal spinning mill and a carpet factory and establish a sisal biogas/electricity plant. The benefits of the project will be more employment opportunities to women and men in the region which will increase household income.

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

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

The winners of the EMRC-Rabobank Project Incubator award were announced at the Gala Evening of the 15th of June. Congratulation to the Cote D' Ivoire receiving the first price with South Africa and Madagascar receiving the second and third prices, respectively.

Accessing New Markets – Encouraging Trade

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

The first speaker of this session was Treasure Maphanga, Chief, Office of Africa from the International Trade Centre (ITC). The ITC is the joint Technical Agency of the United Nations and the World Trade Organization. In her presentation Treasure Maphanga explained the ITC's market-led approach for export

promotion. This approach works backwards from the market and aligns supply potential with market requirements and demand. She also gave examples of success stories of market-led strategies implemented to open new markets for agricultural products, articulated around 3 main themes:

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

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

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

The last presenter in this session was Raymond Auerbach, Director of Rainman Landcare Foundation, South Africa. The Rainman Landcare Foundation demonstrates and teaches ecologically sound agricultural production methods and effective management and use of Africa’s scarce water resources. In his presentation “Big business for small farmers: Africa's comparative advantage in the world organic market” Raymond Auerbach illustrated to the Forum the potential Africa has in producing organic foods. According to Raymond Auerbach organic agricultural land has trebled, worldwide, since 1999 and the World Organic Market is currently worth more than US\$ 50 billion. The countries with the most organic producers currently is Uganda (206,803), followed by India, Ethiopia and Mexico.

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

Country Focus: Prospects for investment in the Agri-Industry of Uganda

It was an honour and privilege for the Forum to listen to the Honourable Minister Aggrey Bagire, Minister of State (Agriculture) and the Honourable Minister Ruth Namakburwa, Minister of State (Microfinance) of the Republic of Uganda, marketing, so passionately, the investment opportunities in the agricultural sector of Uganda.

Uganda has clear strategies to increase agricultural productivity in Uganda. The Government of Uganda has created a favorable investment environment including tax incentives, a sound macro economic environment, good governance and peace and stability. Minister Bagire told the Forum about the following investment

opportunities in the agricultural sector of Uganda:

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

The Minister ended his presentation by inviting the everybody “to take up the challenge and take advantage of vast investment opportunities in the Ugandan Agricultural sector”.

Increasing and Maintaining Competitiveness

The last session of the day focused on increasing competitiveness through new technologies, increased efficiency along the supply chains, management strategies and tools and agriculture innovation, development and research. The moderator of the session was Monty Jones, Executive Secretary of the Forum of Agricultural Research in Africa (FARA). The speakers of the session were, Louise McDonald, Country Program Manager of the International Fund for Agricultural Development (IFAD), Iiyas Abdul Rahman, Chief Operating Officer of the Agri-Science Park@ICRISAT, Willem Slood, CEO of Yara South Africa and Corwyn Botha, Managing Director of Kaap Agri and chairman of the Agricultural Business Chamber.

Louise Macdonald started the session by informing the Forum that one of the goals of IFAD is to enable poor rural people to overcome poverty. According to her the challenges in moving from subsistence to commercial farming lies in four factors namely: produce, prices, information and markets. IFAD respond to these challenges through partnerships. She then used the example where the introduction of ICT in the rural agricultural areas resulted in better communication, price comparison, time sensitive deals and increased incomes. Future directions IFAD are looking at include using laptops in rural areas, business development and strengthening of market chains.

Iiyas Abdul Rahman told the Forum that the mission of Agri-Science Park @ ICRISAT is to be the “hub” for meaningful public-private partnerships that enhances the development and commercialization of science-generated technologies, innovations and knowledge that directly benefit the semi-arid and tropics (SAT) farmers.

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

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

Arid Tropic ecosystem and enhance through public-private partnerships.

Willem Sloot's presentation focused on Yara's initiatives to increase competitiveness of African agriculture. Yara is the world's leading chemical company that converts energy, natural minerals and nitrogen from the air into essential products for farmers and industrial customers. According to Willem Sloot, Yara has a strong Africa presence and sells about 1.7 million tons of fertilizer to 30 countries in Africa annually. Yara has three initiatives to increase competitiveness of African agriculture, namely by promoting a Green Revolution in African agriculture from a fertilization and crop nutrition perspective, by developing value chain partnerships in selected countries and by the establishment of Agricultural Growth Corridors based on infrastructure investment in Dar es Salaam (Tanzania) and Beira (Mozambique) sea ports.

The last presenter of this session was Corwyn Botha. In his presentation Corwyn Botha focused on the competitiveness of the agribusiness sector in South Africa and the major constraints and enhancement to competitiveness. He also stretched the importance of creating value to your customers as a condition for competitive success.

Day 3 – Tuesday 16th of June 2009

Public-Private Partnerships – Success Cases

The moderator of the first session of the third day was Sean de Cleene, Vice President, Public Affairs of Yara International. The first presenter was Peralt van der Merwe, Director Business and Legal at Heineken, South Africa. In his presentation Peralt van der Merwe illustrated the importance of public-private partnerships in setting up a Heineken plant in South Africa. He also gave an overview of Heineken's initiatives in agriculture in African countries. In his opinion, the strengths of the private sector in a public-private partnership are the technical and managerial expertise, access to (private) financial resources, innovation, the long-term interest in the market and the ability to organise sustainable supply structures. The public sector brings to the partnership the ability to provide a supportive regulatory environment, the ability to mobilize resources for improved infrastructure, ability to maintain law and order and the ability to "upscale" successful pilot projects.

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

The next speaker was Margaret Muhanga-Mugisa, Member of the Uganda Parliament. Margaret Muhanga-Mugisa presented to the Forum the Prosperity For All (PFA) program in Uganda. The Government of Uganda is implementing PFA through the National Agricultural Advisory Services program under the Ministry of Agriculture. The goals of the PFA program are that each household should have a daily income, each household should have food security and households should be organized into marketing groups for

purposes of achieving enough volumes and attract buyers. The PFA program lies on four pillars, namely, production, value addition, marketing, and microfinance. The end result of the program will be poverty alleviation in the rural areas of Uganda.

The fourth speaker in this session was Sylvester Oikeh, Project Manager of WEMA (Water Efficient Maize for Africa). WEMA is a public-private partnership to develop and deploy royalty-free African drought-tolerant maize varieties. Droughts have contributed to reduce crop yields and the amount of food available for smallholder farmers, thus threatening food security. According to Sylvester Oikeh, is the WEMA project implemented in Kenya, Mozambique, South Africa, Tanzania and Uganda and aims to improve food security and rural livelihoods among small-scale cereal producers in Africa. The project combines conventional breeding and advanced biotechnology to develop maize varieties adapted to Africa. The partners of WEMA are Monsanto, CIMMYT, NARS and AATF.

The last speaker in this session was Ny Rado Rafalimanana, Chairman of Axius Holdings S.A., Madagascar. Axius Holdings has a subsidiary, Axius Agriculture, which specializes in food processing, agricultural trade, and mechanization. Axius Agriculture is a good example of the importance of public-private partnership and private-private partnerships in unlocking Africa's potential.

Ensuring Raw Material Supplies

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

The next speaker in this session was Marcos Nhunga, National director of Agriculture, Angola. Marcos Nhunga said that Angola is a country with strong agricultural potential, offering vast fertile areas, water resources and a labour force, however, the agricultural sector in Angola consists mostly of subsistence farmers. According to him 2.5 million families in Angola are dependent on agriculture for a living. Marcos Nhunga presented programs carried out by the Ministry of Agriculture in Angola to strengthen the agricultural sector's production capacity and diversification. The Government of Angola is focusing on training to increase the productivity of the agricultural sector.

The third speaker in this session was Refael Dayan, General Manager of Green 2000. According to Refael Dayan is Green 2000 the ultimate solution for agricultural projects by given the following services: planning, construction, on-going farm management and marketing. He then gave examples where Green 2000 established successful projects.

The next speaker was Paul Mbainoudoum Ngartelbaye, President of the Management Committee of the Petrol Revenues, Chad. In his presentation Paul Mbainoudoum Ngartelbaye focused on one of Chad's programs where they use revenues from oil sales to invest in agricultural, rural infrastructure, including schools, and in micro finance for rural areas.

Timothy Prewitt, Managing Director USAID/Markets in Nigeria, the last speaker in this session, focused on a Nigerian Rice case study. This case study illustrates the importance of markets to stimulate the increase of production. "Farmers must have incentives to sell high quality paddy to the commercial market, and paddy

volumes must be sufficient to allow commercial processors to avoid low quality paddy” he said.

Country Focus: South Africa Showcasing Agricultural Development

This session focused on the programs of the Department of Agriculture of South Africa to enhance agricultural development. Billy Morokolo, Acting Deputy Director General, Trade and Economic Development of the Department of Agriculture, South Africa was the moderator of this session. The Honourable Minister Tina-Joemat Pettersson, Minister of Agriculture, Forestry, and Fisheries of South Africa, opened the session. In her speech, the Minister drew attention to the fact that the agricultural sector is, currently, one of the best positioned industries to really boost job creation in Africa. She stressed the importance of food security and that each African nation must take an active role in assuming its responsibility to nurture agricultural growth. “Africa agriculture must feed its own people” she said. She also emphasized the importance of Joint Ventures, especially between commercial farmers and emerging farmers, and access to capital for achieving food security.

After the Minister, Motseki Hlatshwayo, Bayathe Ndlaleni, Janetha Mahlangu and Madime Mokoena, all from the Department of Agriculture, presented the current programs used by the Department for agricultural development in South Africa. These programs include the Comprehensive Agricultural Support Program (CASAP), Mafisa (both programs are Government based financing of developing agriculture), Broad Based Black Economic Empowerment (BBBEE) and the Land and Agrarian Reform program (LRAP).

Meeting Investment Capital Needs

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

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

The first speaker was David White. He said that agriculture can play a huge role in the economy of countries. The EIB was established in 1958 by the treaty of Rome and finances capital investment projects that further the European Union policy objectives. Currently, the bank’s financing in ACP countries is carried out under the provision of the investment facility set up by the ACP-EU Partnership Agreement, signed in Cotonou in June 2000. The investment facility is a revolving facility aiming at supporting technically, environmentally, financially and economically sound projects in the private sector or the commercially run public sector.

David White was followed by Pierre van Hedel. He talked about Rabobank Foundation’s business approach to clients in developing countries. This business approach is in line with banking methodology to ensure long term impacts through economic viability projects. The instruments Rabobank Foundation uses includes loans, guarantees (funded/unfunded), grants for capacity building and technical assistance. Currently, they have four models for supporting agricultural sectors in developing countries, namely, traditional cooperative development, linkage with partner banks, linkage with Rabobank’s international clients and a combination of all of the above three. Pierre van Hedel then showed numerous examples in different countries where Rabobank Foundation is, currently, playing a finance role.

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

The last presenter of part one of this session was Brian Baldwin. He explained to the Forum that the Global Donor Platform is a network of 30 donors, international finance institutions, and development agencies, formed in 2003. They all have a common vision that agricultural and rural development can play an important role in poverty reduction. He explained further that members are committed to achieve increased

and more effective aid for agriculture and rural development centered at smallholder agriculture. He informed the Forum that there is changes in the way donors see aid to agriculture. New donor priorities include social protection, health and education, AIDS, anti-corruption and public administration. Big agriculture projects also fell out of favour. “Agriculture has high economic pay-off but tangible results are very important to donors” he said.

The second part of this session was chaired by Clavin Miller, Senior Officer of Rural Finance at the FAO, Italy. Ernst Janovsky, Head Agribusiness of ABSA Group, South Africa was the first speaker. His presentation dealt with the macro economic trends in agriculture and Africa as the new frontier in agricultural production. He said that the essence of food security lies in an efficient free market as this will insure the effective allocation of scarce resources. “Currently, farmers have to manage price and production volatility if they want to make a success of their business”, he said. He was very optimistic regarding the future of agriculture and said “the golden days for agriculture is back, now is the time to invest in agriculture”. He also urged governments and the private sector to invest in Africa’s infrastructure in order to get markets working.

The second speaker was Hugh Scott, Director of Africa Enterprise Challenge Fund (AECF), Kenya. He explained to the Forum that the AECF is a fund of donor money available to the private sector on a competitive basis. The goal of the AECF is to accelerate pro-poor growth in Africa – increasing employment, livelihood opportunities, income, and reducing poverty. The purpose of the AECF is to make agribusiness, finance and information market systems work better for the poor in rural areas in Africa. “By impacting on market systems we aim to have a positive impact (jobs and incomes) on large numbers of people living in rural areas” he said. He said that the AECF works by supporting private sector companies to develop and test new and innovative business ideas in agribusiness and rural financial services in Africa. “The AECF manages a series of competitions for innovative projects in Africa - best bids win” he explained.

The next speaker was Rian Coetzee, Head of the Food, Beverage and Agro Industrial Business Unit at the Industrial Development Corporation (IDC), South Africa. In his presentation Rian Coetzee explored the role that development finance institutions like the IDC, need to play in order to develop the agricultural value chains on the Africa continent. Rian also showed examples where the IDC played a role to leverage private sector funding that led to large development initiatives on the continent.

The last speaker of this session was Ben Zwinkels, Senior Investment Officer of the Netherlands Development Finance Company (FMO). Ben Zwinkels told the Forum that FMO invests risk capital in companies and financial institutions in developing countries. FMO’s mission is to create flourishing enterprises which can serve as engines for sustainable growth in their countries. He informed the Forum that FMO works through a network of partners in Africa which include commercial banks and private equity

investment funds. “We see big potential through private sector development in Africa” he said.