



# EBAFOSA NEWSLETTER

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## **BOOSTING AFRICA'S AGRO-INDUSTRIES THROUGH MARKET INCENTIVES TO DRIVE CLIMATE ACTION**

Africa continues to trail most developing regions in indicators of business climate and agro markets. Other fundamental obstacles to agro business development remain but weak market institutions, low technical capacity and the size of market are among the most conspicuous challenges faced. The challenge ahead is the promotion of inclusive and equitable economic growth and within this context, agro-industries and agribusiness have an important role to play in Africa, as countries in the region are predominantly agricultural based economies. The existence of a proper agro business climate, or an enabling environment where enterprises can initiate and prosper, is an essential pre-requisite for socioeconomic development. Proper policies, institutions and services have enabled numerous states to successfully promote investments, attract capital & engender economic growth. Agribusiness and agro-industrial sectors are therefore the engine of growth in Africa.

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### **Inside**

#### **POLICY NEWS**

**Expanding a high value market for African produce**

**Agro value-chain development : The growth engine for Africa**

**Market inefficiencies and adoption of technologies**

#### **PROJECT NEWS**

**Buganda cassava value-chain development  
MeBAFOSA Initiative**

**EVENTS &  
CLIMATE WARNINGS**



## EXPANDING AND ATTAINING A HIGH-VALUE MARKET FOR AFRICA'S AGRICULTURAL PRODUCTS

**Agricultural produce have been transformed in recent decades**— there has been a move away from bulk crops to focus more on processed food products market. Worldwide and continentally the share of bulk agricultural products in total agricultural exports has fallen from 25 percent to 17 percent between 1988 and 2014; during that same period. Exports of processed food products have reached 71 percent. This change in structure of world agricultural markets has created many new opportunities for exporters, jobs for workers and export earnings for countries.

In Africa, south of the Sahara, the share of bulk of the goods in agricultural goods rose to 35 percent. Studies from the **UNU-WIDER** which is the United Nations University, examines different policies that could aid Africa speed up growth in exports of higher value products like processed foods. Preferential access into Africa's largest market for agricultural exports, the European Union (EU), results into lower tariffs on agricultural exports to the EU than on exports to other markets. Africa's second-largest market for processed agricultural exports is other African countries, but these intra-African exports face tariffs more than 60% higher than those on comparable exports to the world as a whole.

**The study finds the cost of inputs needed to produce processed foods can be a substantial problem for farmers**

**and firms wanting to enter the lucrative export market.** For example, high tariffs on intermediate inputs could reduce the returns to be gained from engaging in a processing facility, thus reducing firms' incentives to invest in that activity. Policy makers could address this issue through tariff reforms or through the provision of duty exemptions for inputs used in the production of exportable goods. Similarly, weak infrastructure, such as poor roads, can lead to high transportation costs and longer transit times. These obstacles can particularly cause serious problems in the production and marketing of perishable goods that need to access the market in a short time e.g. fruits and vegetables. Investing in infrastructure can be an important channel through which policy makers can formulate to reduce the overheads in costs and encourage highly-valued exports.

while these and other domestic policies are important in determining factors in a country's export growth, policies in the country's trade partners are also very vital. Tariff escalation within value chains in trading partners remains a serious impediment to Africa's exports of processed agricultural products. Removal of tariff escalation, by lowering tariffs on processed agricultural products by 115 percent. Unfortunately, such trade liberalization cannot be undertaken just by policy makers seeking to expand their exports. It will require continued use of regional and multilateral negotiations in which exporters from each country press for reciprocal market access.

**Policy makers' attention should not be limited to agricultural exports alone.**

Reliance on exports of high-valued agricultural exports alone as an engine of export growth would be too limiting given that agricultural products only account for around 10% of exports from Africa. Increasing high-valued exports such as processed agricultural products could play an important role in future economic growth. Many of these reforms needed to stimulate the exports would similarly help encourage exports of other goods and services.

**Policy makers should focus on creating a fiscal and regulatory environment** that stimulates growth in a wide range of export products and those that encourage entrepreneurship and new opportunities. In this way exports in the region will be able to expand in ways that make best use of each country's resource and skills. Export growth plays a crucial role in overall development by driving socioeconomic growth, thus creating employment and providing an important source of foreign exchange. Africa therefore needs to take advantage of the opportunities in the rapidly growing markets for high-value agricultural products.

Source: *IFPRI and UNU*



## AGRICULTURE VALUE-CHAIN DEVELOPMENT: THE SUPER GROWTH ENGINE FOR AFRICA'S DEVELOPMENT

### Rising urbanization and population are increasing demand for higher value-added food products.

Africa's urbanization is increasing rapidly, agriculture still provides livelihoods for about 60 per cent of the continent's active labour force, contributes 17 per cent of Africa's total gross domestic product and accounts for 40 per cent of its foreign currency earnings.

Farmers' yields have essentially stagnated for decades. Although total output has been rising steadily — often by simply extending the land area under cultivation — this growth has barely kept pace with Africa's increasing population. Food production in particular has lagged, people experiencing moderate food insecurity face uncertainties about their ability to obtain food and have been forced to reduce, at times during the year, the quality and/or quantity of food they consume due to lack of money or other resources. It thus refers to a lack of consistent access to food, which diminishes dietary quality, disrupts normal eating patterns, and can have negative consequences for nutrition, health and well-being. In sub-Saharan Africa, more than 22 percent of the people are undernourished as of global data in 2018 by [FAO](#). This growth in hunger has come despite high levels of food imports — costing \$35bn.

### Innovative thinking

Although available financial resources should be managed better, overall investments in agriculture need to be drastically increased if Africa is to pull out of its agricultural crisis. Africa should be able to mobilize about half of the total amount from its own resources, with its share gradually increasing as the continent strengthens its domestic capacities.

### Boosting yields

Much can be done to increase African farm yields through simple methods of improving soil fertility and better utilizing the continent's available clean energy resources for irrigation and preservation techniques. Currently, only 12.6 mn hectares of agricultural land are under managed systems of water and land development. The vast bulk of farmland is left to the vagaries of weather, including insufficient rainfall and flooding that may strip away topsoils, as well as unsustainable farming methods that gradually deplete soil nutrients. Building up soil fertility and the moisture holding capacity of agricultural soils, and rapidly increasing the area equipped with irrigation, especially small-scale water control, will not only provide farmers with opportunities to raise output on a sustainable basis but will also contribute to the reliability of food supplies. It may be noted that for Africa the percentage of arable land that is irrigated is 7 percent (barely 3.7 percent in Sub-Saharan Africa), the corresponding percentages for South America, East and south-east Asia and South Asia being 10 percent, 29 percent and 41 percent respectively.

### Infrastructure and marketplaces

Because farmers will not have much incentive to grow more without the roads, storage facilities and other physical infrastructure they need to market their crops, EBAFOSA which is a pan African food assembly platform has been helping farmers and other value chain actors to tap into other technological infrastructure to bridge logistical gaps by adopting an online platform where actors can engage and reach out to a wider market. It has also been providing guidance and support

for the development of sustainable solar dryer preservation methods among cassava farmers in the Buganda kingdom to help them cut their food losses before they are sent to the market. World market conditions have not been favourable to African farmers. Not only are international agricultural prices volatile, but African exports face restrictions on access to Northern markets and are severely hurt by the high subsidies paid to rich farmers in the industrialized countries. A need for a local market and value addition to increase the quality of food products is essential.

### Technology for development

To succeed, Africa's efforts to boost agricultural output must also rely on greater use of science and technology. Adoption of market standards is vital as it will enable farmers to adhere to specific operational procedures and system of farming that will inform the standards institutions, this will in turn create a market with products that have attained a certain standard and met all quality requirements stipulated. This not only increases the value of the products but also marketability of the African produce in the global stage as use of organic technologies and standards guide the production of the end product. This will in turn build an integrated system of agricultural research, extension and education that are responsive and accountable to farmers, agribusiness, consumers and other stakeholders.

## TRADE-RELATED CAPACITIES FOR IMPROVED MARKET ACCESS



In terms of trade and market access, the importance of domestic markets should not be neglected. A strong domestic market is a building block for export markets and there should be broad participation in domestic markets: e.g. small farmers, women, etc. But to tap their potential requires strong institutional capacities and the implementation of relevant policies (e.g. competition, tariff policy, financing, market development, etc.). Rural people in Africa, especially the poor, often say that one reason they cannot improve their living standards is that they face difficulties of accessing markets where they can obtain agricultural inputs and consumer goods and sell their produce.

### Domestic/International Markets

African governments and their development partners have an important role to play in this area of market development, with three objectives in mind: speeding up the rate of market development; removing or reducing barriers to market access, both by special support in places where markets are slow to develop spontaneously and by easing market participation of poorer producers; and establishing a more equitable set of market relations between producers and markets intermediaries. They can make a difference in several ways. Bridging gaps in the agro value-chain is a needed impetus to drive the market forces and achieve a seamless and efficient produce market system. The export of agricultural products is essential for African economic growth as agriculture plays a major role in the continent's overall economy...[Read More](#)

## MARKET INEFFICIENCIES AND THE ADOPTION OF AGRICULTURAL TECHNOLOGIES



Throughout the world, and particularly in South Asia and sub-Saharan Africa, many of the poorest people are farmers. Nearly 75 percent of those subsisting on \$1 a day live in rural areas, and it is estimated that the majority of the poor will remain rural until 2040. At the same time, agriculture is a major source of income and employment in these regions: it accounts for 34 percent of Gross Domestic Product (GDP) and 64 percent of the labor force in sub-Saharan Africa. Poverty alleviation is therefore directly linked to agriculture. Whether in the form of new crops, improved breeds of animal, or changes in agricultural practices and crop choice, technology has the potential to sharply increase yields, reduce spoilage and risk, and improve the nutritional quality of food.

### Historical examples suggest that adoption of beneficial technologies does occur in sub-Saharan Africa

when conditions are right. Poor circumstances, created by poorly functioning economic markets in rural areas, lower the profits that a farmer receives from technology adoption. Examples of these market imperfections include "missing markets" for risk, credit,

or land (i.e. lack of formal insurance providers, financial institutions or the ability to buy, sell own, or reliably hold onto one's land). At the same time, in the absence of market inefficiencies, unprofitable technologies will, rightly, go unadopted. Considerable agro-ecological heterogeneity across locations in Sub-Saharan Africa means that technologies vary across relatively small areas. Agro-ecological heterogeneity is a consequence of the high dependence on rainfed agriculture and microclimates that require specific farming practices.

**Technologies may be disproportionately suited to the growing conditions** faced by the wealthiest farmers, resulting in selective unavailability of appropriate technologies for other farmer types. Adoption will not occur where technologies are unavailable, yet selective availability is largely a supply side, technology development challenge less suited to targeted interventions to encourage take up. We define a good technology as one that is profitable in an ideal world without market inefficiencies or other adoption constraints...[Read more](#)



### *Standards Organization of Nigeria to drive stakeholder uptake of market incentives*

EBAFOSA has been working with the standards organization of Nigeria (SON) to drive stakeholder uptake of market incentives for climate action enterprise and demand driven shift to the low emissions development pathway.

#### *Objective*

Technical advisory and working session with the SON and non-state actors in the tomato value chain on operationalizing the market incentives guide developed with UN Environment backstopping to catalyse enterprises that upscale climate action.

#### *Project aims*

The UN Environment is continuing and expanding engagement of ground actors along the entire tomato value chain continuum on adoption of climate resilient approaches and collecting feedback from upstream on-farm actions to midstream processing and value addition. There will be also a downstream product promotion and connection to markets. This ground information will be collected to inform relevant revisions and refinements of the standards to optimize their implementation.

This will involve tomato value chain actors engaged at the working session to mobilise counterparts from farm level and on to value addition and processing, they then will be guided on production process restructuring to manage and stabilize their supply chain and guarantee supply of quality, non-chemicalised environmental sustainable tomato products to markets.

## **BUGANDA CASSAVA VALUE-CHAIN: INTEGRATION OF CLIMATE AND ENVIRONMENTAL BENCHMARKS IN UGANDA**



#### **PROJECT OVERVIEW**

The technical working session between Ecosystem Based Adaptation For Food Security Assembly (EBAFOSA) which is under the UN Environment with the Uganda National Bureau of Standards (UNBS) to evaluate feedback on integration of climate and environmental benchmarks in Uganda National Standards for the cassava value chain.

#### **BACKGROUND & AIMS OF THE MISSION**

The initiative is to review feedback from field actions in piloting the integration of climate and environmental benchmarks for cassava cultivation and value addition. It followed test runs in operationalising the “compliance market incentives for agro-industrialisation guide” – a guide on integrating climate and environmental benchmarks into the implementation of UNBS benchmarks on cassava cultivation and value addition in Uganda. This guide had been developed earlier by UNEP in collaboration with the UNBS. The S/M has been leading UN Environment work with the Uganda National Bureau of Standards (UNBS) to restructure implementation of Uganda’s National Standards to ensure they incentivise enterprises to take up climate actions. The result was adoption by the UNBS, of a guide to inform this restructuring. This guide was then to be test run among

ground actors to establish gaps and make recommendations to ensure smooth uptake of climate and environmental benchmarks in maximising productivity of Uganda’s cassava value chain. Specifically, benchmarks that were tested were - the use of nature-based Ecosystems Based Adaptation (EBA) approaches to cultivate cassava in a manner that ensures the health of ecosystems as well as that of consumers. The other benchmark was on value addition - the use of clean energy to power various levels of cassava processing. Solar dryers were applied in drying cassava in readiness for processing and cassava by-products – the peelings – were recovered and used to manufacture fuel briquettes.

#### **PROJECT GAINS**

Technical actors from the National Cassava Programme were engaged to validate results and compile feedback to inform revisions of existing benchmarks by UNBS towards integrating these climate and environmental aspects. Moving forward, work will continue on the ground. And the guide will fit into the standards template of UNBS and it will become the benchmark to drive agro-value chain sustainability and this case focusing on the areas that are on the guide. And this means that it will become a national benchmark that will help Uganda implement their standards.

## CREATING MARKET OPPORTUNITIES FOR INDUSTRIAL CASSAVA



### Market opportunities for the commercial cassava growth

The market report found clear opportunities for industrial cassava once the appropriate policies and interventions are put in place. In Mozambique, just 21,000 mt of cassava roots is supplied to industry annually, while there is a potential to raise this to 350,000 mt by 2020; the current supply of 66,000 mt in Ghana can increase to 400,00 mt, while Nigeria can attain 1.8 million mt, up from its current level of 165,000 mt. Latent demand is much higher, and could be as much as 7 million MT per year by 2020 in Ghana.

The main challenge in unlocking that latent demand is identified in the report as the need to break a current vicious cycle of low supply and limited incentives in the producer/buyer relationship.

How can these issues be resolved? The report presents a number of recommendations. Governments could use policies to incentivise off-takers in the local market, invest in infrastructure and fund research into improved cassava varieties. Donors and NGOs could play an advocacy role and run pilot projects to demonstrate the potential of cassava to end-users. And end-users themselves can build stronger relationships with their suppliers through good outgrower programmes.

Public-private partnerships would be an effective tool for implementing some of these recommendations, the report notes...[Read more](#)

## CONNECTING THE DOTS: AN INNOVATIVE PLATFORM TO BRIDGE THE GAPS BETWEEN AGROPRENEURS: MeBAFOSA



The strategic thrust of MeBAFOSA is to actualize low carbon, affordable & efficient linkages of actors along the entire clean energy powered agro-value chain across Africa by country. Such that the challenges of one actor is an opportunity for another with MeBAFOSA coming in to bring these two together for enterprise actions. Regardless of which country in Africa you operate in, we have got you covered

### Project Objectives

MeBAFOSA strives to link actors to opportunities and solutions along the entire sustainable agriculture led, clean energy powered industrialization value chain. It integrates processes, products & services along this entire continuum. Among flagship services are in supporting actors access affordable & quality clean energy solutions for value addition to reduce Postharvest Losses.

MeBAFOSA undertakes due diligence on behalf of its users- farmer enterprises & agro-processors to ensure they get best available solutions on the market – i.e. the most appropriate, technically feasible clean energy solutions that fit their needs at the most competitive prices. This product benefits both suppliers of systems as well as users. For end users, they get to acquire best in market technologies critical to cutting their postharvest losses & enhancing their productivity at the most affordable prices. For suppliers, they get to expand market for their systems at no cost by leveraging the MeBAFOSA go to market efforts.

The end goal is to equip interested youth & actors with skills to start their own enterprises leveraging opportunities along the entire clean energy powered agro-value chain. A variety of activities and solutions are conducted both online & through physical interactions. The online mode mostly entails self-training. MeBAFOSA provides the needed stepping stone to get visibility for agropreneurs in the continent while also linking up different actors and acts as a knowledge base. One can register through the following link: [Register](#)

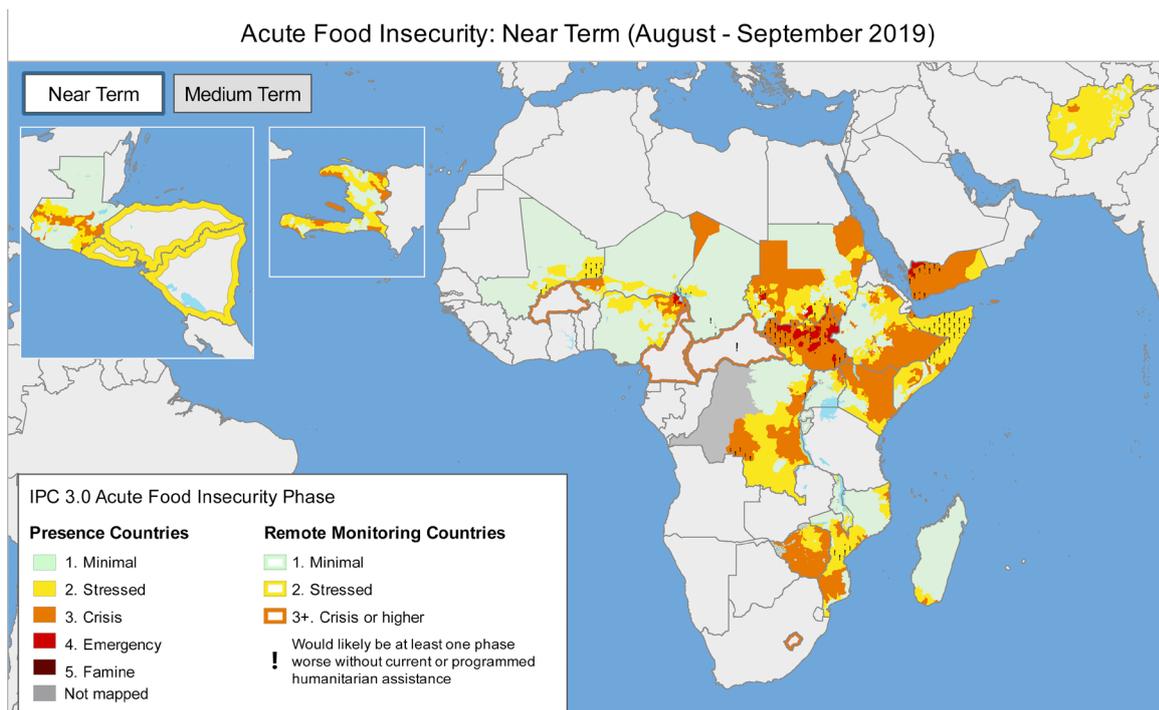
# EVENTS

<b>OCTOBER</b>	<p><b>03</b> BERLIN, GERMANY</p> <p>Regional Seas Programme Annual Meeting</p>	<p><b>06</b> BANGKOK, THAILAND</p> <p>5<sup>th</sup> Meeting of the Executive Boards of Special Programmes</p>	<p><b>11</b> GENEVA, SWITZERLAND</p> <p>Environment, Gender &amp; Disasters</p>	<p><b>29</b> ACCRA, GHANA</p> <p>Global Landscapes Forum Accra 2019</p>
<b>NOVEMBER</b>	<p><b>11</b> BANGKOK, THAILAND</p> <p>Sea of Solutions 2019</p>	<p><b>11</b> DURBAN, S. AFRICA</p> <p>17<sup>th</sup> AMCEN Session</p>	<p><b>25</b> GENEVA, SWITZERLAND</p> <p>3<sup>rd</sup> Meeting of Conference of Parties of the Minamata Convention on Mercury</p>	
<b>DECEMBER</b>	<p><b>02</b> NAPLES, ITALY</p> <p>Barcelona Convention Cop 21</p>	<p><b>02</b> SANTIAGO, CHILE</p> <p>Climate Change Conference COP 25</p>	<p><b>04</b> NAIROBI, KENYA</p> <p>2<sup>nd</sup> Authors Meeting of the Global Environment Outlook for Youth</p>	

## CLIMATE WARNINGS

### Acute Food Insecurity: Near Term Warning by FEWSNET

Acute Food Insecurity: Near Term (August - September 2019)



## PUBLICATIONS

Winning in Africa's Agricultural Market

Southern Africa Economic Outlook

Agricultural Policy Incentives in Africa in the last Decade (2005-2016)

The Political Economy of the Agricultural Incentives and Public Expenditure with Reference to Africa

West Africa has Potential to Strengthen its Agricultural Sector

Agricultural Incentives in Sub-Saharan Africa : Policy Challenges

Private Sector Agribusiness Investment in Sub-Saharan Africa

Africa Economic Outlook

Agricultural Transformational Centres in Africa

## GRANTS &amp; AWARDS

European Commission launches 2019 Call for Proposals for Life Preparatory Projects (Second Round)

Minor Foundation to Protect the Natural Environment from all over the World

EU seeking Proposals to support Agriculture Financing and Inclusive sectors in Madagascar

USADF/Power Africa seeking Proposals for Sahel-Horn Off-Grid Energy Challenge

Embassy of Japan announces Grant Assistance for Grass-roots Human Security Projects in Botswana

P4G's 2019 Scale-Up Partnerships: Innovations for Green Growth and Climate Action

DCF inviting Applicants for Inspiring Action Grant 2020

## SUGGESTION

Please kindly suggest the areas of coverage you would like the newsletter to cover in the next edition. Also suggest the key topics and sectors which could be looked into and explain why you think those should be the priority and Strategic areas for coverage



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