Proposed narrative for foodFIRST's 2018 international conference 'Join-up with African Agripreneurs'

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Opportunities and challenges in African agro-food systems are evolving

Prospects for the development of Africa's agriculture and food economy are good, especially in Sub-Saharan Africa. At the same time, risks loom over African agricultural and food systems.

Urbanisation, the structural economic shift towards non-agricultural sectors, and rising per capita incomes are leading to an unprecedented expansion in the African food market. The emergence of an urban "middle class", whose diets are changing, has been driving up the demand for food products, including meat, dairy, fresh fruits and vegetables, and processed foods and beverages. These changes have also stimulated the emergence of new marketing channels. This new food economy offers opportunities for agricultural producers, agro-food SMEs and various sorts of rural and urban entrepreneurs. With its vast, though currently underexploited, arable land, water resources and fisheries, Africa could become a major food basket in the world.

Yet, the development of local and regional food economies has been hampered by inefficiencies in the value chain, including low farm productivity, low product quality, weak food safety management capabilities (implying losses of value added as well as public health risks), deficient infrastructure and a host of market issues (lack of market structuration, barriers to intra-regional trade, volatile prices and poor access to financing). As a result, supply has fallen short of a dynamic urban demand, both in volume and quality. Imports have filled in a widening gap, contributing to trade imbalances. International trading and investment regimes have had little positive effects in terms of local value chain development and market stabilization.

Africa's food insecurity and malnutrition problem is evolving. The prevalence of undernourishment and chronic child undernutrition in Sub-Saharan Africa, although steadily declining over the past 15 years, are still by far the highest in the world, with rates of 21,3% and 34,2%, versus 10,7% and 22,9% worldwide.[1] Furthermore, the number of undernourished people in Africa reached 243 million in 2016, up from 191 million in 2010. And the number of stunted children was on the rise in recent years. Severe food crises still frequently erupt in parts of the continent. In the context of rapid demographic growth and uneven development in the past two decades, the steady rise in agricultural and food production in Sub-Saharan Africa has had little effect on undernutrition.

These general trends conceal profound spatial disparities in the socio-economic conditions of African households. Along the coasts of the continent booming cities stand in sharp contrast with the hinterland of landlocked countries. Many African countries now show, on the one hand, high prevalence of child undernutrition and anaemia among women, and, on the other hand, increasing rates of overweight and obesity in both adult and child populations, especially in urban centres, like in other developing countries and emerging economies.

Although pockets of poverty subsist in large cities, poor households are still in majority in rural areas, with most of them essentially depending on subsistence farming in the absence of better alternative

[1] Chronic child undernutrition measured as stunting prevalence among children under five. Wasting prevalence in Sub-Saharan Africa in 2016, 7,8%, is just above the world average, 7,7% (for countries with available data).

forms of employment. While many African economies have grown at a fast clip for the past 15 years or so, rural poverty and food insecurity have been increasingly localised, reflecting uneven economic and human development progress across territories as well as the damaging effects of conflicts on livelihoods and access to essential services.[2]

African agro-food systems also face serious environmental issues. In many parts of the continent, against the backdrop of fragile ecological equilibriums and inadequate institutions, unsustainable practices in farming and the exploitation of natural resources have led to the degradation of soil fertility. Rising population density and urban sprawl have intensified the pressure on land and water resources used by farmers and pastoralists. Climate change brings about major risks for livelihoods exposed to severe droughts or excessive rainfall. Sustainable intensification and "climate-smart" practices are being promoted in African farming systems, but these efforts have yet to match the scale of those challenges.

Confronted with such economic, social and environmental challenges, a new generation of African entrepreneurs and international actors are testing innovative technologies and business models in agro-food value chains to satisfy the consumption needs of the emerging middle class and address the shortcomings of public infrastructure and services.[3] New tools and processes that can facilitate agro-food processing and trading are rapidly becoming available in Africa, not least through foreign trade and investment. These technologies, including mobile telephony and its applications, computer tools, and equipment for agro-logistics, processing, storage as well as decentralised energy generation, can help improve efficiency throughout the value chain, reduce post-harvest losses and strengthen the inclusiveness and resilience of agro-food markets. Provided that they can access land, capital and specialized skills, young farmers and entrepreneurs could exploit the many opportunities offered by the new agro-food economy and thereby create jobs for the many young workers seeking employment in rural and urban areas.

A system-wide transformation of the agro-food economy is needed

The multiple and interrelated economic, social and environmental challenges facing African agro-food systems[4] extend well beyond the conventional four pillars of food security (availability, access, utilisation and stability). They require a transformation of agro-food systems, of the whole agro-food value chain and its relations with the social and natural environment, and of the system of institutions and actors governing it. They cannot be addressed by isolated interventions focusing on agricultural production, trade, food processing, land and water management, food assistance and so forth.

With few exceptions, the performance of African agriculture and rural economies has been impaired by a shortage of public investments for a long time. A lack of coherence of public interventions among different policy areas has been an aggravating factor. Focusing in turn on agricultural production, trade liberalization, and social services and protection has had insufficient impacts in terms of broad-based rural development and improved food security and nutrition. Instead, a "system" approach, encompassing multiple policy areas—agriculture, industry, trade, infrastructure, labour, health, environment and so forth, is needed to simultaneously foster change in interrelated sectors, exploit synergies among different actors, and resolve contradictions among different policies.

[2] Currently food insecurity and undernutrition in Africa is largely due to conflicts, fragility situation and protracted crises—the prevalence of child stunting is 15 percentage points higher in countries affected by conflicts, which are on the rise.

[3] For example, see 2017 F&BKP report on social entrepreneurship for food security.

[4] '*A sustainable food system [is] a food system that ensures food security and nutrition for all in such a way that the economic, social and environmental bases to generate food security and nutrition of future generations are not compromised.*' (High-Level Panel of Experts on Food Security and Nutrition, 2017.)

Building on existing economic dynamics and policy developments, this transformation would take this shape:

- A transition to more sustainable agro-food systems, encompassing crops, livestock, fisheries and forests, to attain food security and nutrition goals and to fulfil other basic human needs while preserving the terrestrial and aquatic ecosystems upon which agro-food value chains rely. The adaptation of African agro-food systems to climate change and their contributions to mitigation (on the basis of common but differentiated responsibilities and respective capabilities) is a crucial aspect of this transition.
- A better integration of human development and social cohesion goals into the agro-food economy, to deliver safe and nutritious food products to rural and urban consumers, thereby improving food security, nutritional and health outcomes; to ensure remunerative incomes for farmers and rural workers; and to create decent employment opportunities for the youth, thereby preventing marginalisation and providing alternatives to emigration.
- The broad-based structuration and modernisation of African agro-food value chains, leading to efficiency gains and reduced post-harvest losses, improvements in the quality and the diversity of food production, thereby responding to the growing consumption needs of urban centres, and expanded regional trading opportunities. This development of competitive value chains, which need not imply mass industrialisation of agricultural and food production, can be a major source of new jobs, at different levels of the value chain.

Difficult trade-offs between these three transitions will have to be managed. For example, recent quantitative studies indicate that, on the basis of current agricultural yield trends, a sizeable expansion of agricultural land or, alternately, intensification with greater input use will be needed to meet projected world consumption needs in 2050. Current gaps in yields and other measures of productivity between Sub-Saharan Africa and international references suggest there is room for agricultural output growth through sustainable intensification in this part of the world. Yet, globally, growth in the agricultural and food processing sectors will cause additional biodiversity loss, greenhouse gases emissions and pollution, including in Africa. Thus, an important element of that systemic transformation will be demand management with a view to responsible food consumption and feed, feedstock and fibre utilisation. Overcoming possible tension between the profitability of farming, the competitiveness of local agro-food industries and, on the other hand, social inclusion will be a difficult task as well.

Addressing those challenges and managing trade-offs will require a shift not just in the scale of existing interventions, but also in their scope and in the nature of change processes they foster. Interventions in the economic, social and environmental areas should be "smarter", in the sense of having systemic and mutually reinforcing effects on agro-food systems. Approaches should be fitted to the realities of specific contexts and sensitive to political economy conditions. As traditionally top-down policy approaches have shown their inadequacy in dealing with disparate territories, "local strategies" focused on priority bottlenecks as well as feasible synergies across sectors should play a greater role in the transformation of agricultural and food systems. The transitions outlined above suppose that appropriate interventions in the areas of security, transport, energy, education and research be implemented too.

New and emerging pathways of change are to be built

The transitions outlined above call for the deployment of new modes of intervention, led by African stakeholders, with backing from their partners. Well-defined targets will to be set (or reset), and adequate resources mobilised to effectively develop market-led, inclusive and sustainable value

chains linking rural and urban communities. Some promising pathways of change are sketched out below.

Improving agricultural productivity, especially in Sub-Saharan Africa, should remain a strategic objective. Sustained public and private investments in the development and the diffusion of improved crop varieties and breeds, farm equipment, agronomic and animal husbandry techniques, pest and animal disease management and so forth will contribute to the emergence of competitive value chains. Yet these investments should focus on technologies and practices that enable the sustainable intensification of farming, for example, by using organic and mineral fertilisers more efficiently and by improving the efficiency of feed conversion into animal proteins, in terms of input use as well the emission of greenhouse gases. Above all, improving farmers' access to and involvement in the generation of knowledge about agricultural techniques, farm management, ecosystems, markets, and institutions will be a critical factor for their successful participation in market-led, resilient value chains.

In many countries and sub-sectors, the quality of local food products lags behind the preferences of urban consumers, especially the emerging middle class. To improve product quality and food safety in local and regional value chains, collective action among value chain actors will have to be strengthened, to set rules and norms, build the capacities of the weakest among them (often the farmers) and jointly invest in knowledge, technologies and marketing infrastructure. National and regional institutions will have to encourage and provide flexible frameworks for that kind of cooperation, oversee the definition of regulations and standards, ensure their implementation, and provide an enabling environment for market incentives based on food quality, food safety and sustainability.

Multi-stakeholder platforms can be instrumental in the identification of reforms and investments that create more winners than losers. Partnerships within the private sector, between farmers, local SMEs and international firms, can be equally beneficial to transfer technologies, introduce new business models and develop competitive value chains. The organisation of farmers and other small operators is crucial to give them bargaining power in contractual arrangements with processors and distributors. Business-CSO partnerships, a relatively new modality, could further promote responsible business conduct and investments by establishing linkages with "bottom-of-the-pyramid" producers and consumers.

The inclusion of the informal sector, currently the backbone of Sub-Saharan African economies, constitute a transversal challenge. Harnessing dynamics in this sector will require new lenses and the deployment of adapted technologies, business models and policy tools. At the same time, interventions supporting young entrepreneurs and emerging SMEs in agro-food value chains, for skills development and access to financing, will have to complement this approach. To improve the financing of local value chains and SMEs, a wide array of tools should be better exploited, including national and regional financial institutions.

Above all, implementing this transformative agenda will require an engagement in the transformation of current global, regional and local institutions so as to provide capacities and an enabling environment for the multiple actors engaged in the pursuit of food security and good nutrition. This institutional change itself will depend on the adoption of a more political approach to food security and nutrition, recognising and addressing the political economy of unsustainable agricultural and food systems, trade imbalances, socio-economic inequalities (including inequitable access to land) and policy failures.

Involving and equipping the African rural and urban youth for leading new initiatives in public service, business and civil advocacy should feature among the entry points for change. This agenda, like the 2030 Agenda, will have to rely on territorial and local actors driving their own agro-food system strategies and rendering rural areas attractive. Urban-rural partnerships can exploit territorial assets, coordinate investments in infrastructure and skills, and mobilize resources (for example, through crowd funding) for local agricultural and food projects.

What role for the Netherlands?

The Netherlands's development policy should leverage Dutch technologies, trade relations, knowledge institutions and pragmatism to promote food security and rural development goals in Africa. Scaling up investment in innovative, market-oriented business models led by small and medium-size farmers and agro-food enterprises seeking to exploit local and regional market opportunities should be a priority. At the same time, Dutch development policy should continue to support the local and regional institutions that provide foundations for inclusive and resilient agro-food markets. Delivering on this policy will probably require denser presence of Dutch political and economic diplomacies in Africa.

Globally, in the framework of Agenda 2030, Dutch development policy should further contribute to an enabling policy environment for food security and good nutrition. It should promote a worldwide transition to sustainable agro-food systems as well as the deployment of appropriate financial and capacity development tools for adaptation to climate change in vulnerable regions.

Dutch experience and engagement should benefit African initiatives

The Netherlands has been successful in developing an agro-food system performing well by many standards. Its experience and know-how, not only in agriculture and food processing, but also in agro-logistics, water management, finance and public-private partnerships, could benefit African initiatives that aim to transform local agro-food systems (CAADP, Malabo Declaration and African Alliance for Climate-Smart Agriculture, for example). Dutch actors could promote coalitions of actors to scale up and better articulate interventions led in the frameworks of those initiatives. 'Dutch diamond' actors could join forces to contribute to their implementation, for example, the development of strategic value chains or the strengthening of regional knowledge systems.

The outcomes of the Dutch food security policy, globally and in Africa in particular, will in many ways depend on EU policies (trade, investment, development, climate, security and so forth) and the policies of other European actors. The EU, with its member states, is the first provider of development and humanitarian assistance to Africa (21 billion dollars) and a major trade and investment partner for all African countries. It is also a major actor in the security field.

In 2012, European businesses invested in Africa nearly 12 billion dollars. This number went up to 31 billion in 2015, but a large part of those investments were in oil and gas industries, and more than 80 per cent went to South Africa. The Dutch food security policy towards Africa should exploit linkages with EU policies, notably the emerging External Investment Plan, to improve the enabling environment for farmers and agro-food enterprises in Africa, promote responsible Dutch and European private investments in agro-food value chains as well as exports of knowledge and technologies, and thereby enhance the effectiveness of agro-food system transformation in Africa.